www.bidcorpgroup.com







Bidcorp

Bidcorp

2020

ANNUAL INTEGRATED REPORT

It's all about the food, service and technology

Cross-reference content within this report Further information available on the company's website

COVID-19

Covid-19 impact and response

OUR SIX CAPITALS

- Human capital
- Financial capital
- Social and relationship capital
- Intellectual capital
- Manufactured capital
- Natural capital

OUR SEVEN STAKEHOLDERS

- Employees
- Customers
- Communities
- Suppliers
- Environment
- Authorities
- Investors

OUR SDGs



NAVIGATING THIS REPORT

Bidcorp

Bidcorp is an international broad-line foodservice group, listed on the Johannesburg Stock Exchange, and present in developed and developing economies on five continents.

1 This is Bidcorp

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2020 ANNUAL INTEGRATED REPORT

This is our primary report to our shareholders and other stakeholders.

This report should be read together with the information available on the Bidcorp website **www.bidcorpgroup.com**



Scope and boundary

The Bidcorp annual integrated report for the year ended June 30 2020 reports consolidated information gathered from the global spread of the group's divisions.

Bidcorp's geographic reach spans over 35 countries on five continents. Due to the expanse of local geographic regulations, we detail material sustainability information in this report.

In line with the guidelines from the Integrated Reporting Committee of South Africa, we have incorporated the six capitals as a platform to inform this review, while striving for concise, relevant reporting.

There has been no material change in the scope and boundary of this report compared to the prior year.

Materiality

The Bidcorp board has considered the legitimate interests of all our key stakeholders in determining information that is considered to be material for inclusion in this report. We demonstrate the connectivity between our strategy, business model, stakeholder interests and concerns as well as our risks and opportunities analysis. The material issues are monitored by management on an ongoing basis and have been reported herein.

Assurance

We have adopted the King IV principles on corporate governance recognising the board, management, internal, and external assurance providers as key assurance role players in ensuring the business has an effective control environment and a strong ethical climate. While third-party assurance has not been sought for all information contained in this report, certain information has been independently assessed and verified:

- The consolidated annual financial statements were audited by external auditors, PricewaterhouseCoopers Inc., and an unqualified opinion has been issued.
- Broad-based black economic empowerment (B-BBEE) performance was independently assessed and verified by EmpowerDex.
- Non-financial disclosures and performance data is reviewed quarterly by the board and validated through internal audit processes.

The board is ultimately responsible for combined assurance by setting the direction concerning the arrangements for assurance services and functions.

Financial performance

We have provided a full set of Bidcorp's audited 2020 annual financial statements (AFS) in this report in accordance with the recognition and measurement criteria of International Financial Reporting Standards.

Feedback
For further information, contact
investorrelations@bidcorp.co.za

Forward looking statements

This report may contain forward looking statements regarding financial prospects of the group and specific businesses. By their nature, forward looking statements involve risk and uncertainty, and although we have taken reasonable care to ensure the accuracy of the information presented, no assurance can be given that such expectations will prove correct.

Reporting suite

We are committed to transparent reporting to our stakeholders. The following reporting frameworks were applied in preparing this report:

- The Companies Act, No 71 of 2008, as amended (Companies Act)
- The JSE Listings Requirements
- The King IV Report on Corporate Governance for South Africa 2016 (King IV)*
- The Global Reporting Initiative's Standards (GRI)
- The International Integrated Reporting <IR> Framework
- United Nations Sustainable Development Goals (SDGs)

Approval by the board

It is the Bidcorp board's responsibility to ensure the integrity of the annual integrated report. The audit and risk committee and the social and ethics committee acknowledge their responsibility to ensure the integrity of this annual integrated report. The board has accordingly applied its collective mind to the content of the report and in the opinion of the board, believes it addresses all material issues and presents fairly the integrated performance of the organisation and its social and environmental impacts.

The Bidcorp board has authorised the annual integrated report for release on October 22 2020.

Stephen Koseff
Chairman

* *King IV – Copyright and Trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights reserved.*

NAVIGATING THE COVID CRISIS







Bidcorp has delivered a resilient performance for the year which has been significantly impacted by the catastrophic economic and social consequences of the COVID-19 (COVID) pandemic which took hold across every operating geography from late January 2020 onwards.

Our employees remained our top priority in terms of protecting their health, well-being and where possible, maintaining their incomes.

Our lockdown strategy included embracing the home delivery opportunity and supporting essential services with food and care package deliveries. This strategy allowed us to engage proactively with customers on managing credit, and aggressively pursuing sales as markets reopened. While most competitors cut service levels in an attempt to reduce costs, we eliminated inefficient activities (such as the third or fourth delivery into an area on a particular day), and actually increased service levels in many areas.

Early into the crisis, we recognised that the COVID impact and operational response required was rolling out around the world and the opportunity to share learnings and support within the group was invaluable. Weekly status updates and mitigations implemented, equipped our management teams through the most difficult times and brought us together stronger than before.

We continue to be pleasantly surprised by the quick rebound we see when countries start lifting restrictions. This is despite the fact that certain industries haven't returned to any meaningful degree, including those related to travel, sporting events, conferences and conventions and workplace catering. The one very noticeable trend we are seeing is that people are spending more money locally, staycations are in vogue and there is generally a great desire for safe social interaction, which has seen an increase in café and restaurant activity.

Bidcorp's resilient business model and its entrepreneurial teams have enabled us to navigate the COVID crisis and will enable us to take advantage of any market opportunities, whether organic or acquisitive, as they arise.

We remain optimistic about our future prospects. There is no need for any significant change or pivoting of focus; it is very much business as usual for us in very unusual times.

It is our people that differentiate us and make us successful, as well as the environment that we create within which they operate.

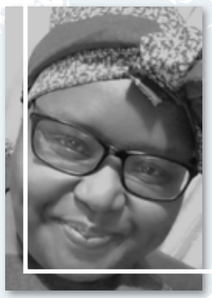
COVID is a human crisis, and we are saddened by the death of three of our employees, Tshepo Tshepe and Tembi Twala succumbing to coronavirus, and Collins Khosa who unfortunately died as a consequence of the authorities enforcing COVID restrictions.

Our sympathies go out to their families, friends and colleagues.

In Memory



Tshepo Tshepe



Tembi Twala



Collins Khosa

Bidcorp Global footprint

BIDFOOD UNITED KINGDOM

For more than 20 years as a leading foodservice wholesaler, Bidfood has supplied fresh, frozen, ambient food, beers, wines, spirits, catering essentials and catering equipment to customers in a wide range of sectors. Working behind the scenes to supply over 13 000 products to over 45 000 customers. With a depot network of 24 sites spanning the country, a truly local presence is experienced. The multi-temperature supply chain ensures the full consolidation experience of frozen, ambient and chilled products on the same delivery truck. Recently doors have been opened to the public, offering home delivery and "click and collect" solutions direct from the depots.

Revenue **R31,5bn**
Trading profit **R0,7bn**
Employees **6 807**

Bidfood UK | Bidfresh UK

Further details, see pages 48 – 53

BIDFOOD EUROPE

With nine reporting management teams reaching over 12 countries, this division is characterised by leading foodservice distributors in their respective countries, offering unparalleled end-to-end value-add foodservices. Supplying premium brands across a wide range of product lines, and a significant presence of Own Brand manufacturing and distribution, Bidfood in Europe is fast becoming recognised as a leading foodservice distributor in the horeca sector. Our industry-leading innovations in operational efficiencies, and ground-breaking product and menu development, these businesses deliver smart solutions exceeding customer expectations.

Revenue **R40,2bn**
Trading profit **R1,0bn**
Employees **6 567**

Netherlands | Czech/Slovakia | Poland | Belgium | Baltics | Italy | Spain | Portugal | Germany

Further details, see pages 54 – 59

BIDFOOD EMERGING MARKETS

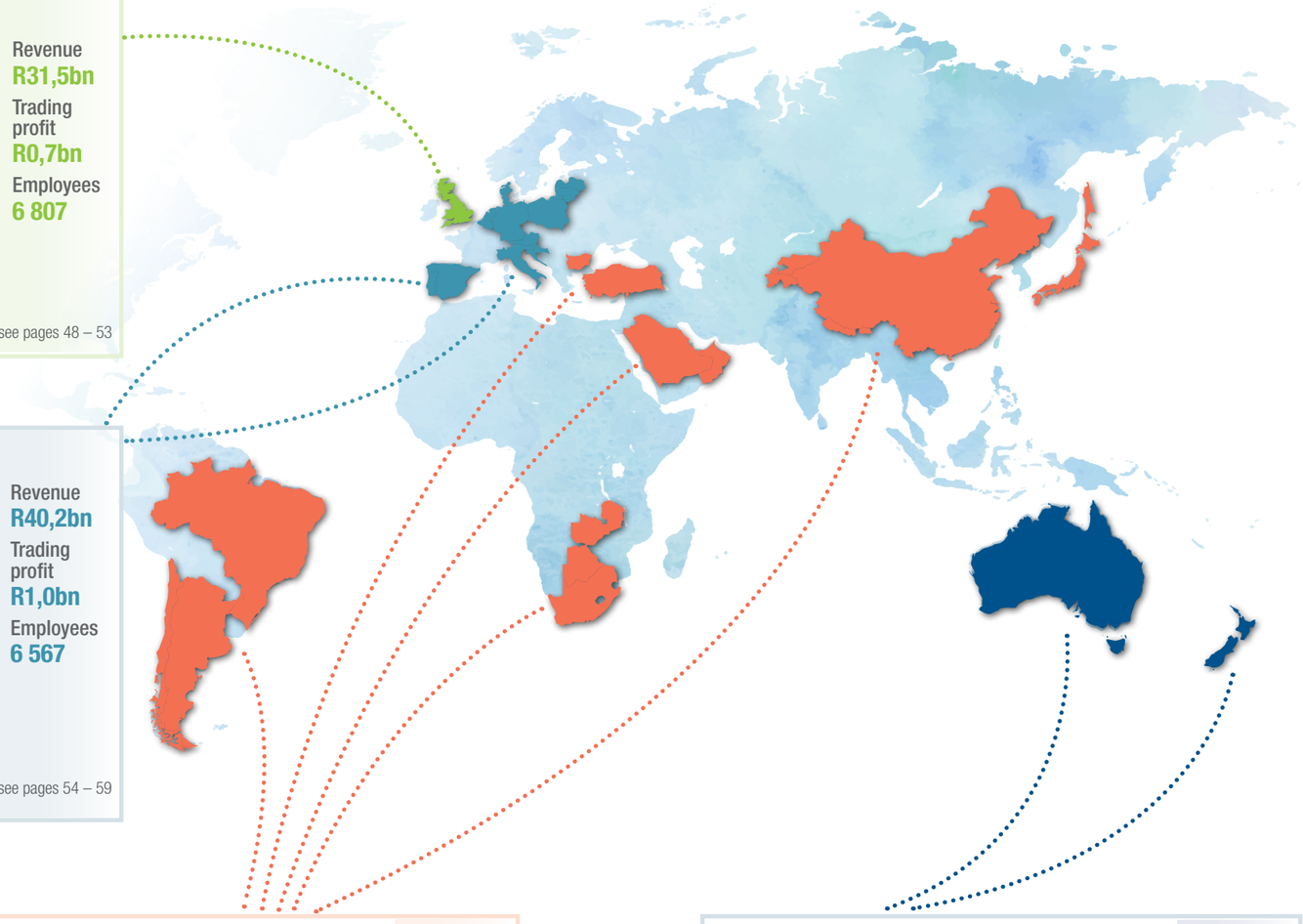
With a geographic footprint over four continents, this division includes operations in Africa, South America, Asia and the Middle East. African operations manufacture and distribute ingredients for the meat, poultry, dairy and bakery industries; as well as being a market-leader in multi-temp foodservice offering ambient, chilled and frozen food products to the horeca market. Asia and the Middle East have established themselves as a foodservice player in their markets, whilst still distributing exclusive high-end speciality products into the western styled food market. South America sources and distributes frozen, chilled and ambient local product into the independent street market across Brazil, Chile and Argentina.

Revenue **R20,5bn**
Trading profit **R0,7bn**
Employees **5 896**

Bidfood SA | Crown Food | Chipkins Puratos | Middle East | Turkey | Mainland China | Hong Kong | Macau | Singapore | Malaysia | Vietnam | Brazil | Chile | Argentina

Further details, see pages 60 – 65

Bidfood Local offering



BIDFOOD AUSTRALASIA

Operating in Australia and New Zealand for over 20 years, these businesses offer a full end-to-end national distribution service. Bidfood is a one-stop wholesale solution distributing products to the foodservice and catering industry, offering a comprehensive product and services range as the customer determines. The division leads the group in ecommerce innovation, developing and driving the globally available online "myBidfood" customer engagement solution, setting us apart from our competitors.

Revenue **R29,0bn**
Trading profit **R1,9bn**
Employees **4 095**

Australia | New Zealand

Further details, see pages 42 – 47

Our food adventure

1989	Acquired 100% of South African Chipkins and Sea World signalling the start of Bidcorp's foodservice operation.
1992	Acquired Crown National in South Africa.
1995	Acquired an initial 40% interest in listed Australian foodservice business Manettas, the start of our business in Australia.
1998	Established Bidvest Plc (now Bidcorp Foodservice International Limited) in the United Kingdom.
1999	Booker Foodservice, renamed 3663 First for Foodservice, acquired in the United Kingdom.
2000	Entry into the New Zealand foodservice market with the acquisition of 100% of Crean Foodservice.
2001	John Lewis Foodservice acquired and incorporated into Australia, creating the leading Australian foodservice distributor.
2006	Acquired 80% stake in Horeca Trade, a UAE-based foodservice distributor.
2006	Acquired 100% of the Netherlands and Belgium foodservice company, Deli XL.
2007	Acquired 100% of Angliss, a leading foodservice wholesaler and distributor in Singapore and Hong Kong.
2009	Acquired 94% of Nowaco, a leading foodservice provider operating in the Czech Republic and Slovakia, and 91% of Farutex, a foodservice provider in Poland.
2011	Acquired 100% of Seafood Holdings, later rebranded to Bidfresh UK, a market leading fresh fish foodservice business operating in the UK.
2011	Acquired 100% of Nowaco Baltics (Lithuania, Estonia and Latvia), a leading distributor in frozen and chilled products across the Baltic region.
2012	Acquisition of 80% of Deli Meals in Chile, our first entry into South America.
2013	Acquisition of 51% of Aktaes Holdings, a foodservice provider in Turkey.
2014	Acquired a 60% stake in Distribuidora E Importadora Irmãos Avelino, a foodservice provider in Brazil.
2015	Investments throughout mainland China, driving second-tier city presence strategy.
2015	Bought 100% of PCL24/7 Transport Limited, a logistics storage and distribution business.
2015	Acquisition of a 60% stake in Gruppo DAC S.p.A, a leading foodservice provider in Italy.
2017	Successfully rebranded Bidfood Australia and Bidfood New Zealand. Branding rollout continued across the group.
2017	Bidcorp moves into Spain through its acquisition of a 90% stake in Guzmán Gastronomía and Cuttings (Guzmán).
2018	Foodservice acquisition in Germany and Austria, as well as a bolt-on in Portugal.
2019	Acquired specialty food manufacturing business, Punjab Kitchen, renamed Simply Food Solutions.
2019	Invested into an Argentinian business, Blancaluna 38% interest.
2020	**Connecting online** our decentralised group **shared experience and solutions** to weather the COVID crisis together, exited Bestfood Logistics and PCL in the UK.

Strengthening Bidcorp's stakeholder relationships in 2020

Each stakeholder is essential to us and we are committed to continue delivering value to all groups of people that have an impact on our business.

Open and constructive engagement with our stakeholders drives our ability to create long-term sustainable value.

Employees

Bidcorp heroes – we salute each one of you.

Customers

Navigating our way to normality together.

Communities

Real engagement to support inclusive economic growth.

Suppliers

Top quality supply chain, from local farm to individual's fork.

Environment

Committed to effective waste minimising operations for a better tomorrow.

Authorities

Proactive regulatory adoption and compliance in 35 different jurisdictions.

Investors

Confidently and sustainably growing long-term shareholder value.



23 427 employees ▼ 9%
2019: 25 858

WORKFORCE OF 30% WOMEN PROVIDING EQUAL OPPORTUNITY TO PROMOTE GENDER DIVERSITY
2019: 27%

5% STAFF TURNOVER RECORDED IN 2020
2019: 11%

16% DECREASE IN LOST TIME HOURS

TRAINING SPEND OF R36 million
2019: R42 million

14% DECREASE BUT 14% MORE TRAINING COURSES



Six Gun Grill, Crown Food, South Africa

MATERIAL ISSUES

- Health and safety in workplace, especially in light of COVID
- Lost-time injuries, ill-health and fatalities reporting
- Retention of a well-trained and equipped workforce
- Protecting jobs through COVID-imposed lockdown
- Motivating and supporting staff through remote working and stressful working conditions

ACTIONS

- Developed online training modules to develop workforce
- Stepped-up health and safety training
- Career pathing and training programmes
- Effective mobile communication tools identified and introduced
- Numerous social media online and moral support initiatives to keep spirits high



288 587 customers SERVED
2019: 313 675

▼ 8% **DECLINE ON PRIOR YEAR**

ecommerce SALES MAKE UP 51%

OF TOTAL REVENUE

30% THROUGH BIDONE'S "myBidfood"

CUSTOMERS BY SEGMENT

Independent	50%
National	34%
Logistics	6%
Retail/other	10%

OF TOTAL REVENUE



Vanille-pudding, Smart Choice, Bidfood Belgium

MATERIAL ISSUES

- Support of our customer-centric ethos
- Compliance with social, environmental and human rights standards
- Compliance with consumer protection legislation in all Bidcorp jurisdictions
- Supporting customers in navigating COVID crisis

ACTIONS

- Roll out of ecommerce platform including customer intelligence offerings
- Proactive engagement with customers informing and supporting reopening after lockdown
- Staff training on new legislation
- Customer service improvements actioned
- Engagement in new electronic media initiatives, including blogs, social and mobile media communications



R16,2 million donations
2019: R14,5 million

TO CHARITIES AND COMMUNITY PROJECTS

NUMEROUS LOCAL PROJECTS SUPPORTING THOSE WITHIN REACH



Deline, Bidfood Belgium

FOOD RECYCLED AND DONATION PROJECTS REPORTED

3,4 tonnes
2019: 2,7 tonnes

OF FOOD DONATED TO GLOBAL FOOD BANKS, 26% MORE THAN LAST YEAR

MATERIAL ISSUES

- Economic crisis in communities through COVID lockdown
- Healthy eating campaigns
- Alignment of businesses and their support programmes with the needs of the communities they exist within

ACTIONS

- Reinforcement and implementation of a two-tier CSI strategy:
  1. Corporate supports a number of overarching worthy causes
  2. Individual businesses support community-based projects
- Significant support of food bank and food waste initiatives globally
- COVID care package and food parcels support programmes a priority

Strengthening Bidcorp's stakeholder relationships in 2020

continued









24 437 suppliers

3% MORE THAN LAST YEAR

2019: 23 726

352 732 product

STOCK ITEMS (SKUs)

PRODUCT BY SEGMENT

Frozen	35%
Chilled	28%
Ambient	30%
Non-food	7%

SIMILAR TO LAST YEAR

Own Brand

PRODUCTS

18% OF TOTAL REVENUE



Jeffersons,
Bidfood Australia

MATERIAL ISSUES

- Need for clear communication channels providing accurate, timeous information to all parties
- Joint pursuit of efficiencies
- Support local sourcing, especially in ongoing development of Own Brand range
- COVID-imposed lockdowns threatening supply chains

ACTIONS

- Growing pool of top quality local producers
- Continued efforts to streamline logistics chain
- Ensured suppliers were paid timeously through COVID crisis

TOTAL

carbon emissions

366 130 tCO_2e

A 9% decrease

ON PRIOR YEAR

2019: 400 435 tCO_2e

1% DECREASE IN THE TOTAL NUMBER OF VEHICLES WITH AN

✓ **7% decrease**
IN FUEL EMISSIONS

✓ **8% decrease**
IN SCOPE 2 EMISSIONS USING MORE SOLAR IN MANY DEPOTS

✓ **20% increase**
IN NON-GRID ELECTRICITY PRODUCED

MUNICIPAL WATER USED DECREASED BY 13%



Smart Choice,
Bidfood Belgium

MATERIAL ISSUES

- Need to cut energy, fuel, water and paper usage
- Recycling opportunities
- Identification of industry-specific environmental and sustainability initiatives

ACTIONS

- Cost reduction, elimination of duplication and reduced water usage included in business strategies
- Capex spend includes a commitment to improve energy efficiencies
- Quarterly reporting metrics increased and closely monitored
- Staff awareness of sustainability issues heightened and maintained

THE GROUP OPERATES IN OVER

35 countries

ENGAGING WITH MORE THAN 35 DIFFERENT GOVERNMENTS AND TAX AUTHORITIES

R1,4 billion

2019: R1,4 billion

PAID IN TAXES, AVERAGE TAX RATE OF 26,1%

2019: 23,9%

ASSUMING NORMALISED MIX OF CONTRIBUTIONS, AVERAGE TAX RATE EXPECTED TO RETURN TO BETWEEN 24% AND 25% POST-COVID



Fairtrade,
Bidfood New Zealand

MATERIAL ISSUES

- Need to meet requirements of national authorities and regulators
- Taxation issues
- Employment equity plans (in South Africa)
- Crime and fraud prevention

ACTIONS

- Proactive consultations with regulation development
- Engagement with industry specific Sector Education and Training Authority (SETA) (in South Africa) to train and potentially hire qualified candidates
- Taxation paid locally around the world

45 388 public shareholders

HOLDING 99,97% OF THE 335,4 MILLION SHARES IN ISSUE

2019: 44 698

WE DISTRIBUTED A DIVIDEND PER SHARE OF

330,0 cents

48,4% DECLINE ON 2019 BEING 2,25 TIMES COVER

DIVIDEND POLICY OF 2,5 TIMES HEADLINE EARNINGS COVER REMAINS INTACT



Chefmate,
Bidfood Middle East

MATERIAL ISSUES

- Need to communicate group strategy, group performance and significant non-financial issues
- International shareholder base stable at approximately 50%

ACTIONS

- Inclusion of non-financial issues in annual integrated report
- Assessment of non-financial data collection for reporting
- Timeous relevant communications issued through JSE SENS to keep investors informed
- Direct, transparent engagement with investors

Strategy in action



Real value in foodservice is found on the plate not on a warehouse loading bay.

Strategically, the choice is clear: do you move cartons on the back of a truck or do you add value to customers off the back of smart foodservice solutions?

Some years ago, the decision was made to scale back low-margin, big-contract logistics operations and build momentum as a foodservice business largely focused on the independent sector that can protect margins through value-add services.

The Bidcorp strategy

Customers

Focus on high margin freetrade/ independent business

Services

Our "direct-to-chef" model continues to deliver improved results

Suppliers

Category development, Own Brand value-add and growth of high value specialist products

Our people

Decentralised, empowered, entrepreneurially led businesses – locally relevant

Our strategy was initiated when the first foodservice business was acquired in 1989.

It is still relevant today. We see no reason to change it.

Bidcorp's strength lies in its strong and decentralised management teams who are best placed to navigate the crisis at the coalface in each of its operating jurisdictions. Bidcorp is financially strong and entered this period of uncertainty with relatively low levels of gearing and a robust business model.

Positioning 2021 and beyond

Bidcorp's current focus is to predict the likely "new normal" that will exist post the initial effects of the COVID crisis. Our initial assessment was that activity levels would return to levels of 75% to 85% of pre-COVID levels in the next 12 to 18 months but we now believe this number will be higher and hopefully sooner. Our businesses are preparing to ride out the next phase of the economic recovery with these activity levels in mind. We believe that there will not be any fundamental shift in consumer behaviour of eating-out-of-home and early anecdotal evidence suggests that human muscle memory in respect of socialisation remains an important component of the consumers' existence.

We strongly believe in our business model and that our customers and demand will bounce back over time. There will be opportunities for us to explore in our operating geographies and beyond in the months to come, and we have an amazing team of people around the world who are up to the challenge and will ensure our market leading position and operational excellence continue as the world recovers from this dark chapter.

A proven strategy – to quote our Chief Executive

As reported in …



2016 › Annual Integrated Report – CE report

"Unbundling from Bidvest was smoother than anticipated. This was primarily a function of the decentralised Bidcorp model …

Our growth has been driven by entrepreneurial managers in autonomous operations who take personal responsibility for identifying and pursuing growth. These operations and their leadership teams are deliberately lean. They avoid complexity and stay close to their people, customers and markets."



2017 › Annual Integrated Report – CE report

"Businesses in all geographies embarked on our rebranding as Bidfood. The process was not imposed from corporate office, or even orchestrated from the centre. Each business rolled out the new identity in its own way.

Though we have a firm view on our long-term positioning, we remain pragmatic traders. Local managers take local responsibility. Sometimes they may decide to sacrifice margin to maintain volumes. This is up to them. Local flexibility is built into our business model and will not change.

Another area of opportunity – in which exciting progress was made – is the creation of our Own Brands.

At the time of our listing, we set out certain key goals, mainly focused on in-country growth (organic and acquisitive) in existing territories, complemented by additional gains as we explored new national markets. In 2017, we again executed on that strategy."



2018 › Annual Integrated Report – CE report

"Increased focus on foodservice, with special emphasis on freetrade, is rapidly turning into a worldwide success story for Bidcorp.

Progress was evident worldwide, largely because we concentrated on executing our proven strategy of building responsive, efficient foodservice businesses that partner with an increasing number of independent customers in the freetrade channel. We honour contracts and will not let down our logistics customers.

Bidcorp touches countless lives. It is our job to ensure this interaction is mutually beneficial. The commitment goes beyond regulatory compliance. Wholehearted involvement is often apparent, notably the effort to reduce, reuse and recycle on the environmental front.

Organic growth will be the principal driver. Growth through bolt-on acquisitions is an enduring theme at Bidcorp and we will continue to investigate new opportunities and perhaps some new territories."

"We don't expect the outside world to be predictable, but the Bidcorp world often is. We have a proven approach and we plan to stick to it."



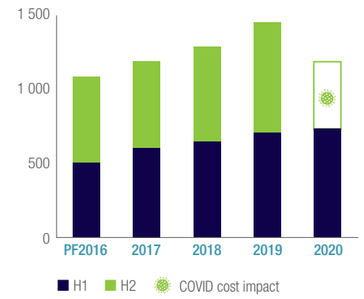
2019 › Annual Integrated Report – CE report

"We have continued our exceptional growth trajectory, but we are not complacent. Our considered imperative to invest ahead of the growth curve remains a recurring theme throughout the group, with new capacity driving new business volumes in regions where we see potential.

Another exciting achievement is the new generation metro strategy we have adopted. In many regions around the world, it is clear that customers are finding skills replacement a challenge, while expensive and less suitable, cost effective, property options are impacting their businesses. This provides us with an opportunity to provide more conveniently located warehousing solutions, specifically to enable a faster, better last-mile quick response execution of customer orders.

Our strategy is firm and intact, but that does not mean we do not manage change and advance or adjust certain elements. Conditions change and we always remain alert to external circumstances, ready to adapt to a continued and collaborative customer-centric offering."

DELIVERING REAL SHAREHOLDER VALUE THROUGH IMPLEMENTATION OF OUR SOLID STRATEGY – HEADLINE EARNINGS PER SHARE (cps)



2020 › Annual Integrated Report – CE report

"Bidcorp has delivered a resilient performance for the year which has been significantly impacted by the catastrophic economic and social consequences of the COVID pandemic which took hold across every operating geography from late January 2020 onwards. Our employees remained our top priority in terms of protecting their health, well-being and where possible, maintaining their incomes.

Bidcorp's strategy firmly remains on growth opportunities in the wholesaling of food and allied products to the eating-out-of-home market; organically through achieving the appropriate customer mix, by selling more products and gaining new customers; via in-territory bolt-on acquisitions to expand our geographic reach or to expand our product ranges; and via strategic acquisitions to enter new markets, as and when these arise."

Creating value for our stakeholders

The Bidcorp business model sets out the five key processes we implement around the world, in our decentralised, autonomous manner, which creates the long-term sustainable value for our stakeholders – through the effective and efficient use of our capital inputs, keeping customer service at the heart of our approach.

Capital inputs to our business model

Human capital

We are committed to creating value for our people through providing exciting employment opportunities across all facets of the business.

Promoting from within and developing a team to ensure strong succession plans are in place.

Continuous investment in training to build a high-performance culture, both within their roles and with regards to health and safety in the workplace.

Actively driving transparent and meaningful engagement with employees and with their representative forums and unions.

23 427 employees, down 9% on prior year (2019: 25 858).

› * Relevant risk response: "Talent management", "Competitor landscape" and "Consumer environment".

Financial capital

Our financial resources include equity and debt funding, and earnings generated and retained by the group. We rely on our financial resources to fund our organic and acquisitive growth strategy, invest in infrastructure development and maintenance, systems and technologies, upskill and develop our staff, and to responsibly invest to reduce our carbon footprint.

We strive to provide our investors with value through consistent financial returns in the form of dividends and share price growth.

Proactive, transparent communications, quarterly trading updates and engaging reporting ensures the shareholders are informed of the performance of the company.

Market capitalisation of R95 billion as at June 30 2020.

Unutilised borrowing facilities of R13,1 billion which are committed.

› * Relevant risk response: "Funding growth", "Supply chain security", "Digital security" and "Climate change".

Social and relationship capital

We strive to create value for our communities through continued investment of time, money and support into local social development initiatives to improve the lives of people and their families in the communities around our businesses.

Empowering our community to support themselves, in doing so contributing to our value chain, through learnership programmes and subsequent employment opportunities. We invest in social and education initiatives, focusing on programmes such as healthy eating.

We have developed relationships with our stakeholders, governed by our values and the enduring principle that doing good is good business. We rely on these relationships to earn the loyalty of our customers, create more jobs, contribute to the communities we serve and to develop local suppliers and small businesses.

› * Relevant risk response: "Food safety", "Consumer environment", "Supply chain security" and "Competitor landscape".

Intellectual capital

We strive to create value for our customers by listening to them – understanding what their needs are and responding to make their lives easier.

Through the introduction of our online ecommerce tools, customers are able to engage in real time and place orders on a tablet, mobile phone or laptop, with a delivery time as quick as within the operating day.

Bidfood is providing and growing a portfolio of leading Own Brand, to meet our customers' needs.

Many of our customers are finding skills and space expensive, we are able to offer processed products such as sous vide meals at locally situated depots to ease this burden.

We strive to create value for our suppliers by engaging with them on market trends and requirements, alerting them to changes in customer needs and product developments as required.

› * Relevant risk response: "Supply chain security", "Consumer environment", "Competitor landscape" and "Digital security".

Manufactured capital

Bidcorp invests in owned-assets, strategic to our operational growth strategy.

We use physical infrastructure within our operations that includes our depot footprint, our distribution capacity and information technology platforms. We rely on this manufactured capital to procure, transport, store and distribute our products – enabling us to serve customers quickly, efficiently and reliably.

Continuing to invest in modern energy-efficient vehicles and depots is key to responsibly catering for future growth.

Bidcorp owns 70% of our properties and 82% of our vehicles.

› * Relevant risk response: "Supply chain security", "Consumer environment", "Digital security" and "Climate change".

Natural capital

Group committed to a target of 25% reduction in group reported emissions by 2025 based on the 2018 reported carbon emissions on a like-for-like basis.

To keep growing we need to stay relevant and keep providing solutions to the real needs of our people and environment.

Through monthly reporting and quarterly reviews, each business is held accountable to their emissions and reductions achieved in energy, fuel, refrigerant gas and water used, ensuring staff awareness and involvement.

Recycling initiatives and identification of unique industry specific environmental and sustainability initiatives are reported in each business and are shared practices among group companies.

Bidcorp is committed to reducing our impact on the environment – this is a top priority for the group.

Total carbon emissions reported this year is 366 130 tCO_2e, a decrease of 9% on prior year.

› * Relevant risk response: "Climate change", "Food safety" and "Supply chain security".

** Refer Bidcorp's value creation risk response: pages 16 – 21.*

Business model

1 Responsible procurement

Our suppliers are specialists in their product, as well as ethical and sustainably minded, located as close to the source of the food as possible. We source both quality wholesale foods and a large range of catering equipment and non-food essentials.

We are proud to say we take a sustainability-based approach to product sourcing, minimising the impact of our carbon footprint, whilst ensuring fair labour practices are at the forefront of all stages of our supply chain.

2 Value-add processing

Through listening to our customers, Bidfood has identified opportunities for value-add light processing and bespoke manufacture to make our customers' lives easier.

Around the world we have our own purpose-built facilities offering additional value-add services, as directed by customer needs and market trends identified.

3 Warehousing and distribution efficiencies

We invest in depots and vehicles equipped with state-of-the-art efficient and sustainable capabilities. We utilise tools such as voice-pick technology in warehouses and onboard-telematics in vehicles to ensure improved efficiencies and accuracies in service. Coupled with anti-error systems, we commit to reduced preparation error rates and overall improved working conditions for our workforce.

Our fleet is equipped to simultaneously distribute products at positive and negative temperatures, with modular compartments equipping us to deliver to specific customer and product requirements.



Smart Choice, Bidfood Belgium Own Brand



4 Customer service excellence

Our mission is to deliver service excellence.

Everything we do has the customer at heart, and is led by research and insights, be it into food trends to keep a step ahead of the curve, or the latest technological advances allowing us to continuously develop our service offering.

5 Market-leading innovation

Our in-house developed ecommerce solution is a market-leading customer communication, transaction and information portal connecting us directly. Customers have online touch access to products offered by Bidfood divisions; real-time stock and pricing, product and sourcing information, planning and costing facilities, as well as intuitive complementary product suggestions.

By using technology to deliver operational efficiency, implementing smart solutions faster through sharing of learning and ideas across our businesses, Bidfood is ahead of the pack. Continual upgrading, modernisation and simplification of our global IT infrastructure, from farm to fork.

Creating value for our stakeholders continued

Capital outputs ensuring we deliver the right products, at the right price, to the right customer. Making our customers' lives easier with our value-add, light manufacturing and ecommerce engagement. We are positioned locally, source locally and deliver regularly to our customers.

Our **capital outcomes** include a range of internal and external consequences for each of our vital stakeholder groups.

Setting out just some examples of the **capital trade-offs** made each day in the execution of our proven strategy.

Capital outputs

Outcomes

Capital trade-offs

Human capital

Capital outputs

R15 billion paid in salaries, wages and benefits (2019: R15 billion).

Number of courses trained: 30 139 (2019: 26 420).

R36 million spent on training, a 14% decrease from 2019.

5% staff turnover recorded in 2020 (2019: 11%).

16% decrease in lost time hours reported in 2020.

Number of work-related fatalities: zero (2019: 1 (regrettably)).

Outcomes

Workforce of 30% women, providing and promoting gender diversity (2019: 27%).

Improved technical capability and capacity through our skills development programmes.

Progress towards creating a more diverse and inclusive workforce and culture.

Improved top talent retention and engagement levels.

Improved leadership capability and succession strength.

Improved overall employee performance often recognised in workplace awards, for example Bidfood Scotland (page 49) and Angliss Singapore (page 61).

Capital trade-offs

Our investment in training and development impacts on financial capital, but has significant benefit in terms of human, social and relationship capital and enables us to have the people capabilities required to deliver the business strategy.

HC ↑ S&RC ↑ FC ↓

We remain committed to providing our employees with fair remuneration and incentivisation. Top priority during the COVID pandemic was job protection and the safety of our stakeholders. Unfortunately, the economic recession did result in unavoidable job losses.

HC ↓ S&RC ↑

Financial capital

Capital outputs

Incurred COVID-related costs of abnormal receivables provisioning, inventory obsolescence and restructuring costs of R1,5 billion.

45 388 (2019: 44 698) public shareholders, holding 99,97% of the 335,4 million shares in issue.

We distributed an interim dividend of 330,0 cents to shareholders.

R1,4 billion (2019: R1,4 billion) paid in taxes to tax authorities in more than 35 countries around the world.

An average tax rate of 26,1% (2019: 23,9%).

Outcomes

In spite of the significant impact of COVID on the results, a strong balance sheet and focused working capital management ensured the group weathered the crisis and survived.

Maintained leverage levels of net debt to EBITDA between 0,5x and 1,0x; a conservative stance that has stood the group in good stead through the financial pressures of the COVID lockdown.

Weighted average interest rate on foreign borrowings at 2,1% (2019: 2,6%), the benefits of which will be evident in 2021.

Free cash flow of R3,0 billion (2019: R1,2 billion).

Bidcorp remains well capitalised and retains adequate headroom for further organic and acquisitive growth.

Capital trade-offs

We leverage financial capital to maintain our competitive market position, supported by our decentralised, entrepreneurial structure, innovating and delivering bespoke locally relevant solutions.

MC ↓ HC ↑ IC ↑

COVID lockdowns resulted in economic devastation globally, with significant volatility in debt and equity markets. Bidcorp elected to preserve cash until the full impact of the crisis on group earnings could be reasonably mitigated. Due to performance in H2 no final dividend was declared. This prudent action has preserved the group's liquidity and financial capital but some shareholders are disappointed.

FC ↑ S&RC ↓

Social and relationship capital

Capital outputs

R16,2 million donated to charities and community projects.

In South Africa:

- R1 million donated to YES programme.
- R1 million donated to Solidarity Fund.

Around the world, numerous local projects supporting those within reach.

Senior citizen programmes, community projects, sponsorships, donations and education programmes are just some of the many initiatives owned by each of our businesses in their individual and group efforts to make a difference.

Food recycling and donation projects reported 3,4 tonnes of food donated to global food banks, an increase of 26%.

Outcomes

Bidcorp is recognised as a valued responsible contributing member of the local communities, participating in feeding schemes, food bank recycling and other such charitable projects around the world.

In South Africa, 56 Youth Employment Service candidates are learning skills and gaining exposure to the workplace.

Successfully operating and protecting our staff while navigating the political upheavals and societal demonstrations that take place across our jurisdictions from time to time.

Capital trade-offs

Cash donations impact financial capital in the short term, but in supporting reputable charities and government initiatives for job creation, the value created in social and relationship and human capital far outweighs the immediate cost.

FC ↓ (Short term) S&RC ↑ FC ↑ (Long term)

We are committed to sourcing from local suppliers, in particular to expand fresh offerings and grow Own Brand, however stringent health and safety standards across our supply chain often mean the smaller supplier is unable to meet our rigorous health and safety requirements consistently, and therefore some product lines are not always available.

S&RC ↓ FC and S&RC ↑ (Long term)

Intellectual capital

Capital outputs

Bidcorp served 288 587 customers, 8% less than last year (2019: 313 675).

51% of all revenue generated from the various ecommerce platforms embraced by group operations in 2020.

BidOne's myBidfood accounts for 30% of the ecommerce group sales.

Of total revenue:

- Independent customers make up 50% (2019: 52%); national accounts 34% (2019: 34%);
- Own Brand products make up 18% (2019: 17%).
- 24 437 suppliers; 3% increase on last year.
- Offering 352 732 product SKUs made up of 35% Frozen; 28% Chilled; 30% Ambient; and 7% Non-food.

Outcomes

Global lockdowns resulted in the eating-out-of-home market coming to a near standstill, our teams, classified as essential services, were able to work and provided care packages, home delivery and retail support using our bespoke platforms to enable this.

Digital strategies have enhanced employee and customer satisfaction levels; ecommerce platforms have been developed into a customer AI experience, anticipating orders, offering recipe suggestions and product substitutes, and tracking global and local eating trends for customer insight.

Strengthening of our locally sourced, value-add products such as sous vide meals to develop the premium local independent customer, protecting our environment through minimising the supply chain journey.

Capital trade-offs

We will not compromise the values inherent in our intellectual capital. By upholding these values, we enhance our natural, human, manufactured, social and relationship capitals.

Investment in our digital capabilities to engage, inform and equip our customers ahead of the curve has required financial investment to deliver long-term returns and customer retention.

IC ↑ S&RC ↑ FC ↓

We continue to grow and focus on the independent customer that appreciates the value-add, premium service provided by our local team and Own Brand products.

IC ↑ FC ↓ NC ↑

Manufactured capital

Capital outputs

Capex investment in the year of R2,9 billion includes PPE and intangibles (2019: R3,1 billion)

- 77% into depots
- 13% into vehicles
- 10% into IT intangible capex spent
- Gross capex % of net revenue of is 2,4%

Impairment of PPE during the year of R116,6 million, partially offset by total profit on disposal of PPE of R42,5 million.

Stock obsolescence due to COVID-related restrictions on activity of R248 million.

Focused balance sheet management and restructure of assets.

Outcomes

New modern, energy-efficient depots opened in NZ, Germany and Netherlands.

Investments into PPE, positioning the group for anticipated organic growth, to ease in the short term as the businesses navigate the COVID recovery.

Automated picking and warehousing system functional in the Netherlands, changing the way warehouse management is done.

Success of the metro strategy in city centres with smaller depots, close to the customer, able to deliver small orders on a quick turnaround.

Capital trade-offs

There is a possibility that our investment in manufactured capital could negatively impact our investment in human, social and relationship capital.

MC ↑ FC ↓

Positioning ourselves close to the customer allows us to deliver unrivalled service levels, sourcing local products and offering the value-add processing options that customers are willing to pay for, may mean changing product suppliers and terminating substandard sources.

MC ↑ S&RC ↓

Natural capital

Capital outputs

9% decrease in total carbon emissions reported.

- Scope 1 emissions down 7%.
- Scope 1+ aircon emissions down 14%.
- Scope 2 emissions down 8%.
- Scope 3 emissions up 6% due to improved reporting.

Municipal water used down 13%.

Outcomes

Group target set of 25% reduction in group carbon emissions by 2025 (based on 2018 reported emissions).

Enhanced operational resilience, reduced related costs and environmental footprint.

7% decrease in fuel emissions using nearly the same number of vehicles (1% less than last year).

8% decrease in scope 2 emissions using solar in many of our depots.

Our product and service offerings assist our customers to achieve their own sustainability related objectives, including renewable energy solutions, energy efficient vehicles and environmentally responsible depots and equipment.

Enhanced reputation through global recognition. The group is included on:

- Dow Jones Sustainability Emerging Markets Index
- FTSE/JSE Responsible Investment Index
- FTSE4Good Index.

Capital trade-offs

Our global foodservice and light value add processing utilises and impacts natural capital however, these activities positively impact on human, manufactured, intellectual, and financial capitals, through employment, transport and infrastructure development, identifying new ways of doing business, and financial investment for long-term returns.

NC ↓ HC ↑ MC ↑
FC ↓ (Short term) FC ↑ (Long term)

We are committed to reducing our consumption of natural and scarce resources in our operations and, with thousands of suppliers and customers, we are extremely mindful of our global reach and our real impact.

Bidcorp's value creation risk response

The Bidcorp board recognises that the strength of the Bidcorp strategy, the identification of material issues, the effectiveness of the risk management, its commitment to social and environmental sustainability and its financial performance are all inseparable elements of long-term value creation. During the year, our board undertook several discussions related to key issues and topics that could impact our ability to create value for our stakeholders.

These discussions are unpacked in more detail on pages 17 to 21 of this report and reflect the issues identified as material by the group in 2020, and as impacted by the COVID crisis.

As an outcome of the group's annual materiality review, the board agreed that all material issues identified in 2019 remained relevant for the 2020 financial year. The group's most significant issues relate to the health of all of our stakeholders, all over the world, as we navigate the impact of COVID, both in terms of each person's health, as well as the long-term sustainability of our customers, suppliers and our own operations.

The group traded in difficult economic conditions throughout the 2020 year, but mostly in the last quarter. In most jurisdictions around the world Bidfood was classified as an "essential service" under COVID regulations, being a food distributor, and in these geographies our businesses were required to continue operating and servicing the local communities, albeit in most instances on a much-reduced basis.

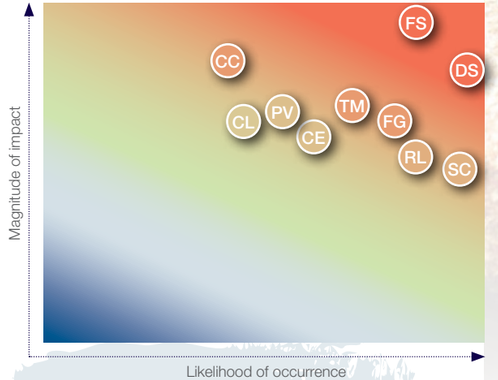
COVID has turned a human health crisis into an unprecedented economic disaster as a result of the ever-evolving government COVID-related measures, creating restrictions on economic activity. The pandemic, and all related trading and social distancing confines, has had and will continue to have a significant impact on the global economy, and as such on each of our operations around the world and the respective suppliers, customers and communities that we serve.

The crisis has heightened a number of the group's existing material issues but has also brought new material issues to the fore, which the group has responded to quickly and effectively, and will continue to do so.

OUR TOP 10 MATERIAL RISKS

- FS FOOD SAFETY
- SC SUPPLY CHAIN SECURITY AND STABILITY
- DS DIGITAL SECURITY
- CL COMPETITOR LANDSCAPE
- CE CONSUMER ENVIRONMENT
- TM TALENT MANAGEMENT
- FG FUNDING GROWTH
- RL REGULATORY LANDSCAPE
- CC CLIMATE CHANGE
- PV MACRO POLITICAL VOLATILITY

RISK TO VALUE CREATION



For each of our material issues we have demonstrated how the risks are being mitigated and growth opportunities identified for the group through its strategic plan.

FS FOOD SAFETY

Bidfood has always held food safety as a top priority. Inherent to the food industry is the risk of outbreaks and contaminations experienced from time-to-time.

Products packaged under our Bidfood Own Brands have either been contract manufactured and packaged according to our specifications, or processed in-house and packed in line with our customers' needs.

Product liability relating to defective products could materially adversely affect our results of operations and financial condition.

Damage to our reputation and loss of brand equity could reduce demand for our products and services. Adverse publicity or legal action against us could damage our reputation, undermine our customers' confidence in us and reduce demand.

Maintaining a good reputation and public confidence in the safety of the products we distribute is critical to our business.

What it may mean to us:
- Consumer illness
- Product recall
- Reputational brand damage
- Heightened regulatory scrutiny

COVID IMPACT

We are protecting the health of our staff and customers through the COVID crisis by upholding rigorous hygiene standards across our depots and throughout the supply chain.

We support the preventative imperatives of minimising personal transmission through clear and appropriate social distancing measures.

Food safety is maintained by robust health and safety standards throughout our supply chain to mitigate the significant risks associated with unsafe food. Bidcorp has embraced this difficult climate to engage with our suppliers and customers to ensure food safety best practices are adopted.

Risk to value creation

Value creation opportunity

We are committed to transparent and prompt communications with stakeholders along the full supply chain, as well as proactive customer engagement including engaging food safety specialists throughout the group, to ensure the highest standards are implemented.

For in-house manufacturing, we engage experienced production teams, who have the knowledge and expertise to implement best practice food processing standards.

Contract manufacturing quality assurance teams certify the manufacturing and processing plants where these products are packaged, enforcing global quality control standards and assuring the quality of all supply sources to meet our rigorous requirements.

Product recall processes are in place ensuring stricter protocols around customer contact and control of distributed stock, using internal IT systems to facilitate tracking and impact of product reach.

We seek supplier contractual indemnification and have in place insurance coverage for products supplied.

CAPITALS | STAKEHOLDERS | RISK TO VALUE CREATION: Stable

SC SUPPLY CHAIN SECURITY AND STABILITY

We purchase from thousands of domestic and international suppliers. These suppliers include large corporates selling branded products, to the small local manufacturers which may produce and supply Bidfood's Own Brand range.

Our inability to obtain adequate supplies of food and allied products and/or to timeously provide our products and services to our customers, could have an adverse effect on our business, results of operations and financial condition, as our customers may turn to other distributors.

Profit may be negatively affected by product cost volatility. Foodservice distribution is characterised by high inventory turnover at relatively low profit margins.

Product availability at the right quality, right quantity and right price is never guaranteed.

What it may mean to us:
- Lack of in-house manufacturing expertise
- Product pricing increases
- Product recall
- Reputational brand damage

COVID IMPACT

COVID has had a profound impact on the global economy with many businesses and consumers experiencing a material loss of earnings, alongside the significant cost of heightened health safety standards and personal protection requirements. Many businesses will also experience disruption to their operations, due to increased staff absences and will subsequently need to follow robust sanitisation and employee isolation protocols.

The COVID crisis has resulted in heightened demand for certain essential products, including personal protective and hygiene products. Bidfood has worked closely with our supplier base to ensure steady production and distribution of products.

Bidcorp is mindful of the substantive financial and operational impact of the crisis across our value chain, but we mitigate this to a certain extent by supplying alternatives and procuring locally for the majority of our products.

Risk to value creation

Value creation opportunity

We only engage with suppliers who meet our rigorous standards, respect our values and provide the transparency required of their environment. No single source of supply individually accounts as a significant supplier to any one Bidfood operation.

We adopt a decentralised model where local purchasing decisions are based on the quality and price of the local product, and according to that business' customers ever-changing needs.

In order to meet growing demand for locally sourced products, we increasingly source specialty, fresh and seasonal products from small to mid-sized producers, within reach of our operations.

Our suppliers are required to meet globally recognised and certified best food and safety standards. Bidcorp conducts rigorous *ad hoc* supplier assessments to ensure compliance with food quality standards, as well as importantly, ensuring ethical work place practices in place.

We take responsibility for transparency and efficiency in our supply chain. We ensure that our practices reflect the highest standards of integrity, respect and safety from supplier and other partners.

CAPITALS | STAKEHOLDERS | RISK TO VALUE CREATION: Increased

Bidcorp's value creation risk response continued

DIGITAL SECURITY

What it may mean to us:
- Critical system downtime
- Cybersecurity attack, system disruption, ransomware
- Data privacy breach

COVID IMPACT

COVID has introduced additional cybersecurity risks as a result of our employees, contractors and other corporate partners working remotely. Due to the increased remote workforce, we must increasingly rely on information technology systems that are outside our direct control. These systems are potentially vulnerable to cyber-based attacks and security breaches. In addition, cyber criminals are increasing their attacks on individual employees, utilising interest in pandemic-related information to increase email scams designed to trick staff into transferring sensitive data or funds, or steal credentials that compromise information systems.

Safe and secure online platforms, and group-wide secure environments are key to our success. We are heavily reliant on technology, embracing the efficiencies, insights and improved service levels it provides to effectively exceed our customers' needs. We use software and other technology systems to generate orders, create depot efficiencies, load and route trucks, procure and monitor and manage our business on a day-to-day basis. We use our ecommerce platform, CRM tools, social networking and other online interactions to connect with our stakeholders.

These systems and our use thereof are vulnerable to disruption from circumstances beyond our control. To date, these cybersecurity threats have not had a material impact, however, the potential consequences of a future cybersecurity attack remains.

Global data privacy legislation requires us to meet certain standards regarding the handling of personal data, non-compliance of which could result in substantial fines, penalties or legal liability, and could tarnish our reputation.

Risk to value creation

Value creation opportunity

We continue to develop our ecommerce technology, CRM functionality and other technology all the while ensuring the implementation of best of breed cybersecurity, business continuity and disaster recovery planning.

Our decentralised model ensures that we do not have global dependency on a single IT system but are locally independent.

Business information security controls implemented include, but are not limited to: malware protection, network security, penetration testing, incident management, disaster recovery planning and back-up strategies, IT general control audits, and periodic information security reviews.

Continuous vigilance in the face of potential exposure is at the heart of our cyber risk management programme. Ongoing training and awareness campaigns are implemented across the group to equip our teams with the information and tools to recognise and respond to a potential exposure.

Insurance cover is in place to offset potential losses from certain cyber risks.

CAPITALS	STAKEHOLDERS	RISK TO VALUE CREATION
		Increased but managed

COMPETITOR LANDSCAPE

What it may mean to us:
- Loss of supply chain buying power
- Margin erosion from competition
- Loss of market share

COVID IMPACT

Bidcorp's current focus is to predict the likely "new normal" that will exist post the COVID crisis. Not all players in the foodservice industry entered this crisis in as strong a market position as Bidcorp. There is the possibility of market share gains should competitors, without the financial strength of Bidcorp, exit the industry. No significant acquisition opportunities in the foodservice space have presented as yet and we believe it premature to be exploring these in the current environment.

Increasingly tech-focused delivery companies are focusing on the foodservice market, initially in the business-to-consumer (B2C) space but with an eye on the foodservice wholesale delivery model, threatening disruption. Competition from these disruptive market entrants have threatened to take market share.

Aggregation via third-party Group Purchasing Organisation (GPO) to reduce prices paid on foodservice orders, which may in turn result in the GPOs placing pricing pressure on us.

The cost of switching for local customers to local commodities is very low as are the barriers to entry in this industry, therefore product range, pricing, customer relationships and value-add services is key to differentiate.

Risk to value creation

Value creation opportunity

Fundamental to our success is the strength of the real personal human connection we strive to develop with our customers which generates loyalty and appreciation for the personalised service excellence which sets us apart.

We are focused on what we are good at, namely ensuring a shared passion among our stakeholders about foodservice through product, pricing and easy-to-use, intuitive technological solutions to develop a mutually beneficial relationship.

We offer innovative, real-time engagement with our customers through our bespoke industry-leading ecommerce solutions. We are small enough to be agile and meet the most demanding requirements, but global enough to source even the most hard-to-find products.

Each local Bidfood operation also has access to a global IP platform, enabling teams to present new culinary trends, unique product ranges and introduce a variety of cuisines very cost efficiently.

We continuously monitor external market trends and collate consumer and customer insights to assist in the development of category and brand strategies.

CAPITALS	STAKEHOLDERS	RISK TO VALUE CREATION
		Alert to opportunity

What it may mean to us:
- Fit-for-purpose infrastructure
- Responsive and agile delivery
- Product range adjustment
- Competitive advantage

COVID IMPACT

Consumer confidence remains low with many customers grappling with debt and escalating transport, energy, and other unforeseen costs. Consumer pressure will ease as global economies reopen, and some relief is provided from COVID government stimulus measures – however we expect customers to be under greater financial pressure over the short to medium term, with spend remaining prudent.

Mandatory and voluntary containment measures in response to COVID have had a significant impact on the eating-out-of-home market. Many restaurants have closed, some restricting the number of patrons and many businesses, including theatres, sports events, schools, and other businesses to whom we provide products and services, have been closed.

Bidfood internally has shared global learnings, and has applied these measures to engage, support and assist our customers as they navigate their way back to full operation. These measures include extended payment terms, providing training on reopening measures and supply of the equipment required to protect staff and consumers.

CONSUMER ENVIRONMENT

Differentiation in the foodservice industry is achieved through ongoing close contact with customers, competitive pricing, with the ability to provide a full basket of products and consistently delivering promptly and accurately.

Changes in consumer eating habits such as a potential decline in consuming food away-from-home, strong preferences for organic and vegan product offerings, or shifts in non-customer restaurant preferences could reduce demand for the current product range and impose changes on our supply chain.

We typically do not enter into long-term customer agreements, therefore our businesses have to be able to react quickly to changes in product pricing, customers changing product requirements, often anticipating them before our customers are aware themselves.

Risk to value creation

Value creation opportunity

Through the development and effective use of our ecommerce solution and "rep"-based model to take and anticipate customer orders, the offer of regular and quick deliveries, and a broad range of high-quality competitively priced products, we are agile enough to respond to our customers' needs seamlessly.

Our market-leading ecommerce platform provides a comprehensive database, tracking trends in the overall foodservice environment and in particular changes in consumer preferences. This bespoke data insight has enabled Bidfood to provide customers with substitute product suggestions, product usage reports, menu-planning advice and food safety training, to proactively deal with the changing consumer preference landscape.

As a result of the establishment of conveniently located warehousing solutions, specifically enabling a faster, better last-mile quick response to customer orders, Bidfood aims to differentiate themselves on the last-mile service excellence.

CAPITALS	STAKEHOLDERS	RISK TO VALUE CREATION
		Alert to opportunity

TALENT MANAGEMENT

What it may mean to us:
- Shortage of skilled labour
- Interruptions, planned and unplanned, impacting service delivery
- Loss of customer and supplier relationships due to loss of a team member
- Loss of key members of management

COVID IMPACT

Globally, Bidfood operations could be disrupted if our employees are diagnosed with COVID. If a significant percentage of our workforce is unable to work, whether because of illness, quarantine, limitations on travel or other government restrictions, our operations may be negatively impacted, potentially materially adversely affecting our business, financial condition or results of operations.

Our priority remains ensuring a safe workplace for our staff through maintaining exceptional hygiene standards in line with local environment and jurisdiction recommendations and legislations.

Social distancing in the workplace remains an effective methodology to contain the risk of infections. Operations operating flexible shifts/small teams in contained batches and under strict sanitisation protocols to prevent any potential risk of cross-contamination.

Working remotely for those employees who can do so has been encouraged. Discretionary travel and commuting have been discontinued.

Labour retention, recruitment of the right skillsets and wage pressures are key drivers of our operating costs. Ongoing scarcity challenges of warehouse pickers and drivers across Europe, the UK and Australasia persist.

The global changing dynamics of labour ensures management focus in attraction, retention and motivation of the Bidcorp workforce. Any significant labour disputes or work stoppages could have a material adverse effect.

While cost management and efficiencies play a critical role, suitable and relevant incentivisation remains a vital motivator.

Bidcorp's model to operate sustainably depends largely on the experience and skills of its management team and their succession plans. Senior management departures or unavailability (due to death, injury, illness or other reasons) could adversely affect Bidcorp's operational performance in that business.

Risk to value creation

Value creation opportunity

Warehouse and driver availability and retention are global issues but local challenges. It is vital to recognise the importance of these roles and support them with tools to enable the best possible job. We invest in staff training programmes while providing incentives and better work environments. With onboard tracking and monitoring systems we improve driver safety.

With a significant global footprint, international opportunities are provided to those eager for career progression.

Skillsets existing across the group could be used in other group businesses should the requirement arise. Experienced management skills within the group are demonstrated through continued annual growth. Each management team is encouraged to grow and mentor high-potential individuals within their team to ensure strong succession plans exist.

CAPITALS	STAKEHOLDERS	RISK TO VALUE CREATION
		Stable

Bidcorp's value creation risk response continued

FUNDING GROWTH (FG)

What it may mean to us:
- Business slowdown due to financial instability
- Opportunity cost lost due to capacity constraints
- Limited access to funding
- Higher borrowing costs

COVID IMPACT

Bidcorp was well positioned going into the COVID crisis, with a strong balance sheet. However, the economic restrictions on trade globally means that COVID has had and will continue to have an earnings impact on the group, placing the group's liquidity management on top priority for the executive. The group has actively engaged with the funding partners to ensure sufficient facilities are available and accessible should the working capital and operational needs demand.

To date we have protected the group's liquidity through tightly managed operating costs, aggressive working capital management and the delay of all non-critical capital spend.

Growth requires that depots be large enough to be economically viable, yet small enough to ensure we remain agile and customer focused. Through timely investment we are equipped and able to facilitate growth and capitalise on market opportunities as they arise.

Growth requires successful integration of the acquisitions to fully realise the anticipated economic, operational and other benefits and synergies in a timely manner. Integration of an acquired business may be more difficult when in new geographies.

A significant expansion of our business and operations may require the issuance of material additional amounts of debt or equity, which could materially alter our debt-to-equity ratio, increase our interest expense and decrease earnings per share, and make it difficult for us to obtain favourable financing.

An increased level of indebtedness and the cost thereof could have a negative impact on our liquidity. Alternative financing measures available may not always be available or successful and may add to the liquidity burden.

Risk to value creation

Value creation opportunity

Bidcorp continues to selectively pursue opportunities to supplement organic growth with strategic acquisitions, both bolt-on and new country investments. These acquisitions present opportunities for growth and increases the scale of Bidcorp's operations.

In line with the decentralised Bidcorp model bolt-on acquisitions are conducted by local management who are close to and understand their local markets. A global executive management team provides oversight of all transactions. We ensure full and proper due diligence and sovereign risk assessment is completed before any acquisition is finalised.

We anticipate additional acquisitions and capital expansion in the future. As a result, our ability to finance acquisitions and capital expenditures through the raising of borrowed funds could restrict our ability to expand. Our finance team ensure that facilities are available ahead of the curve, in order to provide the liquidity required as opportunities or crises present themselves.

CAPITALS	STAKEHOLDERS	RISK TO VALUE CREATION
		Increased but managed

REGULATORY LANDSCAPE (RL)

What it may mean to us:
- Reputational damage
- Loss of investor confidence
- Fines and penalties for non-compliance

COVID IMPACT

Trading restrictions under COVID lockdown regulations around the world were changing weekly, tightening and loosening interchangeably. Each government implemented a local strategy in response to COVID with varying levels of lockdown and related restrictions, designed to slow the spread of the disease. Governments around the world have guided that the restrictive measures adopted would be adjusted as appropriate, in response to any acceleration or concentration in the spread of the virus.

Bidcorp believes that the worst of the COVID crisis is behind the group, however, significant uncertainty persists as to the speed and depth of the economic recovery in the jurisdictions in which the group operates.

Compliance is non-negotiable. We face a broad range of ever-changing legislative and regulatory requirements that are managed by each of our local teams, being positioned close to the specific and relevant authorities. However, the cost of compliance remains significant, and is ever increasing.

Given the unpredictability of possible further regulatory changes, tax laws, compliance reporting requirements, and their potential interdependency, it is very difficult to predict the cumulative effect of these regulations on the results of our operations and the respective cash flow. Impacts are likely to be localised as opposed to groupwide.

Risk to value creation

Value creation opportunity

We invest in assurance teams, compliance tools and engage outsourced professionals to guide and direct us in our efforts to promote the highest levels of compliance to food quality and health and safety standards in the market. Quarterly reporting of material non-compliances including management representations against the group standards is monitored by the divisional audit and risk committees.

Entity level targeted training is rolled out and appropriate policies, systems, procedures and reporting is in place. Appointment of skilled technical resources and consultation with subject matter experts where required ensures that Bidcorp is operating within the legal and regulatory boundaries in each geography globally.

CAPITALS	STAKEHOLDERS	RISK TO VALUE CREATION
		Stable

CLIMATE CHANGE (CC)

What it may mean to us:
- Lack of product availability
- Product pricing increases
- Constraints in energy and water supply
- Regulatory risks associated with environmental legislation eg carbon taxes
- Losses incurred due to disaster

COVID IMPACT

Restrictions on international trade by governments as a result of COVID may impact the availability of some food products in our supply chain.

Climate change and changing weather patterns could disrupt the availability of raw materials and food products as well as our supply chain. Bidcorp is therefore committed to reducing our impact on the environment and building the environmental sustainability of our operations. To help mitigate risks that threaten food systems in the long term, we explore opportunities to contribute to a circular economy, source environmentally sustainable commodities and strive to reduce our climate impact across our business and value chain.

Extreme weather patterns and environmental degradation have the potential to significantly impact the entire value chain, from production through to distribution and sales, as experienced with the impact of the Australian bush fires in December 2019.

Our operations are subject to local and global rules and regulations, providing guidance for the protection of the environment. Such as:
- the discharge of pollutants into the air, soil, and water;
- the management and disposal of solid and hazardous materials and wastes;
- employee exposure to hazards in the workplace; and
- the investigation and remediation of contamination to the surrounds.

Our facilities and our customers' businesses may be subject to extreme, and occasionally prolonged, adverse weather conditions resulting in disruption to normal operations.

Risk to value creation

Value creation opportunity

Bidcorp has committed to a target of a reduction of 25% in group reported carbon emissions by 2025 based on 2018 reported emissions on a like-for-like basis. Each of our businesses have engaged with local stakeholders and set respective local targets to minimise their emissions to assist in achieving the group's target.

Quarterly monitoring of the ESG KPIs are performed. Best practice is rolled out among our businesses as quick wins for each to minimise their impact. Investments are considered with the best of breed sustainable innovations.

Robust disaster recovery plans are established in all businesses. In the event of business interruption, our in country decentralised network of smaller depots allows us to support our customers where local operations have been impacted by adverse weather conditions, or other natural disasters, until normal operations resume.

We have the appropriate global insurance policies in place to protect our assets and address business interruption risk.

We are serious about the impact and role we have to play in reducing our impact on climate change.

CAPITALS	STAKEHOLDERS	RISK TO VALUE CREATION
		Increased

MACRO POLITICAL VOLATILITY (PV)

What it may mean to us:
- Some exposure to political, economic and social conditions
- Potential business slowdown due to financial instability, trade restrictions, imposition of tariffs and volatility in exchange rates
- Limited adverse impact on financial performance

COVID IMPACT

Global economic uncertainty resulting from the COVID pandemic combined with political volatility have adversely affected, and are expected to continue to adversely affect some businesses and results of operations.

Such events may further alter consumer confidence, behaviour and spending patterns, and could further adversely affect the economies and financial markets of many countries, resulting in an economic downturn.

We remain alert to and aware of these developments around the world.

Bidcorp is a geographically diverse business exposed to the global economic environment instabilities.

Political instability is unpredictable and can present suddenly, with significant impact. These unforeseeable upheavals can potentially disrupt normal business operations materially.

Business sentiment to political upheavals such as Brexit or the Hong Kong protests generally appears to be more cautious than the average consumer sentiment.

Through our globally diverse decentralised footprint, although exposed to high-risk macro environments, local teams continue to manage their local environments and drive growth in each of their markets.

We continue to keep a close watch on political volatility, within the ambit of what we can control, we remain agile in our response.

Risk to value creation

Value creation opportunity

We are committed to the jurisdictions in which we operate. Our local teams are best placed to focus on what we can control, delivering the right food products, at the right price, at the right time, to the right customers.

The impact of Brexit to date on our UK foodservice market has been limited. Political strife in Hong Kong has had a material impact on our local operations navigating their way out of the COVID lockdown. Political upheavals in other emerging market jurisdictions are commonplace and our teams are well equipped to respond calmly and sagely, implementing practical solutions to operate within the confines of their respective challenges.

Bidcorp Procurement Community (BPC) provides a backup plan should supply chain disruptions require alternate product supply. This is the advantage of being a part of a global team.

Our core philosophy of naturally hedging assets and liabilities remains and is an important financial fundamental.

CAPITALS	STAKEHOLDERS	RISK TO VALUE CREATION
		Increased but managed









OUR COVID HEROES
AGED CARE SUPPORT

Around the world, government-imposed COVID lockdown measures especially restricted the old and vulnerable from accessing food and basic grocery items. Bidfood teams from Belgium to New Zealand, South Africa to Poland, decided to step in and offer some encouragement, support and essential food and grocery items to help those dependent on others.

One such story is Bidfood NZ

At the onset of level 3 all NZ aged care facilities went into full lockdown. This meant no one was allowed to access or leave these villages. There were over 20 000 self-catering residents living in retirement villages who overnight were not able to access food and had neither the access nor knowledge to utilise online ordering.

Bidfood set to work and organised over 10 000 gift packs to be delivered into the Ryman Villages nationwide. The packs contained basic pantry items and necessities in retail pack formats, which were extremely difficult to source and distribute nationwide.

By the end of the first week a solution had been developed to allow the 20 000 independent residents to order groceries twice a week through Bidfood, using a paper form that was scanned and emailed by the village reception staff. Utilising the available resource in branches hardest hit by COVID, the orders were keyed and then individually packed and shipped to the villages for distribution to the residents.

From March to June we keyed, packed and delivered 19 239 orders.

The feedback from residents, families and the aged care groups was that this initiative provided a lifesaving solution at a time when people were frightened and alone. They could not have made it through the lockdown without this support and dedication.





2

LEADERSHIP REVIEW

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Baxter's filo pastry, Bidfood NZ.

Chairman's statement



Stephen Koseff
Chairman

> Bidcorp has remained resilient. Thousands of people adapted swiftly to unprecedented challenges, learning from each other and continuing to drive safety, innovation, food quality and service excellence throughout.

COVID is the defining crisis of our lifetime. In the face of its devastating impact across the world, Bidcorp has remained resilient. This bears testament to the group's decentralised business model, the depth of our management teams and the strength of the group's entrepreneurial culture.

The foodservice market is demanding at the best of times and the stresses of 2020 have tested our people as never before. They have performed outstandingly. Thousands of people, operating across five continents, adapted swiftly to unprecedented challenges, learning from each other and continuing to drive safety, innovation, food quality and service excellence throughout.

A year of two halves

Financially, it has been a year of two halves. Bidcorp was on track for growth but this stalled due to reduced economic activity as the pandemic spread from January 2020, negatively impacting earnings for the full year.

With the onset of COVID, demand for food services from the hotel, restaurant, leisure and travel-related segments immediately plummeted as lockdowns around the world were implemented.

China and other Asian economies, as well as Australia and New Zealand have experienced a rebound in activity. In contrast emerging markets, particularly those in Africa and Latin America, continue to struggle to kickstart their economies.

In the UK, Brexit uncertainties have persisted and in the European Union, with the exception of countries in the east such as Poland and the Czech Republic, the economic backdrop has remained subdued.

Compounding market uncertainty are escalating geopolitical tensions, with threats of a new Cold War and trade protectionism on the rise across key markets. Environmental and social challenges too are increasing business risks. Bidcorp was not immune to these external challenges, as evidenced by the impacts of new trade barriers, raging bushfires and droughts in Australia.

We nevertheless remain optimistic due to our entrepreneurial culture and business model.

As a foodservice provider serving predominantly the hospitality markets, we are encouraged by the increasing levels of activity following eased lockdown restrictions. The group remains cautious knowing that economic activity levels will fluctuate as further waves of the pandemic arise.

Operating and financial discipline

Bidcorp has always displayed good financial discipline. Being lowly leveraged with a good cash position meant that we were able to withstand the sudden income shock as a result of COVID. In response to this sharply lower activity, we quickly pivoted to protect the balance sheet, focusing on cost savings, reducing capex plans, and ensuring liquidity headroom. Significant focus on working capital ensured strong cash generation.

Prudent reporting procedures also meant that Bidcorp was able to produce audited annual results on time as if this was a business-as-usual situation. In FY2020, we adopted the new IFRS standard, IFRS 16 – *Leases*, our finance team provided non-IFRS 16, like-for-like disclosure, to enable meaningful comparison.

I extend my appreciation to the finance team, our audit and risk committee and auditors, PricewaterhouseCoopers Inc., who in their second year expressed another unmodified audit opinion.

Safety

Safety is core to the way Bidcorp operates, both for our people and for our products. Highest standards of food safety and hygiene are part of our daily routine and as new scientific information has come to light on COVID, we have continually revised and strengthened these safety protocols.

Tragically two employees succumbed to the coronavirus in South Africa and a third passed away during lockdown. We extend our sincere condolences to their loved ones and colleagues.

Board and governance

Comprising businesses across many geographies and cultures, Bidcorp thrives on diversity and local relevance. Listed on the JSE and with a track record spanning three decades, we also aspire to the highest standards of governance across all geographies. Integrity is at the heart of what we do. It is critical to our sustainability.



During these times when heightened vigilance is crucial, the board is satisfied with enhanced governance measures and internal risk controls that have been designed to alert leadership to emerging issues. Bidcorp has continued to invest in high product quality and rigorous compliance with food safety standards. There have also been initiatives to meet environmental targets, to protect the group against cyber risk, and to increase transparency and good practices through the supply chain.

Our businesses continue to focus on local relevance through local product sourcing and sustainable business practices. Across geographies, they have also played an important role by supporting government and other support programmes during the pandemic by providing food and care packages to the most vulnerable members of society.

To ensure even better stewardship in this increasingly complex world, we continued to strengthen the diversity and capabilities of the board, while enhancing the governance processes that were endorsed in an independent appraisal last year.

As chairman, I have the comfort of the board's wise counsel. Doug Band, who retired at the 2019 AGM, must be thanked for his significant contribution over the many years of his involvement with the group. We also welcomed Tasneem Abdool-Samad and Clifford Rosenberg as independent non-executive directors. Nigel Payne was appointed lead independent director and chairman of the remuneration committee and Paul Baloyi was appointed chairman of the acquisitions committee. I extend my gratitude to all our board members for their consistent advice and support.

In particular, I must single out group CE Bernard Berson and his leadership team around the world for the outstanding role they played in navigating the very difficult operating environment in these extraordinary times.

Ensuring longevity

While aspects of the business model are constantly tweaked in line with market forces, Bidcorp's over-arching strategy remains unchanged. We will continue to focus on growth opportunities in food wholesaling and the eating-out-of-home market, which we believe will remain an important part of consumer behaviour after COVID.

We remain cautious but optimistic about future prospects.

The group is well capitalised and retains adequate headroom to take advantage of market opportunities, whether organic or acquisitive, as they arise.

What COVID has also done is to exponentially accelerate customers' appetite for digital services. In line with this trend, Bidcorp continues to scale up our ecommerce and data analytics capabilities, which are clear sources of competitive advantage.

Ultimately Bidcorp is defined by its people, without whom we do not have a business. I am proud of what our people have delivered and for standing shoulder-to-shoulder with our customers and suppliers.

I thank our customers for entrusting their business to us. We have taken every measure possible to ensure we are here as a sustainable supplier with a first-class service delivery system for years to come.

I thank our suppliers for providing us with high-quality produce, manufactured and sourced to the highest of standards and look forward to the day when volumes fully resume.

I thank our international shareholders for their confidence in us. Bidcorp strives to provide shareholders with a good long-term return through dividends and capital appreciation. While we declared an interim dividend, the need for prudence precluded the board from declaring a final dividend. Nevertheless, our dividend policy remains unchanged.

I am confident that we have the people, the balance sheet and a proven business model to continue on our pre-pandemic growth path.

Stephen Koseff
Chairman

Affected stakeholder groups are indicated by way of icons as listed on IFC.

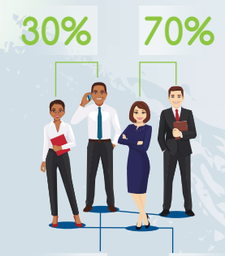
Board of directors

BOARD NATIONALITY



70% | 30%

BOARD BY RACE



BOARD BY GENDER

BOARD TENURE



BOARD MEMBERSHIP



STEPHEN KOSEFF



CHAIRMAN

BComm, CA(SA), MBA, H Dip BDP and Hon DCom (Wits)

Age: 69

Appointed: August 16 2017

Board committees:
Nominations committee (chairman)

BERNARD BERSON



CHIEF EXECUTIVE

BComm and BAcc

Age: 55

Appointed: March 10 2016

Board committees:
Acquisitions committee
Social and ethics committee

DAVID CLEASBY



CHIEF FINANCIAL OFFICER

CA(SA)

Age: 58

Appointed: September 12 2007

Board committees:
Acquisitions committee

PAUL BALOYI



INDEPENDENT NON-EXECUTIVE DIRECTOR

MBA (University of Manchester and Bangor University), SEP (Harvard), AMD: INSEAD (France), MDP (Stellenbosch University)

Age: 64

Appointed: March 10 2016

Board committees:
Acquisitions committee (chairman)
Audit and risk committee
Remuneration committee

See full CVs on pages 80 and 81.

TASNEEM ABDOOL-SAMAD



INDEPENDENT NON-EXECUTIVE DIRECTOR

CA(SA)

Age: 46

Appointed: September 16 2019

Board committees:
Audit and risk committee
Social and ethics committee

BRIAN JOFFE



NON-EXECUTIVE DIRECTOR

CA(SA)

Age: 73

Appointed: August 17 1995

Board committees:
Acquisitions committee
Nominations committee

DOLLY MOKGATLE



INDEPENDENT NON-EXECUTIVE DIRECTOR

BProc (Univ of the North), LLB (Law) (Wits), HDip Tax Law (Wits)

Age: 64

Appointed: October 4 2016

Board committees:
Nominations committee
Social and ethics committee

NIGEL PAYNE



LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom (Hons), CA(SA), MBL (Unisa)

Age: 60

Appointed: March 10 2016

Board committees:
Remuneration committee (chairman)
Social and ethics committee (chairman)
Acquisitions committee
Audit and risk committee
Nominations committee

HELEN WISEMAN



INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc (Hons) (University of Manchester), CA, GAICD, IDP-C INSEAD

Age: 54

Appointed: March 10 2016

Board committees:
Audit and risk committee (chairman)
Social and ethics committee

CLIFFORD ROSENBERG



INDEPENDENT NON-EXECUTIVE DIRECTOR

BBusSci (Hons) (UCT), MScM (Hons) (Boston University)

Age: 56

Appointed: September 16 2019

Board committees:
Acquisitions committee
Remuneration committee



Chief executive's report

> Bidcorp has demonstrated that we have the people, the business model and financial strength to weather unpredictable and challenging times.

Bernard Berson
Chief executive



A tribute to our Bidcorp heroes

When we reported our interim results in the third week of February, it was impossible to imagine what difficulties awaited us in the coming months. Our annual result is a tale of two halves, but the realities of the COVID pandemic have no respect for financial year ends as we manage with the impacts every day.

My remarks for the annual report will therefore be briefer than in previous years, acknowledging that we are in a rapidly evolving landscape and that the financial performance of the last few months isn't reflective of what lies ahead for Bidcorp.

At the half year, the one thing I did know without a shadow of a doubt was that we had the right team of people to take on whatever challenges arose, something that has proven itself throughout the pandemic.

All of you have shown that we, as a team, are more than able to weather unpredictable and challenging times.

Bidcorp has produced a commendable and solid annual result and we have done this while keeping close to our customers and suppliers to ensure we were aligned with them to get through this unprecedented and dreadful experience together.

Without each person we have no business. From the onset of COVID in each jurisdiction, it was important to keep our service-delivery capability intact, not only as an essential service but also as part of governmental programmes in several countries to provide food and care packages to the most vulnerable members of society via home delivery. Each of you have made sacrifices for a better tomorrow.

My sincere thanks to each one of you, your efforts and understanding of what we faced as a team is highly valued.

The health and welfare of our people are our highest priority irrespective, and always will be. Sadly, I pay respects to our three South African colleagues Tembi Twala, Tshepo Tshepe, and Collins Khosa who were victims of the pandemic and its consequences. Other staff members have suffered as a result of the virus, but I am relieved to say have recovered.

The year in perspective

Bidcorp maintains focus on delivering high-quality, service-intensive, and technologically up-to-date solutions.

It's all about the food, service and technology, and we remain as passionate and focused as ever.

The group had committed capital expenditure plans to expand, modernise where necessary, and invest for organic growth. While we shall curtail capital expenditure in the short term, our goal to be at the forefront of our industry is undiminished and we remain committed to embracing further growth and expansion opportunities.

In striving for foodservice excellence, we complement our supplier food and accessory ranges with Own Brand products and in-house food processing to offer an end-to-end value-add solution to our customers. We continue to explore and develop innovative ways in which to add further value and are constantly sharing these ideas within the group.

Keeping close to our markets enables us to be responsive to changing dynamics and adapt quickly. It is for this reason that we have exited non-core volume-based activities where it makes economic sense to do so, as was the situation this past year in the exit of our logistics operations in the UK concluded in March 2020.

No acquisitions of significance were undertaken during the year and previous acquisitions are reflected in the base. Our strategy on growth is unchanged, being to pursue growth organically and through acquisitive-organic bolt-ons and larger self-standing acquisitions, either within an existing territory or as travel restrictions are eased in new territories.

While the rolling COVID lockdowns have severe economic repercussions for our territories and our businesses, serving predominantly the horeca sector, the pandemic has afforded us the opportunity to relook at how we have been doing business in several areas and to reengineer for better times. On the whole, our strategy is fit-for-purpose, however, we remain alert to making minor tweaks as and when circumstances require.

The Bidcorp mindset is one of opportunity. We are typically confronted by political, economic, and competitive challenges every day. Despite those challenges we have expanded into new countries in the past two years such as Argentina, Germany, Vietnam, and Malaysia while making excellent progress in the Middle East, Turkey, and the second-tier cities of mainland China. Furthermore, we have taken market share in territories where we were already present.

COVID has dominated the headlines but Bidcorp has had its fair share of other external difficulties to contend with this year, be those bushfires and drought in Australia, political protests and the loss of a significant dairy-brand contract in Hong Kong, the pending exit of the UK from the European Union, operational difficulties in Spain and Germany, political unrest in Chile, a stagnant economy in both Brazil and South Africa, and globally, rising labour and energy costs coupled with very low food inflation.

Bidcorp reported a pleasing first six months with constant currency growth of 3% in revenue and 9% in trading profit with trading margin at 5%. All regions contributed positively to this good result which was achieved despite several external challenges. Revenue growth was predominantly organic as the customer mix evolved, with an emphasis on freetrade. We were well positioned for another year of solid growth.

Our greater China business was the first to be impacted by COVID in January, which subsequently rapidly migrated westwards to the rest of the world significantly impacting each of our businesses. The second half result was negatively impacted, and consequently annual revenue decreased by 12% in constant currency with trading profit down by 40% on the same basis, reducing the trading margin to 3,2% from 5,2%. The COVID impact was especially pronounced in our fourth quarter.

Horeca sectors dependent on discretionary spending were worst affected and will remain dependent on both the degree of relaxation of restrictive pandemic measures, willingness to spend and the economic consequences of the lockdowns. While we have exploited niches in ancillary sectors such as retail and consumer home delivery, this is not core to our strategy and unlikely to gain sizeable scale in the future. Non-discretionary sectors such as healthcare, aged care, and public sector have proved to be relatively resilient.

Post-year end there were encouraging signs of a bounce-back in hospitality-linked demand from the lockdown-induced depressed levels. Developed markets have tended to recover quicker relative to our emerging markets, but there is no clear pattern.

Each of our territories has been affected slightly differently by COVID. Government policy responses, too, vary by country. This is a situation for which there is no textbook response and only with the benefit of hindsight will the appropriate approach be understood.

Our diligent housekeeping and conservative nature enabled Bidcorp to end the year in a strong financial position and to continue to remain so. As we recover, this strong financial base is supportive and enables the group to capitalise on opportunities that may arise as the world emerges from this seismic event.

› Affected stakeholder groups are indicated by way of icons as listed on IFC.

Chief executive's report continued

Divisional overview

Bidfood **Australasia** was the strongest performer in the group and did well to attain a combined trading margin of 6,6% compared with 6,9% in the prior year. The strategy in Australia of exiting lower margin accounts will be beneficial for trading margin once sales normalise. In New Zealand overall trading margin was assisted by the growth within the successful Fresh and Processing value-add offering.

Proactive government responses in both Australia and New Zealand to COVID have had inevitable financial consequences for our businesses, but we anticipate these to be temporary. There may be further isolated lockdowns depending on the local infection rate.

In Australia, our metro-depot strategy, together with the diversification of the customer base paid dividends during the restrictive lockdown phase, and proved to be a competitive advantage. This focus is well suited to a post-COVID world. With borders shut, the staycation trend has contributed.

Both Australia and New Zealand are strong economies exploiting their natural advantages and we are optimistic that there is further opportunity and growth to come.

In Bidfood **United Kingdom**, the Foodservice team maintained clear executional focus during the year and approached the pandemic proactively, both from a financial and a customer relationship point of view. The UK has had one of the stricter lockdown regimes and this had a substantial impact on the result for the full year, with trading margin more than halving to 2,1%. The Fresh business was hard hit by the highly perishable nature of the offering and its independent hospitality customer base, but the crisis has resulted in us rejigging the Fresh business model for the future.

The degree to which the UK government-sponsored furlough scheme will preserve jobs and thus purchasing power longer term remains to be seen.

While the UK has left the European Union (EU), the transition phase which concludes at the end of December 2020 is uncertain and seemingly acrimonious with respect to the future EU relationship. Nevertheless, Bidcorp has built a strong business in the UK and we see further potential whatever the outcome of the short-term disruption.

Bidfood **Europe** as a segment is a grouping of nine businesses each with their own characteristics, challenges, and opportunities. After a pleasing first half overall, no single country was unscathed by the impact of COVID. Italy as a country was particularly hard hit but we have a sound business with a clear focus.

Our stars in recent years, Czech Republic, Slovakia and Poland were also significantly impacted but have weathered the pandemic well. Strategic interventions and restructuring have placed Spain and Germany on a firmer footing.

Netherlands has been transitioning the business model more towards servicing the horeca market for several years now and has seen the benefits thereof, while our Belgium team have a good balance across multiple sales channels.

The Bidfood **Emerging Markets** businesses were impacted heavily during the second half of the year following what was an already challenging first half.

Mainland China, which was the first to experience COVID and consequences of the economic lockdown, has shown encouraging recovery in sales subsequently.

In the South African operations, the dramatic impact in Foodservice was offset by the manufacturing businesses, Crown and Chipkins Puratos, predominately supplying the retail and eat-at-home channels.

Our activities in Brazil, Chile, Turkey, and the Middle East have continued to struggle post-year end as emerging market impacts lag those of the developed world. Our Argentina business was able to operate, although at reduced capacity.

Appreciation

Business is about successful partnerships with common purpose. In the case of Bidcorp, it is with our customers, our suppliers and our people focused on the food, the service and the technology. Bidcorp believes in living up to its responsibilities as a good corporate citizen and standing by our partners in hard times is part of that – we share the pain as we are all equally affected.

I am indebted to a strong board of directors who provide clarity of thought in their oversight role and are supportive of management.

My sincere thanks to my fellow executives at the operational level and at corporate office. The last few months has tested your mettle as never before and you have risen to the challenge admirably.

Outlook

The situation is variable and unpredictable and like none we have experienced for the simple reason that COVID, by its very nature, is far-reaching and impacting every corner of the group.

I am confident that, having weathered the "first wave" of COVID, we have the flexibility and agility to adapt and change with its secondary impacts, a characteristic we have been getting right for over three decades.

While Bidcorp generates a large revenue in aggregate, the group in reality is made up of many small businesses each with an owner-manager way of thinking. When the crisis hit, our financial conservatism meant we were well prepared, and we will continue to keep a tight rein on expenditure, working capital, capex, and cash generation.

There may be behavioural shifts following the pandemic, but we also think that most human traits will endure and Bidcorp is well positioned to continue on its clear and focused strategic path. Appetite for digitisation by customers is accelerating, and our platforms are capable and well prepared. Most importantly, our fantastic team remains motivated and enthused about our prospects.



Bernard Berson
Chief executive

WELL POSITIONED TO
CONTINUE ON OUR CLEAR AND
FOCUSED STRATEGIC PATH






















Recognising our COVID heroes

> I am very proud of the achievements of our team around the world in these difficult times. We have survived and even thrived, and the numbers do not do justice to the reality of what has been achieved. When this crisis passes, I believe we are very well positioned for phenomenal growth, and our people will absolutely make it happen. They are hungry, passionate, capable and impatient, and this will ensure our continued success. Well done all, your achievements in these dark days is much appreciated.

Bernard Berson
Chief executive

These are just a few examples of the exemplary work, and selfless hours invested by each one of the 23 427 dedicated Bidfood employees around the world.

Bidfood UK

Bidfood joined forces with competitor Brakes to deliver over five million vital food packs to the clinically vulnerable shielding though the pandemic, in the biggest food redistribution scheme since World War II. From April to July, Bidfood made more than three million deliveries of vital food supplies to over 337 000 households. The team worked at incredible pace to mobilise the business, delivering the first food packs within a week of being asked to do so. A complete transformation was needed, from B2B to a residential delivery model.
To accomplish this a number of challenges were faced from sourcing the right products to setting up new packing operations, a fleet of the right vehicles, teams processes and systems, and all whilst navigating a changing landscape of hygiene protocols and safe working guidelines. Our teams worked tirelessly and delivered a solution that could serve large numbers of those in need.

It quickly became clear that many of the vulnerable they were serving had no access to friends and family and missed contact with people. This weekly delivery was the only human contact they had, our drivers were happy to stop and have a socially distanced chat.

Angliss Asia

Early in the outbreak, a customer decided overnight to unify all 11 of their stores in a large-scale product promotion. Within hours we received an urgent once off order and urgent distribution request. Mr Wang, general manager of Angliss Changsha, immediately alerted the warehouse and started to load the goods. The team sourced product and staff to solve the customer's immediate need. Our fast distribution and thoughtful service were highly praised. Angliss Changsha warehouse and delivery teams committed to work an additional two hours per day, and from five to six days per week, throughout the COVID lockdown to ensure that the customers' urgent orders could be processed on time. Our sense of human connection has never been more marked: soon the virus and its consequences will pass but our sense of togetherness will remain.

Bidfood Poland

Our Polish team launched an "Anti-COVID" campaign, bringing hope to the market. Sales teams set to work preparing databases of potential customers that we had not served before, such as residential care facilities, military units, retail shops, prisons, hospitals etc to drive new opportunities during lockdown. We amended our strategy to focus on take away restaurants such as pizza, burgers and sushi. Preparing an ebook about restarting your business after the pandemic; as well as other support materials like posters, table stands, graphics with anti-COVID instructions were widely distributed. New anti-COVID products were added to the offering like cleaning and disinfection detergents, face masks and gloves, but also risk free products like disposable boxes and cutlery.

Bidfood Turkey

During the height of the pandemic our team stepped up to supply much needed food items to hospitals. We donated over 1,5 tonnes of food to six hospitals and catered to 3 400 individuals. Our team opened the warehouse and made deliveries throughout the night, to ensure smooth functioning of health institutions. Several hotels opened their doors to health workers and we partnered with the Grand Hyatt Istanbul and Marmara Taksim Hotel to supply food products for the 400+ health professionals in residence. Our team, at personal risk, showed up when it meant they could help those risking their lives in the frontline.

Bidfood Belgium

Belgium's hospitals and retirement homes have indeed paid a heavy toll in having a high number of residents and patients, and this presented an increased risk to their workers. The need was more about hygiene products, as well as moral support. Bidfood sent them a piece of "sweetness" during this difficult time, driving an important communication campaign *#togetherwecare*.

The horeca market was financially hard-hit due to the lockdown. The team developed "Tips & Tricks" material for reopening after lockdown, and even shared this with the rest of the Bidcorp group. The aim was to inform on how to provide a safe, welcoming environment for customers when returning to eating-out-of-home.

Bidfood South Africa

Bloemfontein's Christiaan Hattingh and Carine Slabbert contacted the SANDF Lohatla training base and set the ball rolling to pack ration packs for those servicemen that were to be deployed to enforce lockdown protocols. A 7-day menu covering all nutritional facets required by the army was created. The team erected a production line in the undercover parking area, in the middle of the Free State winter often being on the line until the early hours, in bitterly cold conditions, generating more than R20 million sales.

The Bidfood SA marketing team really stood out over the lockdown period, tasked with impossible deadlines and delivered COVID specific online content and even an app. The team developed and went live on a new Bidfood@home website for the home customer ordering, payment and delivery services offered. Redesign and creating fit-for-purpose communications, product baskets and functionality aimed at the individual. This was a mammoth task, turned around in a matter of a few days. Tracey Diver, the designer, Ndivhuwo Mamukhwana, online developer, Nichola English and the Bidfood SA marketing team really took service delivery to the next level. This was an enormous feat and the team responded with the utmost professionalism and dedication.

In the midst of all this the team was then briefed to create an app to support the restaurant industry as the market reopened. The "Travel Safe Eat Safe" campaign was born and went live one month later. This app has since grown to include access to the wider tourism market and has been widely embraced and acknowledged as a game-changer in the horeca market.

Bidfood Czech Republic

Our Czech Republic and Slovakian operations were able to operate throughout the lockdown in their countries, grateful that their team was not directly impacted by COVID. Working within the localised restrictions and guidelines the operations were able to step up. Delivering top-class quality and skill, the Quality Assurance team applied their combined know-how and experience, sourced the necessary personal protective equipment for not only the Bidfood team, but also to equip and supply customers as well. Responding early in the pandemic, our team lead the way with supporting the local hospitals, social care centres and other frontline healthcare workers. Our Gastrostudio chefs, unable to perform their usual cooking demo's, applied themselves and began preparing meals for our staff working through the lockdown period.

Bidfood New Zealand

We were only able to provide our delivery services during COVID because of our frontline staff and their hard work. Just a few of our Bidfood heroes working tirelessly in our branches to get deliveries packed and out to aged care facilities, essential businesses and our new BidfoodHome customers:

Jess Matson created and managed the aged care gift packs during lockdown. Jess was the direct contact point for queries from the 20 000 residents who were placing manual orders with us. Long hours and much patience was required, but Jess made sure that everyone was looked after.

Sarah Barrett and Amanda Pike developed the shopping lists for the aged care resident shop and the multiple food boxes for Civil Defence, sourcing the right suppliers for the right products, and coordinating the stock into our depots in extremely tight timeframes. Sarah and Amanda worked 7 days a week throughout the lockdown, to make sure that no opportunity was missed.

Brian Richardson, Gareth McCulloch, Nicholas Hughes and Damien Rakich, branch managers, each responsible for a portion of the Civil Defence contract, turning their operations upside down to deliver significant quantities of stock to consumers in need. Mountains of products were collected and moved. Production lines were set up to pack the thousands of care packs that were then distributed to private homes and in one case even an island in the middle of the Waikato River!

We are very proud of the dedication and courage of our people around the world during these challenging times as we contemplate the new normal. Tough conditions don't last forever but tough teams do.























Chief financial officer's report



David Cleasby
Chief financial officer

> Our decentralised business model, low-gearing and entrepreneurial management teams have demonstrated we are able to withstand the vagaries of markets and unanticipated crises.

The 2020 financial year has been somewhat pleasing for the group, firstly in respect of overall performance for the first eight months and secondly in respect of resilience and financial strength of the business model with the onset of the COVID pandemic for the latter part. The full impact of the COVID economic crisis became evident from late March onwards, severely impacting group sales for the last quarter of the financial year, which declined by 27,6% against the comparative quarter. The extent of the crisis is best reflected that in the week ended April 5, group sales reached a low of 37% versus the corresponding week in 2019 but did recover to 71% of the corresponding weekly sales for the last week in June. This improving trend has continued into the start of 2021.

Bidcorp's headline earnings per share (HEPS) from continuing operations, post the introduction of IFRS 16 *Leases*, decreased by 48,6% to 741,3 cents per share (2019: 1 443,6 cents), with basic earnings per share (EPS) from continuing operations decreasing by 68,1% to 463,5 cents per share (2019: 1 451,0 cents). On a like-for-like basis excluding the impacts of IFRS 16, HEPS decreased by 50%. Currency volatility increased dramatically in the second half of the financial year and positively impacted the rand-translated results by 2,3%.

Affected stakeholder groups are indicated by way of icons as listed on IFC.

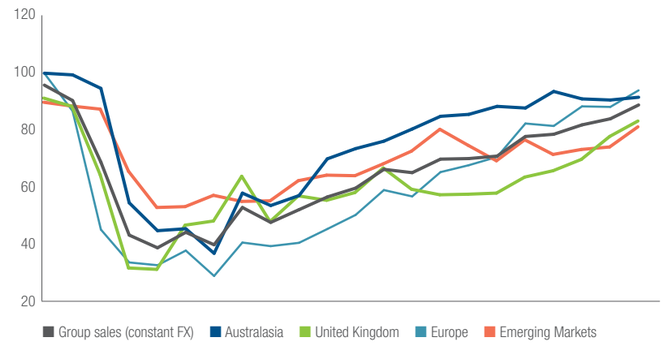
Resilience of our people and the business model

No risk assessments anticipated the shutdown of most of our markets within two weeks in March. However, the response of our Bidcorp people to the crisis is what mattered. Key to the resilience of the group is the decentralised nature of the operations and management teams who were able to deal with differing lockdown strategies imposed on their local markets as the pandemic migrated westwards from Asia. Regular and transparent two-way communication between the businesses enabled management at the coal face to proactively respond as the crisis unfolded and readied them to support the customer-base as markets reopened.

The results with perspective

Net revenue of R121,1 billion (2019: R129,3 billion) fell by 6,3% (constant currency decline of 11,6%). Despite the COVID impact, our strategic focus on volume growth in the independent sector has been offset by our multi-year journey to transition away from larger low-margin logistic type activities.

GROUP AND DIVISIONAL SALES EVOLUTION
MARCH – AUGUST 2020 (AS A % OF 2019)



Gross profit percentage increased to 24,1% (2019: 23,9%), which has enabled the group to trade through the higher cost base. For the last quarter of the financial year, the gross profit percentage was higher at 25,5% against the comparative quarter of 25,1% despite the additional COVID-related inventory costs of R248 million. This is largely attributable to the quicker recovery in the independent customer sector of our markets as compared to the national account sector.

The group's overall cost of doing business (operating costs excluding the IFRS 16 impact but including the additional one-off COVID-related expenses) increased to 20,9% (2019: 18,7%), not a true representation of the cost-saving efforts undertaken by the group's operations in the last quarter following on from the decline in sales.

The group made EBITDAC (earnings before interest, tax, depreciation and amortisation and COVID-related costs) equivalent to 5,7% of revenue, compared to 6,2% in 2019. The additional COVID costs, relating to abnormal receivables provisioning, inventory obsolescence and restructuring costs of R1,5 billion for the year, was all incurred in the last quarter.

Not all of our businesses entered the crisis in as strong a market position as we would have liked and in order to ensure their long-term success, we restructured the UK's Bidfresh operations, Guzmán in Spain and Pier 7 in Germany. This was to facilitate simplification and refocus on core competencies and markets.

Group trading profit after COVID costs declined by 37,6% to R4,2 billion (2019: R6,7 billion). Excluding the impacts of IFRS 16, like-for-like trading profit margin was 3,2% (2019: 5,2%).

Net finance charges excluding the impact of IFRS 16 implementation was 19,2% higher at R340,9 million (2019: R285,9 million), driven up by rising Asian base rates, pockets of weaker asset management in the earlier part of the financial year and some acquisitive activity now fully in the base. Non-IFRS 16 trading profit interest cover is still at a healthy 11,3 times (2019: 23,3 times) despite the impacts of the COVID crisis.

The overall tax rate (excluding associate income and capital items) is slightly higher at 26,1%. Assuming a normalised mix of contributions from our operations, the tax rate is expected to be maintained at the guidance previously provided of between 24% and 25% for next year.

The associates and jointly controlled entities' share of profit was materially lower at R6,4 million, driven by the lower contribution from our South African Chipkins Puratos JV. Minority interests of R15,3 million remain small but exist due to the Bidcorp acquisition model where owner-managers often retain a stake post-acquisition.

In line with the restructuring of our Spanish operations, we impaired the goodwill associated with the Spanish operations by €45,9 million (R794 million). Further, there was a small impairment of assets of R116,6 million, partly offset by total capital profit on property plant and equipment sales of R43,3 million.

Discontinued operations comprising the Best Food Logistics and PCL businesses, were both exited in March.

Financial capacity

Bidcorp has maintained leverage levels of net debt to EBITDA at between 0,5 times and 0,8 times for a number of years, often being criticised for being too conservative. We have also held the view that for the correct organic and/or acquisitive opportunities, we could increase leverage up to 2,0 times net debt to EBITDA, affording us significant firepower.

> *However, our conservatism has stood the group in good stead over the COVID pandemic when many other businesses have had to scramble to secure liquidity, either through debt or equity capital raisings. Our conservatism remains a cornerstone of managing the group, operating in 35 countries and across 20 different currencies.*

Non-IFRS 16 net debt at R5,6 billion (2019: R4,7 billion) has increased, however, this is distorted as a result of the significant rand depreciation against most currencies by year end. In hard currencies, our net debt is slightly better than June 2019 at £261,5 million compared to £265,1 million last year. This excellent result was achieved by a much-improved working capital position due to managing cash flows on an aggressive basis throughout the COVID crisis. Continuing operations net debt to EBITDA of 1,0 times (2019: 0,6 times) evidences that the group retains substantial headroom to weather the current crisis and accommodate expansion opportunities, both organic and acquisitive. Net debt to EBITDAC was 0,8 times which is not materially worse than that achieved in the prior year.

Cash generation excellent

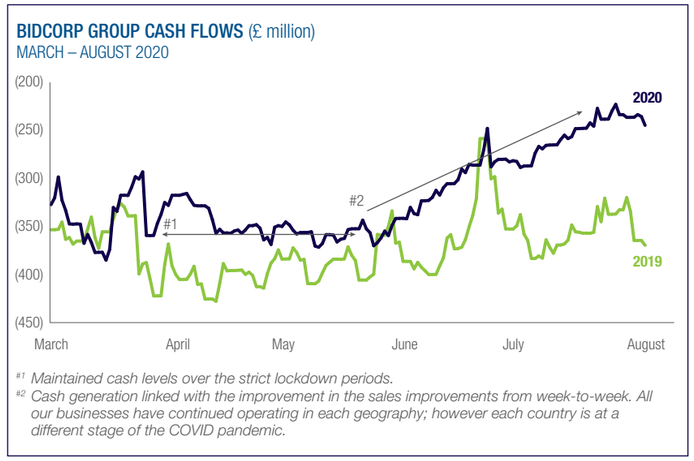
Free cash flow from continuing operations for the year was excellent at R3,0 billion (2019: R1,2 billion) driven by good working capital management despite elevated investing activities.

Cash generated by operations before working capital absorption was R7,2 billion, pleasingly only a small decline of 10,4% over 2019. The cash conversion rate before working capital over trading profit was significant at 173%, which compares to 120% last year.

The monthly average net working capital days remained flat at around 13 days (calculated on a 13-month rolling average basis), despite the impacts of the COVID crisis in the last quarter of the year. Significant focus on working capital, not only from the onset of the COVID crisis but in the first half of the financial year, ensured good generation of R1,2 billion, a large improvement on the R1,4 billion utilised in the comparative year. Receivables declined with the focus on collections, inventory levels were slightly higher, with payables declining as we worked with our suppliers during the COVID shutdown.

The working capital cycle will normalise as activity levels stabilise, however this is monitored closely, specifically as direct-to-source importing activities are increasing across the group. This activity lengthens the supply chain but delivers a positive impact on Own Brand and value-add

Chief financial officer's report continued



#1 Maintained cash levels over the strict lockdown periods.
#2 Cash generation linked with the improvement in the sales improvements from week-to-week. All our businesses have continued operating in each geography; however each country is at a different stage of the COVID pandemic.

product opportunities. We remain conscious of holding onto working capital gains achieved through the slowdown but recognise as customers grow, so will their credit requirements. We will remain focused on managing our working capital aggressively within the bounds of prevailing market conditions.

Net investments in property, plant and equipment of R2,5 billion (2019: R2,8 billion) remained elevated, but necessary for anticipated organic growth. Most of the capital expenditure was already committed before the onset of the COVID crisis but is anticipated to reduce significantly in the year ahead.

Liquidity management

Liquidity management remains an important imperative, no more so than over the last quarter of the financial year. With the onset of the COVID crisis, our priority was to make sure that in our decentralised environment, our operations had sufficient liquidity and headroom for their immediate requirements, in their respective geographies.

As of June 2020, the group had cash and cash equivalents of R7,0 billion (£328,7 million), gross borrowings of R12,6 billion (£590,1 million) of which R8,0 billion is short term and total headroom facilities of R13,1 billion (£611,5 million). A portion of our short-term funding was raised as optionality to ensure the group could weather the COVID crisis. Of gross borrowings 36% extend beyond June 2021. The weighted average interest rate on foreign borrowings is at 2,1% compared to 2,6% last year, the benefits of which will be evident in 2021.

The group's policy to provide a strong capital base allows us to maintain investor, creditor and market confidence, as well as to sustain future development.

Our principal loan covenant limits are net debt-to-EBITDA of no more than 2,5 times and interest cover of no less than 5,0 times (both excluding the impacts of IFRS 16). Compliance with the group's biannual debt covenants is monitored monthly and formally reported at December 31 and June 30.

In terms of solvency, our debt-to-equity ratio is 20%, up from last year's 16% and more a function of slightly higher net debt levels than equity. Trading profit interest cover remains at a comfortable 11,3 times (2019: 23,3 times).

Sustainable progress is key

The need to sustain our licence to operate ethically in the modern world means responding to the needs of all stakeholders. Each stakeholder is essential to our existence and we are committed to delivering value to all those that have an impact on our business, both internally and externally. These include contributions by way of innovations, community donations both in terms of money and commitments, workplace accord, employee training and development, enhancing supplier and other partnerships, as well as many other activities that define our value creation proposition.

Shareholder returns by way of cash distribution and capital growth will, however, remain a commanding beacon, and we will continue to manage the business in a way that enhances this objective. We see it as a measure of our success.

Continuing to invest in modern and energy-efficient infrastructure is important as Bidcorp continues to drive the minimisation of our environmental footprint as well as creating capacity to cater for future growth. Our gross capital expenditure over revenue was approximately 2,4%, which approximates that spent in 2019.

The strategy and intention of continuing our successful bolt-on acquisition programme remains an imperative. Current market conditions are expected to present fertile ground to take advantage of a number of opportunities within the key regions in which we operate, but these will only be pursued when it is clear these are value-adding and will achieve the group's targeted returns.

Our return on funds employed (ROFE) remains an important metric by which the group performance is evaluated. Due to the rapid decline in profitability over the last quarter which couldn't be matched by the operating assets reduction, returns declined markedly to 16,1% (2019: 36,3%), however our group benchmark target of 35% ROFE is an achievable goal post the crisis.

Distribution policy

Our dividend policy of 2,5 times headline earnings cover remains intact, however, we have incrementally been lowering the cover over the past few years. No final cash dividend was declared due to the impact of the COVID pandemic on the second half performance. However, the total dividend for the year of 330,0 cents per share, a 48,4% decline on last year's total dividend, equates to 2,25 times cover.

We are continually focused on the need to maintain an appropriate balance between the higher shareholder returns that may be possible with higher levels of gearing and the prudence afforded by a sound capital position.

Ultimately, our prudence has afforded us with the headroom to see out the impacts of the COVID pandemic which will also enable us to take advantage of growth opportunities.

Driving recovery and long-term performance

Short-term reward systems at a local level are varied and are determined by the achievement of realistic profit and return targets together with an individual's personal contribution to the growth and development of their business.

Long-term rewards align the objectives of management, shareholders and other stakeholders for a sustainable period.

Because of the COVID crisis, financial performance at every business in the group has been negatively impacted, some more severely than others. Global equity markets, including Bidcorp's share price, have also been adversely impacted.

The board of directors, senior management and many other staff members across the group took voluntary pay cuts of up to 30% as a commitment to ensuring the immediate survival of their businesses and the group overall. No short-term performance bonuses have been paid in relation to the 2020 financial year.

Accordingly, the long-term rewards made to senior management currently have little, or no value, increasing the risk that Bidcorp doesn't have adequate incentivisation mechanisms in place for senior management, and the "lock-in" through these long-term rewards had fallen away. To retain and motivate senior management going forward, the CSP scheme was extended to senior management to replace the previous SAR plan.

Share-based payment costs overall declined to R100,8 million (2019: R114,5 million) as the full cycle of share-incentive rewards to staff are now in the base.

Financial risk management measures

Bidcorp's debt is currency-matched to the underlying assets, which provides a natural hedge across the group. The significance of this was made more relevant than ever through the COVID crisis, considering our geographic spread of currency exposure risk. No foreign currency gains or losses were incurred by the group despite extreme exchange rate movements over the last quarter of the financial year.

The group also incurs currency risk because of purchases and sales which are denominated in a currency other than that businesses functional currency. Group entities are required to hedge all foreign currency denominated trade receivables and trade payables resulting from sales and purchases.

Additionally, the mix of fixed (long-term funding) and floating interest rates (short-term funding) is another area where we focus on mitigating interest rate risk elements that may arise.

Accounting policy changes

Our group financial statements are prepared in accordance with IFRS. As noted previously, interpreting IFRS is complicated and is being made even more complex by the continual updates to various standards. Interpretations of IFRS standards and application thereof can be divergent between audit firms. As demonstrated with the COVID crisis, the key measure that really matters to business is cash and cash flows. IFRS over-complicates the reporting requirements for the businesses and simplification and consistency, to enable the key user of the annual financial statements, the shareholder, to better understand the true financial performance, would be welcomed.

The new IFRS 16 leasing standard was adopted with effect from July 1 2019. The impact of the new IFRS 16 change has been significant in terms of both assets and liabilities. The impact on earnings is relatively small and is now in the base going forward. The adoption of IFRS 16 shows that we own 70% of our strategic properties and 82% of our vehicles and allows comparative analysis between us and our peers in determining returns to shareholders.



Chief financial officer's report continued

Year-end audit

A significant challenge under the global COVID lockdowns was the planning, preparation, execution and audit of the year-end reporting process, particularly with remote working and limited face-to-face engagement between teams. Our philosophy was that although disruptive, the COVID pandemic shouldn't derail our normal reporting and governance processes, and we opted to stick to our original reporting timetable and not to extend it.

Thanks to our finance teams around the world who demonstrated exceptional commitment and innovation, strict reporting deadlines were met. PricewaterhouseCoopers Inc., our group auditors, likewise responded to the challenge and met their auditing requirements within our original deadlines.

We thank their teams worldwide and particularly the group team in getting the process completed, despite the additional regulatory requirements imposed on them due to the circumstances.

Governance and risk

The group and five divisional audit and risk committees are chaired by an independent non-executive director, Mrs Helen Wiseman, who has unrestricted access to management and information. Attendance is open to any member of the board seeking to gain deeper insight into an issue or business. This provides independent scrutiny of the group's operations and management. Each business is subject to the same quarterly review, which provides assurance that group standards are adhered to.

We remain committed to a balance between not overburdening operations with governance requirements and providing an enabling environment where the in-country management teams are focused on day-to-day operations.

Our decentralised structure helps mitigate risk through our geographical spread and economic diversification. Significant responsibility and accountability is devolved to local management teams who are driven by sustainable ESG business practices and have integrated these functions into their business-as-usual deliverable.

Food is a heavily regulated industry and food safety and healthy eating are non-negotiables for consumers and regulators alike. We require strict adherence to the highest standards of food quality and integrity.

Cybersecurity and data privacy are prioritised in all environments, now more than ever as the risk of a cyber breach is heightened in our new remote working environment. The primary risk in cyber breaches is the human element, and so ongoing training, awareness programmes, and ethical phishing tests are now a part of our standard procedures.

I am confident that in our decentralised operating environment, our structure and processes provide effective assurance that we are well positioned in terms of governance and risk to ensure ongoing compliance, effective financial accountability and risk mitigation actions.

Communication

Bidcorp was for the second year in a row the winner of the investor communication award for the JSE's Industrial-Services Sector as adjudicated by the South African Investment Analysts Society. The award is in recognition of those companies that have demonstrated effective investor communication across the various channels, throughout the year.

The adoption of MiFID II a few years ago and the consequential exit of many experienced sell side analysts, meant that companies themselves have to fill the coverage gap, providing pertinent and timeous information to the investor base, a journey that Bidcorp has been on for a number of years. The award is gratifying as we continue to build investor trust by delivering relevant, transparent and timely information to our stakeholders.

As a very small corporate team, we rely on a few outsourced providers to assist us in this process, one of whom, Lynden Wright, passed away in the year. I would like to acknowledge Lynden's contribution to Bidcorp over the past number of years; he will be missed.

Appreciation and the future

The COVID crisis has tested the resilience of all our management teams but no more so than the finance teams both at the centre and in our global operations. I wish to extend my sincere appreciation to all for demonstrating that the Bidcorp spirit is alive and well. We have demonstrated that we have the determination and wherewithal to withstand any crisis.

STRONG FINANCIAL BASE TO **SUPPORT LONG-TERM REAL GROWTH** IN HOME CURRENCIES

To our group audit and risk committee members, our internal auditors and everyone else involved in Bidcorp's financial operating and reporting processes, your efforts are greatly appreciated.

The group's financial base remains supportive of the strategy to deliver long-term real growth in home currencies despite the COVID crisis having derailed this temporarily. Going forward, our objective to generate above-average returns in each of our businesses, notwithstanding macro-considerations, and short-term volatility in various markets, remains firmly intact.

The group's financial position provides us with the resources to be able to fund organic and acquisitive growth however we will be judicious in taking up opportunities in the post-COVID world.

The fundamental demographics and industry drivers of our global foodservice markets remain positive albeit needing a little time to recover following on recent devastation. Our decentralised business model, low-gearing and entrepreneurial management teams have demonstrated we are able to withstand the vagaries of markets and unanticipated crises throughout the 35 different countries, and across the 20 different currencies, in which we operate.



David Cleasby
Chief financial officer



Bidfood UK truck delivers to Howick Hall Gardens

BRUCE GEJE

Bidfood South Africa, Linbro Park,
Ambient Warehouse Manager





BIDFOOD SOUTH AFRICA
A COVID HERO STORY

As COVID Level 5 lockdown set in, we were fortunate enough to receive a huge order for care hampers. The deadlines were tight and we needed to get 20 600 hampers delivered in less than eight weeks.

Sourcing the massive order was the first challenge, over 200 tonnes of each item of maize, samp, rice and flour. Not to mention another 200 tonnes of oil, pilchards, jam, baked beans, cereal, pasta, sugar beans, peanut butter, salt, yeast, sanitizer, and masks. Our suppliers were taken by surprise and in order to meet the requirements, were forced to deliver after hours and on weekends.

Bruce was there for every delivery. On Thursday, April 30, the day before a public holiday, at 5pm, five pantechnicon trucks lined up on our ramp. Bruce and his team offloaded all the trucks and packed away the stock until 2am in the morning. The next day he was back placing stock on the floor to be packed into hampers that needed to be delivered on the Saturday and Sunday. Bruce also rolled up his sleeves in loading the over 20 trucks heading out to the recipients.

Bruce worked tirelessly long hours and weekends, over the next eight weeks, in order to meet those delivery deadlines.

Bruce was our go-to man for all stock queries, updates on goods in and out, taking full responsibility without a negative word. Bruce understood what Bidfood South Africa and our nation was going through, and he was committed to doing what was necessary to help save jobs.

Bruce's story is just one of many that can be told

Classified as essential services, our entire team stepped up when called upon, put their shoulder to the wheel and made it happen, going well beyond the call of duty. We are extremely proud of our entire team, from warehouse pickers to marketing, online developers to truck drivers; we could not have survived this without our COVID heroes.





3 DIVISIONAL REVIEWS

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"Every meal's best friend"



Six Gun Grill, Crown Food, South Africa

AUSTRALASIA

Bidfood Australia and Bidfood New Zealand make up the Bidfood Australasia division, acquired into the group over 20 years' ago, in 1995 and 2000 respectively, a full end-to-end national foodservice offering.

Bidfood Australasia pride themselves on offering the industry's most comprehensive product range, broadest market coverage, economies of scale and one-stop solutions. The division is an innovator and leads the industry in the development of ecommerce solutions. Sustained investment in training and technology ensure high levels of service, efficiency, quality and accreditation.

Bidfood Australia is the nation's leading distributor with divisions across foodservice, meat and liquor. Committed to innovation, service delivery and the continual invigoration of product range. Their ability to remain the leader in these three areas, while working closely with their customers, is what sets Bidfood Australia apart. The team continues to run a successful and dynamic business, with a great deal of passion in serving the correct customer base, embracing the benefits of smart procurement and manufacturing best practice, whilst leading the pack in technological innovations.

Bidfood New Zealand is New Zealand's leading national wholesale food distributor, made up of four divisions: Foodservice, Fresh, Processing and Logistics. Together, all divisions provide the foodservice and hospitality industry with a complete range of food and non-food products. Linking the distribution of 22 500+ products to over 18 000 customers. Bidfood NZ can service commercial food businesses of all sizes, from a small cafe through to the largest national businesses in New Zealand.

COVID

While there are some positive shoots appearing, the Australasian operations have been very much in survival mode over the last quarter of the 2020 financial year.

Australia performed remarkably given the tough conditions, not only with the impact of the COVID pandemic, but also off the back of the prolonged drought and the national bush fire crisis. Focus throughout remained on motivating staff and keeping the management team positive throughout this tumultuous time of uncertainty. There were some wins noted, with labour costs well controlled, reducing inventory levels, collecting debtors and in doing so generating cash. Good feedback from customers was received, commenting that Bidfood Australia did a great job in remaining open and servicing those customers in need.

In NZ, the hospitality industry remains vulnerable, with the absence of foreign tourists and the end of government financial support looming large as potential roadblocks to a sustained recovery. Our post-lockdown strategy of engaging proactively with customers on managing debt, and aggressively pursuing sales, has, however, paid dividends, with the debtors' book looking much better than expected, and the business seeing a significant jump in market share.



Bidfood Christchurch fleet, New Zealand.



Bidfood Truganina, Australia.


Bidfood Victoria warehouse, Australia.

Human capital

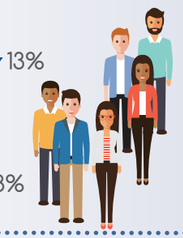
OUR PEOPLE ARE THE HEARTBEAT OF THE ORGANISATION AND REPRESENT THE MOST VALUABLE ASSET TO OUR COMPANY.

OUR **CHIEF EXECUTIVES**

Rachel Ruggiero
Bidfood Australia

Phil Struckmann
Bidfood New Zealand

TOTAL EMPLOYEES
4 095 ↓13%
2019: 4 704

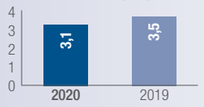


FATALITIES
Zero
fatalities for the past **5** years

MALE EMPLOYEES
2 991 ↓13%
2019: 3 443

FEMALE EMPLOYEES
1 104 ↓12%
2019: 1 261

PAYROLL SPEND (Rbn)



↓11%

EMPLOYEE TRAINING SPEND
R2,1m
2019: R1,8m

509
COURSES TRAINED
2019: 594

Bidfood Australia employs nearly 2 000 people nationwide across the entire branch network, with just less than one third of the team being female. Employee numbers are down following the sale of Australia Fresh and Logistics operations. To ensure our continued success as Australia's premier foodservice distributor, our strategy is to empower our people through entrepreneurship, incentivisation and decentralised management. Team members are also provided with continual support and development opportunities where necessary.

> *I think the team has done an amazing job in this difficult time and I feel very confident that we will be a stronger business on the other side of this pandemic. There will be some really positive things that come out of this experience and we look forward to getting back to the good times ahead. Well done to the absolutely fantastic Australian team, from the warehouse pickers and the drivers to the admin and finance teams, everyone has really gone out of their way to show support and do whatever was necessary to get us through.*
>
> **Rachel Ruggiero**
> *CE, Bidfood Australia*



Bidfood Victoria, Australia.

Through intentional proactive investment in people, technology, the community and environmental management, Bidfood Australasia aims to make a positive contribution to real long-term sustainability.

Bidfood New Zealand has a staff complement of just more than 2 100 people, 27% of whom are women. Staff numbers are down on the prior year following the impact of COVID and the financial strain placed on operations. In response to the COVID lockdown, the operations implemented a 20% reduction in hours worked which remained in place until June 1. The team responded exceptionally well to the stress and challenges of the lockdown. Once activity resumed, and the reduced activity levels noted, management decided to make the tough decision to restructure the labour resource.

> *To finish the year where we have, is a matter of considerable pride for our team. Our staff have risen to the challenge, none more so than our management team, who have guided the business through a time which no amount of disaster planning could ever have predicted or prepared us for. The dedication, commitment and good humour which they threw into the path of adversity is an absolute credit to each and every one of them. To be a part of that, is a humbling experience, but also one that fills me with confidence in our ability to meet whatever the future holds.*
>
> **Phil Struckmann**
> *CE, Bidfood New Zealand*



Jeffersons, Bidfood Australia's Own Brand.


Social distancing, Bidfood New Zealand.


Bidfood Processing, Auckland, New Zealand.

AUSTRALASIA

Financial capital

REVENUE
R29,0bn ↓ 7%
2019: R31,1bn

TRADING PROFIT
R1,9bn ↓ 10%
2019: R2,1bn

Revenue was down 7%, to R29,0 billion (2019: R31,1 billion), a good result on the back of a difficult first three quarters and a very tough last quarter. Trading profits reported were 10% lower at R1,9 billion (2019: R2,1 billion). Australasia remains the largest profit contributor in the group.

The onset of the COVID pandemic was a game-changer over the last quarter, with sales recording a low of 35% of its 2019 demand in the week of April 19, however, recovering to 89% of the 2019 level by year end.

Australia performed remarkably given the tough conditions, not only with the impact of the COVID pandemic, but also off the back of the prolonged drought and the national bush fire crisis. Results were notably impacted by the overall slowdown in the foodservice market, and the inbound tourism market. Indications are the local tourism uptick is predicted to revitalise the foodservice industry.

New Zealand pushed through the low point of the COVID pandemic, with monthly sales being down 69% on prior month in April, recovering in June to only being marginally down on the prior year. This is an excellent result considering the complete shutdown of the border to international visitors and demonstrates the resilience of our industry when people can once again move around freely.

Sales and profit were slightly ahead of expectation at H1, however, the COVID pandemic terminated all international tourism, a key category of customer. Some relief has been experienced in the surge of domestic tourism.



The Cool Gardener, Bidfood New Zealand.

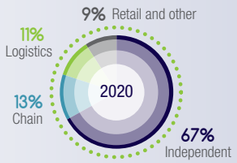
Intellectual capital

Service, understanding and innovation is key – We call it "The Bidfood Difference".
We've developed customer focused business systems to help reduce supply chain cost. Just some of the many free tools include:

- Online ordering
- Product information including allergens, ingredient information and seasonal planners
- Live price and stock availability
- Recipe costing and menu planning
- Ordering templates

CUSTOMERS (#)
40 820 ↓ 10%
2019: 45 599

CUSTOMER **MIX**

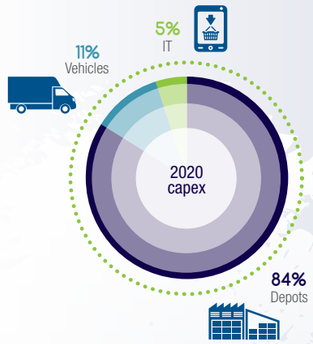


Strategic focus on the preferred customer categories in the past has delivered, as aged care, cafes, restaurants and pubs recovered quickly post-lockdown, where large scale catering for events and venues have not yet been able to reopen.


Trade Show, Bidfood New Zealand.

Notwithstanding this improvement, the hospitality industry remains highly vulnerable with the absence of foreign tourists and the end of government financial support. New service options were introduced such as home delivery, and new relationships established such as the Civil Defence department has added Bidfood New Zealand to the approved national contractors for food supply in times of crisis.

Manufactured capital



CAPEX INVESTMENT
R990,9m
2019: R1 211m
↓ 18%



New darker livery on our Bidfood New Zealand vehicles.

DEPOTS (m^2)
317 066 ↑ 7%
2019: 297 383

VEHICLES (#)
1 200 ↓ 8%
2019: 1 308

A significant benefit to the Bidfood Australia business in navigating the restricted movement during the peak of the pandemic has been the strategically placed multiple depot approach, ensuring we are able to source, service and distribute locally. Many mid-size branches, within easy reach of suppliers and customers, have been a distinct advantage over the single large distribution centre model.

The focus for this division, in line with group strategy, is on free trade growth. This means focus on growth at the correct margins. Free trade growth is a key driver for the metro multiple-depot approach.

We want to make sure that our customers get prompt deliveries. If they order from us when they finish at night, they should get their delivery early the next morning, and if they order in the morning, they get it that afternoon. That's what we do across multiple temperature zones and many different products.

At the cornerstone of any business, is the strength of the relationships it fosters. From customers and suppliers through to industry bodies, Bidfood Australasia has continually advanced relationships with stakeholders at every level of the foodservice industry.

All of the Bidfood New Zealand depots are multi-temperature facilities with HACCP-accredited food safety programmes. The trucks that make up the delivery fleet are portioned to ambient, chilled and frozen products ensuring integrity throughout the supply chain. We have a large distribution network and it is easy for us to get our branches to take on new lines.

Bidfood Australasia infrastructure investment over the year was just less than R1,0 billion, 84% of which was invested into new depots, 11% into new vehicles, and 5% into bolstering the IT environment, especially through the COVID induced remote working environment.

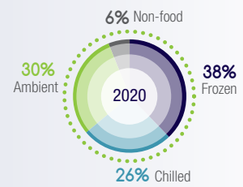
Dandenong, Launceston, Bendigo, and Cairns were new sites opened in Bidfood Australia. Festival Melbourne moved into the Truganina site, as the Brisbane corporate site construction commenced and opened in May 2020. Some downscaling of sites was noted through merging the Festival sites in Adelaide and Melbourne into the local foodservice operation.

Bidfood NZ capex investment was driven mainly by the investment in new depots in Hobsonville, Auckland and New Plymouth. Infrastructure investment was put on hold for all projects that had not commenced by March 2020, Auckland North and New Plymouth depots were completed, with Christchurch Foodservice nearing completion at year end.

SUPPLIERS (#)
3 048 ↓ 18%
2019: 3 711

PRODUCT SKUs (#)
86 141 ↓ 12%
2019: 97 747

PRODUCT **PORTFOLIO**

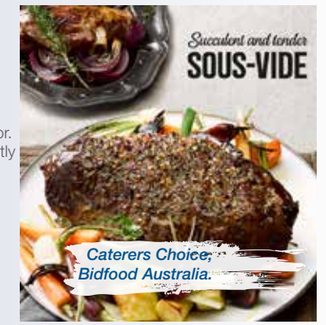


Bidfood Australasia has strong, collaborative relationships with leading brands from around the world. Bidfood is focused on building mutually beneficial partnerships with our suppliers so that both businesses can grow alongside each other. We recognise the critical role each supplier plays in our business and those of our customers.

Our purchasing teams work closely with all our trading partners to monitor activity, while keeping up with the latest trends and product innovation available both nationally and internationally, ensuring we are first to market.

Food safety is our number one priority. Poor food safety practices in the food supply chain can have a devastating effect on our customers' businesses. Bidfood's certified HACCP-based food safety programme ensures products have been sourced from food safe compliant suppliers and handled in a food safe environment, maintaining the cool chain right to your door. The programme is independently audited every year.

OWN **BRAND**
17%
of 2020 divisional revenue
2019: 15%



Caterers Choice, Bidfood Australia.

The Bidfood difference



ECOMMERCE
PLATFORM SALES
64%
of 2020 divisional revenue
2019: 58%

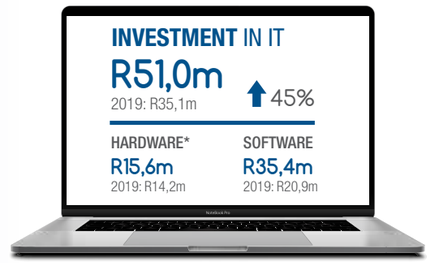
Why choose us?
National reach, local service, convenient online ordering, free delivery.

As the most advanced and extensive online ordering facility in the Australasian foodservice industry, myBidfood allows you to easily and quickly order everything Bidfood:

- Order products across foodservice, meat and liquor in one place
- View industry-leading product specifications
- Access real-time stock levels, arrival times and pricing
- Save time with custom order templates and auto ordering

myBidfood allows you to easily and quickly order everything you need across foodservice, meat and liquor at your convenience. It also assists you to improve productivity and reduce costs with a range of innovative tools and features.

Bidfood branches responded to the need in the peak of the COVID crisis by offering individuals access and the ability to order online, for the home delivery service. They are still offering a limited home delivery service, and simply incorporate this onto one of the regular delivery runs.



** Hardware includes IT and office equipment.*

AUSTRALASIA

Natural capital

BIDFOOD AUSTRALASIA'S
CARBON EMISSIONS (tCO_2e)
84 090 ⬇ 11%
2019: 93 993

Fuel and gas

SCOPE 1 EMISSIONS (tCO_2e)
(excl refrigerants and aircon gases)
26 543 ⬇ 10%
2019: 29 462

SCOPE 1+ EMISSIONS (tCO_2e)
(only refrigerants and aircon gases)
5 423 ⬆ 16%
2019: 4 663

Fuel (kilolitres)	2019: 10 871	>	9 783
Gas (tonnes)	2019: 192	>	166
Aircon gas (tonnes)	2019: 1,3	<	3,3

In order to minimise the diesel usage recorded, Bidfood Australia has ordered its first electric truck and is building smaller sites that are closer to customers to reduce the length of delivery runs. The vehicles are constantly monitored for performance by GPS to educate drivers on speeding, heavy acceleration and idling time. Bidfood NZ is committed to investing in eco-friendly hybrid trucks when expanding the existing fleet.

Embracing technology to minimise emissions, such as:

- Track and trace for trucks
- SMART lighting in depots creating efficiency
- Sophisticated solar technology for reducing energy consumption
- Online communication

Increase in aircon gas usage recorded relates to the set up of the new Bidfood NZ Auckland site.



Power

SCOPE 2 EMISSIONS (tCO_2e)
42 480 ⬇ 17%
2019: 51 040

Grid electricity (kWh)	2019: 83 933 181	>	73 937 753
Non-grid electricity (kWh)	2019: 719 898	<	1 891 877

Electricity is mainly used by refrigeration units in the production of cold storage space. To a lesser extent, electricity is used for lighting, material handling and some light manufacturing and admin activities.

Investment into new sites are built with more efficient ammonia-based refrigeration, LED lighting, and solar, so the electricity usage is expected to decrease annually as these upgrades are implemented.

Bidfood NZ have invested in solar installations at the Hobsonville depot in October 2019.

There are seven solar systems installed on sites in Australia. The generation capacity of the solar systems ranges from 90kWh at smaller sites, up to 290kWh at larger sites. Solar systems are designed to provide for the energy needs of the site with excess electricity being fed back to the electrical grid. The electricity generated by solar is also eligible for the creation of Large Scale Energy credits with the Renewable Energy Regulator which are sold to utilities and reduce the payback period of the solar system.



Solar panels, Bidfood Australia.

Waste

SCOPE 3 EMISSIONS (tCO_2e)
9 644 ⬆ 9%
2019: 8 828

Food waste (tonnes)	2019: 47	=	47
Waste recycled (tonnes)	2019: 7 440	=	7 438
Waste to landfill (tonnes)	2019: 14 780	<	16 172

The waste produced by the distribution centres is mainly packaging waste such as cardboard, filming plastic, wood and food waste. The continued focus on cost control, recycling and reuse remains a priority. Bidfood works with suppliers to minimise packaging and to choose packaging that is biodegradable and/or organically based.

Operations have partnered with community projects to combat the war on waste. Training programmes, awareness campaigns and internal policies adopted all help to reduce waste.

Water

MUNICIPAL WATER
(kilolitres)
303 753 ⬇ 15%
2019: 355 421

Bidfood mostly records municipal water used to clean meat and cheese processing facilities and for personal hygiene facilities. Water usage recorded has decreased mainly due to continued maintenance of facilities, closure of old facilities being replaced by newer, more efficient sites. Bidfood NZ further identified that in the prior year reporting, wastewater had been included in the water used reported. This has not been quantified accurately and therefore has not been restated.

Social and relationship capital

Bidfood Australasia fully accepts the responsibility that comes with being a leading business within your operating territory. With a focus on both the foodservice industry and the wider community, we aim to make a meaningful contribution.

AUSTRALIAN **CULINARY FEDERATION**

Bidfood is proudly a part of the foodservice industry in Australia and is committed to supporting its growth. Highlighting this is the partnership with the Australian Culinary Federation (ACF), the peak industry organisation representing professional chefs, cooks, apprentices and culinary students. Bidfood continues to sponsor Australia's Nestlé Golden Chef's Hat Award.



BIDFOOD AUSTRALIA JOINS **BIDFOOD NZ IN DUMPING CAGE-EGGS!**



Bidfood Australia has announced it will eliminate caged eggs from its supply chain by 2025 commencing with the removal of caged eggs from its Own Brand range by 2023. As the country's leading foodservice distributor, Bidfood Australia supplies over 115 million eggs to the foodservice industry each year including restaurants, cafes, hospitals, hotels and schools.

RECONCILIATION **AUSTRALIA**

We recognise that diversity and inclusivity makes good business sense. Bidfood Australia has partnered with Reconciliation Australia to develop a plan applying cultural learning, respectful business practice and the promotion of Aboriginal and Torres Strait Islander employment.



"BUY A BALE"

This past year has been particularly tough for the Australian farmers due to heart-breaking drought conditions and the catastrophic bush fires. The farming community is an integral part of Bidfood's day-to-day business. Through Rural Aid's Buy a Bale campaign, Bidfood Australia donated a bale of hay on behalf of each of its team members. This is a donation of $45 680 or 2 284 bales of hay provided directly to Australian farmers.

DANIEL MORCOMBE FOUNDATION

Bidfood Australia raised A$80 000 in the fundraising event known as "Day for Daniel", Australia's largest day of action to raise awareness of child safety, protection, and harm prevention. Day for Daniel honours the memory of Daniel Morcombe.

Bidfood has supported the Daniel Morcombe Foundation since 2011.



KICKSTART FOR KIDS

Bidfood Australia is also proud to partner with the KickStart for Kids programme. If children are hungry or encounter hardship, they are not able to fully engage at school, therefore, not achieving educational outcomes. KickStart for Kids endeavours to level the playing field.

BIDFOOD **NZ CULINARY SCHOOLS SPONSORSHIPS:**

- Bidfood NZ is a sponsor for the National Secondary Schools Culinary Challenge
- Bidfood Rotorua proudly sponsors this awesome event for Junior Chefs of Aotearoa.
- Bidfood NZ sponsors the Outstanding Café Award and is principal food sponsor for the Lewisham Awards 2019.

GRAEME DINGLE FOUNDATION

For the past 12 years, having donated over NZ$850 000, Bidfood is proud to have partnered with the Graeme Dingle Foundation, an established charity and leader in positive child and youth development. Bidfood NZ sponsors the annual Project K Excellence award, a positive youth development programme that targets 13 to 15-year olds with untapped potential, with the goal of improving their social, mental and physical well-being. The 14-month programme builds self-confidence, promotes health and education skills and helps students to set and achieve goals with the support of trained adult mentors.



UNITED KINGDOM

Bidfood UK was acquired into the group in 1999, and for more than 20 years has been at the forefront of foodservice in the UK. With a depot network of 24 sites spanning the country from Worthing on the south coast to Oban in Scotland we provide a truly local presence, both in terms of service, products, employment and community engagement.

Our multi-temperature supply chain gives our customers full consolidation of frozen, ambient and chilled products on the same delivery, making their lives easier. We've also recently opened our doors to the public, offering home delivery and "click and collect" solutions from many of our depots. As one of the UK's leading foodservice providers, we share our customers' passion for great food.

Bidfresh, previously known as Seafood Holdings, was acquired in 2011. Bidfresh supplies fresh produce, fish, meat and dairy products to chefs throughout the UK, from specialist businesses local to the customer. Bidfresh has a national footprint made up of the fish brand, Direct Seafoods, being 12 nationally spread fishmongers; the national meat brand Country Farm Butchers is made up of three butchers, with greengrocers around the UK enabling nationwide delivery of fresh produce and a dedicated cheesemonger business supplying dairy across the UK.

These two businesses make up the Bidfood UK Division. The discontinued UK logistics' operations, Best Food and PCL, were successfully exited in March 2020. Elite Frozen Foods, a small regional wholesaler was acquired at the start of 2020.

> *"Thank you all for your patience, dedication, and commitment at this difficult time. People talk of a "new normal" but nobody knows what it looks like yet. I can assure you that many teams are working on ranges, prices, and propositions for customers reopening. Whether that takes place quickly or gradually, we will be ready. We have the best team, we offer real value, great food and service excellence. Despite the market looking different, those are the things that our customers will continue to demand."*
>
> **Andrew Selley**
> *CE, Bidfood UK*

COVID

The UK remained on full lockdown for most of quarter four due to the COVID pandemic.

The focus has been on providing regular communication, updating guidance and supporting the consultation processes across all areas of the business. The business has also introduced social distancing wherever possible assisted by the furloughing and working-from-home guidance although we are now looking at bringing people back to offices.

The Coronavirus Job Retention Scheme, introduced by the government, was a temporary scheme in place for three months starting from March 2020 but it has now been extended to the end of October (although on a lesser scale). In June, 28% of the team were on furlough, ranging from 43% in business support to 25% in depots.



Bidfood UK delivery at Hensol Castle.



The yard at night, Bidfood Stowmarket Depot.



Bidfood UK supporting City Harvest for Holiday Hunger initiative.

Human capital

Bidfresh COVID heroes have been our drivers, delivering, in conjunction with Bidfood, care packs and home deliveries to isolated members of the public throughout lockdown. Focusing on the supply of much needed fresh supplies, these products were so appreciated. With a new CE at the helm, and a motivated team supporting him, the Bidfresh business was guided through a significant restructure accommodating lost COVID trade, and embracing much simplified operations.

OUR CHIEF EXECUTIVES

Andrew Selley
Bidfood UK

Brian Hall
Bidfresh UK

TOTAL EMPLOYEES
6 807 ↓ 4%
2019: 7 067

MALE EMPLOYEES
5 172 ↓ 7%
2019: 5 563

FEMALE EMPLOYEES
1 635 ↑ 9%
2019: 1 504



FATALITIES
Zero
2019: 1

PAYROLL SPEND (Rbn)



↑ 2%

EMPLOYEE TRAINING SPEND
R4,0m
2019: R7,3m

15 967
COURSES TRAINED
2019: 2 430

A key ingredient in our recipe for success is our people. Bidfood is a family made up of a diverse group of people. Drivers, chefs, warehouse operatives, telesales execs, buyers, account managers – the list is endless and keeps on growing.

With award-winning customer service and a commitment to quality, Bidfood has become one of the UK's leading and most trusted foodservice providers, serving equally diverse customers in care homes, pubs, hotels, football stadiums, and everywhere in-between.

A word of thanks from one of our vulnerable care pack recipients in Manchester:

"Thank you very much for my care package! I want to thank all of you; the drivers, warehouse and all involved at Bidfood UK for doing an amazing thing to help out at this time."



We have also opened our doors to the public for home deliveries



Bidfood Scotland = a great place to work.

The annual Scottish Wholesale Achievers Awards have been running for the past 18 years, and recognise professionalism and excellence across the wholesale industry in Scotland.

Bidfood Scotland team proudly received:

- Best Delivered Operation – Foodservice
- Best Marketing Initiative – Source Serve Sustain
- Great Place to Work

Our key ingredients to success

Service excellence
It is our mission to deliver service excellence, make life easier and help our customers grow.

Real value
We deliver real value through commercial and sustainable partnerships.

Best team
Our teams are dedicated to and passionate about delivering service excellence.

Great food
We provide the right quality and choice for your menu.

Forward thinking
Keeping an eye on the bigger picture through trends, technology and sustainability and CSR.



Bidfresh UK, seafood delivery.



Oliver Kay truck, Bidfresh UK.









Love The Lorry day, Bidfood UK.

UNITED KINGDOM

Financial capital

REVENUE
R31,5bn ↓ 6%
2019: R33,3bn

TRADING PROFIT
R0,7bn ↓ 61%
2019: R1,7bn

The UK remained in full lockdown for most of the fourth quarter due to the COVID pandemic. This enforced a downturn in revenue of 6% to R31,5 billion (2019: R33,3 billion). Trading profit was even harder hit with a decrease of 61%, to R666,8 million (2019: R1,7 billion).

Bidfood UK achieved a low of 30% of its 2019 sales in the week of April 5 however, sales recovered to 57% of the 2019 level by year end. Most of this activity has arisen away from our traditional markets.

Operational performance was buoyed by the part-award of the delivery of the government care packs to vulnerable people identified to be shielded from the virus, and to a lesser extent from growing the new B2C markets.

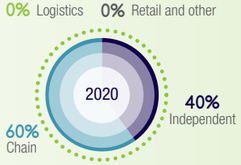
The foodservice business utilised the government's job retention scheme to keep resource levels in line with the reduced volume and revenues. Trading profit was negatively impacted by once-off exceptional items brought about largely by the lockdown and reduced activity levels.

Bidfresh has had an exceptionally difficult year, aggravating an already troubled environment by the near-to-complete shutdown of the entire customer base. We removed as much cost as possible, as quickly as possible, which delivered some relief and the government wage support programme allowed the furlough of staff. To ensure sustainability of the business, a significant restructure of most of the fresh operations has commenced. We remain confident that a good business underlies these challenges.

Intellectual capital

CUSTOMERS (#)
29 543 ↓ 22%
2019: 37 643

CUSTOMER **MIX**



Active engagement with customers and suppliers early in the lockdown, such as agreeing extended payment terms, matching activity levels and ensuring ongoing communication has delivered good results on collections and cash generation.

The national accounts team are putting significant focus on winning new business from their targeted pipeline and have already secured a significant portion of their 2021 targeted new business.

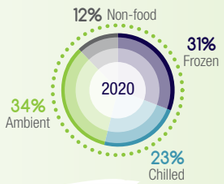
Fresh UK has had an exceptionally difficult year, aggravating an already troubled environment by the near-to-complete shutdown of the entire customer base. Summertime events in the UK are the lifeblood of the business and the cancellation of events such as Epsom, Ascot, Chelsea Flower Show, Wimbledon and the like, has proven to be significant.

Focus has been on disaster recovery as the UK shut down, and our customer mix, being restaurant, hotel and leisure-heavy, dropped significantly in a very short period of time. The team is focused on supporting customers during their reopenings, working with both the customer and insurers to ensure that credit risk is minimised, but more importantly that we support our customers to get back to full operation.

SUPPLIERS (#)
3 078 ↑ 13%
2019: 2 732

PRODUCT SKUs (#)
46 391 ↑ 7%
2019: 43 238

PRODUCT **PORTFOLIO**

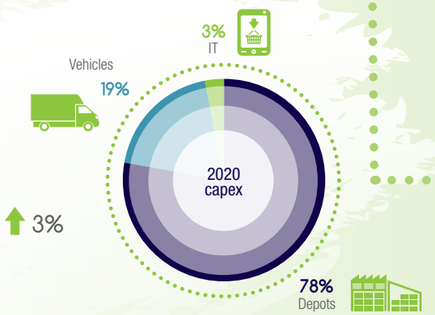


Manufactured capital

DEPOTS (m^2)
223 720 ↑ 7%
2019: 209 441

VEHICLES (#)
2 382 ↑ 7%
2019: 2 231

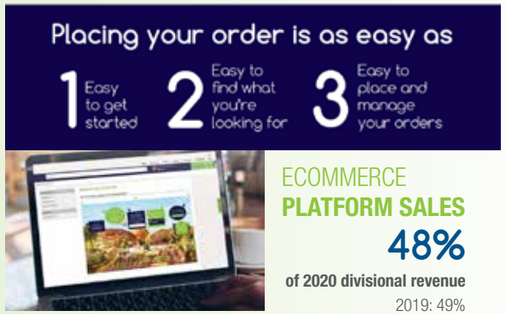
CAPEX INVESTMENT
R607,3m ↑ 3%
2019: R587,6m



At Salisbury, the demolition of the existing cold store and extension of the ambient warehouse, to incorporate a new cold store and chilled marshalling area, has been a significant project over the year. The depot has gone live with the new freezer with 450 additional lines, and the build continues with chill marshalling area and new loading bays.

All significant new capex and investment projects have been put on hold, with the exception for those that support the COVID initiatives, and care package distribution, for the medium term.

Bidfresh has had a restructure at many depots, staff redundancies were incurred when depots were closed, to meet the needs of the broader business going forward. The Oliver Kay sites at Bolton and Wednesbury have been closed and the customers will be transferred to the existing Bidfood depots at Bradford and Hoddesdon, the Ashford Cross Dock site has been closed and the Midlands site is closed with the van fleet moved to the existing Bidfood Cannock site to operate on a cross dock facility. The restructured Bidfresh depots will operate on the Bidfood UK ERP system.



ECOMMERCE
PLATFORM SALES
48%
of 2020 divisional revenue
2019: 49%

The UK IT teams have continued to support the businesses through COVID, providing additional security tools, remote working environments with an upgrade to the VPN link and other bespoke tools such as the implementation of Paragon route planning to ensure smooth delivery of the shield packs. Quick turnaround was also required to provide the new online shop, "Bidfood at Home", for the B2C market.

To protect and prevent data privacy breaches, new software has been implemented to control and manage email activity, strengthening the cyber security offering in the UK operations.

Investment into safer and more efficient delivery tools has been completed with the Chepstow depot's driver-app being rolled out to all other UK depots. Depots across the Bidfood network have introduced a warehouse management solution "Put away by height" creating efficiencies in packing and picking across the depots.

OWN **BRAND**
21% 2019: 21%
of 2020 divisional revenue



Bidfood UK, Own Brand.

Simply Food Solutions (SFS) is Bidfood's new extensive range of quality food solutions for all sectors, from healthcare to pubs and restaurants. From delicious individually plated meals ready for an a-la-carte menu, to pre-prepared meals that are texture modified to support those with dysphagia, SFS offers the right choice. The new brand offers customers consistently high standard products on all of the crucial aspects of product performance that are important to diners: taste, appearance, nutritional value and specific dietary requirements such as allergens and dysphagia.



Yaqoob Ishaq, managing director of SFS was joined by the Bidfood team.

SFS' Puree wins Special Diet Award at The Caterer's Product Excellence Awards
The Caterer's Product Excellence Awards (The PEAs) recognise excellence and innovation in food, drink and equipment products within the hospitality sector. The winners and finalists encapsulate the creativity, responsibility, sustainability and originality in our industry.

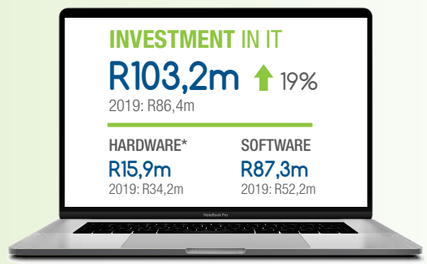
Certified that it kills Coronavirus

Bidfood UK have certified two Own Brand "Essential Supplies" sanitisers, meaning that when tested they killed Coronavirus 99,99% within five minutes' contact time. This assures our customers that they are using proven disinfectants on the front and back-of-house surfaces to clean and prevent the spread of COVID.



Bidfresh UK have introduced new product fresh product ranges into the Bidfood UK offering such as vac packed seafood lines, opening a new market into broad line customers that would not normally be our natural customer base.

All suppliers are now being paid on time and we have returned to standard terms with those suppliers who offered extended terms during the first few months of the pandemic.



** Hardware includes IT and office equipment.*


Simply Food Solutions, award winning meals Bidfood UK.

UNITED KINGDOM

Natural capital

BIDFOOD UNITED KINGDOM'S **CARBON EMISSIONS** (tCO_2e)

73 154 ↓ 5%

2019: 76 691*

Fuel and gas

SCOPE 1 EMISSIONS (tCO_2e)
(excl refrigerants and aircon gases)

49 306 ↓ 8%
2019: 53 475*

SCOPE 1+ EMISSIONS (tCO_2e)
(only refrigerants and aircon gases)

7 149 ↓ 6%
2019: 7 588

Fuel (kilolitres) 2019: 19 752	>	18 109
Gas (tonnes) 2019: 175	<	239
Aircon gas (tonnes) 2019: 3,0	<	3,2

* *2019 Scope 1 restated due to double counting BestFood Logistics diesel*

The Bidfood UK investment programme included the upgrade of the Bradford substation live which meant that they are saving fuel on vehicles with the access to plug-in points. The Manchester depot upgraded the refrigeration system to a more emissions-friendly solution. The depot roof replacement project at Basingstoke has decreased power usage, and the Salisbury depot has switched on their new freezer, run entirely on CO_2, achieving a zero carbon emissions impact.

Bidfood UK has prioritised:

- Taking action to minimise our impact on climate change through reduction in greenhouse gas emissions and food waste
- Demonstrating responsible consumption and production, especially in areas such as sustainable sourcing and our plastics footprint
- Supporting good health and well-being for our employees, and providing healthier food choices for our customers
- Partnering with other organisations to support the achievement of the UN Sustainable Development Goals (SDGs).

Power

SCOPE 2 EMISSIONS (tCO_2e)

16 208 ↑ 7%
2019: 15 216

Grid electricity (kWh) 2019: 59 531 070	<	63 412 338
Non-grid electricity (kWh) 2019: 745 981	<	754 570

During the year, the UK management teams have ensured that where possible any investment infrastructure has been with a focus to improve the carbon footprint made in the delivery of our products. The new Liverpool depot installed a state-of-the-art building management system, creating significant savings in both power usage and cost. The Salisbury depot installed a new efficient power supply system, increasing the power voltage to site.



Waste

SCOPE 3 EMISSIONS (tCO_2e)

491 ↑ 19%
2019: 412

Food waste (tonnes) 2019: 2 240	<	2 902
Waste recycled (tonnes) 2019: 7 744	<	9 238
Waste to landfill (tonnes) 2019: 420	<	500

Waste reported this year has increased in the UK division, this is due to improvement in reporting, as well as the inclusion of the SFS manufacturing operations. As a manufacturing business SFS produce more waste than a normal trading site, although a review is underway aimed at reducing landfill reliance.

Bidfood are taking a two-pronged approach to tackling plastic as a business. Firstly, they have been working hard to review their Own Brand packaging including new products that offer customers plastic-free choices. The team are also working to offer an onsite food and composting machine which turns product into composting pellets to use within their customers' grounds.

The Paddock Wood depot is currently exploring alternatives to shrink wrap used within the warehouse. At the Chepstow depot two balers installed to send over 80% of waste to recycling.

Bidfood's commitment to WRAP's Food Waste Reduction Roadmap is ongoing. Work continues with Fareshare, being the redistribution of unsold food to food kitchens, charities and other initiatives operating in the community.

Bidfresh, as part of the "zero waste to landfill" commitment, has recycled all food waste from the Oliver Kay and Noones' operations, where this food waste was used for anaerobic digestion to produce electricity.

Social and relationship capital

Bidfood UK's focus has been on delivering government care packs to vulnerable people.

BIDFOOD CHRISTMAS GIFT REWARDS HOSPITALITY HEROES ACROSS THE INDUSTRY

Bidfood UK has, for the second year running, rewarded the unsung heroes of hospitality through its award-winning Christmas Gift campaign. Between them, the campaign winners – dedicated pub and hotel general managers, hospital chefs and community volunteers – have given up over 60 Christmases at home to ensure the enjoyment of others.



BIDFOOD WAS AWARDED **THE PLANET MARK AWARD FOR COMMUNITY ENGAGEMENT**

This is Bidfood's sixth year of business carbon footprint reporting and certification to The Planet Mark.

The Planet Mark
eden project

SPRINGBOARD

The Springboard Charity helps young people achieve their potential and nurtures unemployed people of any age into work. It helps alleviate poverty by supporting disadvantaged and underprivileged people into sustainable employment within hospitality, leisure and tourism.

PRINCE'S TRUST

The Prince's Trust is a youth charity that helps disadvantaged young people aged 11 to 30 get into jobs, education and training. Bidfood work with The Prince's Trust to deliver Get Started programmes, which teach young people specialist and social skills, through real and meaningful challenges. The "Get Started with Cooking" initiative is a week-long intensive course for young people interested in getting into hospitality careers. The course teaches young people valuable kitchen skills, basic food hygiene and offers further opportunities for mentoring, enrolment in local college courses, apprenticeships and employment opportunities.

Prince's Trust

"plate2planet.co.uk" home of sustainable foodservice

Five things a business can do to reduce food waste:

- Redistribute surplus food
- Educate your employees
- Set targets and make commitments
- Measure your progress
- Use everything!



Bidfood UK's sustainability report

Annually a detailed report is published providing more info on initiatives and progress made.

Further information available on https://www.bidfood.co.uk/sustainability/

Water

MUNICIPAL WATER (kilolitres)

142 972 ↓ 4%
2019: 149 287

The One Foundation

One Water is the UK's leading ethical drinks brand. Every bottle bought helps to fund projects supplying safe and clean water in the world's poorest countries.



EUROPE

Bidcorp in Europe is the leading foodservice distributor to the horeca sector. Bidcorp has a world-class service offering and a diverse product range that meets the needs of its vast customer base.

Bidfood Europe is the consolidation of nine operations, spanning 13 countries across western and eastern Europe. Through strategic acquisitions of catering wholesalers, food manufacturers and fresh producers since 2006, Bidfood Europe has grown into a significant foodservice player in this market.

Bidfood Europe benefits from being a part of an international foodservice group having access to a wide range of products and best practices to position each business ahead of their competition. Each business retains control of its day-to-day management and decision-making systems in order to be able to respond flexibly and independently to the specific needs of its customers.

> *We remain close to our customers, engaging with our suppliers and navigating the restrictions in place. We are confident that we are fully ready to function in the new reality and to provide customer service at the highest level of security.*
>
> ***Pawel Swiechowicz, CE Bidfood Poland***

It is time to reactivate gastronomy! #WeAreReady

COVID

Being part of the food distribution industry, our businesses were designated as essential services and continued operating within their respective geographies. Demand for food products substantially diminished in many discretionary spend sectors, particularly across hotels, restaurants, pubs, leisure and travel-related segments. Our businesses actively sought solutions for each market such as home delivery and supply to other retail-related channels.

Non-discretionary activities to institutional customers continues, serving customers such as hospitals, aged care, prisons, the military and government departments. We are experiencing an increased demand generally from these segments but expect this to normalise once the consumer panic and stockpiling eases. We are sharing the experiences of operations in geographies that are ahead of others in the crisis, to pre-empt some of the sales opportunities and cost-saving measures where possible.

Bidfood, in all geographies, have taken all necessary precautions to limit the spread of the virus. Actions such as remote working, reduced working hours, alternating shifts, providing proper equipment and creating industry leading support materials for the horeca sector to safely and responsibly reopen their doors. In addition, further preventative measures have been taken with our drivers to ensure maximum protection for our customers.



Safe deliveries, Bidfood Poland.


Gastrostudio, Bidfood Czech Republic.


Bidfood Baltics truck.


Pier 7, Bergkirchen Germany.



Bidfood Belgium truck.



New depot in Ede, Bidfood Netherlands.

Human capital

OUR EXECUTIVES

Dick Slootweg
Bidfood Netherlands

Thiery Legat
Bidfood Belgium

Bohumil Volf
Bidfood Czech/Slovakia

Daniele Scuola
DAC Italy

Markus Erhart
Pier 7 Germany

Pawel Swiechowicz
Bidfood Poland Farutex

Ramunas Makutenas
Bidfood Baltics

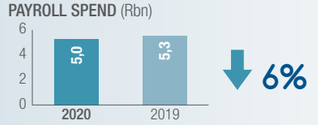
Mehrdad Seifi
Frustock Portugal

Grant Cox
Bidfood Spain

EMPLOYEE TRAINING SPEND
R16,5m
2019: R17,1m

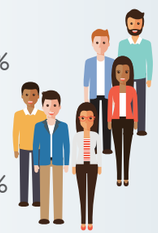
11 805
COURSES TRAINED
2019: 21 573

PAYROLL SPEND (Rbn)



6%

TOTAL EMPLOYEES
6 567 ↓17%
2019: 7 930



FATALITIES
Zero
fatalities for the past **five** years

MALE EMPLOYEES
4 520 ↓21%
2019: 5 737

FEMALE EMPLOYEES
2 047 ↓7%
2019: 2 193

Fundamental to our success is the strength of the real personal human connection we strive to develop with our stakeholders which generates loyalty and appreciation for the personalised service excellence which sets us apart.



Management's message of encouragement to the DAC staff.

> *DAC La Spesa*
>
> This image represents not only the strength and determination of Brescia, but of all of Italy.

Ongoing labour shortages persisted in the eastern European countries, as cross border labour movement was restricted in the region. Our **Czech Republic** and **Slovakian** operations responded by accelerating the implementation of process automation where possible.

Poland's cost reduction has been key over the last quarter and some redundancies were unavoidable. Salary cuts and reduced hours were implemented to further decrease costs but protect job security. An optimistic recovery is underway.

Netherlands sales volumes were down, but the cost base remained high as Dutch law prohibited any staff contraction through the pandemic.

Italy, the European epicentre of the COVID pandemic, experienced large-scale deterioration of economic activity and labour pressures. Economic recovery is anticipated to take more than two years, as the populace regains their confidence to return to normal.

Pier 7 **Germany** struggled, navigating a market plunged into recession due to the COVID pandemic, and as a result significant restructuring was undertaken to simplify the operation and refocus our market. Management changes, although costly, were necessary and should be a turning point for this business.

Iberia overall had a very difficult year. After the year end, the **Spanish** management team has been replaced, triggering a significant overhaul of internal processes and controls to achieve simplification and focus on core competencies and markets. There is still some distance to cover on this journey, but the local team is motivated, and the market is recovering and remains an attractive foodservice opportunity.

> *We produce food for you, we provide excellent services and we deliver the goods directly to your restaurant or shop.*
>
> ***Bidfood Czech Republic***

Bidfood Europe is all about their people – not only those in employment, but also those that are involved in the supply chain, the customers served and the communities that are touched by the day-to-day making, buying, delivering, serving and eating our food.

Each entity, supported by their own management team, is guided in responding to the needs and requirements of their local region. The impact of COVID has been felt in our operations, with reduced activity levels, contraction in the employee base was unavoidable. With just over 6 500 people employed across Europe, our teams are ready to get to work.

> *The catering wholesaler for professionals. Always easy and quick to order online.*
>
> ***Bidfood Netherlands***

EUROPE

Financial capital

REVENUE
R40,2bn ↓ 8%
2019: R43,7bn

TRADING PROFIT
R1,0bn ↓ 49%
2019: R1,9bn

Considering the spread of countries and the varied levels of COVID-related impacts, Europe delivered solid results. Revenue was down 8% at R40,2 billion (2019: R43,7 billion), with most businesses finding opportunities in the midst of the crisis to continue to operate. Trading profit was down 49% at R1,0 billion (2019: R1,9 billion). Our eastern European businesses have shown great resilience, embracing the benefit of a retail customer base. Eastern Europe appears to be further along the economic recovery path than what we are experiencing in western Europe.

Sales reached a low of 27% of the 2019 activity levels in the week of April 19 however, it has recovered to 70% of the 2019 level by the end of June. Activity levels in Italy, Spain and the Netherlands continue to recover, albeit somewhat more cautiously than our other European operations.

Netherlands was well positioned for an excellent performance for 2020 prior to the impact of the COVID pandemic. Sales volumes were down by more than 20%, but the cost base remained high.

Belgium was hard hit by COVID, and economic activity across the country fell 9%. Markets reopened in early June and the recovery was good, in spite of some cautiousness around second-wave infections. Focus remains on cash management and expense reduction until the market improves.

Czech Republic and **Slovakia** capitalised on a resilient economy to weather the COVID pandemic very successfully. Recovery post-lockdown was very positive and the business was able to mobilise its resources to take advantage of this opportunity. Businesses were strongly cash generative.

Italy experienced large-scale deterioration of economic activity across most of the country. Economic recovery is anticipated to take more than two years. The business continues to drive its position as a strategic partner of independent, street-based operators.

Poland's very successful year to March was derailed by the COVID pandemic in the last quarter. Cost reduction has been key over the last quarter and some redundancies were unavoidable. Salary cuts and reduced hours were implemented to further decrease costs. Some investment into infrastructure was completed early in the year, but all other projects were put on hold.

Pier 7 **Germany** struggled, navigating both a difficult operational environment and a market plunged into recession due to the COVID pandemic. Significant restructuring was undertaken to simplify the operation and refocus our market.

Baltics reported much reduced revenues between March through May, but the recovery has been remarkable with year-end results outperforming the prior year.

Iberia overall had a very difficult year. The COVID pandemic significantly impacted the **Spanish** population, aggravating an already problematic Guzman operational environment. Igartza (a recently acquired multicategory business based in the north) pleasingly, was only slightly down on prior year results. Frustock, our **Portuguese** business, did well in light of the challenging last quarter.

Intellectual capital

Bidfood is the online wholesaler for the catering industry and total supplier in the foodservice market. From restaurant to cafeteria and from hotel to sports canteen and institutional care: we have a suitable offer for every food professional.

The online ecommerce solution, "myBidfood" is being rolled out across the European businesses, with immediate sales results.

Over 41% of total European revenue is now channelled through the ecommerce tools implemented.

As the Dutch summer holiday commenced, lockdown restrictions eased, and the recovery was palpable. Bidfood Netherlands national accounts, large caterers and institutional customers were still struggling, however the freetrade hospitality sector was back to near pre-COVID levels by year end.

In Belgium, the rollout of the new "myBidfood" ecommerce platform was completed, and fortuitously well-timed as the market embraces our online engagement. Bidfood offers its customers a wide assortment of sustainable products, including products from organic farming, sustainable fishing and aquaculture, certified fair trade, as well as products of 100% Belgian origin.

Ice cream remains an important category in the Czech Republic manufacturing operations, but strategic product diversification has brought better balance over the past 12 months. The Czech team created their "Gastrostudio" in 2008, where the best Czech and foreign chefs are invited to present to customers. Recognised for trendsetting menus, they create bespoke menus for the customer.

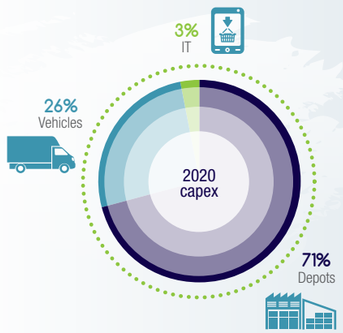
OWN **BRAND**
21%
of 2020 divisional revenue
2019: 20%



Smart Choice, Bidfood Belgium's Own Brand.

Manufactured capital

CAPEX INVESTMENT
R913,5m ↑ 12%
2019: R813,3m



Bidfood Europe boasts an impressive 500 190m² of depot space; supported by a fleet of 2 744 vehicles, delivering 144 826 product SKUs, sourced from 11 029 suppliers to serve the 133 324 customers.

Czech continues to invest in infrastructure and vehicles, matching their ongoing growth trajectory. Investments into machinery and distribution trucks has equipped this business for growth.

In the Netherlands the capex spend related to pre-COVID obligations and could not be stalled over this time. The purchase of the Nieuwegein property, investments into the new Ede operations and vehicles had already been committed. The Almere property was sold.

The Czech operations invested in a QR code form of payment, included on invoices, introduced in the year. The QR code will facilitate invoice payment by bank transfer and reduce the risk exposure by hiding the invoice details and payment instructions.

Poland's very successful year to March saw some investment into vehicles was completed early in the year, but all other capex was postponed.

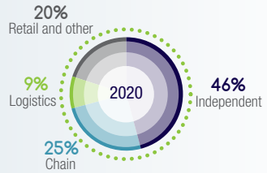
Pier 7 Germany struggled, navigating both a difficult operational environment whilst restructuring to simplify the operation. New warehousing capacity in Munich came on stream in the first half and the benefits of a simpler structure are already evident at year end.

DEPOTS (m²)
500 190 ↓ 2%
2019: 508 020

VEHICLES (#)
2 744 ↓ 3%
2019: 2 828

CUSTOMER **MIX**

CUSTOMERS (#)
133 324 ↓ 3%
2019: 137 021



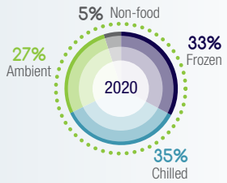
Poland's very successful year to March was derailed by the COVID pandemic in the last quarter. Activity in the primary customer base, being hotels, tourism and conferences was significantly impacted post-March. The ecommerce platform processed nearly 30% of total sales.

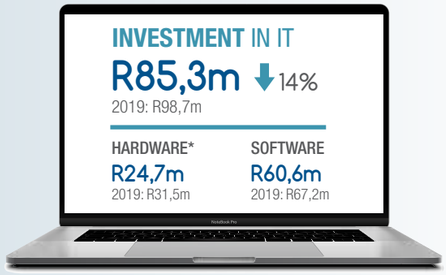
Baltics national account revenues have dropped but have been more than offset by the positive growth shown in the independent foodservice market and the retail sector. Local tourism has flourished in the aftermath of the COVID restrictions.

SUPPLIERS (#)
11 029 ↑ 5%
2019: 10 516

PRODUCT SKUs (#)
144 826 ↓ 1%
2019: 145 907

PRODUCT **PORTFOLIO**





* Hardware includes IT and office equipment.



The Bidfood difference

ECOMMERCE
PLATFORM SALES
42%
of 2020 divisional revenue
2019: 42%

Embracing the benefits of a market leading ecommerce tool, the Bidfood Europe operations have set themselves apart, both in terms of product range diversity and the added service element offered to their customer – be it short turnaround on deliveries, substitute products at a range of qualities and pricing, or recommendations of recipes and new products.

Owning the supply chain, sourcing from within Bidfood and embracing market leading ecommerce solutions has positively positioned Bidfood Europe to embrace "new normal" as markets reopen and activity levels resume.

Gruppo DAC is one of the leading companies in Brescia and its province as announced in Bresciaoggi's 2019's 1000 leading companies of Brescia.



Construction and automation project, Bidfood Netherlands.

Bidfood Netherlands, Van Gelder, an associate investment, supplier of fruit, vegetables and produce, has deployed an associate investment fully mechanised warehouse. Products are being picked via a "goods to man" process to customer order level and after being picked crates and products are put away in the staging warehouse. During palletisation of the crates before shipment towards the warehouses of Bidfood, crates are being sorted on "Bidfood customer – route level" reducing the number of hours in the warehouses of Bidfood during formation of the order. This process has reduced the number of manhours needed to collect an order by 60%+ on the side of Van Gelder, reduced the number of manhours at the warehouses of Bidfood significantly and decreased the number of picking errors by 50%.

EUROPE

Natural capital

BIDFOOD EUROPE'S
CARBON EMISSIONS (tCO_2e)
117 838 ↓ 15%
2019: 139 169

Fuel and gas

SCOPE 1 EMISSIONS (tCO_2e)
(excl refrigerants and aircon gases)
41 113 ↓ 10%
2019: 45 747

SCOPE 1+ EMISSIONS (tCO_2e)
(only refrigerants and aircon gases)
31 789 ↓ 25%
2019: 42 588

Fuel (kilolitres) 2019: 15 137	>	13 495
Gas (tonnes) 2019: 2 122	>	1 963
Aircon gas (tonnes) 2019: 12,5	>	11,3

Reducing CO_2 emissions is one of the focal points in Bidfood's sustainability policy. With more than 2 700 trucks on the roads in Europe, we emit 41 000 tonnes of CO_2 emissions from fuel consumption. This is a 3% reduction in vehicles, but a 10% reduction in emission for the 2020 year. By ongoing focus to reducing these emissions, we can make a good contribution to improving the living environment across Europe.

DAC Italy bought their first 100% electric van to be a part of the DAC fleet. The purpose of the new vehicle is to reduce the emissions of fine dust in the air damaging the Italian historic sites. Using the latest generation electric motor combined with an energy recovery system during braking, allowing the engine to work as a generator and storing the energy inside 100% recyclable batteries.

Sustainability is linked to the low noise impact of the vehicle – perfect for delivering without time constraints – and to the possibility of simultaneously transporting both frozen and fresh refrigerated products thanks to the presence of a double compartment for different types of food.







Bidfood-owned electric vehicles in Italy, Spain and Poland.

Power

SCOPE 2 EMISSIONS (tCO_2e)
44 137 ↓ 11%
2019: 49 840

Grid electricity (kWh) 2019: 106 241 885	>	97 307 660
Non-grid electricity (kWh) 2019: 2 913 319	>	2 598 779

Bidfood Europe is committed to building energy efficient and economical buildings. The new Baltics depot achieved the highest rating class A+, using a low emissions freezing aggregate and heating office space using the energy emitted from refrigeration compressors.

Bidfood Belgium and DAC Italy have installed solar panels which have contributed to the reduced usage of non-renewable power and improved carbon emissions disclosed.

Waste

SCOPE 3 EMISSIONS (tCO_2e)
799 ↓ 20%
2019: 994

Food waste (tonnes) 2019: 420	>	403
Waste recycled (tonnes) 2019: 3 550	<	3 838
Waste to landfill (tonnes) 2019: 1 566	>	1 223

Bidfood Europe has committed to ambitious goals to reduce packaging and make packaging within the foodservice industry more sustainable.

Bidfood Netherlands has formulated ambitious goals to reduce packaging within the food service industry and to make it more sustainable. The packaging is structurally screened and assessed at various levels. Bidfood Netherlands has set its own goals for each type of packaging to be achieved by 2021.

Each operation across Bidfood Europe works closely with the local food bank operation to recycle food surpluses donated. These products are still good for consumption, which means that the food banks can supplement their food packages. In this way Bidfood not only contributes to fighting poverty, but also to combating food waste.

Czech Republic has committed to removing disposable plastic products, such as plates, cutlery or straws from their product range to help minimise the plastics flood in the environment, from July 2021.



Food bank in Netherlands.

Social and relationship capital

Bidfood Europe strongly believes in collaboration in our communities. We are involved in various initiatives to pursue our sustainable objectives. Always with the philosophy: "you only go faster when you move forward together".

"HEALTHY NUTRITION AT SCHOOLS" – NETHERLANDS

A healthy supply of food in schools provides an important basis for a healthy lifestyle for young people. To achieve this, Bidfood Netherlands is a signatory to the Healthy Nutrition at Schools Agreement, managed by Youth At Healthy Weight. With this agreement, caterers, vending machine suppliers, producers and other suppliers jointly take responsibility for healthier food in schools. We have set the goal of facilitating and achieving a healthier meal offer at schools.

Bidfood Netherlands hosted "HORECA FEEST", a performance for 15 000 catering professionals held at the Ziggo Dome in Amsterdam on December 16 2019.



GUZMÁN GASTRONOMIA,

known for their community spirit engaged with the local community. Projects such as the collection of toys, food and clothes for local charities; as well as office-wide blood donation drives. Fresh produce is donated to "Banc de aliments", a Barcelonan programme to assist the homeless.

BIDFOOD **POLAND**



believes that from the beginning of time gastronomy has fulfilled an important social mission: it provides food for society. The current situation in the country, so difficult and unexpected, is the greatest challenge for Polish gastronomy that we all have to face.

That is why at Bidfood Farutex we do not want to remain passive. We want to act because we approach our social mission with the greatest responsibility. We support the police, fire brigades, municipal police, Polish food bank, associations, organisations, hospices and medical services, preparing meals, among others, for doctors, nurses, paramedics, medical aid, orderlies, dispatchers. Both the chefs of the Farutex Culinary Academy and our friendly chefs, to whom we give our products free of charge.



BIDFOOD **CZECH REPUBLIC** is a support for guilds and industry organisations, and also for a variety of community projects:

- KU Young Chef 2020
- Food for food banks
- Junior National team of the AKC CR brought medals from IAK Culinary Olympics
- Hotelier and Restauranteur of the Year
- Junior National first at Chef's table
- School Canteen Insprires

For several years **BIDFOOD BELGIUM** has collaborated with AViQ, Agency for Quality Life for the integration of handicapped people, by employing extraordinary people. This collaboration has led to permanent contracts for several of them. Our community commitment is also marked by the sponsorship of associations such as Médecins du Monde during the 20km of Brussels by providing foodstuffs to satisfy the participating runners.

Water

MUNICIPAL WATER (kilolitres)
232 331 = 0%
2019: 232 299

BIDFOOD BELGIUM
ENVIRONMENT ANNUAL REPORT

Further information available on Bidfood Belgium website https://www.bidfood.be/durabilite/



EMERGING MARKETS

Bidfood Emerging Markets is the leading foodservice distributor to the horeca sector across four continents and nearly 20 different countries this division spans. Bidfood has the world-class service offering and a diverse product range that meets the needs of this vast and very diverse customer base.



Blancaluna Argentina November 2019 – Aniversario 25 años 3



Bidfood Turkey, Akdeniz vehicles.



Bidfood Oman delivery team.

> *I believe the future will be different, but I also believe that as humans we like to socialise, we will want to go out, eat out, and we will want to be social again. Things may take a while, but our industry which serves these social occasions will come back and be stronger than ever. I have every confidence that we will go back to eating-out-of-home as much as we did before.*
>
> *I am proud of every member of my team – you are all heroes to me, to Bidfood and to South Africa! You did what was needed in this difficult time and I thank each one of you for what you have done for us.*
>
> **Brent Varcoe**
> *CE, Bidfood SA*

COVID

Bidfood Emerging Markets, other than Angliss Greater China, continue to experience the onslaught of the COVID pandemic, with most territories still recording high daily infection rates. The challenging economic and political headwinds have not abated.

The ongoing global working-from-home trend continues, which keeps city centres quiet and the lunch-time clientele away. This may take some time for consumers to regain confidence in social engagement, but continues to significantly impact a key customer market for Bidfood Emerging Markets.



Human capital

OUR CHIEF EXECUTIVES

Klaas Havenga
Bidcorp Food Africa

Brent Varcoe
Bidfood South Africa

John Morris
Crown Food

Nigel Phillips
Chipkins Puratos (JV)

Nedim Makzume
Bidfood Turkey

Hisham al Jamil
Bidfood Middle East

Johnny Kang
Angliss Asia

Antonio Celso Dias Avelino
Bidfood Brazil

Gabriel Abramovicz
Bidfood Chile

Gustavo Picciafuoco
Blancaluna Argentina (Investment)

TOTAL EMPLOYEES
5 896 ↓ 3%
2019: 6 100

MALE EMPLOYEES
3 722 ↓ 7%
2019: 3 991



FATALITIES
Zero
2019: 0

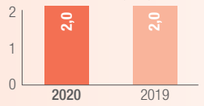
FEMALE EMPLOYEES
2 174 ↑ 3%
2019: 2 109

The three values we cherish the most – Passion, Positivity, and Bidfood Work Ethic

EMPLOYEE TRAINING SPEND
R13,0m
2019: R15,4m

1 858 COURSES TRAINED
2019: 1 823

PAYROLL SPEND (Rbn)



= 0%

The significant economic impact of COVID has been especially felt in the operations within the Bidfood Emerging Markets division. Each entity has not only endeavoured to keep their people paid and employed but have used the lockdown period to invest in coaching and mentoring the teams, equipping and positioning them to respond positively as markets reopen.

Seeking extraordinary measures for these exceptional times: from fees and commissions cutbacks from our suppliers and partners, to credit line extensions and discounts to our clients, from temporary compensations and commissions reduction to special support contracts for partners. No single job was lost. Angliss widened their scope of operations to serve the community through home delivery and direct-to-consumer services, and once again affirmed the innate good in each of us and the deep sense of fulfilment it produces.

The Bidfood South Africa (BFSA) heroes, our staff, went above and beyond their individual roles, recognising their vital role in being classified as essential workers, working extended hours, often through the night to ensure the food parcels and essential food items were delivered to those in need and those in lockdown. Management and staff took pay-cuts, annual leave and sacrificing any bonus or increases this year, demonstrating each individual's show of support through these difficult times.

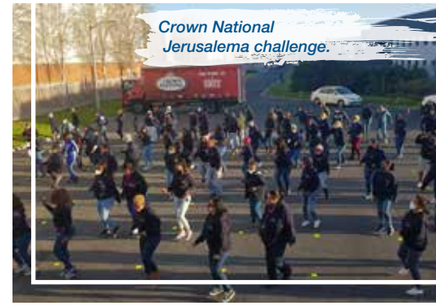
Cost cutting pressures in Bidfood Brazil resulted in staff redundancies and this internal restructuring should deliver cost savings in the new year. In Bidfood Chile the freezing of 25% staff contracts was unavoidable due to the waiver of the government labour contracts. We hope to resume a full staff complement once markets reopen. Blancaluna Argentina was accounted for following our 38% investment in July 2019, and they immediately set to work restructuring their team. The COVID crisis was a huge blow, unfortunately labour adjustments and employee suspensions were necessary.

> *The thing I worry about the most is the health and safety of the Angliss staff. The most important thing is that everyone in Angliss should demonstrate teamwork and unity. Unity is strength. We fight this virus together. We persist on the same boat; I pray every day. Angliss needs every one of you.*
>
> **Johnny Kang**
> *CE, Angliss Asia*

Despite the stringent curfew restrictions, Bidfood Middle East (BME) showed remarkable resilience, adaptability and strong work ethic whilst remote working. All COVID safety precautions were taken, including taking temperatures, social distancing, wearing masks and hand sanitising. BME drivers were able to operate during lockdown as essential workers, while following the safety guidelines and government laws. Online training to support a successful transition to remote working was conducted and well received. BME's employees were able to return to the office environment with strict social distancing and PPE guidelines in place.

Angliss Singapore participated in an independent "Engagement Survey" in October 2019. Angliss scored above the national average and was awarded the "Top Employer Brand 2019" by Influential Brands.

BFSA together with a supplier collective of significant local foodservice players, recognised that encouraging people to go out to eat was going to be difficult. A combined initiative launched the campaign *#OneMealManyThanks,* intended to stimulate demand and encourage people back into eating-out-of-home.



Crown National Jerusalema challenge.



Bidfood Brazil product delivery.



Bidfood South Africa, food aid.

EMERGING MARKETS

Financial capital

REVENUE
R20,5bn ↓ 3%
2019: R21,1bn

TRADING PROFIT
R0,7bn ↓ 34%
2019: R1,0bn

Bidfood Emerging Markets sales reached a low of 52% of the 2019 activity levels in the week of April 12, however, it had recovered to 70% of the 2019 level by the end of June. Revenue was down 3% to R20,5 billion (2019: R21,1 billion), and trading profit down 34% to R0,7 billion (2019: R1,0 billion).

Bidcorp Food Africa (BFA) struggled through a difficult last quarter, navigating some of the most stringent COVID lockdown restrictions. Revenue and profits for the first eight months were pleasing but managing the crisis has been the focus for the last four months of the year. CFG showed overall solid growth for the year.

Greater China delivered acceptable results despite the negative impact from the COVID lockdown and ongoing social unrest in Hong Kong. Hong Kong and Macau faced headwinds as COVID lockdown, border restrictions and protests impacted consumption and tourism. Management have focused on the reduction of operational costs and tight management of working capital.

Singapore delivered a great result despite the country entering recession following the impacts of the COVID lockdown, restricting all tourism, conference and hotel occupancies. The foodservice division struggled as the market closed, but the consumer division showed positive growth as consumers prepared more food at home. Similar trends were noted in Malaysia and Vietnam, with quick recoveries experienced as the markets reopened.

Brazil struggled under the lockdown, with sales dropping to below 50% of the prior year levels. Both the Irmãos Avelino and Mariusso operations implemented strict cost-cutting measures, but results were heavily impacted.

Chile experienced a dramatic fall in sales volumes due to the knock-on effect of both the political unrest in H1 and the COVID lockdown in H2. Management has been keeping a close eye on managing the working capital, while at the same time pursuing other opportunities related to the foodservice market that are already showing promise. Relaxation of lockdown restrictions is anticipated in August, and hopefully the recovery is as quick as in many of our other geographies.

Argentina (in which Bidcorp has a 38% stake) was classified as an essential service and able to continue to operate through their lockdown, albeit at around 30% capacity. Government support through April helped ease the cost burden but losses were incurred. By year end, the business generated profits again and the team has a positive outlook.

BME, although boosted by an exceptional first half, felt the impact of the COVID pandemic as many of the large events planned for the year were cancelled. UAE suffered as demand for key products dropped off and inventory shelf-life was managed.

Turkey's foodservice operations struggled through the lockdown, however, their liquor distribution activities delivered good sales. The new operation in Antalya has been impacted by the late and partial opening of the resorts in this region. Bidfood EFE continues to establish itself and grow market share. A broad-based foodservice business was set up in Istanbul effective July 2020.

Intellectual capital

Proactive engagement with customers, working alongside them to reopen and supporting them with payment plans, reopening training programmes and supply of the required personal protective equipment (PPE) to the horeca sector has grown goodwill. These initiatives will hopefully drive recovery in the short to medium term.

Remaining ahead of the curve, BFSA invested in online and ecommerce solutions such as the Famous Fresh and Food Trucks websites, as well as adding the home delivery functionality to the myBidfood platform.

BFSA online sales broke the 70% threshold for total sales through the myBidfood platform.

CFG was able to fully operate during lockdown as people were forced to eat-at-home. The retail activity levels were down and the independent channel was also impacted as some butcheries were closed. The export operations struggled due to border closures. Ongoing competitor pressure in the meat and poultry sectors continue. Focused efforts to grow and expand into the QSR customer base proved successful.

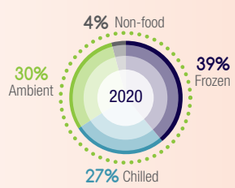
BFSA committed to the foodservice industry, engaged with the Restaurant Collective, FEDHASA and the Tourism Business Council of SA (TBCSA), to develop safe-opening protocols, and an app "Travel Safe Eat Safe" to allow for the registration, training and managing of the protocols.



SUPPLIERS (#)
7 282 ↑ 8%
2019: 6 767

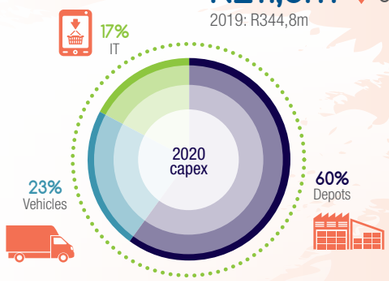
PRODUCT SKUs (#)
75 374 ↑ 14%
2019: 65 894

PRODUCT **PORTFOLIO**



Manufactured capital

CAPEX INVESTMENT
R211,8m ↓ 39%
2019: R344,8m

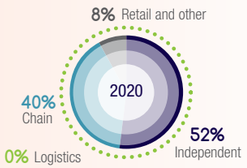


DEPOTS (m^2)
303 363 ↑ 9%
2019: 277 822

VEHICLES (#)
774 ↓ 2%
2019: 790

CUSTOMERS (#)
84 900 ↓ 9%
2019: 93 412

CUSTOMER **MIX**



CFG technology investment continued, integrating the sales rep mobile ordering platform into the ERP system. The "Crown247" ecommerce platform recorded more than 10% of sales online, launched CFG Own Brand products onto retail and online sites, as well as hosted the first ever fully virtual management conference successfully.

In China out-of-home eating was hard hit, with many customers having to downsize significantly or even close their doors. Mainland China saw growth in the food and beverage sectors after the gradual release of city lockdowns across China. Businesses continue to widen their brand portfolio, in particular in dairy. Penetration of the supermarket segment was well-timed benefitting from increased household consumption. Angliss introduced a light processing plant, the Foshan Food Processing Centre for chilled and frozen meat seasoning.

Strong focus remains on restaurant customers, Chinese cuisine, Own Brands and medium to high-end ranges like chilled and processed meats, to enhance our foodservice offering.

OWN **BRAND**
17%
of 2020 divisional revenue
2019: 15%



Own Brand, Grand Fermage, Bidfood South Africa.

Depot investment in Angliss included construction of a chilled meat warehouse in Chengdu and Beijing. Butchery Quick Packing Station launched in Shanghai. Foshan Food Processing Centre restructured a frozen warehouse to meet the increasing capacity. The sale and leaseback of a Hong Kong property was concluded post-year end and will be a strong contributor to positive cash flow in the year ahead. Some investment was made into energy efficient trucks.

Angliss' 2020 investment into IT includes integration of the B2B website with the ERP system, the introduction of a CRM mobile application, and upgrades to the WMS in Shenzhen Chongqing, Kunming and Tsing Yi Warehouse. "Chop Chop WeChat" and Taobao ecommerce shop was launched for B2C meat and dairy in Shanghai. Singapore implemented a Vehicle Management System in March 2020.

BFSA were able to put capex projects on hold as the COVID crisis impacted activity and results. Additional measures to cut costs included temporarily closing the Pretoria, Pietermaritzburg and Empangeni branches, and disposing of 63 vehicles, 22% of the fleet, in line with demand decline. CFG upgraded the Polokwane branch premises.

Bidfood Turkey purchased five distribution vehicles for the Akdeniz branch and moved to new office and warehouse (1 800m^2 dry and 850m^2 frozen capacity). A new distribution centre was opened in Antalya, in November 2019. B2C direct sales were initiated where possible and ecommerce and marketplace platforms were rolled out across all branches.



The Bidfood difference.

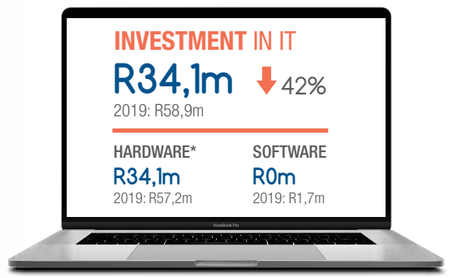
ECOMMERCE **PLATFORM SALES**
14%
of 2020 divisional revenue
2019: 17%

BME recognised the impact that COVID restrictions would have on their core imported brands, and so have worked closely with suppliers to secure additional support for stock management and extension of payment terms. BME worked with key customers, communicating re product supply and backlogs, helping them minimise disruptions. This strategy solidified the fact that Bidfood is the preferred foodservice partner in the region. Introduction of the home delivery ecommerce platform provided a well-timed online engagement tool.

Bidfood Turkey grew the brand portfolio in Bidfood EFE and Bidfood Akdeniz adding significant global brands as well as over 80 local brands to the portfolio. Bidfood Marmara added global and 26 local brands to the portfolio. Bidfood Akdeniz started distribution of meat products.

Singapore Chef Association recognised Angliss in the 2019 Awards: Gourmet Distributor of the Year 2019 under World Gourmet Summit; Asia Pacific Entrepreneurship Awards 2019 by Enterprise Asia.

In Brazil, the "myBidfood" ecommerce platform was well utilised through lockdown, encouraging online sales and engagement with customers. Bidfood Chile launched the "BidfoodHome" service to their six branches. Argentina relaunched their Own Brand line but was forced to develop alternative business offerings as the COVID crisis struck to recover volumes.



** Hardware includes IT and office equipment.*

BME initiated cost-saving interventions across all businesses, with positive results. Sanitising protocols were implemented in all warehouses and logistics functions. Further COVID cost savings were achieved by reducing the Saudi distribution fleet to 11 trucks and returned nine rented trucks in the UAE. Bidfood Bahrain successfully reduced storage charges with Agility Bahrain.

Bidfood Chile has had to postpone the construction of the La Serena branch due to the social unrest, and now further delayed due to COVID. At the beginning of the year Bidfood Brazil acquired 10 new trucks, six for Irmãos Avelino and four for Mariusso. The newly acquired Argentinian operations increased freezer cold storage capacity by 30% in July 2019. In February 2020 they expanded their reach into the north of the country (Iguazu Falls, Misiones Province).

EMERGING MARKETS

Natural capital

BIDFOOD EMERGING MARKETS' **CARBON EMISSIONS** (tCO_2e)

91 048 ↑ 1%

2019: 90 582

Fuel and gas

SCOPE 1 EMISSIONS (tCO_2e)
(excl refrigerants and aircon gases)

21 919 ↓ 1%

2019: 22 102

SCOPE 1+ EMISSIONS (tCO_2e)
(only refrigerants and aircon gases)

22 789 ↓ 2%

2019: 23 291

Fuel (kilolitres)	2019: 8 244	>	8 182
Gas (tonnes)	2019: 237	>	205
Aircon gas (tonnes)	2019: 15,0	>	10,4

Across Bidfood Emerging Markets, transport efficiencies are critical to peak performance of the operations. Often vast distances are required to be travelled to reach customers. Third party arrangements to coordinate and maximise payload, and truck capacity is engaged to minimise our footprint.

In line with investing in energy efficient, low carbon emitting vehicles, Angliss have invested in electronic trucks in Beijing and in Chengdu.


Angliss China electric trucks.

Power

SCOPE 2 EMISSIONS (tCO_2e)

45 339 ↑ 3%

2019: 44 111

Grid electricity (kWh)	2019: 59 719 622	<	60 490 157
Non-grid electricity (kWh)	2019: –	=	–

CFG driving sustainability investment with seven different initiatives this year, delivering savings of nearly 100MWh per month. The initiatives include a steam condensate return optimisation (responsible for 25% of the monthly savings), VSD air compressor, solar panels, boiler heat recovery, dust collection fan upgrade, LED lighting and water chiller plant replacement.

Bidfood UAE was granted a 10% discount on utilities costs for Dubai Electricity and Water Authority consumption due to COVID. Bidfood Brazil Mariusso's new freezer was installed and started operating, with full electricity installed reducing emissions with smarter cooling systems.

Angliss Singapore went to e-auction and investigated alternative suppliers for smarter, energy efficient utilities. The new service provider appointed in September 2019 has already delivered 3% cost savings.


CFG water tank, South Africa.


South Africa, waste sorting team.

Waste

SCOPE 3 EMISSIONS (tCO_2e)

1 001 ↓ 7%

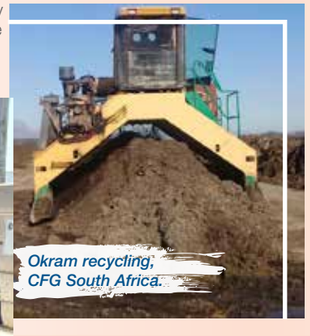
2019: 1 078

Food waste (tonnes)	2019: 168	>	62
Waste recycled (tonnes)	2019: 269	<	304
Waste to landfill (tonnes)	2019: 1 827	>	1 696

Foodlink collects safe-to-eat surplus food from food outlets in Hong Kong and delivers to those in need, aiming at reducing hunger and food waste. Angliss Hong Kong has joined forces with Foodlink, volunteering our chefs who prepare a cooked meal once a week.

In Angliss Greater China, a garbage sorting and collection policy was implemented in all branches, aimed at reducing and minimising waste to landfill. A "Waste Management Guide for Environmental Protection" was implemented in Hong Kong.

In South Africa, management has committed to reducing waste to landfill by diverting all production waste from landfill to a fly farm. A sorting team in the waste area ensures that all recyclable materials are rerouted to the appropriate centres for responsible disposal. Any remaining waste from the branches is compacted on-site before removal.


Okram recycling, CFG South Africa.

Social and relationship capital

ANGLISS – UNITED AS ONE

The Beijing 2020 spring festival was subdued, with only supermarkets, some bakeries and a few takeaway restaurants open. To satisfy demand, Angliss established an emergency response team, responsible for coordinating activities from ordering to delivery, whilst strictly ensuring the implementation of daily routines of disinfection, routine inspection, temperature measurement, admission approval, daily reporting etc. The team was able to deliver a timely and sustainable supply of product throughout the duration of the festival.



BIDFOOD UAE GIVES BACK TO THE COMMUNITY

by donating thousands of cases of food and beverage items to The Hospitality Network, to the UAE food bank to support underprivileged communities and labour camps affected by the pandemic, as well as to Al Abbar Enterprises, and to InkEd Dubai supporting underprivileged communities during the pandemic.



UAE, food bank, BME.



BFA has developed and supplied solutions into feeding schemes aimed at school children, as well as indigent households via the schoolchildren. Investing in not only skills development of employees but also disadvantaged and unemployed youth.

Ongoing investment into the development of the South African supply chain through Enterprise and Supplier Development programmes such as myBidfood student launch, Nelson Mandela Day, Rally to Read, World Rhino Day, funding 53 unemployed learners in professional cookery certification, a soup kitchen, donating four tonnes of soup powder and donation of bread pre-mix to Nkosi's Haven in support of their outreach initiatives.

BIDFOOD **BRAZIL** participated in the SIPAT programme, being the Accident Prevention Week and Well-Being at Work national programme. Sponsorship of the "Rose October Campaign", a youth development programme, developing leadership skills as well as raising breast cancer awareness. Ongoing social programmes include the "November Blue Campaign" a prostate cancer awareness programme. The annual Christmas fundraising by employees collected food, clothes and toys to be distributed to a local community. The employees again came together to raise funds for those victims affected by the January 2020 floods.

Water

MUNICIPAL WATER (kilolitres)

278 214 ↓ 23%

2019: 359 855

Water harvesting systems are fitted in the Bidfood depots, where the teams harvest rain water. The water is filtered before it is used in the supply of the ablutions, truck wash bay and irrigation systems as well as used for the washing of pallets in the warehouse.


Bidfood Brazil, truck wash day.

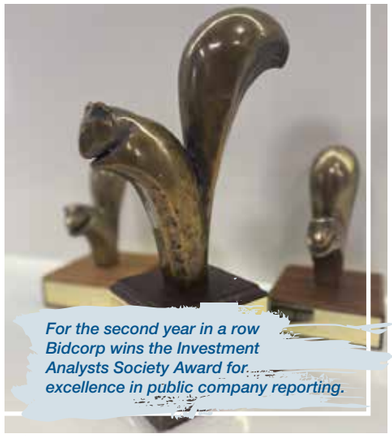
CORPORATE

Bidcorp Corporate Services complements the work of decentralised operational divisions through a range of services, including:

- executive training, oversight and management of group-wide financial services
- access to corporate finance
- Bidfood Own Brand support
- governance guidance and group-wide regulatory compliance
- investor relations and corporate communications
- risk and sustainability support
- strategic direction

The corporate centre identifies strategic and investment opportunities while promoting experience-sharing across divisions.

Bidcorp Corporate oversees the activities of BidOne and BPC, delivering strategic services to the group.



For the second year in a row Bidcorp wins the Investment Analysts Society Award for excellence in public company reporting.

Countries BPC source from...



Did you know?

BPC ships eight full container loads every day.
We ship over 4 million kilograms of canned goods.
We ship over 2,5 million kilograms of frozen product.

Human capital

OUR **EXECUTIVES**

Bernard Berson
Chief executive

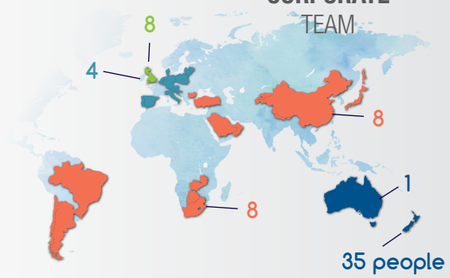
Nigel Boswell
Chief development officer

David Cleasby
Chief financial officer

A corporate team based in Australia, South Africa, New Zealand and United Kingdom.

Supported by a finance team in the Isle of Man, Bidcorp Corporate Services has developed an in-house financial consolidation tool ensuring a smooth and efficient monthly consolidation process of our globally diverse businesses and internal reporting systems.

GLOBAL **CORPORATE** TEAM



NUMBER OF EMPLOYEES

BIDCORP	19
BIDONE	34
BPC	11

TOTAL EMPLOYEES
64
2019: 57

MALE EMPLOYEES
40
2019: 33

FEMALE EMPLOYEES
24
2019: 24

Intellectual capital



BIDFOOD **PROCUREMENT COMMUNITY (BPC)**

BPC is a direct importer of food and non-food products for the group. Global sourcing brings the benefit of in-house quality control, stable quantities of supply through a central team able to engage with suppliers in their own language and time zones.

As a global purchasing platform all our products are sourced from a variety of suppliers in differing geographies. We must be able to guarantee quality and ethically produced products and, hence, we uphold a code of conduct that works with each Bidfood business to ensure compliance to environmental standards, human rights, employee working conditions and business ethics, that we believe reflect the integrity of Bidcorp.

BPC services a wide mix of requirements with tailor-made solutions. Our team strives to understand every market segment we are asked to support and to work with each team to anticipate and deliver progressive solutions. BPC selects partners who are compliant with internationally recognised food safety accreditations, have been visited by BPC and who can help Bidfood satisfy our customers' needs and requirements.

Everyday Favourites · Essential Supplies · Coronet · Dewfresh · sea story · Nowaco · Chefmaster · Chipkins · Cooking with... · Smart Choice · Soft Choice · Cater Clean · caterers CHOICE · Bravour · Pro Smart Choice · Pro Smart Choice · A Passion For Fish · Oriental Delights · Workplace · Cook Premium · Cook Basic

Social and relationship capital

Complementing the work done throughout the group, the corporate office continues to donate and support a variety of charities and community organisations.

CSI SPEND
R3,6m
2019: R4,5m

NKOSI'S HAVEN

Bidcorp continues to support Nkosi's Haven with monthly donations enabling them to provide accommodation, ARVs, nutritional foods and other assistance for those living with HIV/Aids. Nkosi's Haven also ensures that each child is given the opportunity to attend and complete schooling.

Nkosi's Haven survived the past year, facing their usual challenges as well as having to navigate the additional challenges brought about by COVID. Opening their doors to victims of gender-based violence through lockdown meant an additional thirty plus residents to care for and feed. Identifying the widespread poverty in surrounding areas, Nkosi's Haven initiated a bread-baking outreach programme, baking and distributing an average of 530 loaves of bread per day to the localised Johannesburg South Jackson's squatter camp, Lawley/ Lenasia elderly feeding scheme and a children's programme in Orlando East. Bidcorp's Chipkins Puratos donated premix and yeast for this project.

In spite of these challenges, there were some moments to celebrate with Nkosi's Haven enjoying the international performing arts organisation "artsINSIDEOUT", holding their annual theatre workshop, as well as visits from other international guests including honours students from West Chester University, England and political science students from the USA's Georgia State University.



Achievements:

- Save for one young child who was transferred to a special needs school, all Nkosi's Haven's children passed their 2019 school year
- Three of the children completing matric in 2020
- Two post-matriculants enrolled for distant learning tertiary education, studying psychology and criminology respectively
- An honour's student graduated and is presently completing an internship
- The 4th YES teaching degree student achieved five distinctions – a fantastic achievement.

BidOne

> *"Technology will help us be the best service provider with the lowest cost of business."*

Bidcorp's strategic investment in technology engaging customers and suppliers across the group continues to prove its value, reinforcing Bidcorp's industry leading position. Technology has been critical in our ability to communicate, support, respond, and service our stakeholders, beyond business-as-usual.

Our ecommerce platforms have been a cornerstone in our response to the rapidly changing 2020 market conditions. Adapting the myBidfood ecommerce platform around the world to quickly provide for direct-to-consumer interface – within just a few days of lockdown being introduced. Almost without exception, most Bidfood businesses used the period of constrained activity to complete additional functionality projects, particularly expanding payment options for our customers. Despite the rapid shift in priorities, ongoing migration to the BidOne multi-tenant cloud environment has continued and is a highlight of the year. BidOne has significantly enhanced the myRecipes and Menu Planning modules, specifically in the areas of fully aggregated allergen and nutritional profiles for detailed recipe and menu management.

Growing interest and focus on our tool-based support for suppliers has been boosted with the launch of the upgraded Supplier Portal. Combined with our "Supplier Turn In Order" app for remote access to product ranges including technical data. Quick response and proactive adoption of changing market conditions is invaluable to our suppliers and partners.

Our strategy to be the best wholesale partner for both our customers and suppliers is realised in our market leading technology platforms.

myBidfood

BidOne ecommerce platform channelled 30% of the 2020 group revenue through their system.





BIDFOOD UK
COVID HEROES

A government-initiated programme gave Bidfood UK the opportunity to deliver over five million vital food packs to the clinically vulnerable – Bidfood teams made more than three million deliveries to over 337 000 households.

There were also some wonderful local stories.

Carl Bayliss, Transport Supervisor and Jeff Pockett, Transport Nights Supervisor at Basingstoke depot visited Portsmouth Ambulance Station to deliver supplies for the hardworking staff there. The team at Portsmouth Ambulance Station later took to Facebook to share a message of thanks.

Bidfood Wakefield helped support the Manchester United Football club's initiative to provide daily hot meals to three local hospitals for the NHS staff. Manchester United's COO thanked us "Bidfood played a key role in this project … throughout our club's history we have experienced adversity and tragedy. In those moments, determination, teamwork, and the support of the community helped us overcome the challenges and, in that spirit, we very much look forward to continuing to work with Bidfood in the future."

One 88-year old housebound pensioner in Devon, a recipient of a Bidfood UK food pack, contacted her local newspaper to track down and thank six year old Teddy, a Bidfood Worthing employee's son, for the wonderful drawing he had sent her. Coincidentally, Worthing was the same town she had lived in when she was six years old.

We asked our employee's children to draw pictures to include in the care packs, to boost morale of recipients. Our teams received an incredible number of thank you letters and messages from those overwhelmed with gratitude for this crucial lifeline.



Bidfood UK weekly applause to thank the NHS staff



4 ESG REVIEW

How we "ESG" our business	70 – 71
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– Social	74 – 75
– Governance	76 – 79
Board of directors curricula vitae	80 – 81



Everyday Favourites, Bidfood UK Own Brand

How we "ESG" our business



> Bidcorp's strength lies in its decentralised management teams, enhanced by an engaged board demanding robust governance and yet at our core, keeping it simple.

Ashley Biggs
Group company secretary

Bidcorp, operating as Bidfood in most geographies, has a decentralised model which encourages the entrepreneurial spirit contained in each of its businesses. Each business is directly responsible for its product range, buying and sales approach. The cultural differences are important to differentiate the regional locations. Customers should see each business as an autonomous, small, local business and be confident in Bidfood's ability to deliver world-class quality.

Corporate governance is embedded in Bidcorp's business processes to ensure that all stakeholders derive full, sustained value from a business founded on honesty, integrity, accountability and transparency.

Each of Bidcorp's businesses are grouped into a geographically defined division. Each division is quarterly convened, under the lens of the independently chaired divisional audit and risk committee. These quarterly committees conduct a robust, in-depth financial review of business-by-business results. In addition, governance updates, combined assurance reports, ESG information and a risk review makes up the agenda. Each management team, CE and FD, sign a quarterly management representation letter, providing an additional layer of assurance and comfort that policies are in place, well understood and implemented by all.

How we integrate

Bidcorp recognises the value of an integrated governance approach incorporating risk management, assurance and compliance functions.

Bidcorp manages the challenge of good governance in a decentralised environment by rigorous integration of four basic pillars: governance, assurance, compliance and risk management. This framework ensures respect for legislated requirements and regulations yet is flexible enough to accommodate change and innovation.

Our people are pragmatists with the knowledge and experience to recognise scope for improvement and implement necessary change – whether the concepts are independently developed or spring from shared experience.

These practices apply to good governance and ultimately business success.

How we governed through COVID

Bidcorp's response during the COVID crisis has demonstrated the agility of the board and management in responding to a crisis:

- Board meetings convened on electronic mediums keeping all informed and in line with the board meeting calendar
- Executives at the centre recognising the COVID impact and required operational response around the world took the opportunity to schedule weekly status updates for all senior management to share learnings and support colleagues
- Group chief executive penned a regular, detailed update to board members, highlighting the status and response implemented by teams across the group
- Bidcorp's decentralised, entrepreneurial model allowed each team on the ground the agility to respond and make the tough decisions necessary as events unrolled, keeping the operations relevant and meeting immediate needs of the local team and community
- Group finance team prioritised daily engagement with all group businesses to monitor and assist in cash management
- Group-wide liquidity and cash management reporting, engaging with financial institutions to agree the potential provision of facilities, if required
- The board supports the executive management team and encourages the teams to be agile and innovate to adapt to this "new normal".

ESG ratings

Bidcorp is regularly assessed by rating agencies on our environmental, social and governance (ESG) performance. These ratings are used by investors as part of their investment decisions.

We are pleased to be recognised for our progress reported to date and remain committed to ongoing progress.

ISS ESG Corporate Rating – GOVERNANCE 'PRIME STATUS"*

ISS QualityScore
GOVERNANCE
Highest Rating By
INSTITUTIONAL SHAREHOLDER SERVICES
1

THE ISS ESG DIFFERENCE
ISS ESG brings globally recognised expertise across the full range of sustainable and responsible investment issues, including climate change, SDG-linked impact, human rights, labour standards, corruption and more.

FTSE4Good

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. Transparent management and clearly-defined ESG criteria make FTSE4Good indexes suitable tools to be used by a wide variety of market participants when creating or assessing sustainable investment products.


CERTIFICATE OF MEMBERSHIP
This is to certify that
BidCorp Ltd
is a constituent company in the FTSE4Good Index Series
FTSE4Good
June 2020
The FTSE4Good Index Series is designed to identify companies that demonstrate strong environmental, social and governance practices measured against globally recognised standards.

BIDCORP'S **ESG** MODEL



ISS* QualityScore
Bid Corporation Limited as at June 30 2020

* *Institutional Shareholder Services Inc. (ISS), a leading provider of corporate governance and responsible investment solutions.*

https://login.isscorporatesolutions.com

King IV application summary

The board endorses the King IV corporate governance principles, embracing the concept of integrated thinking, which underpins corporate citizenship, stakeholder inclusivity, sustainable development, and integrated reporting.

Leadership, ethics, and corporate citizenship
The directors hold one another accountable for decision-making based on integrity, competence, responsibility, fairness, and transparency through their commitment to lead the company based on the King IV principles. The chairman and lead independent director oversee this process on an ongoing basis.

Performance and reporting
This annual integrated report demonstrates how performance is achieved through the strategic initiatives. Bidcorp sets and achieves its strategic initiatives with reference to its risks and opportunities. The board assesses the outcomes from its business model continuously and adapts it as required.

Governing structures and delegation
The board serves as the focal point and custodian of governance. Its role and responsibilities and execution of duties are set out in the board charter. The board is satisfied with the current board composition bringing the optimal mix of knowledge, skills, experience, diversity, and independence. The board delegates responsibility to board committees. The performance of the board is annually appraised.

Governance functional areas
The board recognises the importance of risk management as it is linked to the strategy, performance, and sustainability of the group. Delegated by the board, the audit and risk committee delegates to management the implementation of processes to ensure that the risks are identified and mitigated. The board carries ultimate responsibility for the remuneration policy, seeking shareholder support, and delegating the remuneration policy rollout to the remuneration committee.

Stakeholder relationships
The board is responsible for and encourages positive stakeholder relationships; delegated to the management of each business to achieve effective stakeholder relationships with material stakeholders and to balance their legitimate and reasonable needs, interests and expectations.

The detailed King IV application register can be found on the Bidcorp group website.

How we "ESG" our business – Environment

Bidcorp is pleased to report a 9% decrease in total carbon emissions reported in 2020.

Emissions reduced from 400 435 tCO_2e in 2019 to 366 130 tCO_2e in 2020. With total carbon emission reductions reported from three of our four divisions, for the second year in a row, this is a great achievement.

We are determined to improve these processes and the information reported going forward. The sustainability of our environment is a top priority for Bidcorp.

We proactively promote low-carbon decision making across all activities of the Bidcorp business model. Through quarterly reporting, sharing information and celebrating the successes, we are creating a culture of energy conservation and environmental protection.

TOTAL CARBON EMISSIONS[1] (tCO_2e)

366 130* ↓ 9%

2019: 400 435[1]

Note: Details of %Δ are included on each division's Natural Capital page. Refer pages 46, 52, 58 and 64.

Fuel and Gas

SCOPE 1 EMISSIONS (tCO_2e)

(excl refrigerants and aircon gases)

138 881* ↓ 7%

2019: 150 786[1]

SCOPE 1+ EMISSIONS (tCO_2e)

(only refrigerants and aircon gases)

67 150* ↓ 14%

2019: 78 130

- Fuel consumption has decreased by 10% in 2020 and a small reduction in the number of total vehicles has contributed to this, more significantly the new vehicles acquired tend to be smaller more fuel efficient vehicles to support the developing metro strategy in the group.
- The COVID lockdown, preventing movement of people and vehicles, has also contributed to the decrease in fuel consumed, mostly in the sales reps vehicles as they were prevented from visiting customers.
- Bidfood operations have begun to replace old vehicles with new, smaller, energy efficient vehicles and in many instances with electric vehicles. Bidfood Flanders has purchased eight Scania P280 CNG truck, used for distribution to industrial kitchens.

SCOPE 1: FUEL AND GAS

		2020 Group	AUS %Δ	UK %Δ	EUROPE %Δ	EM %Δ
Fuel (kilolitres) 2019: 54 004[1]	>	49 569	(10%)	(8%)	(10%)	(1%)
Gas (tonnes) 2019: 2 726	>	2 573	(14%)	37%	8%	(14%)
%Δ Scope 1		(8%)	(10%)	(8%)	(10%)	(1%)
Aircon gas (tonnes) 2019: 32	>	28	153%	7%	(10%)	(31%)
%Δ Scope 1+		(14%)	16%	(6%)	(25%)	(2%)

- Angliss committed to doing their part to curb climate change electric delivery vehicles in Beijing and Chengdu.
- Reporting gas usage is difficult as the usage and timing of refills is irregular.
- Australia sold the Fresh business which used many LPG forklifts, reducing consumption.
- UK's LNG usage is higher after acquiring Simply Food Solutions (SFS) being a manufacturing operation.
- Czech started reporting on LNG in 2020 (2019 was restated), used in forklifts and boiler room heating.
- NZ Auckland North (new depot) reported higher usage of aircon gas following the gassing up of the R717 Ammonia refrigeration, however this has no carbon emission impact.
- Increased aircon gas reported is due to unexpected plant maintenance in NZ.
- A minor ammonia leak in Port Melbourne Australia also contributed to the increased aircon gas reported.
- Increased R404a gas usage in China is due to management of regassing brought inhouse, previously not reported as the third party did not previously provide this information.



Electric trucks, shorter distances and smaller engine vehicles are used to minimise our fleet fuel consumption.

[1] *Bidcorp's 2019 emissions were restated due to double counting in UK fuel consumption and an adjustment to Guzmán's reported waste recycled.*

Power

SCOPE 2 EMISSIONS (tCO_2e)

148 164* ↓ 8%

2019: 160 207

- NZ Hobsonville installed solar panels, the first site to incorporate solar energy generation.
- Australia electricity consumption is down due to new warehouses in Cairns and Dandenong which are more energy efficient, reporting a full year of Dandenong, Richland and Truganina solar systems energy generation in 2020 and two more solar systems at installed at Bendigo and Darwin. Consumption further decreased after exit of Logistics and Fresh.
- Italy reported decrease in electricity usage due to photovoltaic panels installed.
- Warehouse and offices in China report increased usage due to prior year numbers excluding those sites with distribution hubs. This has been clarified going forward.

SCOPE 2: ELECTRICITY – NON-RENEWABLE GRID SUPPLIED

		2020 Group	AUS %Δ	UK %Δ	EUROPE %Δ	EM %Δ
Grid electricity (kWh) 2019: 309 425 758	>	295 147 908	(12%)	7%	(8%)	1%
%Δ Scope 2		(8%)	(17%)	7%	(11%)	3%
Non-grid electricity (kWh) 2019: 4 379 198	<	5 245 226	163%	1%	(11%)	–

- To ensure energy efficiency, all new depot builds include smart energy solutions, such as solar installations, LED lighting, use of natural light and other green measures in the building design.



With investment in solar panels, use of LED lighting, and implementing refrigeration efficiencies, Bidcorp is reducing its carbon footprint.

Waste

SCOPE 3 EMISSIONS (tCO_2e)

11 935* ↑ 6%

2019: 11 312[1]



Cost control, recycling and reuse remains a priority, minimising packaging consumption and choosing biodegradable organically based materials where possible.

SCOPE 3: WASTE

		2020 Group	AUS %Δ	UK %Δ	EUROPE %Δ	EM %Δ
Food waste (tonnes) 2019: 2 707	<	3 414	0%	30%	(4%)	(63%)
Waste recycled (tonnes) 2019: 19 003[1]	<	20 818	0%	19%	8%	13%
Waste to landfill (tonnes) 2019: 18 016	<	19 591	9%	19%	(22%)	(7%)
%Δ Scope 3		6%	9%	19%	(20%)	(7%)

- UK food waste is largely attributable to SFS, as a manufacturing operation they process more waste. A focussed recycling programme is underway to address missed opportunities to recycle or reuse.
- Bidfresh UK's Oliver Kay only started recording waste, improving reporting accuracy. This food waste could be recycled to produce electricity through anaerobic digestion. Bone and meat waste to be included in other food waste for animal feed/fertiliser.
- NZ waste to landfill has slowed due to the COVID restrictions.
- Germany reported a 367 tonnes decrease, adhering to new disposal regulations.
- CFG reported total waste was down 7% through initiatives to better manage waste disposal, like using Okran to turn spices into compost.
- Angliss has implemented internal policies to comply with new mandatory waste sorting regulations.
- Waste, in particular food waste, is an area that Bidfood has prioritised as a quick win to reduce our carbon footprint. Sourcing locally positioned food banks to donate food products before spoil date has been implemented in most operations.

Water

MUNICIPAL WATER (kilolitres)

957 270 ↓ 13%

2019: 1 100 559

- Reporting a decrease of 13% municipal water consumed in 2020 is a commendable result, considering the infrastructural environment is largely unchanged.
- NZ identified 2019 water usage included waste water used, overstating 2019 usage.
- In HK a cold storage warehouse leased out has changed, total water usage for this premises is no longer for our account.
- Bidfood Brazil has embraced using grey water to wash trucks.

WATER

		2020 Group	AUS %Δ	UK %Δ	EUROPE %Δ	EM %Δ
Municipal water (kilolitres) 2019: 1 096 862	>	952 865	(15%)	(4%)	0%	(23%)
Other water (kilolitres) 2019: 3 697	<	4 405	–	–	–	19%

- Ongoing strict measuring and use of other water, such as rainwater and borehole water, continues to be a focus area in South African operations.
- The measuring and reporting of other water used in other divisions has not been implemented, but these initiatives are in place.

Water towers, rain water tanks and recycling water for sanitary and cleaning purposes to reduce our consumption of water.



Bidcorp has committed to a

25% REDUCTION IN OUR CARBON FOOTPRINT BY 2025*

- Running our businesses in an environmentally sensible and waste-minimising manner
- Demonstrating the financial benefits of being environmentally conscious and responsible
- Rolling out a sustainability strategy that contributes to a long-term industry drive towards the UN's 17 SDGs
- Committed to accurate monitoring, creating efficiencies and reporting reductions in fuel consumption, electricity and water usage and impactful waste management

* *Based on the 2018 reported carbon emissions on a like-for-like basis.*

How we "ESG" our business – Social

Ethical culture

As a global organisation, Bidcorp is made up of many geographies, nationalities, authorities, governments, languages and cultures. On this basis, a strong ethical foundation is crucial to establishing the Bidcorp culture to underpin the defining traits that sets us apart, as demonstrated by:

- To ensure that we maintain an ethical culture, governance structures are regularly reviewed to align with best practice and reflect regulatory changes.
- The board supports and enforces the Code of Ethics adoption and compliance, outlining the key behaviours and actions expected by all stakeholders.
- Mandatory quarterly declarations from each business, being the Bidcorp management representation letter, confirms entity-wide application and compliance to the Code of Ethics.
- Annual related party declarations are completed by all senior members of the global Bidcorp team. Guidance requires that anyone in a decision making capacity is required to complete the annual declaration regarding related party relationships and transactions, as well as confirming familiarity with and compliance to the Bidcorp Code of Ethics, Delegated levels of authority and the contents of the quarterly management representation letter. The group received declarations from 690 members of the group-wide management team at year end (2019: 530 declarations received).
- The group adopts a zero-tolerance approach to fraud, anti-bribery and corruption, as set out in the Fraud Policy and Code of Ethics, and will report all acts of criminality to the authorities.
- The group adopted a malus and claw-back policy, entitling the stakeholders to request a claw back performance-based elements of executives' remuneration should that executive be found guilty of involvement in a material misstatement of the financial statements.

Food safety

The food industry navigates ongoing and regular outbreaks, big and small, of food-related viruses and illnesses. This is an inherent risk of the foodservice industry.

Bidfood takes a proactive, engaging and educational approach to address these issues when they arise within the industry. During 2020 there were no material supply interruptions, illnesses or fatalities reported as a result of food safety issues. Thanks is expressed to the world class quality assurance and health and safety teams across the group, and their tireless efforts to maintain the highest levels of food quality and food safety.

Ethical trading

Modern slavery and any form of child labour is a hidden disgrace that cannot be tolerated. Bidfood will not trade with a supplier or sell to a customer who practises any form of modern slavery or engages in underage labour practices. To ensure this we:

- Work with the Ethical Trading Initiative
- Promote awareness of the modern slavery and child labour issues
- Shorten our supply chain wherever possible
- Use suppliers that have an independent accreditation
- Engage with and try to establish relationships with key suppliers in our supply chains, assessing them for potential risk and performing audits/site visits

Unethical labour practices is something that will be managed out of our supply chain, we cannot "nudge" suppliers away from such practices, should we identify any form of unethical labour practices we will stop trading with that supplier and seek alternative suppliers immediately.

Bidcorp's Code of Ethics sets the standard for our behaviour:
http://www.bidcorpgroup.com/code-of-ethics.php



Blowing the whistle – Bidcorp tip-offs anonymous

Bidcorp encourages all stakeholders to report any suspected unethical behaviour and matters contrary to the Bidcorp Code of Ethics. Whistleblowers enjoy protection when they report such matters in good faith. Bidcorp has engaged the services of Deloitte to provide an independently operated whistleblower facility, the Bidcorp Tip-offs Line.

All stakeholders can report unethical behaviour and wrongdoing anonymously and confidentially. The line operates globally, around the clock, with live answering in a language of the caller's choice. In addition, the facility offers the opportunity to report matters in writing through a dedicated website, or through email or postal service, whilst still providing assurance on the identity protection of the whistleblower.

The Bidcorp internal audit function ensures the service is visibly marketed, monitors reports received, ensures that all reports are dealt with and independently investigated in line with best practice. Where appropriate, internal audit and/or external forensic consultants investigate reported matters. The Bidcorp social and ethics committee receives a quarterly update on all reports received, as well as status updates on investigations underway.

Make the right choice and report unethical behaviour

Anyone can contact the tip-offs line 24 hours a day, 365 days a year, in the language of your choice!

To report an incident: **Bidcorp@tip-offs.com**

Website: www.tip-offs.com

Bidcorp donated R1,0 million to the Solidarity Fund in South Africa



The Solidarity Fund has approved more than R1,4 billion to fund initiatives to prevent, support, detect, and care for those affected by the COVID pandemic. Of the total amount disbursed, 75% has been provisionally allocated towards the health response, including the provision of Personal Protective Equipment (PPE), testing kits and ventilators. A further 20% has been allocated to the humanitarian effort such as the provision of food relief and support for survivors of gender-based violence. The balance has been allocated towards general education and awareness campaigns to help curb the spread of COVID.

To June 2020 The Solidarity Fund has approved R1,2 billion towards health interventions, R137 million towards humanitarian relief efforts and R36 million towards education and awareness programmes.

Workplace fatalities

Bidcorp is committed to ensuring that a safe and secure workplace is provided to our staff.

There were ZERO health, safety and environment related workplace fatalities reported in 2020, but this does not allow us to relax our daily commitment to ensuring the highest standards of safety are maintained.

While we are able to report zero workplace fatalities, tragically, we had three COVID-related fatalities in 2020. The board and management extend their condolences to the families, friends and colleagues of all those who have suffered and perhaps lost loved ones to the coronavirus.



BAKERY SCHOOL SOUTH AFRICA

Chipkins Puratos Bakery School – a working example of the South African Spirit of Ubuntu.

Transformation

Bidcorp is committed to transformation in South Africa. The board reiterates its unequivocal message that diversity is a strategic imperative and is committed to its policy on gender and race diversity.

Bidcorp achieved a level 4 rating in 2019.

The 2020 Bidcorp rating is still under review. Bidfood SA and Crown Food have not finalised their 2020 ratings. Chipkins-Puratos has achieved rating of level 4, boosted to a level 3, through their "YES" programme participation.

Bidcorp Food Africa continues to invest significantly in its transformation journey. The impact of the preferential procurement requirements within the revised B-BBEE codes has proven to be a challenge. An increasing number of their larger suppliers have been negatively impacted by the revised codes, many of them even now non-compliant, with limited alternate suppliers available in the market.

Businesses are actively investing in the development and transformation of our supply chain; however these initiatives take time. We anticipate this procurement challenge to worsen before we are likely to be able to reap the benefits of a transformed supply chain through enterprise and supplier development initiatives, not just of our own, but of the broader sector and allied disciplines.

People development is supported by substantial training investment and in 2020 a growing number of previously disadvantaged employee candidates were selected and prepared for higher responsibility. These initiatives continue to contribute significantly to our succession planning efforts and material improvements in workforce diversity.

The YES programme has been successfully implemented again in the South African business. Bidfood took on 56 YES candidates allowing each candidate to immerse themselves in the business and various aspects of its operations.

Socio-economic development remains an area within which the Bidcorp Food Africa businesses excel, recognised for their efforts by far exceeding the expectations of the B-BBEE scorecard.

Bidcorp's goal remains the implementation of a sustainable long-term transformation programme, embracing commercially impactful solutions beneficial to our stakeholders, for continued business growth.

B-BBEE certificates are available on our website.
http://www.bidcorpgroup.com/transformation.php

Chipkins Puratos Bakery School

Bidcorp was pleased to congratulate the first 24 graduates from the 2019 programme. In 2020, a new group of 25 students was welcomed into the programme. Unfortunately, the COVID lockdown disrupted these students in the first few weeks of their studies and they were forced to put on hold all engagement. Bakery school facilitators stepped in to provide food, basic grocery items, toiletries and required PPE for the students living on the school premises during lockdown.

How we "ESG" our business – Governance

Governance 1 — Assurance 2 — Compliance 3 — Risk management 4

BOARD OF **DIRECTORS**

** Strengthening our 2020 board structure with new committee appointments*

ACQUISITIONS COMMITTEE

Paul Baloyi*
Bernard Berson
David Cleasby
Brian Joffe
Nigel Payne
Clifford Rosenberg*

Mr Paul Baloyi was appointed as chairman of the acquisitions committee, after having served on this committee under the chairmanship of Mr Doug Band since May 2016. In addition Mr Cliff Rosenberg as the sixth member of this committee, strengthens and deepens the available skills and the breadth of geographic reach represented on this strategic, growth-focused committee and will stand the group in good stead through this challenging time.
It assists the board in assessing material investment opportunities, a key growth driver in Bidcorp's long-term value creation journey.

Refer to the 2020 AFS page 12, "Directors' report – acquisitions committee report"

NOMINATIONS COMMITTEE

Stephen Koseff
Brian Joffe
Dolly Mokgatle
Nigel Payne*

Independent non-executive chairman of the board, Mr Stephen Koseff, continues to chair this committee, following his April 2019 appointment. Effective December 2019, Mr Nigel Payne was appointed to this committee, increasing members to four independent non-executive directors. The board comprises a diverse range of professional expertise and experience, and reflects the gender, race, and ethnic diversity of stakeholders. This committee was responsible for identifying the suitable candidates for appointment to the board, to ensure a strong and balanced board driving sustainable value creation for all stakeholders.

Refer to the 2020 AFS page 13, "Directors' report – nominations committee report"

REMUNERATION COMMITTEE

Nigel Payne*
Paul Baloyi
Clifford Rosenberg*

Mr Nigel Payne was appointed as chairman of this committee, succeeding Mr Doug Band, having served on this committee since the group listing in May 2016. Per the committee charter, Mr Cliff Rosenberg was appointed as the third independent non-executive member, bringing international input and insight to this committee. The committee ensures that the group motivates and incentivises the group executive and senior management appropriately through the adoption of a fair but robust, remuneration policy and practices. Fair and responsible awards to attract, retain and reward the right team is vital in the achievement of the group's strategy.

Refer to the 2020 AFS pages 14 – 15, Directors' report – remuneration committee report

Refer to the 2020 "Remuneration report", published on the Bidcorp group website

SOCIAL AND ETHICS COMMITTEE

Nigel Payne
Tasneem Abdool-Samad*
Bernard Berson
Dolly Mokgatle
Helen Wiseman

Mrs Tasneem Abdool-Samad was appointed as a member of this committee. Chaired by Mr Nigel Payne, comprising four independent non-executives and the group's chief executive, the committee is well represented. The commitment demonstrated by the group CE to the mandate of this committee strengthens the group-wide commitment to the non-financial reporting elements key to the group's long-term sustainability. The committee ensures that the group's longstanding strategy, as detailed in this report, is executed in line with the group's ethical code, and that the group's sustainability commitment is aligned with the United Nations Sustainable Development Goals.

Refer to the 2020 AFS pages 16 – 17, "Directors' report – social and ethics committee report"

Refer to the "Bidcorp strategy, value creation and risk", pages 10 – 21

AUDIT AND RISK COMMITTEE

Helen Wiseman
Tasneem Abdool-Samad*
Paul Baloyi
Nigel Payne

Chaired by Mrs Helen Wiseman since the group's listing in May 2016, as well as the chairmanship of the five divisional audit and risk committees, places the insight and depth of knowledge this committee presents in an unrefutably strong position. Due to the significant workload in the scope of this committee, the board decided to increase the membership and depth of financial knowledge and assurance insight, and appointed Mrs Tasneem Abdool-Samad to this committee.

The committee provides independent oversight and assessment of the group's financial reporting, business and financial controls, risk management, regulatory compliance, and internal and external audit processes.

Refer to the 2020 AFS pages 7 – 11, "Directors' report – audit and risk committee report"

DIVISIONAL AUDIT AND RISK COMMITTEES

AUSTRALASIA
Australia, New Zealand

UNITED KINGDOM
Bidfood UK, Bidfresh

EUROPE
Netherlands, Belgium, Czech & Slovakia, Poland, Italy, Baltics, Spain, Portugal, Germany

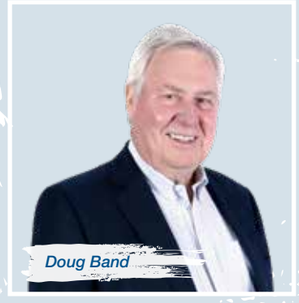
EMERGING MARKETS
Asia, Chile, Brazil, Argentina, Africa, Middle East, Turkey

CORPORATE
Corporate Services, BPC, BidOne

Board of directors

The Bidcorp board has established a good balance between the experience of longstanding directors and the fresh insights from more recently appointed directors. They provide the board with valuable insight and perspective across the local and global economic environments. Independence of the longstanding directors has been considered and the board is confident that each non-executive director continues to act with objectivity and integrity.

Following the retirement of Mr Doug Band, at the Bidcorp 2019 AGM, the board recommended, and shareholders approved, the appointment of Mr Nigel Payne as Bidcorp's lead independent director. Nigel has served as an independent non-executive director on the Bidcorp board since the unbundling from Bidvest and separate listing of the group in May 2016. The board is confident that his personal knowledge of the group, his extensive governance experience, and his years on numerous JSE-listed boards, positions Nigel best for this key board role.



Tribute to Doug Band

The board acknowledges and thanks Mr Doug Band, who retired in November 2019, having been the lead independent director since Bidcorp unbundled from Bidvest and separately listed on the JSE in 2016. Doug served the board with distinction, playing a critical role in the advancement of the group. Doug's leadership as chairman of the acquisitions, nominations and remuneration committees was invaluable and positions these board committees firmly into the next phase of Bidcorp's journey.

We pay tribute to Doug and wish him the very best in his retirement.

Strengthening the board

The board has a rigorous and transparent procedure for considering new director appointments. The selection process in line with the newly adopted diversity policy, considers the required balance of skills and experience and the ongoing task of aligning board composition with group strategy. Following the 2019 independent board performance assessment, and in light of the retirement of the lead independent director, two new board members were appointed in September 2019. Strengthening both the financial and assurance skills, Mrs Tasneem Abdool-Samad was appointed. Mr Cliff Rosenberg, bringing his wealth of information technology and cyber security experience was appointed. The board welcomes both directors and looks forward to the valuable insights from both Tasneem and Cliff.

Board independence

The board comprises a majority of independent non-executive directors. The board considered the issue of directorial independence in accordance with the rationale and meaning of King IV's independence recommendations. Assessments of each non-executive director considered salient factors and each individual's unique qualities and circumstances. The board is satisfied that in line with best practice governance recommendations the Bidcorp board presents a majority of independent non-executive directors.

Board balance of power

Responsibility for running the board and executive responsibility for the business are differentiated, no individual has unfettered powers of decision making. Mr Stephen Koseff is the board's independent non-executive chairman and Mr Bernard Berson, an executive director, is chief executive. The roles are separate and clearly defined. In line with ongoing good governance practices, the board has appointed a new lead independent director, Mr Nigel Payne, effective November 2019.

Company secretary

Ms Ashley Kim Biggs CA(SA), MBA is the group company secretary, appointed by the board in accordance with the Companies Act in May 2016. The board is comfortable that an arm's length relationship between the board and the company secretary is in place. Based on the board's performance assessment of the company secretary, the board confirms that it has received the required guidance on governance and compliance matters, has received timely communications and is satisfied with the qualifications, competence and expertise of the company secretary.

How we "ESG" our business – Governance continued

Good governance framework – 4 basic pillars

1 Governance

Bidcorp is all about the food, the service and the technology; driving our continued commitment to create sustainable value for all our stakeholders. The group is committed and adheres to the highest level of corporate governance and business integrity. Achieved through the support and buy-in from each of the global management teams, providing and implementing robust structures and best practices to deliver timely, compliant and value-adding information to the centre.

The Bidcorp board serves as the focal point and custodian of governance within the group. The board's role and responsibilities are set out in the annually reviewed and adopted board charter, which is compliant with the requirements of the Companies Act, the recommendations of King IV, the JSE Listings Requirements and other applicable laws, rules and codes. This charter sets the tone and is indicative of the board's commitment to the four values that underpin good governance: responsibility, accountability, fairness and transparency.

In line with the Companies Act, the Bidcorp board charter*, read in conjunction with the Memorandum of Incorporation (MoI), provides that the company and its affairs be managed by the direction of the board, which has the authority to exercise all the powers and perform all the functions of the company. The directors' general powers are set out in the company's MoI.

The board delegates specific responsibilities to board committees which focus on the needs and strategies of the business while meeting the reporting requirements of a JSE listed entity.

Our executive directors are responsible for the successful implementation of group-wide, business specific strategies through the execution of the necessary operational decisions. Non-executive directors provide an independent perspective and complement the skills and experience of our executive directors.

Non-executive directors objectively assess Bidcorp's strategy, budget, performance, risk oversight, diversity, employment equity and standards of conduct.

Mandatory governance requirements, both statutory and legislative, are addressed by each Bidfood management team, directed under group guidance through the divisional audit and risk committees' approval of relevant charters*, codes*, policies and frameworks*. In line with Bidcorp's decentralised structure, operational management develops business specific policies and procedures which effectively and efficiently delivers on the group requirements.

The board comprises an independent non-executive chairman, a lead independent non-executive director and a further five independent non-executive directors, one non-executive director and two executive directors. Due to our wide geographic spread, the nature of the business and the group's decentralised structure, the directors concluded that there be no other prescribed officers of the company.

No individual has unfettered powers of decision making. Responsibility for running the board and executive responsibility for the business are separate and clearly defined. Mr Stephen Koseff is the board's independent chairman and Mr Bernard Berson, an executive director, is chief executive.

The performance of the board and board committees was independently appraised by an external party in early 2020. The appraisal process included indepth interviews with each director, providing anonymised feedback to our chairman and board for consideration. Bidcorp is pleased to report positive and supportive feedback received and has embraced those suggestions where improvements can be made. It is the view of the appraisal feedback to the chairman that the board and board committees are functioning effectively and efficiently.

2 Assurance

The Bidcorp board ensures the necessary levels of assurance services and functions are in place through the delegation of this function to the group audit and risk committee#. This committee, supported by the divisional audit and risk committee structure enables an effective control environment which is equipped to assure the integrity of information reported back to the board, enabling effective decision making.

Bidcorp has a group-wide robust, independent, risk-based internal audit function whose authority and responsibilities are defined in a board-approved internal audit charter*. The internal audit function objectively evaluates business processes and internal controls, to support management's efforts to foster a strong control environment focused on operational excellence.

The group and divisional internal audit managers' report to the independent chairman of the audit and risk committee# and have unrestricted access to the committee and group executives. Regular meetings take place between the internal audit managers and the chairman of the audit and risk committee. The internal audit (IA) function is well-constituted with professional audit staff, possessing sufficient knowledge, skillset and experience to execute their responsibilities.

A risk-based IA plan is annually approved by the divisional and group audit and risk committees and each quarter reviewed by the committee for progress and potential adjustments to meet the evolving risk environment.

In accordance with the group's combined assurance model, the IA team liaises with all other assurance providers, including but not limited to the external auditors, the insurance risk analysis team, health and safety teams, food safety experts etc. Taking advantage of artificial intelligence technologies, smart and intuitive tools and continuous audit methodologies, IA is able to maximise efficiencies in the key risks assurance coverage to recommend an opinion to the board on the effectiveness of the respective control environments and associated risks.

Based on the audit and risk committee report# and the internal auditors' findings and recommendations, the board is satisfied with the group-wide effectiveness of the financial controls and internal control system.

3 Compliance

Bidcorp recognises that geographical diversity and decentralisation creates potential vulnerability to the risk of statutory and regulatory non-compliance. As the impacts differ in the various jurisdictions, each entity is required to identify the requirements which apply to its specific operating environment and the information that must be held in terms of this legislation.

The board annually confirms that Bidcorp complies with the JSE Listings Requirements and places strong emphasis on the highest standards of financial management, accounting and reporting. On economic, environmental and social issues, the company follows Global Reporting Initiatives Sustainability Reporting Guidelines. The board has a social and ethics committee# and ensures quarterly compliance reporting with social and ethics standards – group-wide, industry-wide and across our geographies.

Bidcorp performs an annual review* to monitor continued alignment with King IV principles and best practice recommendations. This analysis identified the steps taken to ensure the application of governance principles and those principles requiring ongoing attention and action.

Ensuring an ethical environment

Bidcorp's commitment to building and sustaining an ethical organisational culture is entrenched.

The board reviews the Bidcorp Code of Ethics* annually and ensures its continued application in each group entity.

The code requires the highest standards of integrity, ethics and behaviour, non-discriminatory employment and promotion practices, support for employees through training and development and proactive engagement on environmental, social and sustainability matters.

The board ensures no director, manager, employee or members of their immediate family deals directly or indirectly in the securities of the company on the basis of unpublished, price-sensitive information nor during any embargo determined by the board. Dealings in the company's securities by directors and officers are listed and circulated at every board meeting for noting.

In support of this code and Bidcorp's values, the board supports the confidential reporting of fraud, theft, corruption, breach of ethics and improper behaviour. Bidcorp has engaged with Deloitte's tip-off facility* to ensure that in all Bidcorp geographies, a local telephone number, answered in the local language is available to all stakeholders, as well as access to the email and online service to report any perceived unethical behaviour. This outsourced and independent "whistleblowing" service enables stakeholders to anonymously report suspect behaviour, including non-compliance with company policies. All reported incidents are investigated by management and, where appropriate, action is taken.

In line with legislation, our pledge not to victimise whistleblowers ensures transparency and promotes ethical conduct.



4 Risk management

The board ensures that the King IV recommendations are integrated into the risk management function. These recommendations and group requirements form part of an ongoing enterprise-wide risk assessment process in support of the group's philosophy.

The board has delegated the responsibility for risk management to the audit and risk committee#.

Management is accountable to the board for implementing and monitoring the processes of risk management while integrating it into day-to-day activities. This enables management to focus on critical issues at a business and industry level. The individual business risks are consolidated to consider the joint impact on the group.

IT and data governance

The board acknowledges technology as a mechanism to access, protect and manage information. An IT governance framework has been approved by the board, intended to serve as a group-wide baseline.

Fit-for-purpose in-house operational IT skills, with the necessary strategic IT oversight, are in place. The IT functions are generally run lean, however, significant investment continues to be made in the IT innovation and ecommerce space.

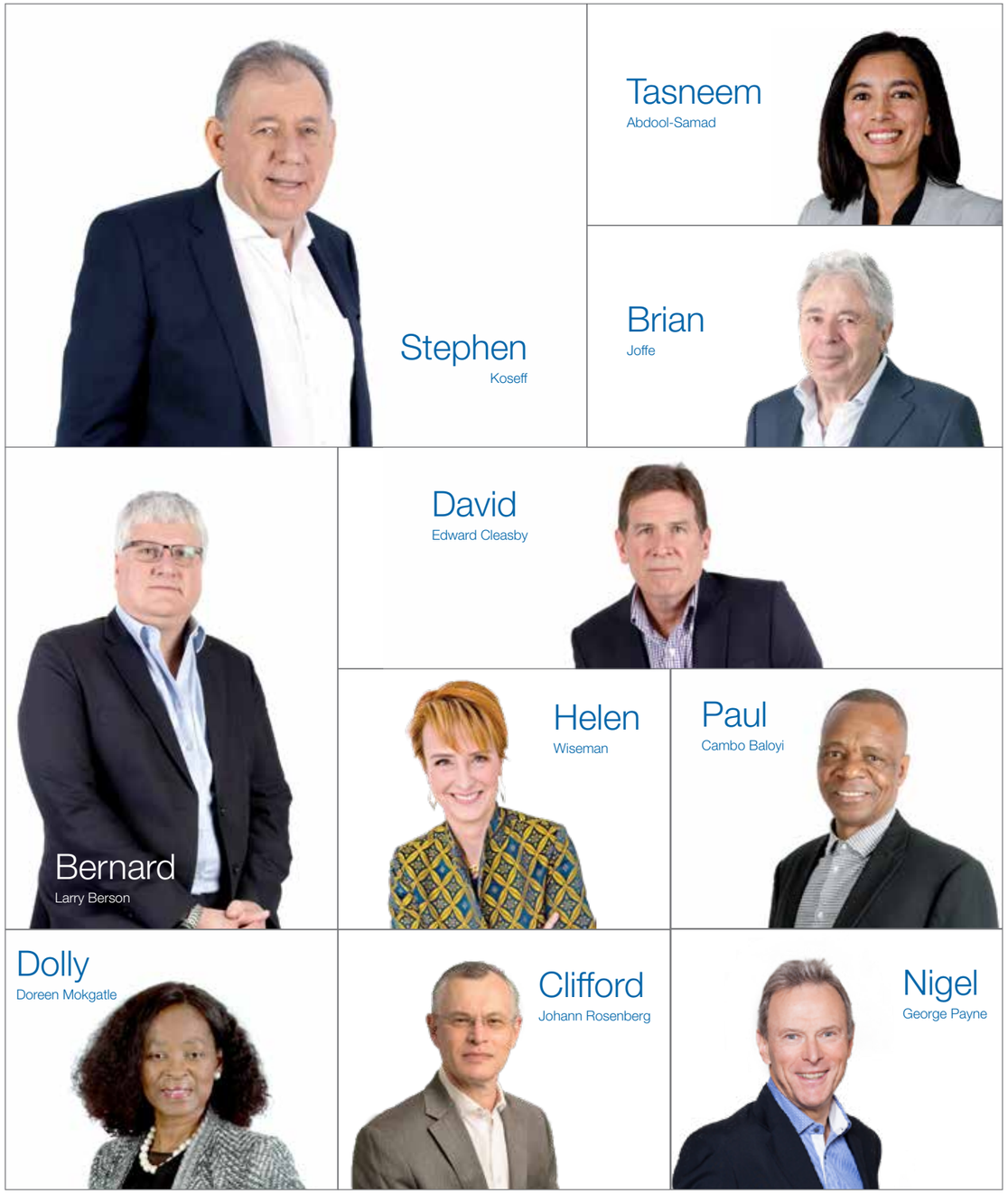
Inhouse IT skills are complemented by outsourced vendors with specialist networking, telecommunications, and cyber security skillsets. Entity specific business resilience controls are in place and tested as part of internal audit scope.

Significant attention has been given to the identification and management of cyber-security risks across the group. Implementation and enhancement of this key control environment is monitored and managed by each business, in line with the group framework. The governance of data and management of data privacy, ensuring the necessary supporting IT architecture is appropriate and effective, ensures compliance with the applicable legislation.

** Governance documentation, including the items listed below, can be found on the Bidcorp group website*
Board and Internal Audit Charters
Bidcorp Code of Ethics
Bidcorp Tip-offs

Refer to the 2020 AFS pages 2 – 21, "Directors report, including committe reports"

Directors' curricula vitae



Stephen Koseff

Qualifications: BComm, CA(SA), MBA, H Dip BDP and Hon DCom (Wits)
Age: 69
CHAIRMAN
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: August 16 2017
Board committee: Nominations committee (chairman)
Experience and expertise: Stephen is the former chief executive officer of the Investec Group. Dual listed on the London Stock Exchange and the Johannesburg Stock Exchange. Stephen was with Investec for 39 years in various capacities and CEO from 1996 to 2018. In 2017, Stephen was awarded an Honorary Doctor of Commerce Degree by the University of the Witwatersrand. He is a former non-executive director of the South African Banking Association, a former board member of Business Leadership South Africa, former non-executive director and chairman of the South African Banking Association, a former director of the JSE Limited, a former member of the Financial Markets Advisory Board, and former chairman of the Independent Bankers Association. Stephen is a non-executive director of Investec Ltd, Investec Plc, the Investec Australia Property Fund and chairman of Bid Corporation Ltd, Bud Group (Pty) Ltd, IEP Group (Pty) Ltd and co-chair of Youth Employment Service (YES).

Bernard Larry Berson*

Qualifications: BComm and BAcc
Age: 55
CHIEF EXECUTIVE
Appointed: March 10 2016
Board committee: Acquisitions committee, social and ethics committee
Experience and expertise: Since 1996, Bernard has been involved in all aspects of the development of Bidcorp's foodservice business in Australia, New Zealand and Asia, and in 2010 assumed responsibility for Bidcorp's global foodservice businesses, including its operations in the UK and Europe. Over the past 21 years Bernard has been involved in all material acquisitions and directing the strategic focus of the businesses. Bernard was appointed as chief executive of Bid Corporation Limited on April 14 2016.

Helen Wiseman*

Qualifications: BSc (Hons) (University of Manchester), CA, GAICD, IDP-C INSEAD
Age: 54
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: March 10 2016
Board committee: Audit and risk committee (chairman), social and ethics committee
Experience and expertise: A non-executive director, Helen has extensive international business experience across a range of sectors including food, pharmaceutical, manufacturing, distribution, mining, energy and financial services. Prior to embarking on her non-executive career, Helen was a partner at KPMG Australia. Helen chaired Bidvest's International foodservice business divisional audit committees from 2011 to 2016.

Helen has held various board and audit committee roles, including her current non-executive director and audit and risk committee chairman roles for Bid Corporation Limited. Helen is chairman of Elixinol Global Limited, and a director of the Australian Consumer Association (Choice) and Imalia. She is also vice-patron of SHINE for Kids (Australia).

* *Australian.*

Tasneem Abdool-Samad

Qualifications: CA(SA)
Age: 46
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: September 16 2019
Board committee: Audit and risk committee, social and ethics committee
Experience and expertise: In 2014 Tasneem was appointed to the Board of Reunert Limited as non-executive director and she is a member of the audit committee; risk committee; and nominations and governance committee. Chairs the investment committee. Tasneem sits on the board of Absa Group Limited as non-executive director. Member of the group audit and compliance committee, member of the board finance committee and the group credit risk committee. Appointed to the board of Absa Financial Services Limited as a non-executive director. Member of the Absa Financial Services Group Actuarial Committee (which includes a number of entities in the Wealth, Investment and Insurance Cluster). Chairs the Absa Financial Services Audit Risk and Compliance Committee (which includes in its terms of reference a number of the regulated entities and public entities within the Wealth, Investment and Insurance Cluster of the Absa Financial Services Group). Appointed to the board of Long4Life Limited as a non-executive director.

Brian Joffe

Qualifications: CA(SA)
Age: 73
NON-EXECUTIVE DIRECTOR
Appointed: August 17 1995
Board committee: Acquisitions committee, nominations committee
Experience and expertise: The founder of the Bidvest Group Limited and Bid Corporation Limited, Brian has over 50 years' commercial experience, both locally and internationally. Among his achievements, Brian has been recognised by Sunday Times as SA's businessman of the year, won the South African chapter of the Ernst & Young Entrepreneur Award and represented South Africa at the World Entrepreneur Awards. Profiled as one of South Africa's Greatest Entrepreneurs by MME Media in association with Gordon Institute of Business Science, Brian has been named by Wits Business School Journal as one of SA's top 25 business leaders with significant impact on South African business.

Brian is the recipient of an Honorary Doctorate in Commerce from the University of South Africa, an Honorary Doctorate in Commerce from the University of Witwatersrand and awarded the Sunday Times Lifetime Achiever Award. He has been included in the Forbes list of the 20 most influential people in Africa and awarded the CNBC All Africa Lifetime Achievers Award. Brian currently serves as CEO of Long4Life Limited, a company he founded and listed on the JSE in 2017 and serves as a non-executive director of Bid Corporation Limited.

Dolly Doreen Mokgatle

Qualifications: BProc (Univ of the North), LLB (Law) (Wits), HDip Tax Law (Wits)
Age: 64
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: October 4 2016
Board committee: Nominations committee, social and ethics committee
Experience and expertise: Dolly is a qualified attorney with a BProc (University of Limpopo), LLB (Wits), HDip Tax Law (Wits). Dolly is co-founder and executive director of Peotona Group Holdings, the Chairperson of Total SA and a non-executive director of Bushveld Minerals Limited, IQ Business (Pty) Limited, Rothschild and Co SA (Pty) Limited, Telkom SA SOC Limited and The SA SME Fund Limited. Dolly is the founding chairperson of Palesa Ya Sechaba Foundation NPC and trustee of the Rothschild's Foundation and Pearson Marang Education Trust and was appointed as a member of the Deputy President's Advisory Panel on Eskom in February 2015. Dolly has experience in the mining, energy, education, food and financial services industries.

Paul Cambo Baloyi

Qualifications: MBA (University of Manchester and Bangor University), SEP (Harvard), AMD: INSEAD (France), MDP (Stellenbosch University)
Age: 64
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: March 10 2016
Board committee: Acquisitions committee (chairman), audit and risk committee, remuneration committee
Experience and expertise: Paul is the managing director of CAP Leverage Proprietary Limited. He is a former chief executive officer and managing director of the Development Bank of Southern Africa. Paul also served as chief executive officer and managing director of DBSA Development Fund. Paul has spent 30 years in the financial services sector, with both Standard Bank and the Nedbank group. His last position at Nedbank was as managing director of Nedbank Africa. Paul has been an independent non-executive director on many boards locally and internationally, including African financial institutions. He was a council member of the Institute of Bankers and also served as chairman of the Ned Medical Aid. Other boards include Discovery Bank Limited and Discovery Bank Holdings Limited and CAP Leverage Proprietary Limited. Paul also serves on various board committees (audit, risk, remuneration and nominations) as member and chairman.

David Edward Cleasby

Qualifications: CA(SA)
Age: 58
CHIEF FINANCIAL OFFICER
Appointed: September 12 2007
Board committee: Acquisitions committee
Experience and expertise: David was financial director of Rennies Terminals when Bidvest acquired Rennies group in 1998. In 2001, he joined the Bidvest corporate office where he was involved in both group corporate finance and investor relations. David was appointed as Bidvest financial director on July 9 2007. David managed Bidvest's interests in the investments made by the group over the years. David was appointed as chief financial officer of Bid Corporation Limited on April 14 2016.

Nigel George Payne

Qualifications: BCom (Hons), CA(SA), MBL (Unisa)
Age: 60
LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: March 10 2016
Board committee: Remuneration committee (chairman), social and ethics committee (chairman), acquisitions committee, audit and risk committee, nominations committee
Experience and expertise: Nigel is a professional non-executive director, with no executive responsibilities. He is a director of the Mr Price Group Limited (chairman), Alexander Forbes Holdings Limited and Vukile Property Fund Limited.

Clifford Johann Rosenberg*

Qualifications: BBusSci (Hons) (UCT), MScM (Hons) (Boston University)
Age: 56
INDEPENDENT NON-EXECUTIVE DIRECTOR
Appointed: September 16 2019
Board committee: Acquisitions committee, remuneration committee
Experience and expertise: Clifford is a non-executive director of Nearmap Limited and Technology One Limited and A2B Limited. Clifford has over 20 years of experience in the digital space as an entrepreneur and as an executive, with specific experience in disrupting businesses. His previous executive roles include Managing Director, southeast Asia, Australia & New Zealand for LinkedIn (2009 to 2017), managing director of Yahoo! Australia and New Zealand (2003 to 2006) and Founder and managing director of iTouch Australia and New Zealand, one of the largest mobile content and application providers in Australia.



Jordan finance team, Bidfood Middle East.

5 FINANCIAL STATEMENTS

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Directors' responsibility for the financial statements

To the shareholders of Bid Corporation Limited

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the JSE Limited Listing Requirements (JSE), and in terms of the Companies Act No 71 of 2008, as amended, of South Africa (Companies Act).

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe that the group and company will not be going concerns in the year ahead.

The independent auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS and the Companies Act.

The consolidated and separate financial statements for the year ended June 30 2020, were approved by the board of directors and are signed by:

Stephen Koseff
Authorised director
Non-executive chairman

Bernard Larry Berson
Authorised director
Chief executive officer

David Edward Cleasby
Authorised director
Chief financial officer

August 25 2020

Declaration by company secretary

In my capacity as company secretary, I certify that to the best of my knowledge and belief, Bid Corporation Limited, in terms of section 88(2)(e) of the Companies Act, has lodged with the Commissioner of the Companies and Intellectual Property Commission, all such returns and notices as prescribed by the Companies Act and that all such returns and notices appear to be true and up to date.

Ashley Kim Biggs
Company secretary

August 25 2020

Preparer of financial statements

The consolidated and separate financial statements have been prepared by Charles Bishop CA(SA) (group financial manager) under the supervision of David Cleasby CA(SA) (chief financial officer) and audited in compliance with section 30 of the Companies Act of South Africa.

Directors' report

The directors have pleasure in presenting their report for the year ended June 30 2020.

Nature of business

Bid Corporation Limited (Bidcorp) is an international broadline foodservice group present in all continents other than North America and Antarctica. Bidcorp is focused on growth opportunities: organically in our current markets through attaining the appropriate business mix by selling more products to our existing customers and gaining new customers; via in-territory bolt-on acquisitions to expand our geographic reach and expanding our product ranges; and via larger acquisitions to enter new markets. Despite our appetite for acquisitions, we remain disciplined in our approach.

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

Financial reporting

The directors are required by the Companies Act to produce financial statements, which fairly present the state of affairs of the group and company as at the end of the financial year and the profit or loss for that financial year, in conformity with IFRS and the Companies Act.

The financial statements as set out in this report have been prepared by management in accordance with IFRS and the Companies Act and are based on appropriate accounting policies supported by reasonable and prudent judgements and estimates.

The directors are of the opinion that the financial statements fairly present the financial position of the group and of the company as at June 30 2020 and the results of their operations and cash flows for the year then ended.

The directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Stated capital

The company's authorised stated capital is 540 000 000 no par value ordinary shares. There were no issues of no par value ordinary shares during the year and as at June 30 2020 the total issued ordinary no par value shares was 335 404 212.

Results of operations

The impact of the COVID pandemic has had a material impact on the results reported by the group for the year ended June 30 2020. Revenue for the week ended April 5 2020 reached a low of 37% versus the comparative week in 2019 but recovered to 65% of the comparative week ended May 31. By June 30, revenue reached 71% against the comparative week in 2019. These impacts and the effects this pandemic has had on operations around the world have been reflected in the results presented. The results of operations are dealt with in the consolidated statement of profit or loss, segmental analysis and commentary.

Acquisitions and disposals

Acquisition opportunities in the period were limited, due to unrealistic vendor expectations and management's focus on bedding down recently acquired underperforming businesses. The acquisition of Elite Frozen Foods Limited (Elite), a regional wholesaler in the United Kingdom supplying ambient, chilled and frozen products was completed in July 2019. Total investment in Elite was R163,7 million, and its contribution to revenue and trading loss for the year ended June 30 2020 was R693,3 million and R57,9 million, respectively.

Bidfood Australia disposed of its Fresh business for A$3,3 million (R34,7 million) in September 2019. Amounts included in the 2020 financial year results for operations disposed of, to revenue and trading profit, was R122,6 million and R10,3 million, respectively.

Discontinued operations

Bidcorp's UK logistics activities (Bestfood Logistics and PCL), which were classified as discontinued operations, and were exited at the beginning of March 2020.

Subsequent events

Subsequent to year end, the group concluded a sale and leaseback transaction for a freehold property in Hong Kong. Settlement of HK$325 million (R715 million) and was received on August 18 2020. Subsequent to year-end group revenues have shown consistent improvements to reach levels for the week ended August 2 2020 of 89% compared to the same week in 2019. Other than these matters, there are no other material events since or subsequent to June 30 2020.

Directors' report continued

Directorate and attendance

The directors who were in office during the year and the details of board meetings attended by each of the directors are as follows:

Director	Date of appointment	August 27 2019	November 14 2019	February 18 2020	May 18 2020	August 18 2020	August 25 2020
Chairman							
S Koseff	August 16 2017	^	^	^	^	^	^
Independent non-executive directors							
PC Baloyi	March 10 2016	^	^	^	^	^	^
T Abdool-Samad[1]	September 16 2019		^	^	^	^	^
DDB Band[2]	March 10 2016	^	^				
DD Mokgatle	October 4 2016	^	^	^	^	^	^
NG Payne	March 10 2016	^	^	^	^	^	^
CJ Rosenberg[1]	September 16 2019		^	^	^	^	^
H Wiseman	March 10 2016	^	^	^	^	^	^
Non-executive director							
B Joffe	August 17 1995	^	^	^	^	^	^
Executive directors							
BL Berson	March 10 2016	^	^	^	^	^	^
DE Cleasby	September 12 2007	^	^	^	^	^	^

^ *Attended in person, by video-conference or tele-conference.*
[1] *T Abdool-Samad and CJ Rosenberg were appointed to the board on September 16 2019.*
[2] *DDB Band retired from the board at the 2019 AGM; held on November 14 2019.*

Dividends

In line with the group dividend policy, the directors declared an interim cash dividend of 330,0 cents (264,0 cents net of dividend withholding tax, where applicable) per ordinary share to those members registered on the record date, being Friday, March 27 2020. The dividend was declared from income reserves.

The group has not declared a final dividend, meaning the total dividend for the year of 330,0 cents per share represents a 48,4% decline against 2019, similar to the decline in headline earnings per share for continuing operations in 2020 and in line with our overall distribution policy.

Directors' shareholdings

Beneficial

The individual beneficial interests declared by directors in the company's stated capital at June 30 2020 held directly or indirectly were:

	2020 Number of shares		2019 Number of shares	
	Direct	Indirect	Direct	Indirect
Director				
BL Berson	**8**	**224 211**	8	224 211
DE Cleasby	**147 064**	**–**	145 564	–
B Joffe	**–**	**–**	21 544	20 060
S Koseff	**1 168**	**–**	1 168	–
Total	**148 240**	**224 211**	168 284	244 271

Non-beneficial

In addition to the aforementioned holdings:

- B Joffe is a trustee and potential beneficiary of a discretionary trust holding 421 278 (2019: 536 278) shares.
- DE Cleasby is a potential beneficiary of a family trust holding 1 050 (2019: 1 050) shares.
- DE Cleasby is a trustee of The Bidvest Group Limited retirement funds which holds 754 415 (2019: 799 734) shares.

There has been no change in the directors' interest between June 30 and the issue date of the group annual financial statements.

Directors' remuneration

The remuneration paid to executive directors while in office of the company during the year ended June 30 2020 can be analysed as follows:

	Remuneration and benefits paid to directors				
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
BL Berson	**15 541**	**268**	**262**	**–**	**16 071**
DE Cleasby	**5 894**	**188**	**446**	**–**	**6 528**
Total	**21 435**	**456**	**708**	**–**	**22 599**

Summary of director's long-term incentives

	2020					2019
	Share-based payment expense R'000	Benefit arising from exercise of CSP awards R'000	Gross benefit R'000	Previous share-based payment expense R'000	Actual LTI benefit R'000	R'000
Director						
BL Berson	**13 260**	**29 963**	**43 223**	**(17 065)**	**26 158**	18 061
DE Cleasby	**5 187**	**11 182**	**16 369**	**(6 384)**	**9 985**	6 910
B Joffe	**–**	**21 556**	**21 556**	**(12 303)**	**9 253**	14 631
Total	**18 447**	**62 701**	**81 148**	**(35 752)**	**45 396**	39 602

For full details on the numbers of long-term incentive awards outstanding per director, refer note 11.2 of the financial statements.

For comparative purposes the remuneration paid to the executive directors while in office of the company during the year ended June 30 2019 can be analysed as follows:

	Remuneration and benefits paid to directors				
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
BL Berson	15 700	259	253	16 919	33 131
DE Cleasby	5 873	193	469	6 913	13 448
Total	21 573	452	722	23 832	46 579

Directors' report continued

The remuneration paid to non-executive directors while in office of the company during the year ended June 30 is analysed as follows:

	2020				
	Director fees R'000	Long-term incentives R'000	Other services R'000	Total R'000	2019 R'000
Non-executive director					
T Abdool-Samad	**501**	**–**	**–**	**501**	–
PC Baloyi	**930**	**–**	**–**	**930**	696
DDB Band	**438**	**–**	**–**	**438**	868
B Joffe[1]	**606**	**9 253**	**–**	**9 859**	19 343
S Koseff	**3 307**	**–**	**–**	**3 307**	2 970
DD Mokgatle	**606**	**–**	**–**	**606**	430
CJ Rosenberg	**837**	**–**	**–**	**837**	–
NG Payne	**1 270**	**–**	**–**	**1 270**	954
H Wiseman[2]	**1 415**	**–**	**542**	**1 957**	1 885
Total	**9 910**	**9 253**	**542**	**19 705**	27 146

[1] *B Joffe exercised 66 260 of his 2016 replacement conditional rights at an average price of R325,32 (2019: Long-term incentive benefits of R14,6 million arose from the exercise of 2016 replacement conditional rights).*

[2] *H Wiseman provided services by chairing the quarterly Bidcorp divisional audit and risk committee meetings.*

Prescribed officers

Due to the nature and structure of the group and the number of executive directors on the board of the company, the directors have concluded that there are no prescribed officers of the company.

Directors' service contracts

BL Berson and DE Cleasby

Mr BL Berson and Mr DE Cleasby both hold employment contracts with the group. Under the terms of the employment agreements, six months notice is required upon termination of employment or retirement.

No other directors have fixed-term contracts.

Directors' and officers' disclosure of interest in contracts

During the year no contracts were entered into in which directors and officers of the company had an interest and which significantly affected the business of the group. The directors had no interest in any third party or company responsible for managing any of the business activities of the group.

Secretary

During the year under review, and in compliance with paragraph 3.84(i) and (j) of the JSE Listings Requirements, the board evaluated Ms AK Biggs, the company secretary, and is satisfied that she is competent, suitably qualified and experienced.

Furthermore, since she is not a director, nor is she related to or connected to any of the directors, thereby negating a potential conflict of interest, it was agreed that she maintains an arm's-length relationship with the board.

The business and postal address of the company secretary, which is also the registered address of the company, is 2nd Floor, North Wing, 90 Rivonia Road, Sandton, 2196 and Postnet Suite 136, Private Bag X9976, Sandton, 2146, respectively.

Change in directorate

Mrs T Abdool-Samad and Mr CJ Rosenberg were appointed to the board as independent non-executive directors on September 16 2019. The board welcomes the new non-executive directors.

Mr DDB Band, lead independent director of the board, retired from the board at the 2019 annual general meeting held on November 14 2019. The board expresses its sincere appreciation to Mr Band for his services as lead independent director, particularly in guiding the establishment of Bidcorp, from its JSE listing on May 30 2016.

Audit and risk committee report

This is the report of the Bidcorp audit and risk committee (committee) appointed for the financial year ended June 30 2020, in compliance with the Companies Act and in terms of the JSE Listings Requirements.

The committee has discharged its responsibilities as mandated by the board, its statutory duties in compliance with the Companies Act and the King IV principles applicable to audit and risk committees.

The committee's charter, which can be found on the company's website, www.bidcorpgroup.com, is aligned with the above legislation, regulations and principles.

Under the single chairmanship of Mrs H Wiseman for group and divisional audit and risk committees, the board is satisfied that this committee makes a strong contribution to the group.

Membership

The committee members for the financial year ended June 30 2020 have been appointed by shareholders' resolution passed at the annual general meeting held on November 14 2019; and is made up of a minimum of three (3) independent non-executive directors and chaired by an independent non-executive director. The committee members comprise Mrs H Wiseman (chairman), Mrs T Abdool-Samad, Messrs PC Baloyi and NG Payne, in line with the charter requirements.

The shareholders will be requested to approve the appointment of the chairman and members to the committee for the 2020 financial year at the annual general meeting scheduled for Thursday, November 26 2020.

The committee consists solely of independent non-executive directors, who are all financially literate. The board considers the membership of the committee adequate and the members are sufficiently experienced to perform the duties in line with the charter requirements. The committee and its chairman are assessed annually. A brief profile of each of the members can be viewed on the board of directors' CVs included on the company's website.

The committee's work is supported by five divisional audit and risk committees (DARC). These DARCs play a vital role in the risk and assurance oversight of the five reporting segments being Australasia, United Kingdom, Europe, Emerging Markets, and Corporate. Findings from these five DARCs are reported to the group audit and risk committee on a quarterly basis (bi-annually for Corporate). The DARCs are chaired by Mrs H Wiseman who also chairs the committee. Each country in which Bidcorp operates present at their respective quarterly DARCs, which are also attended by corporate and internal audit representatives, as well as the external auditors. All committee members are invited to attend the DARCs and other related meetings.

Purpose

The purpose of the committee is to:

- assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- oversee the suitability, appointment, independence and performance of the external auditor and their objectivity and professional scepticism in conducting a robust audit;
- oversee the activities of, and to ensure coordination between, the activities of internal and external audit;
- provide a forum for discussing financial, enterprise-wide, market, regulatory, safety and other risks and control issues, and to monitor controls designed to minimise these risks;
- review the Bidcorp annual integrated report, in conjunction with the social and ethics committee, including the consolidated and separate financial statements, the interim report and any other public reports or announcements containing financial information;
- receive and deal with any complaints concerning internal audit, the accounting practices or the content and audit of the annual financial statements and related matters; and
- annually review the committee's charter and output in order to report on the effectiveness of the committee to the board.

Attendance

The committee met on five occasions during the period under review and key members of management attend meetings of the committee by invitation.

Director	August 22 2019	November 12 2019	February 14 2020	May 12 2020	August 20 2020
H Wiseman (chairman)	^	^	^	^	^
T Abdool-Samad (appointed November 14 2019)			^	^	^
PC Baloyi	^	^	^	^	^
NG Payne	^	^	^	^	^

^ *Attended in person, by video-conference or tele-conference.*

At year end, closed-session meetings are held for committee members to engage directly with internal audit, external audit and management.

Audit and risk committee report continued

Duties carried out

The committee has successfully performed its duties during the financial year under review. In the fulfilment of these duties, the major areas of focus were:

- assessing the impact of the COVID-19 (COVID) pandemic across the group on business risks and related responses, the recoverability of trade receivables, valuation of inventory, control risks and effectiveness, liquidity and the ability of the group to continue as a going concern, financial reporting and disclosures, and internal audit focus and priorities;
- the implementation and financial reporting impact of the new IFRS 16 lease accounting standard and related disclosures;
- assessing the carrying value of property, plant and equipment including determination of useful lives and residual values;
- review of goodwill, intangible assets and investments for impairment;
- reviewing the characterisation of assets held-for-sale and discontinued operations;
- reviewing accounting for acquisitions and disposals, accounting for and valuation of contingent consideration and puttable non-controlling interest liabilities;
- assessing customer and supplier rebates, recognition of deferred tax assets, accounting for equity incentive schemes, as well as other matters requiring significant judgement; and
- reviewing the application of JSE proactive monitoring and other pronouncements to group reporting.

The committee assessed risks associated with management override of controls, review of related-party transactions, the overall presentation of the financial information to shareholders and review of the annual integrated report.

In addition to assessing the risks impact of the COVID pandemic, the committee reviewed group risks, including technology and cyber security risks, that could materially impact the ability of the group to deliver against its objectives and the related mitigation plans, providing feedback where appropriate.

The committee confirms the following statutory and delegated duties were adequately addressed and sets out the results below:

Financial statements

The committee:

- confirmed, based on management's review, that the consolidated and separate Bidcorp company financial statements were prepared on the going concern basis;
- examined the consolidated and separate financial statements and other financial information made public, prior to their approval by the board;
- considered accounting treatments, significant or unusual transactions and accounting judgements;
- considered the appropriateness of accounting policies and any changes made thereto;
- considered any problems identified as well as any legal and tax matters that could materially affect the financial statements; and
- met separately with management, external audit and internal audit, and satisfied themselves that no material control weakness exists.

External audit

The committee:

- recommended the appointment of PwC as the Bidcorp external auditors and Mr E Gerryts as the independent and accredited auditor respectively to the shareholders for appointment for the financial year ended June 30 2020, of the group and company, and ensured that the appointments comply with legal and regulatory requirements for the appointment of an audit firm and auditor;
- approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditors;
- determined the nature and extent of all non-audit services provided by the independent auditors and pre-approved all non-audit services undertaken;
- obtained assurances from the independent auditors that adequate accounting records were being maintained;
- confirmed that no reportable irregularities had been identified or reported by the independent auditors under the Auditing Profession Act; and
- recommend that PwC be re-appointed as the Bidcorp external auditors for a second year of tenure for the year ended June 30 2021 at the 2020 annual general meeting. It is noted that Mr E Gerryts is the current individual registered auditor being the designated auditor.

Independence of external auditors, PwC

The committee:

- reviewed representations made by PwC to the committee;
- confirmed that the auditors did not, except as external auditors or in rendering permitted non-audit services, receive any remuneration or other benefit from the group;
- confirmed the auditors' independence was not impaired by any consultancy, advisory or other work undertaken; and
- considered the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies and found no cause for concern or doubt of the independence of the external auditors, PwC.

Internal control and internal audit

The committee:

- reviewed the annual internal audit plans and evaluated the independence, effectiveness and performance of the internal audit function;
- monitored the impact of the COVID pandemic lockdown and travel restrictions on the ability of internal audit to carry out internal audit plans, review of variation to those plans and assessment of risks to control effectiveness arising from business responses to the pandemic;
- considered the reports of the internal auditors on the group's systems of internal control including financial controls, IT general controls, business risk management and maintenance of effective internal control systems;
- received assurances that proper accounting records were maintained and that the systems safeguarded the group's assets against unauthorised use or disposal;
- reviewed issues raised by internal audit and the adequacy of corrective action taken by management in response thereto;
- assessed the adequacy of the performance of the internal audit function and found it satisfactory; and
- concluded the opinion recommended to the board at year end that there were no material breakdowns in internal control.

Risk management

The committee:

- reviewed the group's policies and approach to risk management and found them to be sound;
- considered all material risks to which the group is exposed, ensuring that the risk management culture, policies and systems are progressively implemented and functioning effectively;
- management is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities. These processes are confirmed on an ongoing basis through the completion of the quarterly Bidcorp management representation letter signed and submitted to the group audit and risk committee;
- performs ongoing monitoring of the enterprise-wide risk assessment process to ensure risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each business, and that the individual and joint impact of risks identified on the group was considered;
- reviewed legal matters that could have a material impact on the group, as well as considering the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities; and
- considered reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements and found Bidcorp's processes to be sound and effective.

Combined assurance

The committee reviewed the plans and reports of the external and internal auditors, as well as other assurance providers including management; and concluded that these were adequate to address all significant financial risks facing the business.

Chief financial officer (CFO)

The committee:

- considered the appropriateness of the experience and expertise of the CFO and concluded that this is appropriate;
- considered the expertise, resources and experience of the finance function and concluded that these are appropriate; and
- concluded that it is satisfied the appropriate reporting procedures are in place and operating effectively.

Consolidated and separate financial statements

The committee reviewed the consolidated and separate annual financial statements of Bidcorp for the year ended June 30 2020, and the committee is of the view that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS, and fairly present the financial position at that date and the results of its operations and cash flows for the year then ended.

Significant financial statement reporting matters including key audit matters (KAM)

The committee is satisfied with the conduct, quality and independence of PwC in carrying out its external audit of the Bidcorp annual financial statements (AFS) for the year ended June 30 2020.

The preparation of the consolidated and separate AFS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These are reviewed on an ongoing basis. Judgements made in the application of IFRS that have influenced the financial statements and estimates with a risk of adjustment in the next year are set out in note 3.1 to the consolidated AFS. The committee reviewed and endorsed the treatments and disclosures for the matters set out in that note.

In order to provide stakeholders with further insights into its activities and considerations around significant financial reporting matters, the committee wishes to elaborate on the matters below. As part of these considerations, the committee received updates from management and sought assurance from the external auditors. The committee was satisfied with the conclusions reached.

Goodwill impairment assessment

The committee received from management the results of the group's annual goodwill impairment testing. The committee challenged the methodologies and assumptions used to assess the carrying value of goodwill, including the achievability of business plans and forecasts. Sensitivity analysis on the key inputs such as discount rates and average trading margins were performed and considered in determining any potential impairment. The external auditor's reporting on impairment testing was also reviewed. The committee was satisfied with the conclusions reached by management and the goodwill related disclosures in the consolidated AFS (refer notes 3 and 8.3).

The committee considered the R793,8 million impairment charge in respect of Guzman Gastronomia SL (Spain) and the R4,1 million impairment charge in respect of Bidfresh Pty Ltd (South Africa). The committee was satisfied these goodwill impairments were appropriately recognised and that no further impairments were required.

Audit and risk committee report continued

Adoption of IFRS 16 *Leases*
The committee considered the impacts on the consolidated AFS of adopting the new lease accounting standard, IFRS 16. The group elected to adopt IFRS 16 using the modified retrospective approach from July 1 2019, the date of initial application, and did not restate prior-period financial information. The adoption of the standard resulted in the group recognising a right-of-use asset of R4,6 billion and related lease lability of R5,8 billion as at the date of initial application.

The committee reviewed the key judgements and assumptions applied in determining the retained earnings opening balance impact and related disclosures in the consolidated AFS (refer notes 3.1, 7.3 and 10.4). The committee sought a view from PwC following their audit work, to assess whether the balances included in the group consolidated AFS were appropriate. The committee was satisfied that these matters have been properly addressed.

In order to provide comparative information to assess the group's performance, the committee also reviewed Annexure A – Pro-forma information IFRS 16 *Leases* comprising pro forma 2020 condensed consolidated financial statements of profit and loss, financial position, cash flows and currency effects of the translation of foreign operations. The committee was satisfied that the criteria prescribed by the JSE Listings Requirements and the SAICA guide on pro forma financial information were met.

Assessment of COVID on the consolidated AFS
The committee assessed management's review of the possible financial effects that COVID could have on the measurement, presentation and disclosures provided in the consolidated AFS (refer note 3.2). The review considered a variety of risk elements which included considering macro-economic factors, contractual obligations and supply chain impacts. The committee also considered the additional credit risk due to the COVID pandemic in determining the recoverability of trade receivables, and the appropriate recognition of restructuring provisions based on approved restructuring plans that have been publicly announced to parties involved.

Going concern basis for the financial statements
The committee assessed and challenged the forecast cash flows including sensitivity to trading and expenditure plans, and for the potential impact of future risks and uncertainties across the group. The committee also considered the group's available financing facilities, covenants and future funding and capital needs. The committee confirmed that the application of the going concern basis for the preparation of the AFS continued to be appropriate and was satisfied with the going concern disclosures in the consolidated AFS (refer note 12.8).

Residual values of freehold property
Management have made judgements concerning the residual values of freehold properties owned by the group. Management have determined that the useful life of each freehold property is less than its economic life and that each property will be sold by the end of its useful life (refer note 3.1 in the consolidated AFS). Management represented that each property has a documented repairs and maintenance plan to ensure each property remains in its current condition and that the properties are unlikely to suffer from economic or technological obsolescence.

The committee considered management's assumptions and judgements regarding the amounts it expects to receive currently for the properties if the properties were already of the age and in the condition expected at the end of their useful lives. This includes the group's knowledge, experience with similar freehold properties, considerations regarding the size of a property and expected future business growth, the age of a property, location and proximity to customers, and current market values and rental growth over the expected useful life.

The committee concurred with management's assessment of the residual values of freehold property owned by the group.

DAC Italy new shareholders agreement
During 2014, the group and the non-controlling shareholders entered into the first shareholders agreement for the shareholding in Distribizione Alimentari Convivenze SPA (DAC). A put option was recognised under that agreement which has subsequently expired and was derecognised in the 2020 AFS. As a result of the initial put option expiring on December 2 2019, Bidfood Italia srl entered into a new shareholders agreement in order to recognise a new put option (refer note 10.5 in the consolidated AFS for further details).

The committee considered and was satisfied with the evidence to support the conclusion that the group controls DAC. The committee was satisfied with the evidence to support the derecognition of the minority interest in DAC on the basis that the substantial risks and rewards of ownership of the non-controlling interests had transferred to the group (refer note 10.5 in the consolidated AFS).

Puttable non-controlling interest (NCI) liabilities
The group has agreements with non-controlling shareholders in a number of subsidiaries to the group at contracted dates and amounts (refer note 10.5 in the consolidated AFS). The unwinding of the present value discount on put option liabilities is recorded within finance charges in the statement of profit or loss using the effective interest rate method. Changes in the fair value of put option liabilities resulting from changes in assumptions used to estimate the future purchase price are recorded directly in retained earnings in the statement of changes in equity.

The committee considered and concurred with the forecast assumptions and discount rate underpinning management's assessment of the present value of the contracted redemption value of R3,7 billion for the new put option according to the terms of the December 2019 shareholders agreement, and the fair value of this put option liability at June 30 2020 of R4,3 billion.

In July 2019, the group responded to a query from the JSE regarding Bidcorp's accounting policy for puttable NCI liabilities. The JSE acknowledged that there is no explicit guidance in IFRS for puttable NCI liabilities and that judgement is required in developing its accounting policy. This judgement has not had a significant quantitative impact on the consolidated AFS to date.

The committee noted the diversity in practice as to whether to recognise subsequent measurement changes in the carrying amount of the puttable NCI liabilities in profit or loss or equity. The group has applied judgement to recognise subsequent measurement changes in the liabilities in accordance with the principles of IFRS 10.23 whereby changes in ownership in a subsidiary that does not result in a loss of control are accounted for as equity transactions and any subsequent measurement changes in the carrying amount of the puttable NCI liability are recognised directly in equity.

In the absence of clarification by the International Accounting Standards Board, the committee concurred with the consistent application of the accounting policy judgement to take changes in assumptions used to estimate the fair value of puttable NCI liabilities directly to retained earnings.

Conclusion
Following the review by the committee for the year ended June 30 2020, the committee is of the view that, in all material respects, it has complied with the relevant requirements.

Having achieved its objectives for the financial year, the committee recommended the consolidated and separate financial statements for the year ended June 30 2020 for approval to the board.

Signed on behalf of the group audit and risk committee by:

Helen Wiseman
Chairman

August 25 2020

Acquisitions committee report

This is the report of the Bidcorp acquisitions committee (committee) appointed for the financial year ended June 30 2020 in compliance with principles of good governance, the Companies Act and in terms of the JSE Listings Requirements.

The committee has a board-approved charter that is annually reviewed and adopted, The charter complies with the Companies Act and King IV guidance for good governance.

Copies are available either from the company secretary on request or can be downloaded from the group website.

Membership

This committee was constituted by the board on June 1 2016. The committee was appointed by the board and in line with its charter requires a minimum of three (3) independent non-executive directors.

Following the changes to the Bidcorp board, the committee members were reviewed and amended. The committee comprises Messrs PC Baloyi (Chairman), BL Berson (CEO), DE Cleasby (CFO), B Joffe, NG Payne and CJ Rosenberg. Committee membership therefore includes three independent non-executive directors, two executive directors and an additional non-executive director thus exceeding the minimum charter requirements.

The board considers the membership of the committee adequate and the members are adequately experienced to perform the duties in line with the charter requirements.

Purpose

The primary purpose of the acquisitions committee is to:

- review any significant acquisitions as determined by the group delegated levels of authority for an in-principle decision as to whether the acquisition should be investigated and pursued;
- recommend to the board planned acquisitions that have been approved to be in the best interest of shareholders and to the future growth of the group;
- inform the board of acquisitions which were not recommended for consideration;
- review post-acquisition performance of acquisitions concluded; and
- assess the business case and timeliness of any potential exit of operation or significant asset.

Attendance

The names of the members who were in office during the period under review and the committee meetings attended by each of the members are:

Members	August 26 2019	August 24 2020
PC Baloyi (appointed as chairman on December 1 2019)	^	^
DDB Band (retired as chairman on November 14 2019)	^	
BL Berson	^	^
DE Cleasby	^	^
B Joffe	^	^
NG Payne	^	^
CJ Rosenberg (appointed on December 1 2019)		^

^ *Attended in person, by video-conference or tele-conference.*

Duties carried out

The committee met twice over the period under review, as well as ongoing engagement throughout the period under review to discuss and consider acquisition prospects as identified by management. The meetings constituted over the review period focused on the following significant acquisitions and/or disposals:

- an update on the steps taken in relation to the UK Discontinued Operations; and
- strategic discussions around the group approach in structuring of acquisitions, both past and future.

Acquisition cash spend for the year ended June 30 2020 amounted to R163,7 million (F2019: R449,0 million), being the acquisition of Elite Frozen Foods Limited.

Smaller bolt-on acquisitions, that fell below the committee's threshold per the group's delegated levels of authority included a small in-country bolt-on acquisition in Australia.

Conclusion

The committee has considered its performance over the period under review and is comfortable that it has met its duties and responsibilities as set out in the board-approved acquisitions committee charter.

Signed on behalf of the acquisitions committee by:



Paul Baloyi
Chairman

August 25 2020

Nominations committee report

This is the report of the Bidcorp nominations committee (committee) appointed for the financial year ended June 30 2020 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

The committee has a board-approved charter that is annually reviewed and adopted. The charter complies with the Companies Act and King IV guidance for good governance. Copies are available either from the company secretary on request or can be downloaded from the group website.

Membership

This committee was first constituted by the board on June 1 2016, comprising the minimum requirements of three (3) members, majority of whom are independent non-executive directors. The board-appointed committee members comprise Messrs S Koseff (chairman), NG Payne (LID), B Joffe and Mrs DD Mokgatle; thus meeting the regulatory and charter requirements. The board considers the membership of the committee adequate and the members are sufficiently experienced to perform the duties in line with the charter requirements.

Purpose

The key responsibilities and role of the committee include but are not limited to:

- establishment of a formal process for the appointment of directors to the board;
- identification of suitable directors in succession planning for senior appointments;
- ongoing training, development and updates of changing requirements in legislation and board roles necessary for the directors to satisfactorily perform their roles;
- evaluation of the independence of the independent non-executive directors;
- performance evaluations of the directors; and
- recommendations to shareholders for annual re-election of those directors retiring by rotation, appointment of audit and risk committee members and other committee memberships as required.

Attendance

The names of the members who were in office during the period under review and attendance of the meeting held are as follows:

Members	August 27 2019	August 24 2020
S Koseff (chairman)	^	^
DDB Band (retired at 2019 AGM, held on November 14 2019)	^	
B Joffe	^	^
DD Mokgatle	^	^
NG Payne (appointed December 1 2019)		^

^ *Attended in person, by video-conference or tele-conference.*

Duties carried out

The committee met once over the period under review, however informal communication between members also took place to discuss various matters under review. The significant topics considered by the committee over this period include the:

- review of the board committee's membership and recommendation of changes to the board committees, effective December 1 2019;
- board succession planning in light of the retirement of Mr DDB Band, lead independent director, who retired at the 2019 annual general meeting;
- completed an independent board performance assessment;
- ongoing review and assessment of the appropriate board composition, mix and skill sets represented in order to ensure the effective execution of its duties;
- consideration with regards to the diversity of the board membership, ensuring the requirements of the board diversity policy adopted continue to be met;
- review composition of the various board committee memberships;
- review and recommendation of those directors eligible for rotation as presented to the 2020 annual general meeting for shareholder approval;
- review and recommendation of the Bidcorp audit and risk committee members to the 2020 annual general meeting for shareholder approval; and
- continuing focus and progression of a succession plan for roles within the board, the group chief executive and the group chief financial officer and the senior management.

Conclusion

The committee has considered its performance over the period under review and is comfortable that it has met its duties and responsibilities within the operations as set out by regulations and in line with the board-approved nominations committee charter.

Signed on behalf of the nominations committee by:



Stephen Koseff
Chairman

August 25 2020

Remuneration committee report

This is the report of the Bidcorp remuneration committee (committee) appointed for the financial year ended June 30 2020 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

The committee has a board-approved charter that is annually reviewed and adopted. This charter is compliant with the requirements of the Companies Act and King IV guidance for good governance.

Copies are available either from the company secretary on request or can be downloaded from the group website.

Membership

This committee was first constituted by the board on June 1 2016, comprising the minimum requirements of three (3) independent non-executive directors. The chairman of the committee is lead independent non-executive director, Mr NG Payne, appointed on December 1 2019. The Bidcorp remuneration committee members in addition to the chairman comprise independent non-executive directors Messrs PC Baloyi and CJ Rosenberg, in line with the charter requirements.

The chief executive officer and other members of senior management may be invited to attend meetings but may not participate in the voting process of the committee. These invitees recuse themselves from any discussion regarding executive performance appraisals, remuneration and incentivisation discussions. The committee re-appointed legal firm, Bowmans, to perform the role of independent remuneration adviser.

The board considers the membership of the committee adequate and the members are sufficiently experienced to perform the duties in line with the charter requirements.

Purpose

The key responsibilities and role of the committee include but are not limited to the:

- fair and responsible remuneration of the executives and senior management, as well as the complete and transparent disclosure of this remuneration cost;
- review and recommendation of the annual fees to be paid to the non-executives submitted to the shareholders for approval at the annual general meeting;
- determination of the necessary criteria for the performance assessment indicators of the group executives in their respective roles;
- consideration and recommendation of the allocation of long-term incentives awarded to executives and senior management; and
- review and recommendation of the annually published Bidcorp remuneration report to the board for release.

Attendance

The names of the members who were in office during the period under review and the number of committee meetings attended by each of the members are as follows:

Members	August 26 2019	May 25 2020	August 24 2020
NG Payne (appointed to chairman, December 1 2019)	^	^	^
DDB Band (retired as chairman, November 14 2019)	^		
PC Baloyi	^	^	^
CJ Rosenberg		^	^

^ *Attended in person, by video-conference or tele-conference.*

Duties carried out

The remuneration philosophy promotes the group's entrepreneurial culture within a decentralised environment with the aim of achieving sustainable growth within all businesses. The philosophy emphasises the fundamental value of Bidcorp's people and their role in attaining this objective.

COVID-19 crisis

The committee urgently met to discuss the impacts of the global COVID-19 (COVID) crisis on the group's remuneration policies noting the following:

- the world had undergone significant disruption over the past few months due to COVID and as a result Bidcorp currently did not have an adequate incentivisation mechanism in place for senior management and executives. The committee's long-term incentive plans that previously provided "lock-in" for senior management and executives has now fallen away;
- more than ever senior management's key focus needs to be focusing on stabilising their respective operations, retaining their senior management teams and recovering the value for shareholders that has been destroyed by the global COVID pandemic;
- the actions taken by the senior management and executives of volunteering of salary pay-cuts over the COVID pandemic period, the fact the committee will not be awarding short-term bonus awards in the 2020 financial year, and will not be awarding salary increases to the executives for the 2021 financial year ahead; and
- both Bidcorp executives have global roles, both are required to appropriately respond to and lead a number of management teams, operating out of different geographies through this COVID pandemic.

The committee decided, in consultation with the Bidcorp's independent remuneration adviser (which includes the perspectives of major proxy advisers and our understanding the views of the major institutional investors), to modify the previous CSP scheme awards to executives and senior managers as follows:

- senior managers, the incentivisation scheme would be changed from the SAR scheme to a retention CSP scheme. It is more important than ever to retain senior management and incentivise them appropriately, as these individuals are vital in the rebuild exercise required by Bidcorp over the next few years;
- the 2017 and 2018 CSP awards to executives, the reduction in the awards by 30%, the resetting of the vesting terms applied to these awards and the extension of the vesting periods from three to five years;
- the 2019 CSP awards to executives to be made, a reduction in the proposed awards by 30%, the resetting of the vesting terms applied to these awards and the extension of the vesting periods from three to five years; and
- the 2020 CSP awards still to be considered, to propose a change to the performance conditions going forward, being a 50:50 allocation between retention and performance targets.

The committee met three times during the period under review, in addition to the COVID-related discussion as set out above, further significant topics considered by the committee over the review period included the:

- review and approval of the granting of CSP awards to staff, from the Bidcorp Incentive Scheme as recommended by the chief executive;
- review and recommendation of the annual increase in non-executive director's fees presented to shareholders for approval at the annual general meeting;
- approving the 2016 CSP award vesting and payment in November 2019;
- considering the allocation of short and long-term incentives to the executives; and
- finalisation and approval of the draft Bidcorp remuneration report as presented to the board for sign-off and publication.

Conclusion

The committee has considered its performance over the period and is comfortable that it has met its duties and responsibilities as set out by regulations and in line with the board-approved remuneration committee charter, and the committee is of the view that, in all material respects, it has complied with the relevant regulatory and legislative requirements.

Having achieved its objectives for the financial year, the remuneration committee sets out the required remuneration disclosures as part of the directors' report. Refer to the directors' report within the 2020 annual integrated report for the full details pertaining to executive and non-executive directors' compensation.

Signed on behalf of the remuneration committee by:



Nigel Payne
Chairman

August 25 2020

Social and ethics committee report

This is the report of the Bidcorp social and ethics committee (committee) appointed for the financial year ended June 30 2020 in compliance with the Companies Act and in terms of the JSE Listings Requirements.

This committee was constituted by shareholders' special resolution passed on April 4 2016 and operates in terms of an annually reviewed and adopted board-approved charter. The charter complies with the statutory requirements as set out in the Companies Act and is in line with the recommendations as set out by King IV.

Copies are available either from the company secretary on request or can be downloaded from the company website.

Membership

The committee members comprise Mr NG Payne (chairman), Mrs T Abdool-Samad, Mrs DD Mokgatle and Mrs H Wiseman, as well as chief executive Mr BL Berson, thus meeting charter and statutory requirements.

The board considers the membership of the committee adequate and the members are sufficiently experienced to perform their duties in line with the charter.

Purpose

Responsibilities of this committee are in line with the legislated requirements. The key areas of responsibility are listed below:

- Social and economic development.
- Empowerment and transformation.
- Corporate citizenship.
- Labour and employment.
- Environment, health and public safety.
- Ethics and code of conduct compliance.
- Stakeholder relations.
- Regulatory, statutory and legislative compliance.

Attendance

The names of the members who were in office during the period under review and the number of committee meetings attended by each of the members are as follows:

Members	August 27 2019	November 14 2019	February 18 2020	May 18 2020	August 25 2020
NG Payne (chairman)	^	^	^	^	^
T Abdool-Samad (appointed December 1 2019)			^	^	^
BL Berson	^	^	^	^	^
DD Mokgatle	^	^	^	^	^
H Wiseman	^	^	^	^	^

^ *Attended in person, by video-conference or tele-conference.*

Duties carried out

The committee believes progress can only be credibly reported if ESG indicators are identified, monitored, measured and recorded. Notably the monthly detailed ESG reporting processes have provided comparable metrics and insight across geographically and jurisdictionally diverse businesses. This ensures responsible corporate participation is engaged across the whole group.

In addition, the review and interrogation provided by the quarterly divisional audit and risk committee (DARC) meetings are an important source of oversight for reporting into the committee. Operations adopt individually determined targets for improved sustainability performance and in doing so meet group-wide reporting metrics and targets, whilst all the while functioning efficiently within their unique operational requirements.

The committee monitors the group's initiatives to promote diversity and advance the objectives of non-discrimination. The Bidcorp Code of Ethics and the quarterly signed management representation letter submitted through the DARC meetings are reviewed and updated as required for internal assurance governance process.

The group-wide health and safety awareness programme focused on the reinforcement of internal policies, training programmes and additional warning mechanisms to ensuring a safe work environment for all. We support our staff through locally implemented and fit-for-purpose wellness programmes. We remain committed to upholding the highest standards in health and safety initiatives for our staff.

Sadly, the COVID pandemic has resulted in three fatalities within the South African operations during the lockdown period. We extend our sincere condolences to the families of the deceased, and to those impacted by this global pandemic.

Food safety remains a top priority for the group, with quarterly updates and feedback provided from internal and external assurance providers. Incidents of listeria and food contamination do occur from time-to-time. However they are identified and quickly responded to through product recalls and effective communication. We note that there were no serious incidents reported during the year, a non-negotiable standard.

The risk and mitigations processes for fire safety detection, prevention and response remain a key focus area and ongoing monitoring and testing is a priority.

Bidcorp's commitment to maintaining an ethical environment is demonstrated through the independently administered Bidcorp whistle-blowing facility. Group-wide reinforcement of the provision of a globally administered but locally facilitated anonymous tip-offs line is available in all local languages to all group entities. Review of the details of calls received and management follow-up action is presented to the committee quarterly for review, but immediately if the nature of the call deems it necessary.

Conclusion

Following the review by the committee for the year ended June 30 2020, the committee is of the opinion that, in all material respects, it has achieved its objectives for the financial year. The committee notes that there were no items identified by management nor reported directly to the members of the social and ethics committee by third parties, that would indicate any reportable non-compliances, in terms of the Companies Act requirements.

Signed on behalf of the social and ethics committee by:



Nigel Payne
Chairman

August 25 2020

Independent auditor's report

To the shareholders of Bid Corporation Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Bid Corporation Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Bid Corporation Limited's consolidated and separate financial statements set out on pages 24 to 107 comprise:

- the consolidated and separate statements of financial position as at 30 June 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

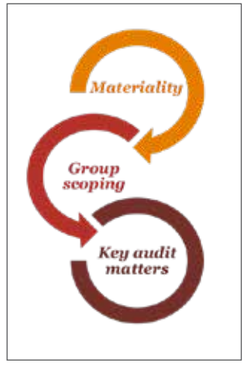
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R251,5 million, which represents 5% of adjusted average profit before taxation from continuing operations of the past 3 years. The 2020 profit before tax from continuing operations was adjusted for the goodwill impairment expense.

Group audit scope

- Full scope audits were performed over all financially significant components.
- Specified audit procedures were performed on certain account balances and transactions of one non-significant component to obtain sufficient appropriate audit evidence to express an opinion on the consolidated financial statements as a whole.

Key audit matters

- Goodwill impairment assessment; and
- Adoption of International Financial Reporting Standard (IFRS) 16 *Leases*.

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

Materiality

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

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

Overall group materiality	R251,5 million.
How we determined it	5% of adjusted average profit before taxation from continuing operations of the past three years. The 2020 profit before tax from continuing operations, was adjusted for the goodwill impairment expense.
Rationale for the materiality benchmark applied	We chose adjusted average profit before taxation from continuing operations of the past three years as the benchmark. In our view, profit before taxation from continuing operations is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Current year profit before taxation from continuing operations was adjusted due to a non-recurring expense relating to the impairment of goodwill. An average of the profit before taxation from continuing operations of the past three years was used due to the volatility arising in the current year as a result of COVID-19 on the Group. We chose 5% 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 has five principal reportable operating segments that align with its organisational design namely Australasia, United Kingdom, Europe, Emerging Markets and Corporate.

The Group's financial statements are a consolidation of fifty three reporting components, which make up the Group's five operating segments. Of these reporting components, we selected fourteen components for full scope audits due to their financial significance. The materiality applied in performing these audits was limited to an appropriate allocation of the Bid Corporation Limited consolidated materiality. Specified audit procedures on certain balances and transactions were performed at one other out of scope component and analytical review procedures were performed on the remaining components.

This, together with additional procedures performed at the Group level, including testing of consolidation journal entries and intercompany eliminations, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

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 component auditors from other PwC network firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

We met with certain of the component auditors in the Australasia, United Kingdom, Europe, Emerging Markets, and Corporate reporting segments and attended Divisional Audit and Risk Committee meetings for all components as part of planning and completion of the audit.

Independent auditor's report continued

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

The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters to communicate in our report with regard to the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment Refer to notes 3 and 8.3 to the consolidated financial statements. International Accounting Standard (IAS) 36: Impairment of Assets requires goodwill to be tested annually for impairment, or more frequently if impairment indicators are identified. As at year end, the Group had goodwill amounting to R16,7 billion. Management tested goodwill for impairment within all cash generating units (CGUs), and concluded that there are only impairments relating to Spain and South Africa of R793,8 million and R4,1 million respectively. The recoverable amount was based on the value in use for all CGUs. In determining the value in use of the CGUs, management applied judgement in determining the following key assumptions: • The discount rates; • Terminal growth rates; and • Trading margins We considered the goodwill impairment assessments to be a matter of most significance to our current year audit due to the following: • The sensitivity of the impairment assessments to certain key assumptions, as limited movement in these assumptions could potentially result in impairment/additional impairment for the Spain and German CGUs; • The level of judgement applied by management in performing the impairment assessments, including determining the key assumptions; • The magnitude of the impairment expense recognised by management in respect of the Spain CGU; and • The magnitude of the remaining consolidated goodwill balance.	We obtained an understanding of the process and procedures applied by management during their impairment assessment of goodwill. Our audit procedures included, among others, testing of the principles and integrity of management's value in use calculation. We evaluated management's calculation by: • Challenging and testing the reasonability of the key assumptions used by management in the calculations, which included the discount rates, revenue growth percentage in the cash flow forecasts, trading margins, terminal growth rates, and capital expenditure forecasts. We compared these key assumptions to industry benchmarks, historical performance and future market forecasts. • We compared the process followed by management in determining these cash flow forecasts to past practice and found the process to be consistent. • We considered the historical accuracy of forecasts by comparing the 2019 and 2020 actual results to the forecasts for those years. • We performed sensitivity assessments on the forecasted impacts of COVID-19 to assess the reasonability of these forecasts. These forecasts are considered to be highly judgemental given the impact of COVID-19 on operations. • We made use of our valuation expertise to test the appropriateness and reasonability of the discount rate through independent recalculation. Whilst we noted that our independently determined discount rates were higher than those applied by management, the impact was immaterial to the decision to impair CGUs, or the impairment realised. • We compared the long term growth rates used by management to economic and industry forecasts and found most of the long term growth rates to be within a reasonable range. Where we found a lower long term growth rate to be more appropriate, we adjusted the calculation for the lower long term growth rate and assessed the impact of this on the goodwill impairment assessment. No material further impairments were noted. • We tested the mathematical accuracy of management's impairment assessment and utilised our valuation expertise to assess whether generally accepted valuation methodology was applied. No material differences were noted and we found the methodology applied by management to be consistent with industry practice. We performed independent sensitivity calculations on the impairment assessments in order to determine the degree by which certain key assumptions (discount rate and the terminal growth rate) needed to change in order to trigger an impairment. We discussed these with management and considered the likelihood of such changes occurring. Whilst our independently determined key assumptions were different from those applied by management, the impact of these differences was found to be immaterial to the impairment assessment.

Key audit matter	How our audit addressed the key audit matter
Adoption of International Financial Reporting Standard (IFRS) 16 - *Leases* Refer to notes 3.1, 7.3 and 10.4 to the consolidated financial statements. The Group adopted IFRS 16 with effect from 1 July 2019. The Group opted to use the modified retrospective approach in transitioning to the new standard. The adoption of the standard resulted in the Group recognising a right-of-use asset (RoU Asset) and related lease liability of R4,67 billion and R5,75 billion, respectively, as at adoption date of 1 July 2019. In determining the retained earnings opening balance impact, management applied judgement to conclude on certain key inputs into the calculations, namely: • Determining the lease term where there are renewal and termination options; and • Determining the lease discount rate (incremental borrowing rate). • We considered the adoption of IFRS 16 to be a matter of most significance to our current year audit as: – the judgements applied by management in determining the accounting policies upon adoption of IFRS 16; – the identification and processing of all the relevant data associated with the leases was complex and required management to apply significant judgement; and – the balances recorded upon adoption were material.	We obtained an understanding and evaluated the Group's implementation process, which included consideration of the updated accounting policy and policy elections made, against the requirements of IFRS 16. We made use of our valuations expertise, in certain reporting components, to calculate the lease discount rate, through benchmarking against Prime Industry property yield benchmarks, property borrowing spreads, Government bond rates and bond yield benchmarks. Based on the work performed, the lease discount rates were found to be within an acceptable range of these benchmarks. We assessed information against lease contracts, as follows: • Compared the lease term applied to factors such as the Group's business planning cycle, past history of terminating or not renewing a lease, how far into the future the renewal option is exercisable, and the likelihood of renewal/termination options being exercised. Based on the work that we performed, we accepted the lease terms applied by management; • Obtained management's calculation for allocating lease payments between lease and non-lease components and assessed the appropriateness of the assumptions applied in this allocation with reference to factors such as the relative standalone selling prices of those non-lease components. Where the relative standalone selling prices of the non-lease components could not be determined, we assessed management's estimate thereof, which was based on the average percentage split of similar leases where suppliers had provided a split between lease and non-lease components. We did not identify material differences. We further performed the following procedures on a sample basis, and did not note material differences: • Tested the accuracy of the underlying lease data by agreeing the information to original contracts; • Agreed the lease data from the third-party lease administrator to the input data used in the IFRS 16 calculations, to evaluate whether the data was complete; • Agreed lease payments to the underlying lease contracts after taking into account any allocation between lease and non-lease components as detailed above; and • Tested management's assessment of the recognition exemptions in relation to short-term leases or leases for which the underlying asset is of low value against the requirements of IFRS 16. We independently recalculated the IFRS 16 calculations and found management's calculation to be mathematically accurate.

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 "Bid Corporation Limited Annual Financial Statements for the year ended June 30 2020", which includes the Directors' Report, the Audit and Risk Committee Report and the Declaration by 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 "Bidcorp Annual Integrated Report for the year ended 30 June 2020" which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the 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 or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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 and the Company'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 and the Company'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 and separate 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 and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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 Bid Corporation Limited for 2 years.



PricewaterhouseCoopers Inc.
Director: EJ Gerryts
Registered Auditor

Johannesburg

25 August 2020

Consolidated statement of profit or loss

for the year ended June 30	Note	2020 R'000	2019 R'000 Re-presented*
CONTINUING OPERATIONS			
Revenue	4.1	**121 117 480**	129 249 988
Cost of revenue		**(91 921 749)**	(98 418 233)
Gross profit		**29 195 731**	30 831 755
Operating expenses		**(25 033 193)**	(24 165 327)
Sales and distribution costs		**(19 111 521)**	(19 295 717)*
Administration costs		**(4 352 332)**	(4 512 337)
Impairment of trade receivables		**(874 269)**	(230 016)*
Other costs	4.2	**(695 071)**	(127 257)
Trading profit		**4 162 538**	6 666 428
Share-based payment expense	11.1	**(100 774)**	(114 468)
Acquisition costs	8.1	**(1 968)**	(27 686)
Capital items	4.2	**(923 687)**	44 106
Operating profit		**3 136 109**	6 568 380
Net finance costs		**(710 263)**	(285 942)
Finance income	10.2	**85 647**	109 506
Finance charges	10.2	**(795 910)**	(395 448)
Share of profit of associates and jointly-controlled entities		**6 448**	59 148
Profit before taxation		**2 432 294**	6 341 586
Taxation	5.1	**(868 614)**	(1 472 282)
Profit for the year from continuing operations		**1 563 680**	4 869 304
DISCONTINUED OPERATIONS			
Loss after taxation from discontinued operations	13	**(331 578)**	(731 969)
Profit for the year		**1 232 102**	4 137 335
Attributable to			
Shareholders of the company		**1 216 805**	4 104 169
From continuing operations		**1 548 383**	4 836 138
From discontinued operations		**(331 578)**	(731 969)
Non-controlling interests from continuing operations		**15 297**	33 166
		1 232 102	4 137 335
Continuing operations (cents)			
Basic earnings per share	6.1	**463,5**	1 451,0
Diluted basic earnings per share	6.2	**462,6**	1 448,5
Headline earnings per share	6.3	**741,3**	1 443,6
Diluted headline earnings per share	6.3	**739,7**	1 441,2
Discontinued operations (cents)			
Basic loss per share	13	**(99,3)**	(219,6)
Diluted basic loss per share	13	**(99,1)**	(219,2)
Headline loss per share	13	**(47,3)**	(103,1)
Diluted headline loss per share	13	**(47,2)**	(103,0)
Total operations (cents)			
Basic earnings per share		**364,2**	1 231,4
Diluted basic earnings per share		**363,5**	1 229,3
Headline earnings per share		**694,0**	1 340,5
Diluted headline earnings per share		**692,5**	1 338,2
Dividends per share (cents)		**330,0**	640,0

** The group re-presented operating expenses to show the impairment of trade receivables separately on the statement of profit or loss.*

Consolidated statement of other comprehensive income

for the year ended June 30	2020 R'000	2019 R'000
Profit for the year	**1 232 102**	4 137 335
Other comprehensive income net of taxation	**4 331 548**	(241 652)
Items that may be classified subsequently to profit or loss	**4 327 684**	(235 565)
Increase (decrease) in foreign currency translation reserve	**4 381 823**	(234 959)
Movement in investment held at fair value through other comprehensive income		
Fair value loss	**(54 139)**	–
Decrease in fair value of cash flow hedges	**–**	(606)
Fair value loss	**–**	(837)
Deferred taxation relief	**–**	231
Items that will not be reclassified subsequently to profit or loss		
Defined benefit obligations	**3 864**	(6 087)
Remeasurement of defined benefit obligations	**2 035**	(6 257)
Deferred taxation relief	**1 829**	170
Total comprehensive income for the year	**5 563 650**	3 895 683
Attributable to		
Shareholders of the company	**5 506 566**	3 862 897
Non-controlling interest	**57 084**	32 786
	5 563 650	3 895 683

Consolidated statement of cash flows

for the year ended June 30	Note	2020 R'000	2019 R'000
Cash flows from operating activities		**3 928 340**	2 332 967
Cash generated by continuing operations	4.4	**8 374 137**	6 580 935
Finance income received	10.2	**80 683**	103 797
Finance charges paid	10.2	**(677 897)**	(366 610)
Taxation paid	5.3	**(1 354 174)**	(1 423 951)
Dividends paid	12.2	**(2 213 668)**	(1 978 885)
Net operating cash flows from discontinued operations	13	**(280 741)**	(582 319)
Cash effects from investment activities		**(3 153 212)**	(3 739 498)
Additions to property, plant and equipment	7.1	**(2 724 587)**	(2 957 607)
Additions to intangible assets	7.2	**(191 576)**	(156 023)
Proceeds on disposal of property, plant and equipment		**370 328**	271 349
Proceeds on disposal of intangible assets		**9 148**	3
Acquisition of businesses and subsidiaries	8.1	**(171 604)**	(448 640)
Proceeds on disposal of interests in subsidiary	8.2	**34 659**	–
Investment in jointly-controlled entity	9.3	**–**	(51 017)
(Payments to) receipts from associates		**(8 048)**	70 409
Proceeds on disposal of investments		**72 167**	33 202
Investments acquired		**(42 832)**	(79 166)
Payments made to puttable non-controlling interests	10.5	**(12 828)**	(74 428)
Payments made to vendors for acquisition		**(58 553)**	(297 443)
Net investing activities from discontinued operations	13	**(429 486)**	(50 137)
Cash effects from financing activities		**(912 235)**	856 149
Borrowings raised	10.3	**6 476 215**	5 135 168
Borrowings repaid	10.3	**(6 408 623)**	(4 232 742)
Right-of-use lease liability payments from continuing operations	10.4	**(720 512)**	–
Right-of-use lease liability payments from discontinued operations	13	**(230 994)**	–
Payments to non-controlling interests		**(28 321)**	(39 971)
Treasury shares purchased	12.1	**–**	(6 306)
Net decrease in cash and cash equivalents		**(137 107)**	(550 382)
Cash and cash equivalents at beginning of year		**6 058 269**	6 643 149
Effects of exchange rate fluctuations on cash and cash equivalents		**1 103 264**	(34 498)
Cash and cash equivalents at end of year		**7 024 426**	6 058 269
Cash and cash equivalents comprise			
Cash and cash equivalents for continuing operations		**7 024 426**	5 775 863
Cash and cash equivalents for discontinued operations		**–**	282 406
		7 024 426	6 058 269

Consolidated statement of financial position

at June 30	Note	2020 R'000	2019 R'000
ASSETS			
Non-current assets		**42 088 766**	31 294 178
Property, plant and equipment	7.1	**17 618 435**	14 025 113
Intangible assets	7.2	**838 223**	667 572
Right-of-use lease assets	7.3	**4 934 213**	–
Goodwill	8.3	**16 676 574**	14 784 154
Deferred taxation assets	5.2	**1 202 709**	944 212
Interest in associates	9.1	**193 364**	177 978
Investments and loans	9.2	**117 307**	192 246
Investment in jointly-controlled entities	9.3	**489 933**	481 975
Defined benefit pension assets	11.3	**18 008**	20 928
Current assets		**29 509 639**	33 637 800
Inventories	7.4	**10 195 539**	9 703 879
Trade and other receivables	7.5	**12 289 674**	15 213 598
Assets classified as held-for-sale	13	**–**	2 944 460
Cash and cash equivalents		**7 024 426**	5 775 863
Total assets		**71 598 405**	64 931 978
EQUITY AND LIABILITIES			
Capital and reserves		**27 938 586**	28 735 967
Capital and reserves attributable to shareholders of the company	12.1	**27 672 556**	28 498 700
Non-controlling interests		**266 030**	237 267
Non-current liabilities		**16 000 901**	6 524 604
Deferred taxation liabilities	5.2	**686 554**	686 849
Long-term borrowings	10.3	**4 565 025**	4 659 325
Long-term right-of-use lease liabilities	10.4	**5 363 091**	–
Long-term puttable non-controlling interest liabilities	10.5	**4 632 682**	336 620
Long-term vendors for acquisition		**73 150**	275 144
Post-retirement obligations	11.3	**67 478**	59 117
Long-term provisions	7.7	**612 921**	430 462
Long-term operating lease liabilities		**–**	77 087
Current liabilities		**27 658 918**	29 671 407
Trade and other payables	7.6	**17 602 244**	18 698 495
Short-term provisions	7.7	**632 950**	313 892
Short-term puttable non-controlling interest liabilities	10.5	**55 262**	1 126 128
Short-term vendors for acquisition		**204 188**	103 882
Taxation	5.3	**246 077**	470 753
Short-term right-of-use lease liabilities	10.4	**872 229**	–
Short-term borrowings	10.3	**8 045 968**	5 841 624
Liabilities classified as held-for-sale	13	**–**	3 116 633
Total equity and liabilities		**71 598 405**	64 931 978
Net asset value per share (cents)		**8 251**	8 497
Net tangible asset value per share (cents)		**3 029**	3 890

Consolidated statement of changes in equity

for the year ended June 30	2020 R'000	2019 R'000
Equity attributable to shareholders of the company	**27 672 556**	28 498 700
Stated capital	**5 428 016**	5 428 016
Treasury shares	**(247 824)**	(435 584)
Balance at beginning of the year	**(435 584)**	(601 908)
Shares disposed of in terms of share incentive plans	**187 760**	172 630
Shares purchased during the year	**–**	(6 306)
Foreign currency translation reserve	**9 609 715**	5 263 176
Balance at beginning of the year	**5 263 176**	5 497 156
Arising during the year	**4 340 036**	(234 579)
Realisation of reserve on foreign subsidiaries	**6 503**	599
Hedging reserve	**(1 056)**	(1 056)
Balance at beginning of the year	**(1 056)**	(450)
Fair value loss arising during the year	**–**	(837)
Deferred tax recognised directly in reserve	**–**	231
Equity-settled share-based payment reserve	**290 007**	341 798
Balance at beginning of year	**341 798**	325 383
Arising during the year from total operations	**102 408**	116 882
Deferred tax recognised directly in reserve	**(22 560)**	7 143
Utilisation during the year from total operations	**(487 256)**	(172 630)
Transfer to retained earnings	**355 617**	65 020
Retained earnings	**12 593 698**	17 902 350
Balance at beginning of the year	**17 902 350**	15 896 255
IFRS 16 transition adjustment to retained earnings at beginning of year	**(1 035 469)**	–
IFRS 9 transition adjustment to retained earnings	**–**	(60 447)
Attributable profit	**1 216 805**	4 104 169
Remeasurement of defined benefit obligations during the year	**3 864**	(6 087)
Recognition of puttable non-controlling interest liabilities	**(2 673 442)**	–
Remeasurement of puttable non-controlling interest	**131 537**	12 964
Fair value adjustments held at fair value through other comprehensive income	**(54 139)**	–
Dividends paid	**(2 213 668)**	(1 978 885)
Reclassification of Nowaco equity-incentive scheme to cash-settled scheme	**(322 020)**	–
Transfer from foreign currency translation reserve	**(6 503)**	(599)
Transfer from equity-settled share-based payment reserve	**(355 617)**	(65 020)
Equity attributable to non-controlling interests of the company	**266 030**	237 267
Balance at beginning of the year	**237 267**	244 452
Total comprehensive income	**57 084**	32 786
Attributable profit	**15 297**	33 166
Movement in foreign currency translation reserve	**41 787**	(380)
Dividends paid	**(28 321)**	(52 854)
Changes in shareholding	**2 673 442**	83 347
Transfer to puttable non-controlling interest liability (refer note 10.5)	**(2 673 442)**	(70 464)
Total equity	**27 938 586**	28 735 967

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for the year ended June 30

1. BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in compliance with JSE Listings Requirements, the interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa 2008.

The preparation of the consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances (the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources), the actual outcome may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made in the application of IFRS that have had an effect on the financial statements and estimates with a risk of adjustment in the next year are set out in note 3.1. The consolidated financial statements as at and for the year ended June 30 2020 comprise the company, its subsidiaries and equity accounted investees (together referred to as the "group" or "Consolidated" and separately "Separate" or "company"). The accounting policies have been applied consistently to all years presented in the consolidated and separate financial statements. The accounting policies are the same for the consolidated and separate financial statements, unless specifically stated otherwise. The financial statements are presented in South African rand, which is the group's presentation currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

With effect from July 1 2019 the group adopted IFRS 16 *Leases* (IFRS 16). IFRS 16 replaces IAS 17 *Leases* which requires that operating leases, other than short-term and low-value leases, to be recorded on the statement of financial position in a similar manner to finance leases under IAS 17.

The group elected to adopt IFRS 16 using a modified retrospective approach. Under a modified retrospective approach, the group applies IFRS 16 from the beginning of July 1 2019 and has not restated prior-period financial information. The lease liability was measured using the present value of the remaining lease payments discounted at the incremental borrowing rates at July 1 2019. The right-of-use lease assets were measured as if IFRS 16 had always been applied (but using the incremental borrowing rates at July 1 2019). The cumulative effect of initially applying IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings on date of initial application (being July 1 2019). Judgements and assumptions in applying the related accounting policies for IFRS 16 have been disclosed in note 3.1.

The group leases various leasehold property, vehicles and equipment as the need arises. Lease contracts are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included in a number of leases across the group. These options are used to maximise operational flexibility in terms of managing lease contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor. On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 6,4% for the group.

The following practical expedients were applied on adoption of IFRS 16:

- Short-term leases – the group elected not to account for leases with a remaining lease term of less than 12 months as at July 1 2019. These leases are accounted for as lease-related expenses in the consolidated statement of profit or loss.
- Initial direct costs – the group elected not to include initial direct costs in the measurement of the right-of-use lease assets for operating leases in existence on adoption of IFRS 16.
- Lease term – the group benefited from the use of hindsight for determining the lease term when considering options to extend or terminate leases.
- Discount rate – the group applied a single discount rate to a portfolio of leases with similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying assets in a similar economic environment and same entity within the group).
- Determination of a lease – on adoption of IFRS 16 the group elected not to reassess whether a contract is or contains a lease. Instead the group relied on its assessment made in applying IAS 17 for contracts entered into before July 1 2019.
- Low-value assets – the group elected to apply the recognition exemption in relation to leases with a value below R75 000 per annum.
- Impairment review – instead of performing an impairment review on the right-of-use assets on July 1 2019, the group has relied on its historical assessment as to whether leases were onerous immediately before the adoption of IFRS 16.

The adoption of IFRS 16 *Leases* from July 1 2019 complicates the comparison of the performance of financial years 2020 and 2019. In order to provide comparative information to assess the group's performance, a *pro forma* condensed consolidated statement of profit or loss, *pro forma* summarised consolidated statement of financial position, *pro forma* summarised consolidated statement of cash flows and *pro forma* supplementary information regarding the currency effects of the translation of foreign operations on the group (the *pro forma* information) has been presented for the year ended June 30 2020.

1. BASIS OF PREPARATION (continued)

The following is a reconciliation of continuing operations operating lease commitments as at June 30 2019 to the continuing operations RoU lease liabilities recognised at July 1 2019:

	2019 R'000
Operating lease commitments disclosed as at June 30 2019	5 309 618
Recognition exemptions:	
• Short-term leases recognised on a straight-line basis as an expense	(108 790)
• Leases of low-value assets recognised on a straight-line basis as an expense	(111 012)
Adjustments as a result of a different treatment of renewals, termination options and other adjustments	2 583 391
Operating lease liabilities before discounting	7 673 207
Discounted using the incremental borrowing rate at the date of initial application	(1 920 282)
Continuing operations RoU lease liability as at July 1 2019	5 752 925

With effect from July 1 2019 the group adopted IFRIC 23 *Uncertainty over Income Tax Treatments* (IFRIC 23). IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 *Income Taxes* are applied when there is uncertainty over income tax treatment. No additional current or deferred tax liabilities were recognised as a result of IFRIC 23.

The consolidated and separate financial statements were approved by the board of directors on August 25 2020.

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and its subsidiaries. Subsidiaries are entities controlled by the group. Control is achieved when the company has the power over an investee, is exposed to or has rights to variable returns from its involvement with an investee and has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements. When the company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the group's significant accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the company.

Notes to the consolidated financial statements continued

for the year ended June 30

2. BASIS OF CONSOLIDATION (continued)

2.1 Business combinations

The group accounts for business combinations using the acquisition method. The consideration transferred for the acquisition of a business is the fair value of assets transferred, the liabilities incurred and the equity issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent arrangement. If the contingent arrangement is classified as equity, then it is not remeasured and settlement is accounted for in equity.

Subsequent changes in the fair value of other contingent arrangements are recognised in profit or loss. Acquisition-related costs, apart from costs directly related to the raising of debt and (or) equity, are accounted for in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date. The group recognises any non-controlling interest, at the non-controlling interest's proportionate share of the subsidiary's net assets on an acquisition-by-acquisition basis. When a business combination is achieved in stages, the group's previously held equity interest in an entity is remeasured to its acquisition date fair value and the resulting gain or loss recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the entity and the acquisition date fair value of any previous equity interest in the business over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill and separately identifiable intangible assets. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase gain.

The company carries its investments in subsidiaries at cost less accumulated impairment losses. The excess of the consideration transferred, the amount of any non-controlling interest in the entity and the acquisition date fair value of any previous equity interest in the business over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase gain.

The company carries its investments in subsidiaries at cost less accumulated impairment losses.

2.2 Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into South African rand at rates of exchange ruling at the reporting date. Income, expenditure and cash flow items are translated into South African rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in equity as a foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the statement of profit or loss.

Acquisitions and disposals of foreign operations are accounted for at the exchange rate ruling on the date of the transaction.

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies which are translated at the rates of exchange ruling at the reporting date. Translation differences are generally recognised in the statement of profit or loss.

Non-monetary assets and liabilities are measured based on historical cost in a foreign currency are translated at an exchange rate at the date of the transaction.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES

The board of directors has considered the group's accounting policies, key sources of uncertainty and areas where accounting judgements were required in applying the group's accounting policies. A number of the group's accounting policies and disclosures require the determination of fair values for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and (or) disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3.1 Accounting judgements and determination of fair values in applying the group's accounting policies

Judgements made in the application of IFRS that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Property, plant and equipment

The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's best estimate of the useful lives of the assets. All properties are accounted for as own use assets and are thus held at cost less accumulated depreciation. Market indicators reflect that these properties could realise more than their carrying values if disposed of. The fair value of property, plant and equipment recognised as a result of a business combination is based on market values.

The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market values of other assets are based on the quoted market prices for similar items.

Property, plant and equipment are depreciated over their useful lives, taking into account applicable residual values. The group's judgement for useful life of a freehold property is that it is expected that the useful life of a freehold property is less than its economic life. The estimated remaining useful life of the freehold property is based on the group's knowledge, experience with similar freehold properties and considerations regarding the size of property and expected future business growth, age of property and equipment (freezers/chillers), location and proximity to customers. The measurement of freehold property residual values, at the expected date of disposal, is based on management's judgement that each freehold property will be sold by the end of its useful life and considers current market values and rental growth of the expected useful life when determining the residual value of a freehold property.

Changes in the useful lives and (or) residual values are accounted for as a change in accounting estimate.

Goodwill and indefinite life intangible assets

The group has assessed the carrying value of goodwill and indefinite life intangible assets to determine whether any of the amounts have been impaired. The carrying values were assessed using the discounted cash flow method and the actual results and forecasts for future years. The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Right-of-use lease assets and right-of-use lease liabilities

Judgements and assumptions made by the group in applying the related accounting policies for IFRS 16:

- Lease discount rate – Except where a discount rate implicit in the lease has been stipulated in the lease agreement, the lease payments are discounted using the incremental borrowing rate. The calculation of an incremental borrowing rate requires significant judgement. The incremental borrowing rate is calculated as a function of a base rate, plus a credit spread, plus other adjustments. Other adjustments take into account the lease period, currency of the lease payments, lease duration, lease-specific adjustments such as asset class and security risk in relation to the leased asset.
- Lease term – In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Deferred taxation

Deferred taxation assets are recognised to the extent it is probable that the taxable income will be available against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

Inventories

Impairment allowances are raised against inventory when it is considered that the amount realisable from such inventory's sale is considered to be less than its carrying amount. The impairment allowances are made with reference to an inventory age analysis as well as expiry dates. The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the efforts required to complete and sell the inventory.

Notes to the consolidated financial statements continued

for the year ended June 30

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES (continued)

3.1 Accounting judgements and determination of fair values in applying the group's accounting policies (continued)

Revenue (agent versus principal)

The group considers the determination of the agent versus principal classification to be a judgement applied in determining that the relationship is one of principal rather than one of an agent. For logistics revenue recognition, the group obtains an understanding of the nature of these revenue transactions and utilises technical accounting experts to evaluate whether control has transferred to the group before transferring to the customer or not. The group considers whether control associated with inventory has passed to the group before transfer to the customer; which party carries the inventory risk before and after the customer order; which party has the primary responsibility for providing the goods to the customers; and who had influence over setting the price at which the product is sold to the customers.

Trade receivables

Trade receivables are initially measured at fair value, which is equal to the consideration expected to be received from the satisfaction of performance obligations, plus any directly attributable transaction costs. At the time of initial recognition in accordance with IFRS 9 the group assesses the expected credit loss by applying the simplified approach. To measure the expected credit loss (ECL) each operation applies a historic loss ratio to trade receivables at each reporting date.

In determining the ECL, each operation splits the trade receivables into groups based on shared credit risk characteristics and the days past due; namely, by splitting customers into the type of customer (Independent, Chain, Logistics, and Retail), geographical regions, product types, customer ratings and trade credit insurances. In instances where there was no evidence of historical impairment, each operation's management uses their knowledge of their business and forward-looking macro-economic information to determine the potential loss rate. In addition specific provisions are raised for trade receivables if doubt on their collectability is known.

Forward-looking information has been impacted by the COVID pandemic. To the group's best knowledge and belief, the impact of COVID has been factored into the group's ECL models, which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective geographies. To address the additional credit risk due to the COVID pandemic, the group's ECL models took into account the additional downside risk due to the impact of COVID on the group's customer base. The group's ECL percentage of trade debtors has increased from an average of 4,5% in 2019 to an average of 10,9% in 2020 on a country-by-country basis which was calculated as indicated above using an unbiased and probability-weighted outcomes which require the use of judgement, especially in times of economic uncertainty.

Puttable non-controlling interest liabilities

The group has entered into put non-controlling interest (NCI) arrangements where non-controlling interests are entitled to sell certain of their holdings in subsidiaries to the group at future contracted dates. The puttable non-controlling interest liability is calculated as the present value of the contracted redemption value (ie contracted fixed EBITDA multiples), discounted from the redemption date to the reporting date. The main assumptions used in the calculation of the liability is the contracted redemption value at the redemption date and the discount rate used to discount the redemption value to the reporting date. The discount rate is derived from an applicable government bond yield curve in the country in which the subsidiary operates, and is applied over the number of years between the reporting date and the redemption date, plus an appropriate credit spread.

The group's assessment of contracted EBITDA multiples is that it represents a fixed instrument due to it being agreed up front by both parties and cannot be changed throughout the lock-in period; no market risk is accepted by the minority shareholders; future performance of a company or financial position on the redemption date does not change the EBITDA multiple to be paid to the minority shareholders; third parties are not able to change the price of the EBITDA multiple payable to the minority shareholders; and there is no true up to a "fair value" multiple to similar companies on the redemption date.

The group has applied judgement to recognise subsequent measurement changes in the puttable NCI liabilities in accordance with the principles of IFRS 10.23. Changes in assumptions used to estimate the future purchase price of the puttable NCI liabilities are recorded directly in retained earnings in the statement of changes in equity. There is diversity in practice as to whether to recognise subsequent measurement changes in the carrying amount in profit or loss or equity. This accounting policy judgement to take changes in assumptions directly to retained earnings has been applied consistently by the group.

The total remeasurement changes of the puttable NCI liabilities during the year was R131,5 million (2019: R12,9 million). Refer to the statement of changes of equity and note 10.5 for the remeasurement of the puttable NCI liabilities.

This accounting policy treatment has been consistently applied by the group and will be applied in future until there is clarification that is definitive on where subsequent measurement changes are required to be accounted for in terms of IFRS.

Forward exchange contracts

The fair value of forward exchange contracts are based on their market prices.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES (continued)

3.1 Accounting judgements and determination of fair values in applying the group's accounting policies (continued)

Borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. The carrying value of the bank overdrafts is the fair value.

Share-based payments

Share appreciation right

The fair value of the share appreciation right awards are measured using a binomial method. Measurement inputs include share price at measurement date, exercise price of the instrument, expected volatility (based on the historic volatility), option life, distribution yield and the risk-free interest rate (based on national South African government bonds).

Conditional share plan

The fair value of the conditional share plan awards are measured using a monte carlo method, which best captures the path-dependent nature and specific features of these awards. The path dependency of the share award arises from the interaction between dividends and the performance hurdles in the valuation model, as well as the dependency of the valuation on the level of achievement of the vesting conditions at the performance period end dates. The evolution of Bidcorp's and the peer group members' total shareholder return prices are modelled using the market-accepted log-normal share price process taking into account input parameters which are based on historical share price data.

3.2. The group's assessment of the Coronavirus pandemic (COVID) on the group's consolidated annual financial statements

Based on the magnitude of COVID and its potential impact on the consolidated annual financial statements, the group has conducted a review of all possible financial effects that COVID could have on the measurement, presentation and disclosure provided in the group consolidated annual financial statements. The future is uncertain, however Bidcorp's, resilient business model, its diverse geographical spread of operations and customers, its entrepreneurial culture and strong management teams have enabled the group to navigate the current COVID crisis and its likely future impacts.

The group has considered the potential impact of COVID on the group by taking a variety of risk elements into account which included considering macro-economic factors, contractual obligations and supply chain impacts. In addition, management performed a scenario analysis on the business prospects going forward and stress tested forecasts considering its "business unusual" impacts.

Key COVID areas are considered in the table below:

COVID consideration	Assessment of COVID consideration	Potential impact	Note reference
Credit risk	The group's maximum exposure to credit risk is represented by the carrying amount of the group's financial assets. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There was a material change in the group's exposure to credit risk and its objectives, for managing and measuring the risk during the 2020 financial year due to the impact of COVID. The impact of COVID has been factored into expected credit losses (ECL) for trade receivables which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective countries. Based on this assessment, the ECL for trade receivables has increased by R785 million under the provision matrix method given the evidence available at the time of finalising the Bidcorp group annual financial statements.	High	7.5

Notes to the consolidated financial statements continued

for the year ended June 30

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES (continued)

3.2. The group's assessment of the Coronavirus pandemic (COVID) on the group's consolidated annual financial statements (continued)

COVID consideration	Assessment of COVID consideration	Potential impact	Note reference
Revenue	Demand for food products substantially diminished at the end of March 2020/early April 2020 for many discretionary spend sectors, particularly across hotels, restaurants, pubs, leisure and travel-related segments. Our businesses actively sought solutions for each market and attempting to replace a small portion of this lost revenue in new channels, such as home delivery and supply to other retail-related channels. Non-discretionary activities to institutional customers continued, including serving customers such as hospitals, aged care, prisons, the military and government departments in a number of our businesses. Group sales for the week ended April 5 2020 reached a low of 37% versus the comparative week in 2019 but had recovered to 65% of the comparative revenue for the week ended May 31. By June 30, revenue had reached 71% against the comparative week in 2019 and has shown consistent improvements to reach levels for the week ended August 2 2020 of 89% compared to the same week in the prior year. All businesses have continued operating in each geography; however each country is at a different stage of the COVID crisis. There were no significant contract modifications that took place and both new and existing contracts were assessed to be still enforceable at the reporting date. At June 30 2020, the group's assessment is that activity levels will be around levels of 80% to 90% of pre-COVID levels in the next 12 months.	Medium	4.1
Non-financial asset impairments	Goodwill is tested for impairment annually and whenever there are indicators of impairment. In determining the recoverable amounts the group's cash-generating units (CGU), the group considered several sources of estimation uncertainty and made certain assumptions or judgements about the future. Management also considered various scenario analyses with respect to the impact of COVID on the cash flow projections, given the evidence available at the time of finalising the group annual financial statements.	Medium	8.3
Liquidity risk	The group's priority has been to ensure that our operations have sufficient liquidity for their respective requirements. Further headroom has been created and the group believes that it has sufficient liquidity for the foreseeable future and has increased from R4,5 billion to R13,1 billion at June 30. The group and its subsidiaries have available to it, as at June 30 2020, undrawn facilities of R13,1 billion (£612 million) and cash and cash equivalents of R7,0 billion (£329 million).	Medium	10.1
Restructuring provisions and onerous contracts	Restructuring provisions of R469,9 million were recognised by the group for outcomes directly related to the impact of COVID in terms of redundancy related provisions and other related costs for affected locations. Future operating costs were not provided for at June 30 2020. These provisions for restructuring were recognised based on approved detailed and formal restructuring plans and have been publicly announced to parties involved.	Medium	7.7

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FAIR VALUES (continued)

3.2. The group's assessment of the Coronavirus pandemic (COVID) on the group's consolidated annual financial statements (continued)

COVID consideration	Assessment of COVID consideration	Potential impact	Note reference
Inventories	The group's businesses through April 2020 and May 2020 actively managed their inventory exposure, particularly their short-dated stock. All inventory obsolescence has been expensed as incurred and the group do not believe that the current broad range of ambient and frozen products, all of which have longer shelf-lives, presents a significant further exposure. All stock continues to be carefully monitored and remains fit for the group's customer base. An estimated R248 million for stock write-offs was accounted for due to the impact of COVID on sale volumes.	Low	7.4
Subsequent events	Recognised assets and liabilities at reporting date are presented, measured and disclosed based on the evidence available at the time of finalising the Bidcorp group consolidated annual financial statements. Other than the sale and leaseback transaction for a freehold property in Hong Kong, there are no material subsequent events to recognised assets and liabilities from the reporting date.	Low	12.7
Going concern	The board has undertaken a rigorous assessment of whether the group is a going concern in the light of current economic conditions in its various operating geographies taking into consideration available information about future risks and uncertainties. The projections for the group have been prepared covering its future anticipated performance and available capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. The group continues to operate as a going concern, with a strong balance sheet and solid cash flow position.	Low	12.8

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
4. OPERATING PERFORMANCE		
4.1 Revenue		
Sale of goods – frozen	**42 027 828**	46 548 250
Sale of goods – chilled	**34 314 113**	36 458 831
Sale of goods – ambient	**36 451 236**	39 869 549
Sale of goods – non-food	**8 057 712**	6 101 714
Rendering of services and commissions earned	**266 591**	271 644
	121 117 480	129 249 988
Revenue percentage by market segmentation		
Independent	**50%**	52%
Chain	**34%**	34%
Logistics	**6%**	6%
Retail and other	**10%**	8%
Revenue percentage by customer type		
Hotels, restaurants and cafés	**36%**	37%
Quick service restaurants	**16%**	17%
Caterers, butcheries and canteens	**15%**	14%
Retail, wholesalers and other distributors	**13%**	12%
Healthcare and aged care	**10%**	9%
Education	**5%**	6%
Travel (airlines and cruise liners)	**3%**	3%
Government-related customers	**2%**	2%
Analysis of revenue per country by percentage		
United Kingdom	**26%**	26%
Australia	**15%**	16%
Netherlands	**9%**	9%
New Zealand	**8%**	8%
People's Republic of China and Hong Kong	**7%**	6%
Czech Republic	**6%**	5%
Belgium	**6%**	5%
Italy	**5%**	6%
South Africa	**5%**	5%
Other	**13%**	14%

4. OPERATING PERFORMANCE (continued)

4.1 Revenue (continued)

Composition of revenue

- Revenue comprises amounts earned from customers from the sale of frozen, chilled, ambient and non-food products (goods) and from the rendering of services.
- Revenue is disclosed net of value added taxation.
- Revenue is net of returns and allowances, trade discounts and volume rebates all of which have been apportioned to the sale of goods.

Customer segmentation

Independent

Independent customers predominantly include independent restaurants. Independent customers typically generate higher gross margins that more than offsets the higher supply chain costs that we incur in serving these customers. Independent customers use more value-added services, particularly in the areas of product selection and procurement, market trends, menu development and operational strategy.

Chain

Chain customers are multi-unit restaurants which includes fine dining, family and casual dining, as well as hotels, healthcare facilities and other multi-unit institutional customers.

Logistics

Logistics customers are where a customer instructs which suppliers are to be used for procurement and when to deliver the product to the customer.

Retail

Retail customers predominantly include independent retailers and wholesalers.

Revenue recognition

Revenue is recognised from the sale of goods and is measured at the amount of the transaction price received in exchange for transferring goods. The transaction price is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future, after deducting discounts, volume rebates, value added tax and other sales taxes.

Control of the goods is passed when title and insurance risk have passed to the customer, which is typically when the goods have been delivered to an agreed location. When the period of time between delivery of goods and subsequent payment by the customer is less than one year, no adjustment for a financing component is made.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is time based and dependent on the terms of the contract.

Revenue from commissions and fees is recognised in the statement of profit or loss in proportion to the stage of completion of the transaction at the statement of financial position date.

IFRS 15 *Revenue from Contracts with Customers*

Due to the group's revenue being earned through the sale of goods relating to frozen, ambient, chilled and other non-food-related products there are no significant multiple-element revenue arrangements with customers. The largest customer contract is Subway in the United Kingdom which accounts for 2,4% of the group's 2020 revenue.

The group applies the practical expedient (paragraph 121 of IFRS 15) to not disclose information about remaining performance obligations that have original expected durations of one year or less.

Impact of COVID on revenue

Being part of the food distribution industry, all the group's businesses were designated as essential services and continued operating in all geographies. Demand for food products substantially diminished at the end of March 2020/early April 2020 for many discretionary spend sectors, particularly across hotels, restaurants, pubs, leisure and travel-related segments. The group's businesses actively sought solutions for each market and attempted to replace a small portion of this lost revenue in new channels, such as home delivery and supply to other retail-related channels. Non-discretionary activities to institutional customers continued, including serving customers such as hospitals, aged care, prisons, the military and government departments in a number of our businesses.

Group sales for the week ended April 5 2020 reached a low of 37% versus the comparative week in 2019 but recovered to 65% of the comparative revenue for the week ended May 31. By year end, revenue reached 71% against the comparative week in 2019 and has shown consistent improvements to reach levels for the week ended August 2 2020 of 89% compared to the same week in 2019.

All businesses have continued operating in each geography; however each country is at a different stage of the COVID pandemic. There were no significant contract modifications that took place and both new and existing contracts were assessed to be still enforceable at the reporting date.

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
4. OPERATING PERFORMANCE (continued)		
4.2 Operating profit		
Determined after charging (crediting)		
Auditors' remuneration	**66 730**	56 920
Group auditor audit fees and related expenses	**56 519**	44 341
Group auditor related tax, consulting, other related expenses	**3 294**	4 529
Other audit firm fees and related expenses	**6 917**	8 050
Depreciation of property, plant and equipment disclosed as continuing operations	**1 411 954**	1 186 132
Freehold properties	**56 312**	–
Leasehold improvements	**99 495**	91 322
Plant and equipment	**452 772**	389 218
Office equipment, furniture and fittings	**198 253**	165 256
Vehicles	**605 122**	540 336
Depreciation of property, plant and equipment disclosed as discontinued operations	**–**	12 510
Amortisation of intangible assets disclosed as continuing operations	**122 400**	144 068
Patents, trademarks, tradenames and other intangibles	**18 198**	39 397
Computer software	**104 202**	104 671
Amortisation of intangible assets disclosed as discontinued operations	**–**	135
Right-of-use lease asset depreciation disclosed as continuing operations	**771 412**	–
Leasehold properties	**567 065**	–
Vehicles	**188 641**	–
Equipment and other	**15 706**	–
Directors' emoluments (Refer note 11.2 for full details of executive and non-executive remuneration)		
Executive directors	**22 599**	46 579
Basic remuneration	**21 435**	21 573
Retirement and medical benefits	**708**	722
Other benefits	**456**	452
Cash incentives	**–**	23 832
Non-executive director emoluments	**19 705**	27 146
Director fees	**9 910**	7 761
Long-term incentives	**9 253**	14 631
Other services	**542**	4 754
Employer contributions to	**1 486 199**	1 352 392
Defined contribution pension funds	**348 307**	313 670
Provident funds	**25 044**	24 964
Retirement funds	**77 116**	67 659
Social securities	**968 144**	890 198
Medical aids	**67 588**	55 901
Defined benefit pension plans related expenses	**15 516**	16 357
Share-based payment expense disclosed as continuing operations (refer note 11.1)	**100 774**	114 468
Bidvest Incentive Scheme (BIS)	**5 682**	11 416
Bidcorp Share Appreciation Rights Plan (SARs)	**67 659**	61 577
Bidcorp Conditional Share Plan* (CSP)	**32 405**	41 475
Nowaco Management Scheme	**(4 972)**	–
Staff costs excluding directors' emoluments, employer contributions	**13 187 194**	13 819 794
Gross staff costs excluding directors' emoluments, employer contributions	**13 993 504**	13 819 794
Government grants recognised in the consolidated statement of profit or loss	**(806 310)**	–
The group received government grants in respect of staff costs in various geographies. The group accounts for government grants in profit or loss in the year the staff costs are incurred and are presented in the consolidated statement of profit or loss net of the related staff cost.		
Foreign exchange (gains) losses on hedging activities	**(5 219)**	9 570
Forward exchange contracts	**(13 778)**	9 545
Foreign bank accounts	**8 559**	25
Foreign exchange gains	**(4 399)**	(25 247)
Realised	**(7 057)**	(19 360)
Unrealised	**2 658**	(5 887)
Transport costs	**3 129 359**	3 276 358
Fuel	**810 054**	868 200
Vehicle running and transport costs (repairs, road tax, etc.)	**1 387 436**	1 417 676
Freight out	**931 869**	990 482
Accommodation and premise costs	**1 799 837**	1 694 193
Electricity, gas and water (utilities)	**563 104**	568 549
Repairs and maintenance	**435 154**	387 226
Health and safety costs	**223 979**	186 613
Packaging and pallets	**170 296**	174 154
Other accommodation and premise costs	**407 304**	377 651
Office and communication costs	**642 420**	621 316
IFRS 16 related lease expenses recognised in the consolidated statement of profit or loss	**248 291**	–
Expenses relating to short-term leases (leases shorter than 12 months)	**212 865**	–
Expenses relating to leases of low-value assets that are not shown above as short-term leases	**24 731**	–
Expense relating to variable lease payments not included in lease liabilities	**10 695**	–
Impairment of trade receivables	**874 269**	230 016
Impairment of assets relating to continuing operations#	**951 847**	49 338
Property, plant and equipment	**116 572**	27 992
Intangible assets	**25 638**	21 346
Goodwill	**797 899**	–
Associates	**11 738**	–
Net capital profit relating to continuing operations#	**(28 160)**	(93 444)
Profit on disposal of property, plant and equipment	**(43 335)**	(93 444)
Loss on disposal of interests in subsidiary	**15 175**	–
	923 687	(44 106)

* *Included in other costs are restructuring costs that the group provided for that were directly related to the impact of the COVID pandemic. These restructuring costs were in terms of redundancy-related provisions and other related costs for affected locations. Refer note 7.7 for further details.*

\# *Items above included as capital items on consolidated statement of profit or loss.*

Notes to the consolidated financial statements continued

for the year ended June 30

4. OPERATING PERFORMANCE (continued)

4.3 Segmental operational performance

The group has the following strategic segments; Australasia, United Kingdom, Europe, Emerging Markets, and Corporate, which are the reportable segments. The reportable segments of the group have been identified based on the regions of the businesses. This basis is representative of the internal structure for management purposes and management reports are reviewed by the executive management team on a monthly basis. "Segmental trading profit" is defined as operating profit excluding items of a capital nature and is the basis on which management's performance is assessed. Share-based payment and acquisition costs are also excluded from the result as this is not a criteria used in the management of the reportable segments.

There is no individual customer that contributes more than 5% to the group's total revenue.

	2020 R'000	2019 R'000
Segmental revenue		
Australasia	**28 986 744**	31 145 965
United Kingdom	**31 462 683**	33 327 046
Europe	**40 199 177**	43 663 890
Emerging Markets	**20 468 876**	21 113 087
	121 117 480	129 249 988

	Total R'000	Australasia R'000	United Kingdom R'000	Europe R'000	Emerging Markets R'000
Segmental revenue by category and market					
2020					
Sale of goods – frozen	**42 027 828**	**11 134 391**	**9 751 721**	**13 182 000**	**7 959 716**
Sale of goods – chilled	**34 314 113**	**7 523 025**	**7 226 418**	**14 143 652**	**5 421 018**
Sale of goods – ambient	**36 451 236**	**8 659 493**	**10 717 216**	**10 869 154**	**6 205 373**
Sale of goods – non-food	**8 057 712**	**1 669 835**	**3 761 397**	**1 745 844**	**880 636**
Rendering of services and commissions	**266 591**	**–**	**5 931**	**258 527**	**2 133**
	121 117 480	**28 986 744**	**31 462 683**	**40 199 177**	**20 468 876**
Independent	**50%**	**67%**	**40%**	**46%**	**52%**
Chain	**34%**	**13%**	**60%**	**25%**	**40%**
Logistics	**6%**	**11%**	**0%**	**9%**	**0%**
Retail and other	**10%**	**9%**	**0%**	**20%**	**8%**
Hotels, restaurants and cafés	**36%**	**34%**	**25%**	**44%**	**37%**
Quick service restaurants	**16%**	**15%**	**22%**	**19%**	**4%**
Caterers, butcheries and canteens	**15%**	**8%**	**16%**	**15%**	**23%**
Retail, wholesalers and other distributors	**13%**	**16%**	**4%**	**11%**	**29%**
Healthcare and aged care	**10%**	**13%**	**12%**	**9%**	**3%**
Education	**5%**	**2%**	**13%**	**2%**	**1%**
Travel (airlines and cruise liners)	**3%**	**9%**	**2%**	**0%**	**2%**
Government-related customers	**2%**	**3%**	**6%**	**0%**	**1%**

4. OPERATING PERFORMANCE (continued)

4.3 Segmental operational performance (continued)

	Total	Australasia	United Kingdom	Europe	Emerging Markets
2019					
Sale of goods – frozen	46 548 250	11 787 935	10 527 108	14 780 068	9 453 139
Sale of goods – chilled	36 458 831	7 805 757	8 898 736	15 224 572	4 529 766
Sale of goods– ambient	39 869 549	9 978 636	12 052 808	11 597 325	6 240 780
Sale of goods – non-food	6 101 714	1 571 822	1 842 262	1 798 228	889 402
Rendering of services and commissions	271 644	1 815	6 132	263 697	–
	129 249 988	31 145 965	33 327 046	43 663 890	21 113 087
Independent	52%	74%	41%	47%	50%
Chain	34%	13%	59%	24%	42%
Logistics	6%	9%	0%	10%	1%
Retail and other	8%	4%	0%	19%	7%
Hotels, restaurants and cafés	37%	35%	27%	45%	41%
Quick service restaurants	17%	14%	25%	19%	4%
Caterers, butcheries and canteens	14%	9%	10%	16%	22%
Retail, wholesalers and other distributors	12%	14%	6%	11%	25%
Healthcare and aged care	9%	12%	11%	7%	2%
Education	6%	2%	14%	2%	3%
Travel (airlines and cruise liners)	3%	11%	2%	0%	3%
Government-related customers	2%	3%	5%	0%	0%

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
4. OPERATING PERFORMANCE (continued)		
4.3 Segmental operational performance (continued)		
Segmental trading profit[1]		
Trading division	**4 233 422**	6 770 272
Australasia	**1 923 857**	2 147 000
United Kingdom	**666 755**	1 720 467
Europe	**958 081**	1 860 482
Emerging Markets	**684 729**	1 042 323
Corporate	**(70 884)**	(103 844)
	4 162 538	6 666 428
Segmental trading EBITDAR[2]		
Trading division	**6 525 321**	8 091 983
Australasia	**2 304 806**	2 410 161
United Kingdom	**1 381 502**	2 096 803
Europe	**1 738 922**	2 356 901
Emerging Markets	**1 100 091**	1 228 118
Corporate	**(57 017)**	(95 355)
	6 468 304	7 996 628
Segmental employee benefits and remuneration		
Trading division	**14 627 165**	15 130 735
Australasia	**3 143 363**	3 493 845
United Kingdom	**4 449 295**	4 346 674
Europe	**5 018 624**	5 260 376
Emerging Markets	**2 015 883**	2 029 840
Corporate	**103 402**	100 674
	14 730 567	15 231 409
Share-based payment expense	**100 774**	114 468
	14 831 341	15 345 877

[1] *2020 segmental trading profit includes IFRS 16.*
[2] *2020 segmental trading EBITDAR includes IFRS 16. EBITDAR is calculated by taking trading profit and adding back depreciation, amortisation and RoU depreciation.*

	Number of employees	Number of employees
4. OPERATING PERFORMANCE (continued)		
4.3 Segmental operational performance (continued)		
Segmental number of employees		
Trading division	**23 365**	25 801
Australasia	**4 095**	4 704
United Kingdom	**6 807**	7 067
Europe	**6 567**	7 930
Emerging Markets	**5 896**	6 100
Corporate	**62**	57
	23 427	25 858

	2020 R'000	2019 R'000
4.4 Cash generated by continuing operations		
Reconciliation of operating profit to cash generated from continuing operations		
Operating profit	**3 136 109**	6 568 380
Adjustments for:		
Costs incurred in respect of acquisitions	**1 968**	27 686
Dividends received from jointly-controlled entity	**20 000**	–
Nowaco share incentive scheme	**(299 496)**	–
Adjustment for depreciation and amortisation	**1 534 354**	1 330 200
Adjustment for RoU lease asset depreciation	**771 412**	–
Adjustment for non-cash items	**2 025 355**	94 436
Non-cash movement in the trade receivables impairment allowance	**808 527**	78 367
Impairment of goodwill	**797 899**	–
Non-cash movement in the provision for stock obsolescence	**238 208**	32 962
Non-cash movement in provisions	**374 160**	69 984
Charge to profit or loss for share based payments	**100 774**	114 468
Profit on disposal of plant, property and equipment	**(42 482)**	(145 762)
Impairment of plant, property and equipment	**116 572**	27 992
Impairment of intangible assets	**25 638**	21 346
Non-cash movements related to RoU lease assets and RoU lease liabilities	**(165 442)**	–
Other non-cash items movements	**(228 499)**	(104 921)
Working capital changes	**1 184 435**	(1 439 767)
Increase (decrease) in inventories	**927 060**	(618 140)
Decrease (increase) in trade and other receivables	**4 648 262**	(803 794)
Decrease in trade and other payables and provisions	**(4 390 887)**	(17 833)
Cash generated by continuing operations	**8 374 137**	6 580 935

Notes to the consolidated financial statements continued

for the year ended June 30

		2020 R'000	2019 R'000
5.	**TAXATION**		
5.1	**Income taxation expense**		
	Current taxation	**1 064 385**	1 506 926
	Current year	**1 071 008**	1 506 353
	Prior years' (over) under provision	**(6 623)**	573
	Deferred taxation	**(197 343)**	(47 475)
	Current year	**(283 010)**	(37 943)
	Prior years' under (over) provision	**73 497**	(12 194)
	Change in rate of taxation	**12 170**	2 662
	Foreign withholding taxation	**1 572**	12 831
	Total taxation per consolidated statement of profit or loss	**868 614**	1 472 282
	Comprising		
	South African taxation	**92 488**	191 723
	Foreign taxation	**776 126**	1 280 559
		868 614	1 472 282

Income taxation comprises current and deferred taxation. Income taxation expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the taxation rates enacted or substantively enacted at the reporting date, and any adjustment of taxation payable for previous years.

	2020 %	2019 %
The reconciliation of the effective taxation rate with the South African company taxation rate is:		
Taxation for the year as a percentage of profit before taxation	**35,7**	23,2
Associates	**0,1**	0,2
Effective rate excluding associate income	**35,8**	23,4
Dividend and exempt income	**2,2**	0,7
Foreign taxation rate differential	**(0,2)**	3,3
Non-deductible expenses	**(12,4)**	(1,0)
Deferred taxation assets not previously raised	**5,7**	0,6
Exempt portion of capital gains	**0,1**	0,8
Changes in prior years' estimation	**(2,7)**	0,2
Change in rate of taxation	**(0,5)**	–
Rate of South African company taxation (%)	**28,0**	28,0

Non-deductible expenses comprise impairments relating to goodwill (refer note 8.3), property, plant and equipment (refer note 7.1) and intangible assets (refer note 7.2) and other non-deductible expenses individually insignificant across the group.

		2020 R'000	2019 R'000
5.	**TAXATION** (continued)		
5.2	**Deferred taxation**		
	Deferred taxation assets	**1 202 709**	944 212
	Deferred taxation liabilities	**(686 554)**	(686 849)
	Net deferred taxation asset	**516 155**	257 363
	Movement in net deferred taxation assets and liabilities		
	Balance at beginning of year	**257 363**	165 766
	Deferred taxation charge	**197 343**	125 638
	Items recognised directly in equity and other comprehensive income	**(20 731)**	7 544
	On acquisition of businesses	**(935)**	(37 820)
	Transfer (from liabilities) to assets classified as held-for-sale	**(67)**	1 185
	Exchange rate adjustments	**83 182**	(4 950)
	Balance at end of year	**516 155**	257 363

	Assets R'000	Liabilities R'000	Net R'000
Temporary differences			
2020			
Differential between carrying values and tax values of property, plant and equipment	**(67 621)**	**(476 282)**	**(543 903)**
Differential between carrying values and tax values of intangible assets	**46 152**	**(38 232)**	**7 920**
Estimated taxation losses	**142 301**	**6 791**	**149 092**
Staff-related allowances and liabilities	**225 205**	**32 677**	**257 882**
Differential between right-of-use lease assets and liabilities	**137 883**	**94 446**	**232 329**
Inventories	**45 386**	**8 744**	**54 130**
Investments	**–**	**(124 897)**	**(124 897)**
Trade and other receivables	**137 893**	**6 569**	**144 462**
Trade, other payables and provisions	**535 510**	**(196 370)**	**339 140**
	1 202 709	**(686 554)**	**516 155**
2019			
Differential between carrying values and tax values of property, plant and equipment	(13 444)	(368 648)	(382 092)
Differential between carrying values and tax values of intangible assets	46 576	(38 399)	8 177
Estimated taxation losses	119 752	10 839	130 591
Staff-related allowances and liabilities	244 979	44 830	289 809
Operating lease liabilities	8 588	(767)	7 821
Inventories	18 559	2 685	21 244
Investments	–	(126 051)	(126 051)
Trade and other receivables	80 217	4 783	85 000
Trade, other payables and provisions	438 985	(216 121)	222 864
	944 212	(686 849)	257 363

Deferred taxation has been provided at rates ranging between 15% to 35% (2019: 15% to 35%). The variance in rates arises as a result of the differing taxation and capital gains taxation rates present in the various countries in which the group operates.

Notes to the consolidated financial statements continued

for the year ended June 30

		2020 R'000	2019 R'000
5.	**TAXATION** (continued)		
5.2	**Deferred taxation** (continued)		
	Reconciliation of estimated tax losses available for offset against future taxable income		
	Estimated taxation losses available for offset against future taxable income	**1 193 265**	209 492
	Utilised in the computation of deferred taxation	**(149 092)**	(131 553)
	Not accounted for in deferred taxation	**1 044 173**	77 939

The significant amount of the taxation losses not accounted for as deferred taxation relates to the Guzman Gastronomia S.L. group (Spain). At June 30 2020 an estimated taxation loss of €49,5 million (R963,2 million) had not been accounted for as deferred taxation.

Deferred taxation assets have not been recognised in respect of certain tax losses as the directors believe it is not probable that the relevant companies will generate taxable profit in the near future, against which the benefits can be utilised.

Deferred taxation 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 tax rates enacted or substantively enacted at the reporting date.

The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination, initial recognition of the RoU lease assets/liabilities and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred taxation is charged to the statement of profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or equity, or a business combination that is an acquisition. The effects on deferred taxation of any changes in tax rates is recognised in the statement of profit or loss, except to the extent that it relates to items previously charged or credited directly to other comprehensive income or equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

		2020 R'000	2019 R'000
5.3	**Taxation paid**		
	Amounts payable at beginning of year	**(470 753)**	(374 329)
	Continuing operations current taxation charge	**(1 065 957)**	(1 519 757)
	Businesses acquired	**(3 845)**	(7 179)
	Transfer from assets classified as held-for-sale	**(15 055)**	–
	Exchange rate adjustments	**(44 641)**	6 561
	Amounts payable at end of year	**246 077**	470 753
	Amounts paid	**(1 354 174)**	(1 423 951)

6. BASIC, DILUTED AND HEADLINE EARNINGS PER SHARE FOR CONTINUING OPERATIONS

6.1 Basic earnings per share

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

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased by shares issued/treasury shares sold during the year or decreased by treasury shares purchased during the year, weighted on a time basis for the period in the year during which they have participated in the profit of Bidcorp.

		2020	2019
6.	**BASIC, DILUTED AND HEADLINE EARNINGS PER SHARE FOR CONTINUING OPERATIONS** (continued)		
6.1	**Basic earnings per share** (continued)		
	Profit attributable to shareholders of the company (R'000)	**1 548 383**	4 836 138
	Weighted average number of shares in issue ('000)	**334 041**	333 302
	Basic earnings per share (cents)	**463,5**	1 451,0
6.2	**Diluted basic earnings per share**		
	The diluted basic earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.		
	Dilutive earnings* (R'000)	**1 548 383**	4 836 138
	Weighted average number of shares in issue ('000)	**334 041**	333 302
	Potential dilutive impact of outstanding share options and conditional awards ('000)	**694**	562
	Number of outstanding staff share options	**3 773**	4 350
	Number of share awards deemed to be issued at fair value	**(3 533)**	(3 939)
	Contingent issuable shares in terms of conditional share plan to be issued not at fair value	**454**	151
	Dilutive weighted average number of shares ('000)	**334 735**	333 864
	Diluted basic earnings per share (cents)	**462,6**	1 448,5
	Dilution (%)	**0,2%**	0,2%
	** There were no reconciling items for the diluted earnings.*		
6.3	**Headline earnings per share**	**R'000**	R'000
	Profit attributable to shareholders of the company	**1 548 383**	4 836 138
	Impairments	**939 836**	40 748
	Property, plant and equipment	**116 572**	27 992
	Intangible assets	**25 638**	21 346
	Goodwill	**797 899**	–
	Associate	**11 738**	–
	Taxation relief	**(12 011)**	(8 590)
	Capital profit on disposal of property, plant and equipment	**(29 058)**	(65 358)
	Property, plant and equipment	**(43 335)**	(93 444)
	Taxation charge	**14 277**	28 086
	Loss on disposal of interests in subsidiary	**16 920**	–
	Disposal of subsidiary	**15 175**	–
	Taxation charge	**1 745**	–
	Headline earnings	**2 476 081**	4 811 528
	Headline earnings per share (cents)	**741,3**	1 443,6
	Diluted headline earnings per share (cents)	**739,7**	1 441,2
	Dilution (%)	**0,2%**	0,2%

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS		
7.1 Property, plant and equipment		
Freehold land and buildings	**9 890 603**	7 555 866
Cost	**11 456 117**	8 891 544
Accumulated depreciation and impairments	**(1 565 514)**	(1 335 678)
Leasehold improvements	**795 834**	783 753
Cost	**1 738 290**	1 631 851
Accumulated depreciation and impairments	**(942 456)**	(848 098)
Plant and equipment	**2 758 087**	2 075 962
Cost	**7 162 723**	5 915 386
Accumulated depreciation and impairments	**(4 404 636)**	(3 839 424)
Office equipment, furniture and fittings	**766 901**	720 422
Cost	**2 215 432**	2 296 094
Accumulated depreciation and impairments	**(1 448 531)**	(1 575 672)
Vehicles	**2 559 316**	2 144 817
Cost	**5 966 905**	4 912 778
Accumulated depreciation and impairments	**(3 407 589)**	(2 767 961)
Capital work-in-progress	**847 694**	744 293
	17 618 435	14 025 113

Property, plant and equipment with an estimated carrying value of R1 371 million (2019: R1 146 million) were pledged as security for borrowings of R952 million (2019: R794 million) (refer note 10.3).

A register of land and buildings is available for inspection by shareholders at the registered office of the company.

Property, plant and equipment are reflected at cost to the group, less accumulated depreciation and accumulated impairment losses.

Land is stated at cost and is not depreciated. The present value of the estimated cost of dismantling and removing items and restoring the site in which they are located is provided for as part of the cost of the asset.

Depreciation is provided for on the straight-line basis over the estimated useful lives of the property, plant and equipment to anticipated residual values. The estimated market value of the group's freehold property at June 30 2020 is R14,2 billion.

Estimate useful lives are:

Freehold buildings	Up to 50 years
Leasehold premises	Over the period of the lease
Plant and equipment	5 to 20 years
Office equipment, furniture and fittings	3 to 15 years
Vehicles	3 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work in progress includes the cost of materials and direct labour, any other costs directly attributable to bringing the item of property, plant and equipment to a working condition for its intended use. Land and assets under construction are not depreciated.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.1 Property, plant and equipment (continued)		
Movement in property, plant and equipment		
Carrying value at beginning of year	**14 025 113**	12 497 123
Capital expenditure	**2 724 587**	2 958 758
Freehold land and buildings	**567 314**	703 572
Leasehold improvements	**28 470**	37 336
Plant and equipment	**522 684**	434 542
Office equipment, furniture and fittings	**111 625**	121 328
Vehicles	**387 433**	413 939
Capital work-in-progress	**1 107 061**	1 248 041
Acquisition of businesses	**44 679**	88 547
Freehold land and buildings	**–**	23 914
Leasehold improvements	**–**	9 708
Plant and equipment	**17 661**	34 083
Office equipment, furniture and fittings	**–**	12 989
Vehicles	**25 601**	7 853
Capital work-in-progress	**1 417**	–
Disposals	**(327 846)**	(125 587)
Freehold land and buildings	**(197 684)**	(75 801)
Leasehold improvements	**(17 736)**	(1 008)
Plant and equipment	**(38 102)**	(7 408)
Office equipment, furniture and fittings	**(12 358)**	(3 574)
Vehicles	**(50 911)**	(23 008)
Capital work-in-progress	**(11 055)**	(14 788)
Net transfers	**–**	–
Freehold land and buildings	**546 279**	604 118
Leasehold improvements	**5 838**	59 618
Plant and equipment	**243 406**	235 177
Office equipment, furniture and fittings	**66 751**	101 481
Vehicles	**271 989**	268 905
Capital work-in-progress	**(1 134 263)**	(1 269 299)
Disposal of business	**(18 678)**	–
Plant and equipment	**(6 924)**	–
Office equipment, furniture and fittings	**(3 057)**	–
Vehicles	**(8 697)**	–
Transfer to assets classified as held-for-sale	**–**	(87 981)
Leasehold improvements	**–**	(63 690)
Plant and equipment	**–**	(16 673)
Office equipment, furniture and fittings	**–**	(1 776)
Vehicles	**–**	(5 347)
Capital work-in-progress	**–**	(495)

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.1 Property, plant and equipment (continued)		
Movement in property, plant and equipment (continued)		
Exchange rate adjustments	**2 699 106**	(79 113)
Freehold land and buildings	**1 482 718**	(52 257)
Leasehold improvements	**140 299**	(6 493)
Plant and equipment	**403 019**	(10 910)
Office equipment, furniture and fittings	**134 312**	(875)
Vehicles	**398 517**	(7 492)
Capital work-in-progress	**140 241**	(1 086)
Depreciation (refer note 4.2)	**(1 411 954)**	(1 198 642)
Impairment losses (refer note 4.2)	**(116 572)**	(27 992)
Carrying value at end of year	**17 618 435**	14 025 113
Segmental capital expenditure		
Bidfood	**2 723 525**	2 956 353
Australasia	**990 875**	1 210 604
United Kingdom	**607 274**	587 614
Europe	**913 547**	813 295
Emerging Markets	**211 829**	344 840
Corporate	**1 062**	1 254
Continuing operations	**2 724 587**	2 957 607
Discontinued operations	**143 247**	56 620
	2 867 834	3 014 227
Segmental depreciation		
Trading division		
Bidfood	**1 408 882**	1 182 338
Australasia	**263 671**	246 536
United Kingdom	**457 145**	344 242
Europe	**494 759**	410 453
Emerging Markets	**193 307**	181 107
Corporate	**3 072**	3 794
Continuing operations	**1 411 954**	1 186 132
Discontinued operations	**–**	12 510
	1 411 954	1 198 642

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.2 Intangible assets		
Patents, trademarks, tradenames and other intangibles	**302 154**	254 155
Cost	**899 997**	749 286
Accumulated amortisation and impairments	**(597 843)**	(495 131)
Computer software	**470 983**	360 821
Cost	**1 772 224**	1 850 279
Accumulated amortisation and impairments	**(1 301 241)**	(1 489 458)
Capital work-in-progress	**65 086**	52 596
	838 223	667 572
Movement in intangible assets		
Carrying value at beginning of year	**667 572**	949 252
Additions	**191 576**	156 023
Patents, trademarks, tradenames and other intangibles	**16 348**	650
Computer software	**172 883**	127 597
Capital work-in-progress	**2 345**	27 776
Expenditure	**90 906**	51 289
Transfers to other categories	**(88 561)**	(23 513)
Acquisition of businesses	**–**	192 682
Patents, trademarks, tradenames and other intangibles	**–**	192 672
Computer software	**–**	10
Disposals	**(9 649)**	(202)
Patents, trademarks, tradenames and other intangibles	**(1 316)**	–
Computer software	**(8 333)**	(202)
Transfer to assets classified as held-for-sale	**–**	(337)
Exchange rate adjustments	**136 762**	850
Patents, trademarks, tradenames and other intangibles	**51 254**	3 358
Computer software	**75 363**	(1 680)
Capital work-in-progress	**10 145**	(828)
Amortisation (refer note 4.2)	**(122 400)**	(144 203)
Impairment losses (refer note 4.2)	**(25 638)**	(486 493)
Carrying value at end of year	**838 223**	667 572
Segmental amortisation		
Bidfood	**113 286**	139 373
Australasia	**12 943**	16 625
United Kingdom	**27 577**	32 094
Europe	**62 855**	85 966
Emerging Markets	**9 911**	4 688
Corporate	**9 114**	4 695
Continuing operations	**122 400**	144 068
Discontinued operations	**–**	135
	122 400	144 203

Notes to the consolidated financial statements continued

for the year ended June 30

7. NET OPERATING ASSETS (continued)

7.2 Intangible assets (continued)

Included in patents, trademarks, tradenames and other intangibles are separately identifiable intangible assets that were recognised on the acquisition of Punjab Kitchen. The separately identifiable intangible assets recognised on acquisition relate to exclusive "SimplyPuree" and "The Punjab Kitchen" brand names. The carrying value of these brand names at June 30 was R224,3 million (2019: R192,7 million).

Software development costs are capitalised and are stated at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets acquired by the group are stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on research, internally generated goodwill and brands is recognised in the statement of profit or loss as an expense when incurred. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at the reporting date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are:

Patents, trademarks, tradenames and other intangibles	3 years to indefinite
Computer software	3 to 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

All patents, tradenames, trademarks and other intangibles that have an indefinite life are assessed at the reporting date with the below criteria when considering if the intangible asset has an indefinite life:

- The intangible assets can be managed effectively by another management team and are therefore not linked to the tenure of current management.
- Management does not intend to change the intangible asset's identity or discontinue the product line.
- The group's ongoing investment ensures that the indefinite life intangible assets remain up to date and relevant to the customer.

The directors evaluated the impairment of indefinite life intangible assets together with goodwill at the reporting date and concluded that no impairment loss was recognised as the recoverable amount exceeded the carrying amount of the related cash-generating unit (refer note 8.3).

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.3 Right-of-use lease assets (RoU lease assets)		
Leasehold properties	**4 317 868**	–
Cost	**5 189 013**	–
Accumulated depreciation	**(871 145)**	–
Vehicles	**566 976**	–
Cost	**770 792**	–
Accumulated depreciation	**(203 816)**	–
Equipment and other	**49 369**	–
Cost	**69 654**	–
Accumulated depreciation	**(20 285)**	–
	4 934 213	–

The group recognises RoU lease assets at the commencement date of the lease (ie the date the underlying asset is available for use). RoU lease assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of RoU lease assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised RoU lease assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. RoU lease assets are subject to impairment.

The group leases three asset categories, namely property (leasehold properties), vehicles, and equipment related to leasehold properties. Property leases mainly relate to the lease of land and buildings used for distribution of frozen or perishable foods sales. Vehicle leases includes a fleet of vehicles to deliver product to customers which are wholly or partially refrigerated for the transportation of frozen or perishable foods sales. In addition, there are sales and marketing representative leased vehicles that are used to stay in contact with the needs of our customers and acquaint them with the group's new products and services. RoU lease assets are effectively ceded as security for concomitant lease liabilities (refer note 10.4).

Movement in continuing operations RoU lease assets		
Transition adjustment for IFRS 16	**4 670 182**	–
New leases entered into	**702 014**	–
Leasehold properties	**502 686**	–
Vehicles	**197 238**	–
Equipment and other	**2 090**	–
Lease modifications and remeasurements	**189 608**	–
Leasehold properties	**185 664**	–
Vehicles	**3 732**	–
Equipment and other	**212**	–
Depreciation	**(771 412)**	–
Leasehold properties	**(567 065)**	–
Vehicles	**(188 641)**	–
Equipment and other	**(15 706)**	–

Notes to the consolidated financial statements continued

for the year ended June 30

		2020 R'000	2019 R'000
7.	**NET OPERATING ASSETS** (continued)		
7.3	**Right-of-use lease assets (RoU lease assets)** (continued)		
	Movement in continuing operations RoU lease assets (continued)		
	Cancelled leases	**(793 511)**	–
	Leasehold properties	**(463 761)**	–
	Vehicles	**(295 035)**	–
	Equipment and other	**(34 715)**	–
	Exchange rate adjustments	**937 332**	–
	Leasehold properties	**795 275**	–
	Vehicles	**128 825**	–
	Equipment and other	**13 232**	–
	Segmental RoU lease asset depreciation	**4 934 213**	–
	Bidfood	**769 731**	–
	Australasia	**104 335**	–
	United Kingdom	**230 025**	–
	Europe	**223 227**	–
	Emerging Markets	**212 144**	–
	Corporate	**1 681**	–
		771 412	–

		2020 R'000	2019 R'000
7.4	**Inventories**		
	Raw materials	**478 812**	479 570
	Work-in-progress	**20 637**	15 222
	Finished goods	**9 649 177**	9 106 009
	Roll cages	**46 913**	103 078
		10 195 539	9 703 879
	Value of inventory expensed to the consolidated statement of profit or loss	**98 536 891**	104 847 853
	Provision for stock obsolescence included in inventories	**586 474**	168 099
	Provision for stock obsolescence debited (credited) to the consolidated statement of profit or loss	**231 731**	(7 198)

Inventories are stated at the lower of cost and estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of raw materials and finished goods is determined on a weighted average cost basis. The cost of manufactured inventory and work-in-progress includes materials, direct labour, other direct costs and an appropriate portion of overheads, but excludes interest expense. Included in provision for stock obsolescence debited to profit or loss is an amount of R248 million for stock write-offs in relation to the COVID pandemic.

		2020 R'000	2019 R'000
7.	**NET OPERATING ASSETS** (continued)		
7.5	**Trade and other receivables**		
	Trade receivables	**12 212 610**	14 566 646
	Impairment allowances	**(1 335 860)**	(656 630)
	Net trade receivables	**10 876 750**	13 910 016
	Forward exchange contracts asset	**6 229**	3 638
	Prepayments	**751 151**	671 524
	Deposits	**153 448**	150 089
	Value added taxation receivable	**223 543**	104 893
	Signing and listing fees	**122 576**	114 409
	Other receivables	**155 977**	259 029
		12 289 674	15 213 598

Trade receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest method, less an expected credit loss allowance.

Forward exchange contracts (FEC) are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises, unless the FEC is designated and effective as a hedging instrument. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss.

The group does not have any significant contract assets.

Trade receivables consist of a large number of customers spread across diverse markets and geographical areas. Ongoing credit evaluation is performed by operational management on the financial condition of the operation's customers.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The group's largest exposure to a single customer group, across multiple geographies is R245 million (2019: R358 million). The group had 286 374 individual trade debtors at June 30 2020 (2019: 328 238). The total number of debtors per reporting division was obtained and the average net revenue per trade debtor was calculated for each reporting division. Based on the average net revenue per trade debtor in comparison to the group's total net revenue for the year, there was no significant concentration of credit risk to any single trade debtor. The concentration of credit risk is therefore limited due to the customer base being large and independent.

Management have assessed the recoverability of these amounts due in their geographies and believe that the amounts due and not impaired are recoverable in full. In addition, broad principles of credit risk management are observed across all business segments, such as the use of credit rating agencies, credit guarantee insurance where appropriate and the maintenance of a credit control function. An operation's average credit period depends on local conditions as well as the creditworthiness of their customers. The majority of the customers are given credit terms ranging from cash on delivery to 60 days from statement. The balance per customer type at the reporting date can be summarised as follows:

	2020 R'000	2019 R'000
Hotels, restaurants and cafés	**4 127 574**	5 362 396
Retail, wholesalers and other distributors	**2 464 835**	1 836 279
Quick service restaurants	**1 652 922**	2 663 304
Caterers, butcheries and canteens	**1 652 670**	2 078 429
Healthcare and aged care	**1 440 529**	1 425 318
Education	**271 391**	670 847
Travel (airlines and cruise liners)	**197 649**	299 245
Government-related customers	**405 040**	230 828
	12 212 610	14 566 646

Notes to the consolidated financial statements continued

for the year ended June 30

7. NET OPERATING ASSETS (continued)

7.5 Trade and other receivables (continued)

The "expected credit loss" or ECL model focuses on the risk that a debtor will default rather than whether a loss has or will be incurred. Credit losses are recognised earlier under IFRS 9 because every loan and receivable "has a risk of defaulting in the future" and has an "expected" credit loss associated with it.

The group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables and contract assets. ECLs are calculated, as a function of the decentralised structure, by each operation by applying the historic loss ratios to trade receivables. In determining the ECL, each operation splits the trade receivables into groups based on shared credit risk characteristics and the days past due, namely by splitting customers into the type of customer (Independent, Chain, Logistics, and Retail), geographical regions, product types, customer ratings and trade credit insurances. In instances where there was no evidence of historical impairment, each operation's management used their knowledge of their business to determine the potential loss rate. The historical loss rates are adjusted, when necessary, to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the trade receivables. The group has identified GDP, food inflation and levels of consumer confidence in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

In addition the impact of COVID has been factored into expected credit losses recognised, which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective geographies. There was a significant change in the group's exposure to credit risk due to the impact of COVID on the foodservice industry. Based on this, the ECL for trade receivables has increased by R785 million under the provision matrix method given the evidence available at the time of finalising the Bidcorp group annual financial statements.

The review of the expected impairment allowances and loss ratios in respect of trade and other receivables is monitored under the oversight of the divisional audit and risk committees, and ultimately the Bidcorp group audit and risk committee.

	2020			2019		
	Gross debtor R'000	**Loss rate %**	**Expected credit loss R'000**	Gross debtor R'000	Loss rate %	Expected credit loss R'000
7. NET OPERATING ASSETS (continued)						
7.5 Trade and other receivables (continued)						
The ECL matrix at reporting date can be summarised as follows:						
Not past due	**7 193 560**	**3,0**	**215 867**	11 367 822	0,2	25 614
Independent	**3 256 989**	**3,5**	**114 994**	5 945 782	0,2	10 663
Chain	**2 084 794**	**2,0**	**41 667**	4 068 331	0,0	1 652
Logistics	**517 041**	**1,9**	**9 586**	532 863	0,1	679
Retail and other	**1 334 736**	**3,7**	**49 620**	820 846	1,5	12 620
Past due 0 – 30 days	**1 275 451**	**5,2**	**66 444**	1 504 136	0,9	13 935
Independent	**591 223**	**6,5**	**38 683**	886 048	1,1	9 540
Chain	**385 504**	**2,6**	**10 041**	377 375	0,3	1 199
Logistics	**57 019**	**5,3**	**3 012**	18 875	1,3	237
Retail and other	**241 705**	**6,1**	**14 708**	221 838	1,3	2 959
Past due 31 – 180 days	**2 565 167**	**17,1**	**439 478**	1 044 322	15,8	165 285
Independent	**1 653 354**	**17,4**	**288 129**	682 165	19,2	131 219
Chain	**737 049**	**17,6**	**129 477**	278 358	9,2	25 546
Logistics	**50 360**	**7,1**	**3 600**	6 963	43,1	3 001
Retail and other	**124 404**	**14,7**	**18 272**	76 836	7,2	5 519
181 + days**	**1 178 432**	**52,1**	**614 071**	650 366	69,5	451 796
Independent	**829 463**	**43,0**	**356 787**	395 296	74,7	295 367
Chain	**235 018**	**62,7**	**147 257**	195 436	50,7	99 066
Logistics	**59 022**	**99,1**	**58 468**	1 684	69,7	1 174
Retail and other	**54 929**	**93,9**	**51 559**	57 950	97,0	56 189
Total	**12 212 610**	**10,9**	**1 335 860**	14 566 646	4,5	656 630

** *The ECL rate percentage for over 180 days is lower in 2020 due to trade debtor payment plans being negotiated with the group's customers. These payment plans have longer payment terms and hence the ageing of the trade receivables of over 180 days has increased from 4,5% to 9,6% of the gross trade receivables balance. Through these payment plans the group's potential credit risk is reduced as outstanding amounts are received in terms of the respective customer payment plans over a period of time.*

Notes to the consolidated financial statements continued

for the year ended June 30

	2020				2019			
	Loss rate %	Gross trade receivables R'000	Expected credit loss R'000	Net trade receivables R'000	Loss rate %	Gross trade receivables R'000	Impairment allowance R'000	Net trade receivables R'000
7. NET OPERATING ASSETS (continued)								
7.5 Trade and other receivables (continued)								
Ageing of trade receivables per segment at June 30								
Not past due	**3,0**	**7 193 560**	**(215 867)**	**6 977 693**	0,2	11 367 822	(25 614)	11 342 208
Australasia	**4,2**	**1 894 057**	**(79 393)**	**1 814 664**	0,5	2 074 210	(10 112)	2 064 098
United Kingdom	**2,3**	**1 104 087**	**(25 225)**	**1 078 862**	0,1	3 066 239	(2 115)	3 064 124
Europe	**3,3**	**2 571 989**	**(83 638)**	**2 488 351**	0,3	4 168 004	(12 256)	4 155 748
Emerging Markets	**1,7**	**1 623 427**	**(27 611)**	**1 595 816**	0,1	2 059 369	(1 131)	2 058 238
Past due 0 – 30 days	**5,2**	**1 275 451**	**(66 444)**	**1 209 007**	0,9	1 504 136	(13 935)	1 490 201
Australasia	**16,9**	**112 112**	**(18 918)**	**93 194**	3,8	216 168	(8 199)	207 969
United Kingdom	**2,9**	**287 236**	**(8 202)**	**279 034**	0,9	131 268	(1 225)	130 043
Europe	**4,9**	**506 641**	**(24 728)**	**481 913**	0,4	617 839	(2 728)	615 111
Emerging Markets	**4,0**	**369 462**	**(14 596)**	**354 866**	0,3	538 861	(1 783)	537 078
31 – 180 days	**17,1**	**2 565 167**	**(439 478)**	**2 125 689**	15,8	1 044 322	(165 285)	879 037
Australasia	**38,7**	**131 034**	**(50 750)**	**80 284**	23,3	106 798	(24 921)	81 877
United Kingdom	**20,1**	**581 769**	**(117 108)**	**464 661**	11,6	173 004	(20 008)	152 996
Europe	**15,2**	**925 413**	**(140 700)**	**784 713**	23,3	355 743	(82 933)	272 810
Emerging Markets	**14,1**	**926 951**	**(130 920)**	**796 031**	9,2	408 777	(37 423)	371 354
181 + days**	**52,1**	**1 178 432**	**(614 071)**	**564 361**	69,5	650 366	(451 796)	198 570
Australasia	**91,9**	**13 589**	**(12 483)**	**1 106**	96,1	18 269	(17 557)	712
United Kingdom	**62,8**	**140 941**	**(88 568)**	**52 373**	63,3	26 732	(16 911)	9 821
Europe	**58,7**	**641 337**	**(376 387)**	**264 950**	68,8	505 102	(347 348)	157 754
Emerging Markets	**35,7**	**382 565**	**(136 633)**	**245 932**	69,8	100 263	(69 980)	30 283
Total	**10,9**	**12 212 610**	**(1 335 860)**	**10 876 750**	4,5	14 566 646	(656 630)	13 910 016

** *The ECL rate percentage for over 180 days is lower in 2020 due to trade debtor payment plans being negotiated with the group's customers. These payment plans have longer payment terms and hence the ageing of the trade receivables of over 180 days has increased from 4,5% to 9,6% of the gross trade receivables balance. Through these payment plans the group's potential credit risk is reduced as outstanding amounts are received in terms of the respective customer payment plans over a period of time.*

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.5 Trade and other receivables (continued)		
Movement in the impairment allowance in respect of trade receivables		
Balance at July 1	**656 630**	576 073
Impairment allowance adjusted on adoption of IFRS 9	**–**	60 447
Allowances raised during the year	**850 693**	265 663
Australasia	**115 767**	30 636
United Kingdom	**213 058**	33 074
Europe	**312 468**	129 867
Emerging Markets	**209 400**	72 086
Bad debts written off during the year	**(303 837)**	(184 360)
Australasia	**(40 896)**	(43 788)
United Kingdom	**(36 286)**	(35 548)
Europe	**(215 615)**	(93 371)
Emerging Markets	**(11 040)**	(11 653)
Acquisition of businesses	**3 943**	4 863
Australasia	**3 943**	–
Europe	**–**	4 468
Emerging Markets	**–**	395
Transfer to assets classified as held-for-sale	**–**	(1 445)
Allowances reversed during the year	**(42 165)**	(63 381)
Australasia	**–**	(436)
United Kingdom	**(798)**	(7 677)
Europe	**(18 813)**	(15 324)
Emerging Markets	**(22 554)**	(39 944)
Exchange rate adjustments	**170 596**	(1 230)
Balance at June 30	**1 335 860**	656 630

The group's policy for bad debts is to write off trade receivables when there is no reasonable expectation of recovery of the outstanding balance in that particular geography but are still subject to enforcement activity.

Notes to the consolidated financial statements continued

for the year ended June 30

	2020		2019	
	Fair value of collateral held R'000	**Trade receivables net of impairment allowance R'000**	Fair value of collateral held R'000	Trade receivables net of impairment allowance R'000
7. NET OPERATING ASSETS (continued)				
7.5 Trade and other receivables (continued)				
Collateral held on past due amounts				
Cover by credit insurance				
Australasia	**50 957**	**50 957**	171 283	168 075
United Kingdom	**337 069**	**337 069**	189 593	189 593
Europe	**281 433**	**290 009**	358 180	358 180
Emerging Markets	**149 411**	**151 287**	111 755	121 355
Total	**818 870**	**829 322**	830 811	837 203

In certain instances the group's operations reserve the right to collect inventory sold when the outstanding debt is not settled by the customer. The collateral detailed above is in addition to these aforementioned measures taken to reduce credit risk in respect of trade receivables.

The majority of trade and other receivables are fixed in the subsidiaries' local currency. As trade and other receivables have limited exposure to exchange rate fluctuations, a currency analysis has not been included.

7.6 Trade and other payables

	2020 R'000	2019 R'000
Trade payables	**12 919 960**	15 294 945
Forward exchange contracts liability	**12 766**	9 851
Salary and wage related creditors	**2 262 586**	2 065 134
Value added taxation liability	**449 114**	151 933
Nowaco cash-settled incentive scheme	**343 368**	–
Other payables and accrued expenses	**1 614 450**	1 176 632
	17 602 244	18 698 495
Trade payables by segment		
Trade payables		
Bidfood	**12 899 004**	15 267 964
Australasia	**3 009 934**	3 093 833
United Kingdom	**2 893 486**	4 032 748
Europe	**4 943 984**	6 222 815
Emerging markets	**2 051 600**	1 918 568
Corporate	**20 956**	26 981
	12 919 960	15 294 945

Trade payables and accruals mainly consists of amounts outstanding for trade purchases and ongoing costs.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

The group has contract liabilities disclosed in other payables and accrued expenses in the form of deferred income which arises from consideration received in advance of the satisfaction of performance obligations. The deferred income at June 30 2020 was R19,1 million (2019: R10,0 million).

The directors consider that the carrying amounts of trade payables and other current liabilities approximates their fair values.

	2020 R'000	2019 R'000
7. NET OPERATING ASSETS (continued)		
7.7 Provisions		
Long-term portion	**612 921**	430 462
Short-term portion	**632 950**	313 892
	1 245 871	744 354

	Onerous contracts R'000	**Dismantling and site restoration R'000**	**Customer loyalty programme R'000**	**Restructuring provisions# R'000**	**Other# R'000**	**Total R'000**
Balance at July 1 2018	40 561	446 825	130 671	15 697	144 298	778 052
Created	1 958	59 412	58 207	15 951	65 224	200 752
Utilised	(25 745)	(64 634)	(62 202)	(15 875)	(41 879)	(210 335)
On acquisition of businesses	–	–	–	–	8 617	8 617
Exchange rate adjustments	332	(6 686)	(3 434)	(25)	(173)	(9 986)
Transfer to liabilities classified as held-for-sale	–	(29 340)	–	–	–	(29 340)
Effect of discounting	973	5 621	–	–	–	6 594
Balance at June 30 2019	18 079	411 198	123 242	15 748	176 087	744 354
Created	**114 428**	**42 632**	**18 173**	**469 863**	**161 773**	**806 869**
Utilised	**(54 422)**	**(185 479)**	**(47 619)**	**(55 938)**	**(138 304)**	**(481 762)**
Exchange rate adjustments	**9 053**	**62 221**	**21 583**	**37 844**	**40 929**	**171 630**
Effect of discounting	**–**	**4 780**	**–**	**–**	**–**	**4 780**
Balance at June 30 2020	**87 138**	**335 352**	**115 379**	**467 517**	**240 485**	**1 245 871**

 # Due to the impact of COVID on the group's provisions and to enhance disclosure, comparatives have been re-presented to show restructuring provisions separately from other provisions. This re-presentation has no impact on previously disclosed total provisions and the split of long and short-term provisions.

Provisions are recognised when the group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Onerous contracts

Onerous contracts are identified through regular reviews of the terms and conditions of contracts as well as on the acquisition of businesses. A provision for onerous contracts is calculated as the present value of the portion which management deem to be onerous in light of market conditions, discounted using market-related rates. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net costs of continuing the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

Dismantling and site restoration

A provision is raised for the estimated costs of dismantling and removing items, and restoring the property on which they are located. The change in the liability arising as a result of unwinding the discount is recognised in the statement of profit or loss as a finance charge. The dismantling of the plant and recommissioning of buildings is expected to coincide with the end of the useful life of the plant and lease periods.

Notes to the consolidated financial statements continued

for the year ended June 30

7. NET OPERATING ASSETS (continued)

7.7 Provisions (continued)

Customer loyalty programme

Customer loyalty points are accounted for at fair value of the consideration received or receivable in respect of the initial sale, and are allocated between the loyalty points and the other components of the sale. The consideration allocated to the customer loyalty points is measured by reference to their fair value, which is the amount for which the loyalty points could be sold at, multiplied by the probability of their redemption. This amount is recognised as a provision until such time as the customer loyalty points are redeemed. Once the loyalty points are redeemed, the amount will be recognised as revenue. Customer loyalty programmes have been introduced by certain operations within the group, whereby customers can earn points for redemption in the form of gift certificates and products of the operations. The provision is calculated based on the points outstanding at year end.

Restructuring provisions

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been publicly announced. During the year, the group provided for restructuring provisions of R469,9 million that were directly related to the impact of COVID in terms of redundancy related provisions and other related costs for affected locations. Future operating costs are not provided for.

Other

Consists of provision for various other individually insignificant provisions.

7.8 Continuing segmental assets and liabilities

Segment operating assets includes property, plant and equipment, investments and loans, inventories and trade and other receivables. Segmental operating liabilities includes trade and other payables and provisions.

	2020 R'000	2019 R'000
Continuing segmental operating assets		
Trading division		
Bidfood	**40 828 343**	39 514 425
Australasia	**10 157 016**	8 902 038
United Kingdom	**8 807 527**	9 289 118
Europe	**13 580 572**	13 515 711
Emerging Markets	**8 283 228**	7 807 558
Corporate	**230 832**	287 983
	41 059 175	39 802 408
Continuing segmental operating liabilities		
Trading division		
Bidfood	**18 618 277**	19 392 773
Australasia	**4 326 684**	4 476 748
United Kingdom	**4 550 632**	4 715 800
Europe	**6 820 937**	7 494 583
Emerging Markets	**2 920 024**	2 705 642
Corporate	**229 838**	127 163
	18 848 115	19 519 936

8. ACQUISITIONS, DISPOSALS AND GOODWILL

8.1 Acquisitions

	2020 R'000	2019 R'000
Property, plant and equipment	**(44 679)**	(88 547)
Intangible assets	**–**	(10)
Deferred taxation	**935**	37 820
Interest in associates	**–**	(4 244)
Investments and loans	**–**	(51)
Inventories	**(39 395)**	(47 607)
Trade and other receivables	**(124 860)**	(58 249)
Cash and cash equivalents	**34 080**	(88 446)
Borrowings	**14 554**	7 801
Trade and other payables and provisions	**100 061**	70 603
Taxation	**3 845**	7 179
Total identifiable net assets at fair value	**(55 459)**	(163 751)
Separately identifiable intangible assets	**–**	(192 672)
Non-controlling interest	**–**	3 950
Goodwill	**(80 307)**	(365 948)
Total value of acquisitions	**(135 766)**	(718 421)
Cash and cash equivalents acquired	**(34 080)**	88 446
Vendors for acquisition recognised	**210**	138 557
Puttable non-controlling interest liabilities recognised	**–**	70 464
Costs incurred in respect of acquisitions	**(1 968)**	(27 686)
Net amounts paid	**(171 604)**	(448 640)

Acquisition opportunities in the year were limited, due to unrealistic vendor expectations and management's focus on bedding down recently acquired underperforming businesses. The acquisition of 100% of Elite Frozen Foods Limited (Elite), a regional wholesaler in the United Kingdom supplying ambient, chilled and frozen products was completed in July 2019. Total investment in Elite was R163,7 million, and its contribution to revenue and trading loss for the year ended June 30 2020 was R693,3 million and R57,9 million respectively.

Goodwill arose on the acquisitions as the anticipated value of future cash flows that were taken into account in determining the purchase consideration exceeded the net assets or net liabilities acquired at fair value. No separately identifiable intangible assets were recognised on acquisition. The Elite acquisition has enabled the group to expand its range of complementary products and services and, as a consequence, has broadened the group's base in the market place. Qualitative factors that support (but, not limited to) the goodwill recognised on Elite:

- growing scale and access to customers in the southwest of the United Kingdom;
- improving purchasing power for the group; and
- managements's skill and expertise as a platform from which to consolidate their respective fragmented foodservice markets.

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

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

Vendors for acquisition recognised on acquisition relates to contingent consideration. These contingent consideration payments are separately recognised on acquisition as a financial liability at fair value. Vendors for acquisition is a contractual provision in an acquisition agreement that adds a variable component to the purchase price. This allows for a portion of the purchase price to be paid to the former owners on a contingent basis if and to the extent that the target business reaches certain milestones in the period post being acquired. Often these milestones are financial in nature (achieving, for example, revenue, net income or EBITDA benchmarks). Contingent consideration liabilities are linked to the future performance targets of the respective company (and not to changes in ownership) whereas puttable NCI liabilities recognised on acquisition are related to future changes in ownership (ie changes in shareholding). Refer note 10.5 for further details.

Notes to the consolidated financial statements continued

for the year ended June 30

		2020 R'000	2019 R'000
8.	**ACQUISITIONS, DISPOSALS AND GOODWILL** (continued)		
8.2	**Continuing operations disposal of subsidiary**		
	Proceeds on disposal of interest in subsidiary:		
	Property, plant and equipment	**(18 678)**	–
	Goodwill disposed	**(20 993)**	–
	Inventories	**(3 338)**	–
	Trade and other receivables	**(6 825)**	–
	Total identifiable net assets at carrying value	**(49 834)**	–
	Loss on disposal of interest in subsidiary	**15 175**	(9 050)
	Net proceeds	**(34 659)**	(9 050)

Bidfood Australia disposed of its Fresh business for A$3.3 million (R34,7 million) in September 2019. Amounts included in 2020 years results for operations disposed of to revenue and trading profit were R122,6 million and R10,3 million respectively. Amounts included in 2019 years results for operations disposed of to revenue and trading profit were R649,0 million and R7,4 million respectively.

		2020 R'000	2019 R'000
8.3	**Goodwill**		
	Carrying value at beginning of year	**14 784 154**	14 539 284
	Acquisition of businesses	**80 307**	365 948
	Disposal of business	**(20 993)**	–
	Impairment of goodwill	**(797 899)**	–
	Exchange rate adjustments	**2 631 005**	(121 078)
	Carrying value at end of year	**16 676 574**	14 784 154
	The carrying value of goodwill allocated to cash-generating units grouped in segments as follows:		
	Australasia	**3 410 984**	2 853 081
	United Kingdom	**3 444 167**	2 860 404
	Europe	**8 468 480**	7 836 447
	Emerging Markets	**1 352 943**	1 234 222
		16 676 574	14 784 154

Goodwill acquired through business combinations, is allocated for impairment testing purposes to cash-generating units (CGU) which reflect how it is monitored for internal management purposes. The CGUs are consolidated into the group's segments. The carrying amount of goodwill was subject to an annual impairment test, the recoverable amount was determined by using the discounted cash flow for each CGU. A 10-year period was used for the discounted cash flows. The valuation was performed on an enterprise value basis.

8. ACQUISITIONS, DISPOSALS AND GOODWILL (continued)

8.3 Goodwill (continued)

Impairment testing of goodwill

During the year, goodwill impairments of €45,9 million (R793,8 million) and R4,1 million were identified against goodwill relating to Guzman Gastronomia S.L. (Spain) and Bidfresh Pty Limited "formerly Famous Fresh Pty Limited" (South Africa) respectively (2019: no goodwill impairments were identified). The Spain goodwill was impaired due a number of years of underperformance in terms of profitability and the Spanish business going through a restructure to achieve simplification and focus on their core competencies and markets. The calculated recoverable amount for Spain at June 30 is €60,3 million (R1.1 billion).

The impact/potential impact of COVID on future cash flow projections used in the value-in-use calculations per CGU was considered given the evidence available at the time of finalising the Bidcorp group annual financial statements. Discount rates applied in the value-in-use calculations were determined on a normalised basis.

The key assumptions in the value-in-use calculations are:

- Expected net revenues were generally determined as follows:
  - 2021, 2022 and 2023 revenues were set at 80%, 90% and 100% of 2019 CGU revenues respectively.
  - 2024 to 2030 were based on budgets derived from a combination of forecasts for the regions in which the group operates and historical performance of each CGU.
- Budgeted EBITDA margins per CGU were based on past experience and management's future expectations of business performance.
- Cash flow projections beyond a 10-year period are based on internal management projections taking into consideration industry forecasts and growth rates in the regions in which the group operates.
- Capital expenditure forecasts are based on historical experience and include expenditure necessary to maintain the projected cash flows from operations at current operating levels.
- The pre-tax discount rates are determined by calculating:
  - CGU's cost of equity which was calculated by taking into account country risk, market risk and company specific risk premiums (calculated by taking into the financial risk of the CGU (ie level of debt); forecast profitability of the CGU (including forecasting risk); operational risk of the company (ie operating leverage/margins of the business, mix of fixed and variable components); customer and supplier concentration of the CGU).
  - CGU's cost of debt and;
  - CGU's cost of leasing (IFRS 16).

Notes to the consolidated financial statements continued

for the year ended June 30

8. ACQUISITIONS, DISPOSALS AND GOODWILL (continued)

8.3 Goodwill (continued)

The critical underlying assumptions applied (ie discount rate, average trading margins over the forecast period (average trading margins), and terminal growth rate) were reviewed by management in the current macro-economic environment.

Management considered the sensitivities underlying the primary assumptions to determine the consequences that reasonably possible changes in such assumptions may have on the recoverable amount of the underlying assets.

The table illustrates the discount rate, cash flow growth and terminal growth rates that were used in the discounted cash flow valuations for the CGUs grouped in segments:

	2020	2019
	Discount rate	
Australasia	**6,0 – 6,3%**	6,0 – 6,2%
United Kingdom	**6,5%**	6,2 – 6,5%
Europe[1]	**5,5 – 8,5%**	5,0 – 9,0%
Emerging Markets[2]	**7,0 – 18,5%**	7,0 – 27,0%
Group	**7,4%**	7,2%
	Average trading margins	
Australasia	**6,3 – 6,9%**	6,1 – 7,0%
United Kingdom	**5,3%**	5,3%
Europe[3]	**1,3 – 9,1%**	1,6 – 9,0%
Emerging Markets[4]	**2,4 – 8,9%**	2,6 – 8,9%
	Terminal growth rate	
Australasia	**1,0%**	1,0%
United Kingdom	**1,0%**	1,0 – 1,5%
Europe	**1,0 – 2,0%**	1,0 – 2,0%
Emerging Markets	**2,0 – 2,5%**	1,5 – 2,0%

[1] The Europe grouped CGUs comprises a number of countries which each present different discount rates. Czech Republic and Slovakia, Poland, and The Baltics are all Eastern European countries (but part of the European Union) which generally have higher discount rates compared to Belgium, the Netherlands, Germany, Portugal, Spain and Italy which are Western European countries and typically have lower discount rates.

[2] The upper end of the range for Emerging Markets relates to Turkey which in the current year has been impacted by the improvement in the Turkish macro-economic environment.

[3] The upper end of the range relates to the Czech Republic which has higher trading margins given its value-added services. The lower end of the range relates to Germany which is receiving significant focus and effort to improve the platform from which Germany can realise the potential of this market.

[4] The upper end of the range relates to South Africa which has higher trading margins due to its retail and manufacturing exposure from the Crown Food Group.

8. ACQUISITIONS, DISPOSALS AND GOODWILL (continued)

8.3 Goodwill (continued)

Sensitivity analyses

Expected future cash flows are inherently uncertain and could change materially over time. They are affected by a number of factors, including market estimates, together with economic factors such as prices, growth rates, discount rates, currency exchange rates, and future capital expenditure.

Sensitivity analyses of reasonably possible changes in the underlying assumptions for each group of CGUs included:
- 0,5% increase in discount rate for Australasia; United Kingdom and Europe CGUs;
- 1% increase in discount rate for the Emerging Market CGU;
- 0,5% decrease in the average trading margin growth rates for all CGUs from 2023 onwards.

Using the above sensitivity analyses, a quantitative impairment indicator was raised for the goodwill associated with the Germany CGU. Qualitatively, this operation is in the process of improving their operational platforms to become broadline foodservice distributors with scale and opportunities to generate positive economic returns. Measures in place to improve the operations include (but not limited to):
- significant infrastructure spend to grow capacity and scale (new warehouse built in Munich);
- change in sales mix towards the independent sector (growth prospects related to independent customers);
- expansion of their foodservice offering through product diversification;
- improvements to information technology systems and e-commerce development; and
- investment in human capital.

The goodwill attributable to the Germany CGU at June 30 is R345,3 million (2019: R284,5 million). The assumptions applied in the value-in-use calculations at June 30 were as follows: discount rate of 5,25% (2019: 5,5%) and terminal growth rate of 1,5% (2019: 2%). An increase in the discount rate of 0,5% (10% change in assumption) and decrease in the average trading margins of 0,5% (17% change in assumption) would result in a goodwill impairment of R217,5 million.

	2020 R'000	2019 R'000
9. INVESTMENTS		
9.1 Interest in associates		
Investments in unlisted associates at cost less impairments	**111 192**	87 154
Balance at beginning of the year	**87 154**	97 362
Increase in unlisted associate investment	**11 700**	5
Exchange difference	**16 981**	12
Impairment of associate	**(4 643)**	–
Change in shareholding in associate	**–**	(14 469)
On acquisition of business	**–**	4 244
Attributable share of post-acquisition reserves of associates	**47 431**	58 940
At beginning of year	**58 940**	16 925
Share of (losses) earnings net of dividends	**(14 643)**	28 929
Share of intangible asset impairment	**(7 095)**	–
Share of movement in exchange rate adjustments	**10 229**	(1 383)
Movement in reserves on change in shareholding	**–**	14 469
Advances to associates held at amortised cost	**34 741**	31 884
	193 364	177 978

An associate is a company over which the group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of a company but not have the ability to control those policy decisions. The equity method of accounting for associates is adopted in the group financial statements. In applying the equity method, account is taken of the group's share of accumulated retained earnings and movements in reserves from the effective dates on which the companies became associates and up to the effective dates of disposal. In the event of associates making losses, the group recognises the losses to the extent of the group's exposure. Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the consolidated financial statements continued

for the year ended June 30

9. INVESTMENTS (continued)

9.1 Interest in associates (continued)

Unsecured advances to associates bear interest at a rate of 1,7% to 3,3% (2019: 3,0%) and have no fixed terms of repayment.

A list of the group's associates, their country of incorporation and principal place of business, the group's percentage shareholding and an indication of their nature of business is included in note 12.3.

No individual associate is considered to be material, thus no summarised financial information is supplied in these financial statements.

9.2 Investments and loans

	2020 R'000	2019 R'000
Unlisted investments held at fair value through other comprehensive income	**26 995**	48 908
Unlisted investments held at amortised cost	**–**	15 405
Unlisted loans held at fair value through other comprehensive income	**5 269**	6 207
Unlisted loans held at amortised cost	**85 043**	121 726
	117 307	192 246

The group manages its credit risk for investments by investing in reputable instruments.

Unlisted investments held at fair value through other comprehensive income mainly relates to an investment in the SA SME Fund that invests directly in scalable small and medium enterprises with the best potential for growth and sustainable employment creation in the South African economy. No dividends were received in 2020 (2019: nil).

During the year a fair value adjustment of R54.1 million (2019: nil) was recorded on the Icelandic Water Holdings ehf investment (IWH). IWH is a spring water producer from Ölfus, Iceland. The group holds an equity investment of 8,19% (2019: 14,59%) and the fair value of the investment at June 30 is nil (2019: R48,9 million).

Unlisted loans held at amortised cost relate to customer loans in the Netherlands that have maturities between two and three years.

A register of the investments is available for inspection by shareholders at the registered office of the company.

9.3 Investments in jointly-controlled entities

	2020 R'000	2019 R'000
Balance at beginning of year	**481 975**	401 113
Additions to jointly-controlled entities	**–**	51 017
Share of profit from jointly-controlled entities	**21 091**	30 219
Exchange difference	**6 867**	(374)
Dividends received from jointly-controlled entity	**(20 000)**	–
Balance at end of year	**489 933**	481 975

9. INVESTMENTS (continued)

9.3 Investments in jointly-controlled entities (continued)

Effective April 1 2017, Bidcorp Food Africa Proprietary Limited, a subsidiary of Bid Corporation Limited, signed agreements with Puratos Group NV (Puratos) whereby Puratos became an equal shareholder in Bidcorp Food's Bakery Solutions Division (BBS, subsequently renamed Chipkins Puratos, CP). CP manufactures and supplies bakery ingredients to industrial bakers, the craft market and large retailers under the Chipkins and NCP brands in South Africa.

Effective April 1 2019, Bidcorp acquired 38% of the Blancaluna Grupo, a broadline foodservice wholesaler based in Argentina. As all strategic decisions require joint approval by a Bidcorp-appointed director and a Blancaluna representative, Blancaluna has been classified in terms of IFRS 11 as a joint venture.

Interests in the joint ventures are accounted for using the equity method of accounting. Joint ventures are initially recorded at fair value and thereafter are increased or decreased by Bidcorp's share of the profit or loss. Goodwill relating to jointly-controlled entities are included in the initial carrying amount of the investment. There were no impairments recognised for any investments in jointly-controlled entities (2019: nil).

Upon loss of joint control over an investment in a jointly-controlled entity, the group measures and recognises any remaining investment at its fair value.

Any difference between the carrying amount of the investment in a jointly-controlled entity and the fair value of the remaining investment and any proceeds from disposal is recognised in the statement of consolidated profit or loss.

Jointly-controlled entities net revenue represent 1,3% (2019: 1,0%), trading profit of 2,0% (2019: 0,9%) and total assets of 0,7% (2019: 0,5%) of the continuing operations for the Bidcorp group.

Accordingly, no summarised financial information has been supplied in these financial statements.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT

10.1 Financial risk management

The group has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; foreign currency risk; interest rate risk and equity price risk.

This note presents information about the group's exposure to each of the aforementioned risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. IFRS 7 requires certain disclosures by class of instrument which the group has determined as its segments.

The group's major financial risks are mitigated in the way that it operates, firstly through diversification of geography and secondly through decentralisation of the business model. Bidcorp is an international group with operations in the United Kingdom, Europe, Asia, Australia, New Zealand, South America, Middle East and various southern African countries.

Bidcorp's philosophy has always been to empower management through a decentralised structure thereby making operational management responsible and accountable for the performance of their operations, including managing the financial risks of the operation. The operational management reports to the CEO who in turn reports to the Bidcorp board of directors. Operational management's remuneration is based on their operation's performance resulting in a decentralised and entrepreneurial environment.

Due to the diverse structure and decentralised management of the group, the group audit and risk committee (GARC) has implemented guidelines of acceptable governance practices and basic procedures to be followed by divisional and operational management. The information provided below for each financial risk has been collated for disclosure based on the manner in which the business is managed and what is believed to be useful information for stakeholders.

The overall process of risk management in the Bidcorp group, which includes the related system of control, is the responsibility of the Bidcorp board of directors. The Bidcorp GARC is governed by a charter and reports regularly to the board of directors on its activities.

The GARC's primary risk responsibilities include:

- Review of the group's risk policies and approach to risk management.
- To consider all material risks to which the group is exposed, ensuring that the requisite risk management culture, policies and systems are progressively implemented and functioning effectively.
- Management is accountable to the board for implementing and monitoring the processes of risk management and integrating this into their day-to-day activities; they confirm these processes through the completion of the quarterly Bidcorp management representation letter submitted to the Bidcorp GARC.
- Performance of ongoing monitoring of the enterprise-wide risk assessment process to ensure risks and opportunities are adequately identified, evaluated and managed at the appropriate level in each business, and that the individual and joint impact of risks identified on the group is considered.
- To review legal matters that could have a material impact on the group, as well as considering the adequacy and effectiveness of the group's procedures to ensure compliance with legal and regulatory responsibilities.
- Consideration of reports provided by management, internal assurance providers and the independent auditors regarding compliance with legal and regulatory requirements.

Notes to the consolidated financial statements continued

for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

Due to the breadth of the geographical spread of the Bidcorp operations, Bidcorp has adopted a globally relevant risk management strategy. This strategy has been communicated, and implementation thereof delegated, to the respective local management teams. Bidcorp believes using a common group framework for the management of risk creates a shared foundation from which a view of the global risk universe is developed, but embraces the locally relevant risks faced by each business. The Bidcorp group risk management policies are established to identify and analyse the risks faced by the group, to set appropriate guidance and parameters within which risks are to be reported to the Bidcorp GARC. Bidcorp continues to grow and develop a robust and constructive control environment in which all employees understand their roles and responsibilities.

Each business reports to one of five divisional audit and risk committees (DARC), which subscribes to the same philosophies and practices as the Bidcorp GARC. The DARCs report quarterly to the Bidcorp GARC. The DARC oversee how operational management monitors compliance with the Bidcorp group policies and guidelines in respect of the financial reporting process, the system of internal control, the management of financial risks, the audit process (both internal and external) and code of ethics. The DARCs are assisted in their oversight role by Bidcorp internal audit. Internal audit undertakes both regular and ad hoc reviews of financial and operational risk management controls and procedures, the results of which are reported quarterly to the respective DARC and consolidated for quarterly reporting to the Bidcorp GARC.

(a) 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, and arises principally from the group's receivables from customers, investments and guarantees.

The board has implemented a "Delegation of authority matrix" which provides guidelines to the divisions as to the level of authorisation required for various types of transactions.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk after taking into account the value of any collateral obtained. The carrying values, net of impairment allowances and expected credit losses, amount to R10 877 million (2019: R13 390 million) for trade receivables (refer note 7.5 for credit risk disclosure), R117 million (2019: R192 million) for investments (refer note 9.2) and cash and cash equivalents of R7 024 million (2019: R5 776 million).

The expected credit loss in respect of trade receivables is used to record expected impairment losses unless the group is satisfied that no recovery of the amount owing is possible; at that point, the amount which is considered irrecoverable is written off directly against the respective assets.

Impairments of investments classified at fair value through other comprehensive income or amortised cost are written off against the investment directly and an impairment allowance account is not utilised.

The group has a general credit policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In accordance with the decentralised structure, the operational management is responsible for implementation of credit policies to meet the above objective. This includes credit policies under which new customers are analysed for creditworthiness before the operation's standard payment and delivery terms and conditions are offered, determining whether collateral is required, and if so the type of collateral to be obtained, and setting of credit limits for individual customers based on their references and credit ratings. Many operations in the group have a policy of taking out credit insurance to cover a portion of their risk. Operational management are also held responsible for monitoring the operations' credit exposure. For cash and cash equivalents, the group places its cash, where possible, with major banking groups and high-quality institutions relatively high credit ratings in that country. The group's treasury policy is designed to limit exposure to any one institution and invests its excess cash in low-risk investment accounts. The counterparties that are used by the group are evaluated on a continuous basis. At June 30 2020 cash and cash equivalents was held with many major banking groups which are considered high quality financial institutions.

(b) Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group manages its borrowings centrally for each of the segments. The divisions within each segment are therefore not responsible for the management of liquidity risk but rather senior management for each of these segments is responsible for implementing procedures to manage the regional liquidity risk.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

(b) Liquidity risk (continued)

Contractual maturities of financial liabilities, including interest payments

		Undiscounted contractual cash flows					
	Carrying amount R'000	Total R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
2020							
Borrowings (refer note 10.3)							
Loans secured by mortgage bonds over fixed property	**383 628**	**399 473**	**30 594**	**21 458**	**52 087**	**285 006**	**10 328**
Loans secured by lien over certain property, plant and equipment	**568 424**	**640 206**	**109 827**	**97 640**	**186 816**	**232 729**	**13 194**
Unsecured loans	**11 658 941**	**12 005 578**	**5 548 773**	**2 428 991**	**3 381 472**	**574 807**	**71 535**
	12 610 993	**13 045 257**	**5 689 194**	**2 548 089**	**3 620 375**	**1 092 542**	**95 057**
RoU lease liabilities (refer note 10.4)	**6 235 320**	**6 625 734**	**586 479**	**586 479**	**1 117 763**	**2 349 868**	**1 985 145**
Puttable non-controlling liabilities (refer note 10.5)	**4 687 944**	**5 795 210**	**55 262**	**–**	**277 790**	**3 947 340**	**1 514 818**
Vendors for acquisition	**277 338**	**277 901**	**189 992**	**14 196**	**62 575**	**–**	**11 138**
Trade and other payables (refer note 7.6) excluding forward exchange contracts and value added taxation liability	**17 140 364**	**17 140 364**	**17 140 364**	**–**	**–**	**–**	**–**
2019							
Borrowings (refer note 10.3)							
Loans secured by mortgage bonds over fixed property	273 865	284 654	12 403	11 169	27 871	45 494	187 717
Loans secured by lien over certain property, plant and equipment	519 768	548 388	132 996	68 659	150 659	180 404	15 670
Unsecured loans	9 707 316	9 829 089	3 411 868	2 414 272	525 600	3 468 903	8 446
	10 500 949	10 662 131	3 557 267	2 494 100	704 130	3 694 801	211 833
Puttable non-controlling liabilities (refer note 10.5)	1 462 748	1 587 111	1 086 829	43 241	231 590	225 451	–
Vendors for acquisition	379 026	380 521	57 157	46 949	250 188	26 227	–
Trade and other payables (refer note 7.6) excluding forward exchange contracts and value added taxation liability	18 536 715	18 536 715	18 536 715	–	–	–	–

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above. There were no group defaults or breaches of any of the borrowing terms or conditions.

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)		
10.1 Financial risk management (continued)		
(b) Liquidity risk (continued)		
Undrawn facilities		
The group has the following undrawn facilities at its disposal to further reduce liquidity risk:		
Unsecured bank overdraft facility, reviewed annually and payable on 360 days' notice	**2 123 621**	1 598 506
Utilised	**153 975**	56 471
Unutilised	**1 969 646**	1 542 035
Unsecured loan facility with various maturity dates through to 2026 and which may be extended by mutual agreement	**22 081 813**	11 622 479
Utilised	**11 434 331**	9 499 104
Unutilised	**10 647 482**	2 123 375
Secured loan facilities with various maturity dates through to 2031 and which may be extended by mutual agreement	**445 762**	560 155
Utilised	**445 762**	377 922
Unutilised	**–**	182 233
Other banking facilities	**451 161**	630 057
Utilised	**–**	2 140
Unutilised	**451 161**	627 917
Total utilised facilities	**12 034 068**	9 935 637
Total unutilised facilities	**13 068 289**	4 475 560
Total facilities	**25 102 357**	14 411 197

(c) Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(d) Foreign currency risk

Currency risk is the possibility that the group may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency. The group also has translation risk arising from the consolidation of foreign operations into South African rand.

Currency conversion guide at June 30	Statement of comprehensive income (average) 2020	Statement of comprehensive income (average) 2019	Statement of financial position (spot) 2020	Statement of financial position (spot) 2019
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)				
10.1 Financial risk management (continued)				
(d) Foreign currency risk (continued)				
Rand/sterling	**19,73**	18,35	**21,37**	17,82
Rand/euro	**17,31**	16,18	**19,46**	15,97
Rand/Australian dollar	**10,50**	10,14	**11,92**	9,87
Rand/New Zealand dollar	**9,96**	9,51	**11,14**	9,44
Rand/Hong Kong dollar	**2,01**	1,81	**2,24**	1,80
Rand/Singapore dollar	**11,32**	10,39	**12,43**	10,39
Rand/Czech koruna	**0,67**	0,63	**0,73**	0,63
Rand/Polish zloty	**3,97**	3,77	**4,37**	3,78
Rand/Brazilian real	**3,51**	3,67	**3,19**	3,65
Rand/US dollar	**15,65**	14,18	**17,33**	14,04

Borrowings are matched to the same foreign currency as the division raising the liability thereby limiting the divisions' exposure to changes in a foreign currency which differs to their functional currency. Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying divisions of the group thereby providing an economic hedge for each class of borrowing.

The group incurs currency risk as a result of purchases and sales which are denominated in a currency other than that entities' functional reporting currency. It is group policy that group entities hedge all trade receivables and trade payables denominated in a foreign currency which differs to its functional currency. At any point in time the entities also take out economic hedges over their estimated foreign currency exposure resulting from sales and purchases. The group entities hedge their foreign currency risk exposure either by taking out forward exchange contracts (FECs) or alternatively by purchasing in advance the foreign currency which will be required to settle the trade payables. Most of the forward exchange contracts have maturities of less than one year after the reporting date. Where necessary, the forward exchange contracts are rolled over at maturity. It is the group's policy not to trade in derivative financial instruments for speculative purposes.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies (in relation to the operations' functional currency) and for which no hedge accounting is applied are recognised in the statement of profit or loss. Both the changes in fair value of the forward exchange contracts and the foreign exchange gains and losses relating to the monetary items are recognised in operating profit (refer note 4.2).

Notes to the consolidated financial statements continued

for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

(e) Interest rate risk

The group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating borrowings and by the use of interest rate swap contracts. Investments in equity securities accounted for as held for trading financial assets and trade receivables and payables are not exposed to interest rate risk.

	2020 R'000	2019 R'000
At the reporting date the interest rate profile of the group's interest-bearing financial instruments was:		
Fixed rate instruments		
Financial liabilities		
Borrowings	**(5 224 667)**	(4 491 670)
Puttable non-controlling interest liabilities	**(4 687 944)**	(1 462 748)
Derivative instruments in designated hedge accounting relationships	**(12 766)**	(9 851)
Financial assets		
Derivative instruments in designated hedge accounting relationships	**6 229**	3 638
Variable rate instruments		
Financial assets		
Cash and cash equivalents	**7 024 426**	5 775 863
Financial liabilities		
Borrowings	**(7 386 326)**	(6 009 279)

The group's exposure to interest rates on financial assets and liabilities are detailed in the various notes within the financial statements. The variable rates are influenced by movements in the prime borrowing rates.

Sensitivity analysis

Group borrowings have been categorised by geographical location and the percentage change used for each category has been selected based on what could reasonably be expected as a change in interest rates within that region based on historical movements in interest rates within that particular region.

This sensitivity analysis has been prepared using the average borrowings for the financial year as the actual borrowings at June 30 are not representative of the borrowings during the year. This analyses assumes that all other variables, in particular foreign currency rates, remain constant. The analyses are performed on the same basis as 2019. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below.

	2020		2019	
	Increase in interest rates %	**Decrease in profit after taxation R'000**	Increase in interest rates %	Decrease in profit after taxation R'000
Southern Africa and Other Emerging Markets	**0,50**	**10 643**	0,50	8 861
United Kingdom and Europe	**0,25**	**6 669**	0,25	3 714
Australasia	**0,25**	**1 344**	0,25	1 749
		18 656		14 324

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

(f) Equity price risk

Equity price risk arises from investments classified at fair value as profit or loss or investments classified at fair value through other comprehensive income (refer note 9.2). Unlisted investments comprise unlisted shares and loans are valued at fair value using a price earnings (PE) model. A sensitivity analysis for investments at fair value was not performed as the fair value balance is insignificant.

(g) Fair values

The carrying amounts of all financial assets and liabilities approximate their fair values, with the exception of borrowings which have been accounted for at amortised cost. The fair value of borrowings, together with the carrying amounts shown in the statement of financial position, classified by class (being geographical location), are as follows:

	2020		2019	
	Carrying amount R'000	**Fair value R'000**	Carrying amount R'000	Fair value R'000
Borrowings (refer note 10.3)				
Southern Africa and other Emerging Markets	**3 065 809**	**3 065 784**	2 830 550	2 830 534
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**6 219**	**6 219**	7 327	7 327
Unsecured loans	**3 059 590**	**3 059 565**	2 823 223	2 823 207
United Kingdom and Europe	**9 049 721**	**9 049 721**	6 702 380	6 702 348
Loans secured by mortgage bonds over fixed property	**383 628**	**383 628**	273 865	273 865
Loans secured by lien over certain property, plant and equipment in terms of financial leases and suspensive sale agreements	**562 205**	**562 205**	512 442	512 442
Unsecured loans	**8 103 888**	**8 103 888**	5 916 073	5 916 041
Australasia				
Unsecured loans	**495 463**	**495 462**	968 019	968 019
	12 610 993	**12 610 967**	10 500 949	10 500 901
Unrecognised gain	**26**		48	

The methods used to estimate the fair values of financial instruments are discussed in note 3.1. The interest rates used to discount cash flows, in order to determine fair values, are based on market-related rates at June 30 2020 plus an adequate credit spread which ranges from 0,0% to 26,0% (2019: 0,0% to 30,0%).

Fair value hierarchy

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

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

Notes to the consolidated financial statements continued

for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.1 Financial risk management (continued)

(g) Fair values *(continued)*

Fair value hierarchy (continued)

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

	Non-current assets (liabilities)			Current assets (liabilities)		
R'000	Puttable non-controlling interests	Investments	Vendors for acquisition	Puttable non-controlling interests	Vendors for acquisition	Total
June 30 2020						
Financial assets measured at fair value	**–**	**32 264**	**–**	**–**	**–**	**32 264**
Financial liabilities measured at fair value	**(4 632 682)**	**–**	**(73 150)**	**(55 262)**	**(204 188)**	**(4 965 282)**
June 30 2019						
Financial assets measured at fair value	–	55 115	–	–	–	55 115
Financial liabilities measured at fair value	(336 620)	–	(275 144)	(1 126 128)	(103 882)	(1 841 774)

R'000	Total	Level 1	Level 2	Level 3
June 30 2020				
Financial assets measured at fair value	**32 264**	**–**	**–**	**32 264**
Financial liabilities measured at fair value	**(4 965 282)**	**–**	**–**	**(4 965 282)**
June 30 2019				
Financial assets measured at fair value	55 115	–	–	55 115
Financial liabilities measured at fair value	(1 841 744)	–	–	(1 841 744)

Valuation techniques and significant unobservable inputs are as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The expected payments are determined by considering the possible scenarios of forecast EBITDAs, the amount to be paid under each scenario and the probability of each scenario. The valuation models consider the present value of expected payment, discounted using a risk-adjusted discount rate.	• Average EBITDA growth rates: 10% (2019: n/a) • EBITDA multiples: 10.5x (2019: 7.0x) • Risk-adjusted discount rate: 1,7% (2019: 1,99%)	The estimated fair value would increase (decrease) if: • the EBITDA were higher (lower); or • the risk-adjusted discount rate were lower (higher).

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

	Increase in assumption %	Increase in liability R'000	Decrease in assumption %	Decrease in liability R'000
Average EBITDA growth rate	**10**	**206 909**	**10**	**197 677**

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

	2020 R'000	2019 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)		
10.2 Net finance costs		
Finance income	**85 647**	109 506
Interest income on bank balances	**70 847**	91 867
Interest income on advances	**9 836**	11 930
Interest imputed on post-retirement assets	**4 964**	5 709
Finance charges	**(795 910)**	(395 448)
Interest imputed on RoU lease liabilities (refer note 10.4)	**(369 391)**	–
Interest expense on bank borrowings	**(325 176)**	(316 881)
Interest expense on bank overdrafts	**(32 072)**	(39 389)
Interest expense on provisions and tax liabilities	**(24 887)**	(23 191)
Unwinding of discount on puttable non-controlling interest liabilities (refer note 10.5)	**(27 868)**	(6 000)
Interest expense on financed assets	**(12 700)**	(5 289)
Interest imputed on post-retirement obligations	**(3 816)**	(4 698)
	(710 263)	(285 942)

Finance charges comprise interest payable on borrowings calculated using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of profit or loss using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of assets that take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially complete or sold. Capitalisation is suspended during extended periods in which active development is interrupted. All other borrowing costs are expensed in the period in which they are incurred.

	2020 R'000	2019 R'000
Finance income received per the consolidated statement of cash flows		
Income per the statement of profit or loss	**85 647**	109 506
Interest imputed on post-retirement obligations	**(4 964)**	(5 709)
Amounts received	**80 683**	103 797
Finance charges paid per the consolidated statement of cash flows		
Charge per the statement of profit or loss	**(795 910)**	(395 448)
Unwinding of discount on puttable non-controlling interest liabilities	**27 868**	6 000
Interest imputed on post-retirement obligations and provisions	**6 575**	14 123
Amounts capitalised to borrowings	**83 570**	8 715
Amounts paid	**(677 897)**	(366 610)

Notes to the consolidated financial statements continued

for the year ended June 30

	2020 R'000	2019 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)		
10.3 Borrowings		
Loans secured by mortgage bonds over fixed property (refer note 7.1)	**383 628**	273 865
Loans secured by lien over certain property, plant and equipment (refer note 7.1)	**568 424**	519 768
Unsecured borrowings	**11 658 941**	9 707 316
Borrowings	**12 610 993**	10 500 949
Less short-term portion of borrowings	**(8 045 968)**	(5 841 624)
Long-term portion of borrowings	**4 565 025**	4 659 325
Schedule of repayment of borrowings		
Within 1 year	**8 045 968**	5 841 624
1 year to 2 years	**3 636 093**	879 764
2 years to 3 years	**590 864**	3 265 923
3 years to 4 years	**83 810**	205 453
4 years to 5 years	**92 006**	111 035
Thereafter	**162 252**	197 150
	12 610 993	10 500 949
Total borrowings comprise		
Foreign subsidiaries borrowings	**11 710 097**	9 530 328
South African subsidiary borrowings	**900 896**	970 621
	12 610 993	10 500 949
	%	%
Effective weighted average rate of interest on		
South African borrowings excluding overdrafts	**5,3**	8,3
Foreign borrowings excluding overdrafts	**2,1**	2,6
	R'000	R'000
Movement in borrowings		
Carrying value at beginning of year	**10 500 949**	9 559 485
Borrowings raised during the year	**6 476 215**	5 135 168
Borrowings repaid during the year	**(6 408 623)**	(4 232 742)
Interest capitalised during the year	**84 453**	8 715
On acquisition of business	**14 554**	7 801
On disposal of discontinued operations	**(102 090)**	–
Exchange rate adjustments	**2 045 535**	22 522
	12 610 993	10 500 949

	Currency	Nominal interest rate %	Financial year of maturity	2020 R'000	2019 R'000
10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)					
10.3 Borrowings (continued)					
Terms and debt repayment schedule					
Borrowings of South African subsidiaries					
Unsecured loans	ZAR	5,3	2021	**900 584**	970 622
Borrowings of foreign subsidiaries				**11 710 409**	9 530 327
Loans secured by mortgage bonds over fixed property	EUR	0.8 – 4.8	2023 – 2031	**355 960**	247 772
	GBP	2.3	2021	**27 668**	25 207
	CZK			**–**	886
Loans secured by lien over certain property, plant and equipment	EUR	0.7 – 3.5	2021 – 2028	**397 685**	391 252
	PLN	2.6 – 2.7	2022 – 2027	**140 965**	112 839
	GBP	1.8 – 7.9	2021 – 2024	**23 555**	8 350
	BRL	7.1 – 10.0	2021 – 2023	**3 500**	5 476
	MYR	3.1 – 3.6	2024 – 2025	**2 719**	1 851
Unsecured loans	EUR	0.1 – 3.1	2021 – 2026	**5 027 574**	4 120 907
	GBP	1.4 – 2.5	2021 – 2022	**2 918 133**	1 604 757
	HKD	1.1 – 3.7	2021 – 2023	**1 712 396**	1 820 805
	AUD	0.8	2023	**417 190**	-
	CLP	2.8 – 4.9	2021 – 2022	**172 059**	115 886
	CZK	4.3	2021	**120 534**	104 077
	SGD	1.5 – 1.9	2021	**100 237**	554 760
	RMB	5.8	2021	**104 344**	139 294
	Other			**185 890**	276 208
Total interest-bearing borrowings				**12 610 993**	10 500 949

The expected maturity dates are not expected to differ from the contractual maturity dates.

Notes to the consolidated financial statements continued

for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.3 Borrowings (continued)

Capital management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk. The group relies upon distributions, including dividends, from its subsidiaries to generate the funds necessary to meet the obligations and other cash flow requirements of the group.

The group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The principal covenant limits are net debt to EBITDA of no more than 2,5 times and interest cover of no less than 5 times (both excluding the impacts of IFRS 16). Compliance with the group's biannual debt covenants is monitored on a monthly basis and formally tested at December 31 and June 30.

The group follows a risk-based approach to the determination of the optimal capital structure. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or modify the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders through share buy backs, issue new shares or sell assets to reduce debt.

During the year, all group covenants have been complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. The group's operations generate a high and consistent level of free cash flow which helps fund future development and growth. The group seeks to maintain an appropriate balance between the higher shareholder returns that may be possible with higher levels of borrowings and the prudence afforded by a sound capital position to enable the group to capitalise on growth opportunities, both internal and external. There were no changes to the group's approach to capital management during the year and the group is not subject to any externally imposed capital requirements.

10.4 Right-of-use lease liabilities (RoU lease liabilities)

	2020 R'000	2019 R'000
Leasehold properties	**5 548 662**	–
Vehicles	**632 233**	–
Equipment and other	**54 425**	–
Total RoU lease liabilities	**6 235 320**	–
Short-term RoU lease liabilities	**872 229**	–
Long-term RoU lease liabilities	**5 363 091**	–

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees and payments of penalties for terminating a lease, if the lease term reflects the group exercising the option to terminate. The lease term also takes into account the likelihood of exercising a renewal option.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

RoU lease liabilities represent the financial obligation of the group to make lease payments to landlords to use the underlying leased premises, or RoU leased assets, during the lease term.

The average lease term and number of leases of the group's lease portfolio (including renewal periods taken into account) is as follows:

- Leasehold property — nine year average lease term for 273 leases;
- Vehicles — four year average lease term for 1 647 leases; and
- Equipment and other — three year average lease term for 169 leases.

The lease term includes a renewal period only if the group has agreed terms with the respective landlord and the renewal contract is enforceable by both parties. For leasehold properties these terms include factors such as location, how far in the future an option occurs, significance of related leasehold improvements and past history of terminating/not renewing lease and the value of lease payments in the renewal period. Further to this, the likelihood of exercising a termination option, if applicable, is considered in determining the lease term. The discount rates used to determine the present value of future lease payments is generally based on the lessee's incremental borrowing rate, as in most instances, the interest rate implicit in the lease cannot be readily determined.

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.4 Right-of-use lease liabilities (RoU lease liabilities) (continued)

To determine the incremental borrowing rate, the group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, which does not have recent third-party financing and makes adjustments specific to the RoU leased asset, eg term, country, currency and security.

The discount rates applied to leases per segment were as follows:

	2020 %	2019 %
Australasia	**5.0 – 6.0%**	–
Emerging Markets[1]	**5.0 – 23.0%**	–
Europe	**5.0 – 8.0%**	–
United Kingdom	**5.0 – 6.0%**	–

[1] *The upper end of the range for Emerging Markets relates to Turkey which is impacted by Turkish macro-economic environment.*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Financial liabilities are derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the consolidated income statement as interest expense based on the effective interest rate method.

The movement in RoU lease liabilities is as follows:

	2020 R'000	2019 R'000
Transition adjustment for IFRS 16	**5 752 925**	–
New leases entered into	**702 014**	–
Lease modifications and remeasurements	**189 608**	–
Finance charges	**369 391**	–
Cancelled leases	**(862 645)**	–
Lease payments	**(1 089 903)**	–
Exchange rate adjustments	**1 173 930**	–
	6 235 320	
The expenses relating to short-term and low-value commitments have been disclosed in note 4.2		
Total contractual undiscounted cash flows related to RoU lease liabilities		
Within one year	**1 172 958**	–
One to two years	**1 117 763**	–
Two to five years	**2 349 868**	–
After five years	**1 985 145**	–
Total contractual undiscounted cash flows related to RoU lease liabilities	**6 625 734**	–
Future cashflows included for renewal periods	**1 857 382**	–
Total undiscounted cash flows including renewal periods related to RoU lease liabilities	**8 483 116**	–
Effects of discounting	**(2 247 796)**	–
Carrying amount of RoU lease liabilities	**6 235 320**	–

Notes to the consolidated financial statements continued

for the year ended June 30

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.5 Puttable non-controlling interest liabilities

The put options entitle the non-controlling shareholders to sell their holdings in the subsidiaries to the group at contracted dates and amounts. The effect of granting these put options on the group's results can be summarised as follows:

	2020 R'000	2019 R'000
Balance at beginning of the year	**1 462 748**	1 478 590
Arising on the granting of put options to non-controlling interests during the year	**2 673 442**	70 464
Payments made to non-controlling interest during the year	**(12 828)**	(74 428)
Remeasurement of put options during the year	**(131 537)**	(12 963)
Unwinding of present value discount recognised to the statement of profit or loss	**27 868**	6 000
Exchange rate adjustments	**668 251**	(4 915)
	4 687 944	1 462 748
Long-term portion	**4 632 682**	336 620
Short-term portion	**55 262**	1 126 128

At June 30 2020 the group has the following significant put options:

Distrubuzione Alimentari Convivenze SPA (DAC)

The puttable NCI for 40% of Distrubuzione Alimentari Convivenze (DAC) expired. In December 2019 a new shareholders agreement was signed with the minority shareholders of DAC which included an option for the minority shareholders to put their 40% interest to the group on June 30 2024, 2025 and 2026. The minority shareholders agreed not to directly or indirectly sell, transfer or otherwise dispose their stake in DAC for 5 (five) years. The puttable NCI liability is calculated as the present value of the contracted redemption value discounted from the redemption date to the reporting date. Based on the group's assessment of risks and rewards substantially all of the returns associated with ownership have transferred to the group. From an economic perspective the puttable liability instrument will be exercised on a future date and the sensitivity of the exercise price to the fair value of the ownership interest is sufficiently low that all downside and upside risk has been assumed by the group. The group's assessment of the contracted EBITDA multiple of 10,5 times is that it represents a fixed instrument due to it being agreed up front by both parties and cannot be changed throughout the option period; no market risk is accepted by the minority shareholders; future performance of DAC and financial position in 2024 does not change the EBITDA multiple to be paid to the minority shareholders; third parties are not able to change the price of the EBITDA multiple payable to the minority shareholders; and there is no true up to a "fair value" multiple to similar companies in 2024.

An equity adjustment of R2,6 billion was recognised in the year relates to the net increase between the expired put option value of R1,1 billion and the present value of the contracted redemption value for the put option calculated in terms of the December 2019 shareholders agreement of R3,7 billion. Due to the exchange rate adjustments between the Euro and South African rand the fair value of the put option liability at June 30 2020 is R4,3 billion

The main assumptions used in the calculation of the puttable NCI liability is the contracted redemption value at the expected redemption date and the discount rate used to discount the redemption value to the reporting date. The non-controlling shareholders have the option to put their 40% interest in DAC to the group at 10,5 times EBITDA less net debt. The discount rate used for the DAC put option was 1,70% (2019: 1,99%).

Simply Food Solutions Limited (formerly The Punjab Kitchen Limited) (Simply Food Solutions)

The non-controlling shareholders have the option to put their 10% interest in Simply Food Solutions to the group, at 10 times EBITDA less net debt on or about June 30 2021. The discount rate used for the Simply Food Solutions put option was 2,0% (2019: 2,0%). The fair value of this put option liability at June is R84,3 million (2019: R68,9 million).

Quartiglia Food Service S.p.A. (Quartiglia)

The non-controlling shareholders have the option to put their 40% interest in Quartiglia to the group on or about June 30 2021. The fair value of this put option liability at June 30 is R68,1 million (2019: R55,9 million).

10. FINANCIAL RISK MANAGEMENT AND NET DEBT (continued)

10.5 Puttable non-controlling interest liabilities (continued)

Bidfood SA (Chile)

The non-controlling shareholders have the option to put their 12% interest in Chile to the group, at 6,5 times EBITDA less net debt on or about September 1 2024. The fair value of this put option liability at June 30 is R59,3 million.

The group accounts for puttable NCI liabilities under the anticipated acquisition method whereby the put option is derecognised from NCI and accounted for as a financial liability. Put options held by non-controlling interests in the group's subsidiaries entitle the non-controlling interest to sell its interest in the subsidiary to the group at predetermined values and on contracted dates. In such cases, the group consolidates the non-controlling interest's share of the equity in the subsidiary and recognises the fair value of the non-controlling interest's put option, being the present value of the estimated future purchase price, as a financial liability in the statement of financial position. In raising this liability, the non-controlling interest is derecognised and any excess or shortfall is charged or realised directly in retained earnings in the statement of changes in equity.

The unwinding of the present value discount on these liabilities is recorded within finance charges in the statement of profit or loss using the effective interest method. The financial liability is fair valued at the end of each financial year and any changes in the value of the liability as a result of changes in assumptions used to estimate the future purchase price are recorded directly in retained earnings in the statement of changes in equity.

11. STAFF REMUNERATION

11.1. Share-based payments

The Bidvest Incentive Scheme (BIS), share appreciation rights (SARs) and conditional share plan (CSPs) grant awards on the holding company, Bidcorp, to executive directors and senior management. The fair value of awards granted is recognised as an employee expense with a corresponding increase in equity. BIS, SARs and CSP share-based payment schemes are treated as equity-settled share-based payment schemes at a group and subsidiary level. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the awards. The Nowaco Management Scheme is treated as a cash-settled share-based payment scheme.

The fair value of the BIS, SAR and CSP awards is measured using a binomial model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

	2020 R'000	2019 R'000
Share-based payment expenses recognised for continuing operations:		
Equity-settled share-based payment schemes		
Bidvest Incentive Scheme (BIS)	**5 682**	11 416
Bidcorp Share Appreciation Rights Plan (SARs)	**67 659**	61 577
Bidcorp Conditional Share Plan (CSP)	**32 405**	41 475
Cash-settled share-based payment scheme		
Nowaco Management Scheme	**(4 972)**	–
	100 774	114 468

Notes to the consolidated financial statements continued

for the year ended June 30

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

The Bidvest Incentive Scheme (BIS)

BIS participants on the unbundling of Bidcorp from The Bidvest Group Limited, who had not exercised their options at the unbundling date, exchanged each one of their Bidvest Group Limited Options for one right over one Bid Corporation Limited share and one The Bidvest Group Limited share.

The original award price was not adjusted, but on exercise of the replacement right, the original award price is deducted from the combined value of Bidcorp share and The Bidvest Group share. The vesting date and lapse dates of the replacement rights are the same as that of the original awards. Awards vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. Awards not exercised within a 10-year period following the award date, lapse. The scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised.

BIS holders are only entitled to exercise their options if they are in the employment of the Bidcorp group in accordance with the BIS scheme rules, unless otherwise recommended by the remuneration committee.

The number and weighted average exercise prices of share awards granted to staff are:

	2020		2019	
	Number of awards	**Average price R**	Number of awards	Average price R
Beginning of the year	**959 557**	**259,14**	1 610 481	258,88
Lapsed	**(1 750)**	**301,54**	(36 750)	266,08
Exercised	**(386 251)**	**251,36**	(614 174)	258,05
End of the year	**571 556**	**264,27**	959 557	259,14
Share options outstanding at June 30 by year of grant are:				
2011	**17 800**	**135,00**	21 925	135,00
2012	**31 250**	**134,56**	57 500	143,63
2013	**48 500**	**208,91**	83 500	208,91
2014	**59 375**	**237,54**	127 750	237,54
2015	**97 631**	**252,12**	239 632	251,30
2016	**317 000**	**301,54**	429 250	301,54
	571 556	**264,27**	959 557	259,14

The awards outstanding at June 30 2020 have an exercise price in the range of R135,00 to R301,54 (2019: R135,00 to R301,54) and a weighted average contractual life of 0,4 to 5,5 years (2019: 1,4 to 6,5 years). The fair value of services received in return for shares allotted is measured based on a modified Black-Scholes model. The contractual life of the option is used as an input into this model.

Bidcorp Share Appreciation Rights Plan (SARs)

SARs Participants were granted share awards that vest in tranches after three years (50%), four years (25%) and five years (25%) respectively. The exercise price for the SAR award, is determined using the closing price of the Bid Corporation Limited share on the Johannesburg Stock Exchange, for the business day immediately preceding the award date up to a maximum discount of 10%. Awards not exercised within a seven-year period following the award date, lapse. The scheme has been classified as an equity-settled scheme, and therefore an equity-settled share-based payment reserve has been recognised. Award holders are only entitled to exercise their awards if they are in the employment of the Bidcorp group in accordance with the terms of the SARs plan rules, unless otherwise recommended by the remuneration committee.

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

The number and weighted average exercise prices of share awards granted to staff are:

	2020		2019	
	Number of awards	**Average price R**	Number of awards	Average price R
Beginning of year	**3 390 814**	**250,52**	2 683 000	250,07
Granted	**–**	**–**	897 000	257,48
Exercised	**(139 750)**	**238,04**	(148 000)	238,04
Lapsed	**(49 586)**	**262,95**	(41 186)	255,18
End of year	**3 201 478**	**250,87**	3 390 814	250,52
Share awards outstanding at June 30 by year of grant are:				
2016	**608 193**	**238,04**	749 314	238,04
2017	**809 621**	**263,66**	830 000	263,42
2018	**900 640**	**241,84**	914 500	242,20
2019	**883 024**	**257,19**	897 000	257,48
	3 201 478	**250,87**	3 390 814	250,52

The awards outstanding at June 30 2020 have an exercise price in the range of R238,04 to R313,08 (2019: R238,04 to R313,08) and a weighted average contractual life of 3,0 to 6,0 years (2019: 4,0 to 7,0 years). The fair value of services received in return for shares allotted is measured based on a Black-Scholes model.

Bidcorp Conditional Share Plan (CSP)

Directors

CSP awards the director a conditional right to receive shares in Bidcorp free of any cost. Due to the unbundling, the 2016 CSP awards for directors were restructured into replacement conditional rights and each conditional right in terms of the 2016 awards was exchanged for a right over a Bid Corporation Limited share. CSP Replacement Rights are subject to revised performance conditions for the period starting July 1 2016 and ending June 30 2019.

In addition to these replacement conditional rights, executives and senior management have been awarded Bidcorp CSP share awards. The fair value of services received in return for these conditional share awards have been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award discounted by anticipated future distribution flows.

Due to the significant disruption over the past few months arising from the COVID pandemic resulted in the CSP awards for 2017 and 2018 carrying little, or no value. This reduction in the value of these long-term incentive awards means that Bidcorp did not have an adequate incentivisation mechanism for executive management in place. Accordingly, the remuneration committee modified the 2017 and 2018 CSP awards so that 30% of the original number of CSPs awarded to executive management were forfeited and previous performance conditions were replaced with an employment condition and a vesting period of three years (50%), four years (25%) and five years (25%) respectively.

The increase in the fair value in 2017 and 2018 CSP awards as a result of a modification was determined at the modification date (May 25 2020). The modification share-based payment cost is accounted over the period from the modification date until the vesting dates of the 2017 and 2018 CSP modified awards, which differ from the vesting dates of the original awards.

Executive directors were granted 2019 CSP awards on May 25 2020. These awards are subject to an employment condition and vesting period. The vesting period is as follows: 50% of total number of awards vest at the expiry of three years; 75% of total number of awards vest at the expiry of four years; and 100% of total number of allotted awards vest at the expiry of five years from the date of the award, unless otherwise determined by the remuneration committee. These share awards do not carry voting rights attributable to ordinary shareholders.

The average discounted share price used in the calculation of the share-based payment charge on the 2019 conditional share awards allotted during the year is R190,22 per share (2019: R212,37 per share).

Notes to the consolidated financial statements continued

for the year ended June 30

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

The number of conditional share awards in terms of the conditional share award scheme are:

	Balance at July 1 2019	CSP replacement rights awarded	CSP replacement rights exercised	CSP replacement rights forfeited	Closing balance June 30 2020
CSP replacement right awards					
Director					
BL Berson	45 000	–	(30 637)	(4 151)	10 212
DE Cleasby	24 500	–	(16 680)	(2 260)	5 560
B Joffe	45 000	–	(36 698)	(8 302)	–
	114 500	–	(84 015)	(14 713)	15 772
CSP awards					
Director					
BL Berson	278 000	60 900	(61 273)	(8 302)	269 325
DE Cleasby	99 000	31 500	(17 701)	(2 399)	110 400
B Joffe	36 250	–	(29 562)	(6 688)	–
	413 250	92 400	(108 536)	(17 389)	379 725

Senior management

In terms of the conditional share plan scheme, a conditional right to a Bidcorp Corporation Limited share is awarded to senior management subject to an employment condition and vesting period. The vesting period is as follows: 50% of total number of awards vest at the expiry of three years; 75% of total number of awards vest at the expiry of four years; and 100% of total number of allotted awards vest at the expiry of five years from the date of the award, unless otherwise determined by the remuneration committee. These share awards do not carry voting rights attributable to ordinary shareholders.

The number of senior management conditional share awards in terms of the conditional share plan scheme are:

	2020 Number	2019 Number
Beginning of the year	135 000	65 000
Awarded	971 250	70 000
Forfeited	(40 500)	–
End of the year	1 065 750	135 000

The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award, less discounted by anticipated future distribution flows. The exercise price for conditional share awards is nil. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R190,22 per share. The assumptions used to determine the fair value of the conditional share awards was a distribution yield of 3,19% and risk-free interest rate (based on South African government bonds) of 5,13%. A total of 40 500 senior management conditional share awards were forfeited during the year (2019: nil).

11. STAFF REMUNERATION (continued)

11.1 Share-based payments (continued)

Nowaco Management Scheme

In 2009, The Bidvest Group Limited acquired 100% of the issued share capital of the Nowaco group (Nowaco) of companies for an enterprise value of €250 million. Nowaco includes Nowaco Czech Republic s.r.o. which focuses on the Czech Republic and Slovakia and Farutex Sp.z.o.o. which serves the Polish market. As part of the purchase agreement senior management (the "Managers") purchased shares in Nowaco on day one at a discount of 10%. The agreement stated that if the managers remain in the company's employment for a minimum of five years, they could sell these shares back to The Bidvest Group Limited. In 2014 The Bidvest Group Limited and the Czech Managers amended the purchase agreement giving all the senior managers a "new relevant period" (the period differs per Czech senior manager). In terms of the original agreement, Bidcorp held the sole right to select the method of settlement being equity or cash. Based on this sole right the Nowaco Management Scheme was treated as an equity-settled share-based scheme.

In August 2019, Bidcorp elected to settle a Czech Managers shares in cash and therefore changed the accounting treatment of the Nowaco Management Scheme from equity-settled to a cash-settled share-based scheme. The determined fair value of the Czech Management Scheme in August 2019 was £16,3 million (R282 million) and at year end due to effect of the COVID pandemic, the determined fair value was lower at £16,0 million (R343 million). The fair value was calculated using a EBITDA multiple of 10 times and forecasted trading results for Bidfood Czech Republic. The Nowaco Management Scheme share-based payment liability has been separately disclosed in trade and other payables (note 7.7).

The Czech Managers have the rights to sell the Bidfood Czech Republic s.r.o shares back to Bidcorp on or about:

- Managers 1, 2 and 3 have the right to sell 1,53% of Bidfood Czech Republic s.r.o to Bidcorp on or about August 1 2022.
- Managers 4 and 5 have the right to sell 0,34% of Bidfood Czech Republic s.r.o to Bidcorp on or about August 1 2024.

In all instances, Bidcorp has the choice to settle the Czech managers either in cash or shares.

11.2 Remuneration of directors

The remuneration paid to executive directors while in office of the company during the year ended June 30 2020 can be analysed as follows:

	Remuneration and benefits paid to directors				
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
BL Berson	15 541	268	262	–	16 071
DE Cleasby	5 894	188	446	–	6 528
Total	21 435	456	708	–	22 599

Summary of directors' long-term incentives

	2020					2019
	Share-based payment expense R'000	Benefit arising from exercise of awards R'000	Gross benefit R'000	Previous share-based payment expense R'000	Actual long-term incentive benefit R'000	R'000
BL Berson	13 260	29 963	43 223	(17 065)	26 158	18 061
DE Cleasby	5 187	11 182	16 369	(6 384)	9 985	6 910
B Joffe	–	21 556	21 556	(12 303)	9 253	14 631
Total	18 447	62 701	81 148	(35 752)	45 396	39 602

Notes to the consolidated financial statements continued

for the year ended June 30

11. STAFF REMUNERATION (continued)

11.2 Remuneration of directors (continued)

For comparative purposes the remuneration paid to the executive directors while in office of the company during the year ended June 30 2019 can be analysed as follows:

	Remuneration and benefits paid to directors				
	Basic remuneration R'000	Other benefits and costs R'000	Retirement/ medical benefits R'000	Cash incentives R'000	Total emoluments R'000
Director					
BL Berson	15 700	259	253	16 919	33 131
DE Cleasby	5 873	193	469	6 913	13 448
Total	21 573	452	722	23 832	46 579

The remuneration paid to non-executive directors while in office of the company during the year ended June 30 is analysed as follows:

	2020				2019
	Director fees R'000	**Long term incentives R'000**	**Other services R'000**	**Total R'000**	R'000
Non-executive director					
T Abdool-Samad	**501**	**–**	**–**	**501**	–
PC Baloyi	**930**	**–**	**–**	**930**	696
DDB Band	**438**	**–**	**–**	**438**	868
B Joffe [1]	**606**	**9 253**	**–**	**9 859**	19 343
S Koseff	**3 307**	**–**	**–**	**3 307**	2 970
DD Mokgatle	**606**	**–**	**–**	**606**	430
CJ Rosenberg	**837**	**–**	**–**	**837**	–
NG Payne	**1 270**	**–**	**–**	**1 270**	954
H Wiseman [2]	**1 415**	**–**	**542**	**1 957**	1 885
Total	**9 910**	**9 253**	**542**	**19 705**	27 146

[1] *B Joffe exercised 66 260 of his 2016 replacement conditional rights at an average price of R325,32 (2019: Long-term incentive benefits of R14,6 million arose from the exercise of 2016 replacement conditional rights).*
[2] *H Wiseman provided services by chairing the quarterly Bidcorp divisional audit and risk committee meetings.*

Prescribed officers

Due to the nature and structure of the group and the number of executive directors on the board of the company, the directors have concluded that there are no prescribed officers of the company.

	2020 R'000	2019 R'000
11. STAFF REMUNERATION (continued)		
11.3 Post-retirement obligations		
Post-retirement assets		
The Bidvest South Africa Pension Fund in South Africa	**(18 008)**	(20 928)
Post-retirement obligations	**67 478**	59 117
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	**49 790**	43 947
Unfunded defined benefit early retirement plan	**17 688**	15 170
	49 470	38 189

The group provides retirement benefits for its permanent employees through pension funds with defined benefit and defined contribution categories and defined contribution provident funds or appropriate industry funds.

Defined benefit pension funds

All funds are defined benefit pension funds administered independently of the group and are subject to the relevant pension fund legislation. The defined benefit funds operated by the group are The Bidvest South Africa Pension Fund in South Africa and Angliss Hong Kong Food Service Limited Retirement Benefit Plan. Employer contributions to defined contribution funds are set out in note 4.2.

Unfunded defined benefit retirement plans

Distrubuzione Alimentari Convivenze SPA (Italian subsidiary) provides a retirement plan for its employees. The total number of members as of June 30 was 321 (2019: 345).

	Discount rate (%)	**Salary increase (%)**
Key assumptions applied in the actuarial valuations:		
2020		
The Bidvest South Africa Pension Fund in South Africa	**10,6**	**6,6**
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	**0,3**	**3,0**
Unfunded defined benefit early retirement plan	**0,7**	**2,3**
2019		
The Bidvest South Africa Pension Fund in South Africa	9,3	6,6
Angliss Hong Kong Food Service Limited Retirement Benefit Plan	1,4	4,5
Unfunded defined benefit early retirement plan	0,8	2,3

A sensitivity analysis for post-retirement obligations was not performed as the carrying value is insignificant.

Notes to the consolidated financial statements continued

for the year ended June 30

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION

12.1 Capital and reserves attributable to shareholders of the company

Stated capital

	2020 R'000	2019 R'000
Issued stated capital	**5 428 016**	5 428 016
Treasury shares	**(247 824)**	(435 584)
Balance at beginning of the year	**(435 584)**	(601 908)
Shares disposed of in terms of share incentive plans	**187 760**	172 630
Shares purchased during the year	**–**	(6 306)
Reserves		
Foreign currency translation reserve	**9 609 715**	5 263 176
Hedging reserve	**(1 056)**	(1 056)
Equity-settled share-based payment reserve	**290 007**	341 798
Retained earnings	**12 593 698**	17 902 350
Total capital reserves comprise		
Amounts attributable to shareholders of the company	**27 672 556**	28 498 700
Amounts attributable to non-controlling interests	**266 030**	237 267
	27 938 586	28 735 967

Stated capital

No par value ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new no par value ordinary shares are deducted against the stated capital account.

Treasury shares

Shares in the company, held by its subsidiary, are classified as the group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the treasury shares is presented as a deduction from total equity. When treasury shares are purchased the cost is debited to this separate category of equity. When treasury shares are sold the amount received for the instruments is credited to this separate category of equity.

Foreign currency translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Equity-settled share-based payment reserve

The equity-settled share-based payment reserve (SBP reserve) includes the fair value of the share appreciation right awards granted and conditional share awards made to executive directors and staff, which have been recognised over the vesting period at fair value with a corresponding expense recognised in the statement of profit or loss. The total share-based payment expense for the group during the year was R102,4 million (2019: R116,9 million). Our settlement practice of the share-based payment incentive plans has been through a subsidiary company (other than the employer company of the participant), which holds Bidcorp treasury shares (Bid Treasury Company).

In terms of an inter-group repayment arrangement, the employer company pays the purchase contribution to the Bid Treasury Company for the market value of the shares that were awarded to the participant exercising the award. The R487,3 million (2019: R172,6 million) utilisation during the year represents the following:

- The market value (R187,8 million) of Bidcorp shares received by participants for share awards that were exercised during the year, the credit entry for the R187,8 million (2019: R172,6 million) is recorded under treasury shares representing the Bidcorp shares that were sold to satisfy the participant share awards that were exercised.
- Cash settlement of R299,5 million for a previously classified equity-settled Nowaco Management Scheme. As a result of this cash settlement, accounting treatment of the Nowaco Management Scheme changed from a equity-settled to a cash-settled share-based scheme during the year. The Nowaco Management Scheme share-based payment liability has been separately disclosed in trade and other payables (refer note 7.7).

The transfer to retained earnings of R355,6 million (2019: R65,0 million) merely represents a transfer between equity reserves for equity-settled share awards.

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.1 Capital and reserves attributable to shareholders of the company (continued)

Stated capital

	2020 Number of shares ('000)	2019 Number of shares ('000)
Authorised		
540 000 000 ordinary shares of no par value (2019: 540 000 000 ordinary shares of no par value)		
Issued		
335 404 212 ordinary shares of no par value (2019: 335 404 212 ordinary shares of no par value)	**335 404**	335 404
Treasury shares held by Bidcorp Treasury Company	**(1 154)**	(1 721)
Balance at beginning of year	**(1 721)**	(2 291)
Shares disposed in terms of share incentive plans	**567**	593
Shares purchased during year	**–**	(23)
	334 250	333 683

16 750 000 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

	2020 R'000	2019 R'000
12.2 Dividends paid		
2019 final dividend paid of 330.0 cents per share (2018: final dividend paid: 280,0 cents per share)	**(1 106 834)**	(939 132)
2020 interim dividend paid of 330.0 cents per share (2019: interim dividend paid: 310,0 cents per share)	**(1 106 834)**	(1 039 753)
Amounts paid per the consolidated statement of cash flows	**(2 213 668)**	(1 978 885)

Notes to the consolidated financial statements continued

for the year ended June 30

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.3 Group composition

A list of the group's significant subsidiaries, their country of incorporation and principal place of business, the group's percentage shareholding and an indication of their nature of business is included below:

	Principal place of business	Nature of business	Effective holdings % 2020	2019
Subsidiaries				
Al Diyafa Company for Catering Services LLC	Saudi Arabia	1	**53**	53
Angliss Beijing Food Service Limited	China	1	**70**	70
Angliss Guangzhou Food Service Co Limited	China	1	**90**	90
Angliss Hong Kong Foodservice Limited	Hong Kong	1	**100**	100
Angliss International Investment Limited	Hong Kong	1	**100**	100
Angliss Macau Food Service Limited	Macau	1	**100**	100
Angliss Shanghai Food Service Limited	China	1	**100**	100
Angliss Shenzen Food Service Limited	China	1	**100**	100
Angliss Singapore Pte Limited	Singapore	1	**100**	100
Applied Logic Systems Limited	New Zealand	1	**100**	100
Bidfood Bestfood NV	Belgium	1	**100**	100
BFS Botany Proprietary Limited	Australia	1	**100**	100
BFS Byron Bay Limited	Australia	1	**100**	100
BFS Group Limited	United Kingdom	1	**100**	100
BFS Port Macquarie Proprietary Limited	Australia	1	**100**	100
Bidcorp (UK) Limited	United Kingdom	1	**100**	100
Bidcorp Finance Limited	Isle of Man	1	**100**	100
Bidcorp Food Africa Proprietary Limited	South Africa	1	**100**	100
Bidcorp Food Property Proprietary Limited	South Africa	1	**100**	100
Bidcorp Foodservice International Limited	Isle of Man	2	**100**	100
Bidcorp Foodservice (Europe) Limited	United Kingdom	1	**100**	100
Bidcorp International Limited	Isle of Man	2	**100**	100
Bidcorp Properties International Limited	Isle of Man	2	**100**	100
Bidcorp Spain S.L.	Spain	1	**90**	90
Bidfood (NSW) Proprietary Limited	Australia	1	**100**	100
Bidfood (Victoria) Proprietary Limited	Australia	1	**100**	100
Bidfood (WA) Proprietary Limited	Australia	1	**100**	100
Bidfood Australia Limited	Australia	1	**100**	100
Bidfood Belgium B.V.	Belgium	1	**100**	100
Bidfood Czech Republic s.r.o.	Czech Republic	1	**98**	95
Bidfood De Clercq N.V.	Belgium	1	**100**	100
Bidfood Efe Dağıtım ve Pazarlama A.Ş	Turkey	1	**55**	55
Bidfood Holdings A.S.	Turkey	1	**85**	85
Bidfood Langens N.V.	Belgium	1	**100**	100
Bidfood Spain S.L.	Spain	1	**100**	100
Bidfood Limited	Botswana	1	**100**	100
Bidfood Limited	New Zealand	1	**100**	100
Bidfood Proprietary Limited	South Africa	1	**100**	100
Bidfood SA	Belgium	1	**100**	100
Bidfood Chile S.A.	Chile	1	**88**	90
Bidfood China Limited	China	1	**100**	100
Bidfood Malaysia Sdn. Bhd.	Malaysia*	1	**85**	85

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.3 Group composition (continued)

	Principal place of business	Nature of business	Effective holdings % 2020	2019
Subsidiaries (continued)				
Bid Foodservice Middle East-Jordan	Jordan	1	**42**	42
Bidfresh Limited	United Kingdom	1	**100**	100
BTW Investments Proprietary Limited	South Africa	2	**100**	100
Burleigh Marr Distributions Proprietary Limited	Australia	1	**100**	100
Campbell Brothers Limited	United Kingdom	1	**100**	100
Cárnicas Sáez, S.L.	Spain*	1	**68**	68
Cater Plus Proprietary Limited	Australia	1	**100**	100
Caterfood Holdings Limited	United Kingdom	1	**100**	100
Cimandis Limited	Jersey	1	**100**	100
Clayton Cold Store Proprietary Limited	Australia	1	**100**	100
Cold Seas Proprietary Limited	Australia	1	**100**	100
Crown Food Group Proprietary Limited	South Africa	1	**100**	100
D&D S.p.A.	Italy	1	**60**	60
Distribuidora E Importadora Irmaos Avelino Ltda	Brazil*	1	**60**	60
Distrubuzione Alimentari Convivenze SPA	Italy*	1	**60**	60
Elite Frozen Foods Limited	United Kingdom	1	**100**	-
Farutex Sp. z.o.o.	Poland	1	**91**	91
Food & Wine Sp.z o.o	Poland	1	**91**	91
Foodreporter B.V.	Netherlands	1	**100**	100
Frustock - Foodservice, S.A.	Portugal*	1	**72**	72
Goldline Distributors Proprietary Limited	Australia	1	**100**	100
Guzman Gastronomia S.L.	Spain*	1	**90**	90
Him Kee Food Distribution Co. Limited	Hong Kong	1	**100**	100
Horeca Trade LLC	United Arab Emirates	1	**70**	70
Horeca Trading LLC	Oman	1	**70**	70
Horeca United Services Co. WLL	Bahrain	1	**46**	46
Igartza, S.L	Spain*	1	**90**	90
Jilin Bidcorp Food Service Limited	China	1	**60**	60
John Lewis Foodservice Proprietary Limited	Australia	1	**100**	100
Linson Global Seafood Trading Limited	Hong Kong	1	**63**	63
Mariusso Comércio De Alimentos E Representação Ltda	Brazil*	1	**60**	48
Pastry Global Foodservice Limited	Hong Kong	1	**100**	100
PCL Transport 24/7 Limited	United Kingdom	1	**100**	100
Pier 7 Holding GmbH	Germany*	1	**90**	70
Simply Food Solutions Limited (formerly The Punjab Kitchen Limited)	United Kingdom	1	**90**	90
Quartiglia Food Service S.p.A	Italy*	1	**36**	36
R Noone & Son Limited	United Kingdom	1	**100**	100
Tekoo SPOL s.r.o	Czech Republic	1	**100**	100
UAB Bidfod Lietuva	Lithuania	1	**100**	100
United Imports & Exports Co. Proprietary Limited	Australia	1	**100**	100

** The group has put option arrangements for these entities or its holding company. In terms of the anticipated acquisition method, these entities are consolidated as 100%-held subsidiaries. (Refer note 10.5 for details).*

Notes to the consolidated financial statements continued

for the year ended June 30

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.3 Group composition (continued)

	Principal place of business	Nature of business	Effective holdings % 2020	Effective holdings % 2019
Associates				
ATL Seafood Ijmuiden BV	Netherlands	1	**30**	30
ATL Vastgoed BV	Netherlands	1	**30**	30
COAR S.p.A	Italy	1	**50**	50
Griffith Crown Foods Proprietary Limited	South Africa	1	**49**	49
Farm Fresh Holding B.V.	Netherlands	1	**25**	25
Maxxam B.V.	Netherlands	1	**17**	17
Maxxam C.V.	Netherlands	1	**17**	17
Van Gelder Ridderkerk B.V.	Netherlands	1	**20**	20
Jointly-controlled entities				
Chipkins Puratos Proprietary Limited	South Africa	1	**50**	50
Distribuidora Blancaluna S.A.	Argentina	1	**38**	38

Nature of business
1. Catering supplies, food and allied products.
2. Group services, investments and property holding.

12.4 Related parties

Identification of related parties

The group has a related-party relationship with its subsidiaries and associates. Key management personnel has been defined as the executive and non-executive directors of the company. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the group. They may include the individual's domestic partner and children, the children of the individual's domestic partner, and dependants of the individual or the individual's domestic partner.

Transactions with key management personnel

Directors' remuneration in total, paid by a subsidiary, is included in note 4.2. Details pertaining to executive and non-executive directors' compensation are set out in note 11.2.

The group encourages its employees to purchase food products from group companies. These transactions are generally conducted on terms similar to those with third parties, although in some cases nominal discounts are granted. Transactions with key management personnel are conducted on similar terms. No abnormal or non-commercial credit terms are allowed, and no impairments were recognised in relation to any transactions with key management personnel during the year, nor have they resulted in any non-performing debts at the year end.

Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at the group level.

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.4 Related parties (continued)

Transactions with related parties

	2020 R'000	2019 R'000
Outstanding advances due at year end by associates (refer note 9.1)	**34 741**	31 884
Total value of revenue received from associates	**84 837**	52 976
Amounts due by associates included in trade receivables	**33 509**	23 055
Total value of inventory purchased from associates	**1 243 133**	1 006 262
Total value of services purchased from associates	**46 284**	109 606
Amounts due to associates included in trade payables	**78 922**	117 822
Total value of revenue received from jointly-controlled entity	**22 692**	45 214
Property rental income from jointly-controlled entity	**15 432**	14 141
Total value of purchases from jointly-controlled entity	**9 754**	12 325
Amounts due by jointly-controlled entity included in trade receivables	**4 080**	–
Amounts due to jointly-controlled entity included in trade payables	**1 311**	–

Details of effective interest, investments and loans to associates are disclosed in note 9.1

12.5 Commitments and capital management

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

	2020 R'000	2019 R'000
Capital expenditure approved:		
Contracted for	**747 726**	1 113 122
Not contracted for	**686 007**	1 188 901
	1 433 733	2 302 023
Capital expenditure split:		
Property, plant and equipment	**1 336 171**	2 171 767
Computer software	**97 562**	130 256
	1 433 733	2 302 023

It is anticipated that capital expenditure will be financed out of existing cash resources. Due to market conditions approved capital expenditures for 2021 are to maintain the group's portfolio of assets. The 2021 approved capital expenditure is relatively similar to the depreciation and amortisation charge for 2020. Significant contracted capital expenditures relate to property, plant and equipment in the following components; Bidfood UK (R351 million), New Zealand (R139 million) and Australia (R59 million).

12.6 Contingent liabilities

The group has outstanding legal and other claims arising out of its normal ongoing operating activities which have to be resolved. None of these claims are significant.

12.7 Subsequent events

Subsequent to year end, the group concluded a sale and leaseback transaction for a freehold property in Hong Kong. Settlement of HK$325 million (R715 million) and was received on August 18 2020. Other than the matter above, there are no other material events since or subsequent to June 30 2020.

Notes to the consolidated financial statements continued

for the year ended June 30

12. EQUITY, DISTRIBUTIONS AND GROUP INFORMATION (continued)

12.8 Going concern

The board has undertaken a rigorous assessment of whether the group is a going concern in the light of current economic conditions in its various operating geographies taking into consideration available information about future risks and uncertainties.

The projections for the group have been prepared covering its future anticipated performance and available capital and liquidity for a period of 12 months from the date of approval of these financial statements including performing sensitivity analyses. These analyses include the introduction of various scenarios relating to the current COVID pandemic in our global operations as experienced since the onset on or around February/March 2020 and through the last quarter of the 2020 financial year.

The group has access to liquid funds amounting to R7,0 billion with gross debt at year end of R12,6 billion, R8,0 billion of which is short term. At June 30 the group had access to unutilised facilities of R13,0 billion (refer note 10.1).

The group's forecasts and projections of its anticipated performance, taking account of reasonably possible changes in trading performance, show that the group will be profitable and cash generative taking into account the following assumptions:

- The group operating at an average of 84% of 2020 revenues for the forecast period prior to the onset of the global COVID crisis on or around February/March 2020.
- The group generating similar gross margins to those of March and July 2020. Gross margins achieved from April 2020 to June 2020 were higher than the long-term average given the customer mix.
- Estimated reductions of fixed and variable costs across the group to accommodate the anticipated revenue levels.
- Committed capital expenditure for 2021 of R1,4 billion, which is at similar levels of depreciation incurred in 2020.
- Normalised working capital levels appropriate for the anticipated revenue levels.
- No acquisitions being factored into the forecast period, although a number may eventuate.
- A number of end-of-life freehold property sales being concluded, some of which are committed or reasonably certain of being concluded.
- No dividend being declared for 2021, although dividends may well be declared by the board.

The financial projections show that the group will operate within its current available facilities for at least 12 months from the approval date of the consolidated annual financial statements.

A downside analysis has been performed assessing the further potential negative economic impacts that a significant localised second wave COVID pandemic might have on the expected profitability of the group and how that would affect the group's ability to continue as a going concern. Assumptions in relation to this impact include the potential diminished demand for food products based on a temporary change in consumer behaviour. In preparing the downturn analysis the following key assumptions were used:

- The impact of the group operating at an average of 65% of 2020 revenue for the period from July 2019 to February 2020 prior to the onset of the global COVID crisis on or around February/March 2020.
- The group generating lower gross margins to those that have been achieved for F2020.
- Minimal reductions of fixed and variable costs across the group despite the lower anticipated revenue levels
- Estimated bad debts as a percentage of revenue assumed to be 25% higher than the base case scenario
- Only committed contracted capital expenditure for 2021 of R0,7 billion, which is at half the levels of depreciation incurred in 2020
- Current levels of working capital levels being maintained in relation to the lower anticipated revenue levels.

The above assumptions used in the downturn analyses are considered to be unlikely based on the levels of economic currently being experienced across the various group's operations. Despite the impact that the COVID pandemic has had on the group (as evidenced in the fourth quarter of 2020), the group is well positioned within each of its markets with a robust financial position and access to adequate committed and uncommitted resources, both debt and equity, should the need arise.

The group's projections and sensitivity analysis show that the group has sufficient capital, liquidity and positive future performance outlook to continue to meets its short-term obligations and as a result it is appropriate to prepare these consolidated annual financial statements on a going concern basis, even considering the potential negative impacts of the ongoing COVID pandemic as noted above.

The directors have made an assessment of the group's ability to continue as a going concern and there is no reason to believe that the group will not be a going concern in the year ahead.

13. DISCONTINUED OPERATIONS

Bidcorp's UK logistics activities (Bestfood Contract Distribution and PCL), which were classified as discontinued operations, were exited at the beginning of March 2020. The results of the discontinued operations included in the group's results is detailed below:

	2020 R'000	2019 R'000
Revenue	**17 304 237**	19 502 386
Cost of revenue	**(15 491 772)**	(16 838 559)
Gross profit	**1 812 465**	2 663 827
Operating expenses	**(1 910 279)**	(3 049 910)
Trading loss	**(97 814)**	(386 083)
Share-based payment expense	**(1 634)**	(2 414)
Acquisition costs	**(17 610)**	–
Net capital items	**(206 491)**	(470 514)
Operating loss	**(323 549)**	(859 011)
Net finance charges	**(52 547)**	(12 326)
Finance income	**61**	193
Finance charges	**(52 608)**	(12 519)
Loss before taxation	**(376 096)**	(871 337)
Taxation relief	**44 518**	139 368
Loss for the year from discontinued operations	**(331 578)**	(731 969)

Notes to the consolidated financial statements continued

for the year ended June 30

13. DISCONTINUED OPERATIONS (continued)

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

	2020 R'000	2019 R'000
Loss attributable to shareholders of the company from discontinued operations	**(331 578)**	(731 969)
Loss on disposal of Bestfood and PCL	**17 580**	–
Bestfood	**19 205**	–
PCL	**2 499**	–
Taxation relief	**(4 124)**	–
Loss on disposal of property, plant and equipment and intangible assets	**156 151**	4 347
Property, plant and equipment	**184 468**	2 182
Intangible assets	**319**	3 185
Taxation relief	**(28 636)**	(1 020)
Impairments	**–**	383 907
Intangible assets	**–**	465 147
Taxation relief	**–**	(81 240)
Headline loss from discontinued operations	**(157 847)**	(343 715)
Basic loss per share (cents)	**(99,3)**	(219,6)
Diluted basic loss per share (cents)	**(99,1)**	(219,2)
Headline loss per share (cents)	**(47,3)**	(103,1)
Diluted headline loss per share (cents)	**(47,2)**	(103,0)
Effect of the discontinued operations on the statement of financial position of the group		
Assets classified as held-for-sale	**–**	2 944 460
Property, plant and equipment	**–**	323 355
Intangible assets	**–**	5 871
Deferred tax asset	**–**	6 952
Investments and loans	**–**	434
Inventories	**–**	523 457
Trade and other receivables	**–**	1 687 617
Taxation	**–**	114 368
Cash and cash equivalents	**–**	282 406
Liabilities classified as held-for-sale	**–**	3 116 633
Deferred tax liability	**–**	11 704
Long-term portion of provisions	**–**	128 056
Trade and other payables	**–**	2 976 873
Cash flows from discontinued operations		
Net operating cash flows from discontinued operations	**(280 741)**	(582 319)
Net investing cash flows from discontinued operations	**(429 486)**	(50 137)
Net financing cash flows from discontinued operations	**(230 994)**	–
Net decrease in cash and cash equivalents	**(941 221)**	(632 456)

14. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT EFFECTIVE AT JUNE 30 2020

The group does not believe the adoption of the following pronouncements will have a material impact on its results, financial position or cash flows:

- Amendments to IFRS 3 *Definition of a Business* Effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.
- Amendments to IFRS 10 and IAS 28 *Sale of Contribution of Assets* between an investor and its associate or joint venture – Deferred indefinitely.
- Amendments to IAS 1 and IAS 8 *Definition of Material.* The amendments are effective annual reporting periods beginning on or after January 1 2020.
- Amendments to the Conceptual Framework for Financial Reporting. Effective for annual periods beginning on or after January 1 2020.

Separate statement of comprehensive income

for the year ended June 30	Note	2020 R'000	2019 R'000
Revenue	1	**2 341 131**	1 998 504
Guarantee fee income		**2 750**	8 360
Share-based payment expense	16	**(102 408)**	(116 882)
Impairment of investments	2	**(217 072)**	(98 414)
Shareholder-related costs		**(31 895)**	(29 198)
Operating expenses		**(767)**	(708)
Operating profit		**1 991 739**	1 761 662
Finance income	3	**7 086**	5 424
Finance costs	4	**(2)**	–
Profit before taxation		**1 998 823**	1 767 086
Taxation	5	**(2 810)**	(2 156)
Profit for the year attributable to shareholders		**1 996 013**	1 764 930
Other comprehensive income net of taxation		**–**	–
Total comprehensive income for the year		**1 996 013**	1 764 930

Separate statement of financial position

as at June 30	Note	2020 R'000	2019 R'000
ASSETS			
Non-current assets		**7 385 166**	7 491 720
Investment in subsidiaries	6	**7 379 359**	7 486 431
Amounts owing by subsidiaries		**5 807**	5 289
Current assets		**24 380**	32 620
Taxation receivable		**–**	135
Cash and cash equivalents		**24 380**	32 485
Total assets		**7 409 546**	7 524 340
EQUITY AND LIABILITIES			
Capital and reserves			
Capital and reserves	7	**7 407 754**	7 523 002
Current liabilities		**1 792**	1 338
Unclaimed dividends		**1 786**	1 338
Taxation payable		**6**	–
Total equity and liabilities		**7 409 546**	7 524 340

Separate statement of changes in equity

for the year ended June 30	2020 R'000	2019 R'000
Equity attributable to shareholders of the company	**7 407 754**	7 523 002
Stated capital	**5 428 016**	5 428 016
Retained earnings	**1 979 738**	2 094 986
Balance at beginning of year	**2 094 986**	2 192 058
Attributable profit	**1 996 013**	1 764 930
Equity movement on share-based payment expense	**102 408**	116 882
Dividends paid	**(2 213 669)**	(1 978 884)

Separate statement of cash flows

for the year ended June 30	Note	2020 R'000	2019 R'000
Cash flows from operating activities		**102 413**	1 645
Cash utilised by operations	8	**(29 464)**	(21 109)
Finance income		**7 086**	5 424
Finance costs		**(2)**	–
Taxation paid	9	**(2 669)**	(2 290)
Dividends received		**2 341 131**	1 998 504
Dividends paid		**(2 213 669)**	(1 978 884)
Cash effects of investing activities			
Increase in investment in Bidcorp Food Africa Proprietary Limited		**(110 000)**	–
Cash effects of financing activities			
Increase in amounts owing by subsidiaries		**(518)**	(509)
Net (decrease) increase in cash and cash equivalents		**(8 105)**	1 136
Cash and cash equivalents at beginning of year		**32 485**	31 349
Cash and cash equivalents at end of year		**24 380**	32 485

Notes to the separate financial statements

for the year ended June 30

		2020 R'000	2019 R'000
1.	**REVENUE**		
	Revenue includes dividends received from subsidiaries:		
	South African subsidiaries	**365 000**	352 000
	Foreign subsidiaries	**1 976 131**	1 646 504
		2 341 131	1 998 504
2.	**IMPAIRMENT OF INVESTMENTS**		
	Impairment of BTW Investments Proprietary Limited	**217 072**	98 414
	Impairment of Bidvest Food Mauritius	**–**	#
		217 072	98 414
	# Impairment amount below R1 000.		
	The investment in BTW Investments was impaired to its recoverable amount (R666,4 million) which was its net asset value at June 30. BTW Investments is an investment company holding listed shares in Bid Corporation Limited.		
3.	**FINANCE INCOME**		
	Finance income		
	Interest income on bank balances	**6 567**	4 851
	Interest income on subsidiary loans	**518**	509
	Interest income from the South African Revenue Service	**1**	64
		7 086	5 424
4.	**FINANCE COSTS**		
	Finance income		
	Interest cost charged by the South African Revenue Services	**2**	–
5.	**TAXATION**		
	Current taxation	**2 810**	2 156
	Current year	**2 778**	3 581
	Prior years' under (over) provision	**32**	(1 425)
	Total taxation per separate statement of comprehensive income	**2 810**	2 156
	Comprising		
	South African taxation	**2 810**	2 156
	The reconciliation of the effective tax rate with the South African company tax rate is:	**%**	%
	Taxation for the year as a percentage of profit before taxation	**0,1**	0,1
	Dividend income	**32,8**	31,7
	Non-deductible expenses	**(4,8)**	(3,8)
	Section 9D Foreign income inclusion	**(0,1)**	–
	Rate of South African company taxation	**28,0**	28,0

Notes to the separate financial statements continued

for the year ended June 30

	2020 %	2019 %	2020 R'000	2019 R'000
6. INVESTMENT IN SUBSIDIARIES				
Bidfood Limited[1]	**100**	100	**11**	11
Bidcorp International Limited[2]	**100**	100	**1 254 897**	1 254 897
Bidcorp Foodservice International Limited[2]	**100**	100	**1 440 209**	1 440 209
Crown Food Ingredients Zambia Limited[3]	**60**	60	**3 652**	3 652
Bidvest Food Malawi[4]	**60**	60	**–**	–
Bidcorp Food Africa Proprietary Limited	**100**	100	**3 163 173**	3 053 173
Bidcorp Food Property Proprietary Limited	**100**	100	**851 028**	851 028
BTW Investments Proprietary Limited	**100**	100	**666 389**	883 461
			7 379 359	7 486 431

Country of incorporation if not South Africa:
[1] Botswana
[2] Isle of Man
[3] Zambia
[4] Malawi

Investment in subsidiaries are reflected at cost less accumulated impairment losses. Refer note 2 for the impairment loss recognised during the year for BTW Investments Proprietary Limited.

On June 23 2020 the company acquired one no par value share in Bidcorp Food Africa Proprietary Limited for consideration of R110 million.

A list of indirectly held subsidiaries is available for inspection at the registered office of the company.

	2020 R'000	2019 R'000
7. CAPITAL AND RESERVES		
Stated capital	**5 428 016**	5 428 016
Reserves		
Retained earnings	**1 979 738**	2 094 986
Total capital and reserves comprise	**7 407 754**	7 523 002
	Number '000	Number '000
Stated capital		
Authorised		
540 000 000 ordinary shares of no par value (2019: 540 000 000 ordinary shares of no par value)		
Issued		
335 404 212 ordinary shares of no par value (2019: 335 404 212 ordinary shares of no par value)	**335 404**	335 404

16 750 000 unissued no par value ordinary shares are under the control of the directors until the next annual general meeting.

	2020 R'000	2019 R'000
8. CASH UTILISED BY OPERATIONS		
Operating profit	**1 991 739**	1 761 662
Impairment of investments	**217 072**	98 414
Dividends received from subsidiaries	**(2 341 131)**	(1 998 504)
Share-based payment expense	**102 408**	116 882
Working capital changes		
Increase in unclaimed dividends	**448**	437
Cash utilised by operations	**(29 464)**	(21 109)
9. TAXATION PAID		
Balance receivable at beginning of year	**135**	1
Current taxation charge	**(2 810)**	(2 156)
Balance payable (receivable) at end of year	**6**	(135)
Amounts paid	**(2 669)**	(2 290)

10. SUBSEQUENT EVENTS

No material subsequent events have arisen since June 30 2020.

11. RELATED PARTIES

The subsidiaries and associates of the group are related parties of the company. The company has loaned an amount to Crown Food Ingredients Zambia Limited (Crown Zambia). Crown Zambia is charged interest at the South African prime lending rate. All expenditure incurred by the company is borne by a subsidiary in lieu of administration fees and interest.

12. ACCOUNTING ESTIMATES AND JUDGEMENTS

CFC income (tax)

Detailed calculations are performed to determine taxation due on controlled foreign companies (CFCs) in terms of section 9D of the Income Tax Act. These calculations are based on financial data obtained directly from the CFCs.

13. GOING CONCERN

The financial statements have been prepared on a going concern basis as the directors have every reason to believe that the company has adequate resources in place to continue in operation in the foreseeable future.

14. FINANCIAL INSTRUMENTS

The credit risk on cash and cash equivalents is addressed by utilising financial institutions of good standing for investment and cash management purposes.

15. DIRECTORS' EMOLUMENTS

Disclosure on directors' emoluments has been included in note 11.2 of the notes of the consolidated financial statements.

16. ACCOUNTING POLICIES

Share-based payments

The company is a party to several group shared-based payment arrangements. As part of these arrangements, the company grants awards to employees of subsidiaries companies. These awards constitute equity instruments in the company (eg share awards over company shares). The company is the party that is obliged to settle the award if the vesting conditions are met. In accordance with IFRS 2 paragraph 43C, these transactions are treated as an equity-settled share-based payment for the company because they will be settled only in equity instruments of the company. IFRS 2 does not address the accounting for the "capital contribution" ie the debit side of the arrangement. As a result, the company has adopted a policy to recognise the share-based payment on the same basis as that of the group. The company therefore measures the awards at the grant date and recognises the grant date fair value as an expense over the vesting period in accordance with IFRS 2 requirements for equity-settled shared-based payments.

In addition to the share-based payment accounting policy, the accounting policies for the separate financial statements are the same as the consolidated financial statements, unless specifically stated otherwise.

Annexure A
Pro forma information – IFRS 16 *Leases*

The adoption of the IFRS 16 *Leases* from July 1 2019 complicates the comparison of the statement of profit and loss for the performance of F2020 and F2019. To provide comparative information in order to assess the group's performance; a pro forma condensed consolidated statement of profit and loss, pro forma summarised consolidated statement of financial position, pro forma summarised consolidated statement of cash flows and pro forma supplementary pro forma information regarding the currency effects of the translation of foreign operations on the group (the pro forma information) has been presented for the year ended June 30 2020. The pro forma financial information of the group as set out below has been prepared for illustrative purposes and reflects the group as if IFRS 16 had not been adopted on July 1 2019.

The directors of Bidcorp are responsible for compiling the pro forma financial information on the basis applicable of the criteria as detailed in paragraphs 8.14 to 8.33 of the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014 (applicable criteria). The pro forma information does not constitute financial statements fairly presented in accordance with IFRS. The pro forma information has been prepared for illustrative purposes only and because of its nature may not fairly present the group's financial position, results of operations and cash flows.

An unmodified reasonable assurance report has been issued by the group's auditor, PricewaterhouseCoopers Inc, in terms of ISAE 3420 *Assurance Engagements to Report on the Compilation of the Pro Forma Information in a Prospectus*, and is available for inspection at the company's registered office.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended June 30				
R'000	2020* Audited	IFRS 16 adjustments Reported	**Pro forma 2020 Reported**	2019 Audited	% change
Continuing operations					
Revenue	121 117 480	–	**121 117 480**	129 249 988	(6,3)
Cost of revenue	(91 921 749)	–	**(91 921 749)**	(98 418 233)	6,6
Gross profit	29 195 731	–	**29 195 731**	30 831 755	(5,3)
Operating expenses	(25 033 193)	(318 491)[1]	**(25 351 684)**	(24 165 327)	(4,9)
Trading profit	4 162 538	(318 491)	**3 844 047**	6 666 428	(42,3)
Share-based payment expense	(100 774)	–	**(100 774)**	(114 468)	
Acquisition costs	(1 968)	–	**(1 968)**	(27 686)	
Capital items	(923 687)	–	**(923 687)**	44 106	
Operating profit	3 136 109	(318 491)	**2 817 618**	6 568 380	
Net finance charges	(710 263)	369 391	**(340 872)**	(285 942)	19,2
Finance income	85 647	–	**85 647**	109 506	
Finance charges	(795 910)	369 391[2]	**(426 519)**	(395 448)	
Share of profit of associates and jointly-controlled entities	6 448	–	**6 448**	59 148	
Profit before taxation	2 432 294	50 900	**2 483 194**	6 341 586	(60,8)
Taxation	(868 614)	(11 948)	**(880 562)**	(1 472 282)	
Profit for the year from continuing operations	1 563 680	38 952	**1 602 632**	4 869 304	(67,1)
Discontinued operations					
Loss after taxation from discontinued operations	(331 578)	(3 295)	**(334 873)**	(731 969)	
Profit for the year	1 232 102	35 657	**1 267 759**	4 137 335	(69,4)
Attributable to:					
Shareholders of the company	1 216 805	35 657	**1 252 462**	4 104 169	
From continuing operations	1 548 383	38 952	**1 587 335**	4 836 138	(67,2)
From discontinued operations	(331 578)	(3 295)	**(334 873)**	(731 969)	
Non-controlling interest from continuing operations	15 297	–	**15 297**	33 166	
Continuing operations (cents)					
Headline earnings per share	741,3	11,7	**753,0**	1 443,6	(47,8)
Diluted headline earnings per share	739,7	11,7	**751,4**	1 441,2	(47,9)

** These figures include the impact of IFRS 16* Leases.

Adjustments for IFRS 16 Leases *comprise the following:*
[1] *Reinstatement of operating lease expenses (R1.1 billion) per IAS 17 allocation to operating expenses and the reversal of IFRS 16 amortisation (R771.4 million) on right-of-use leased assets.*
[2] *Reversal of the IFRS 16 finance cost on right-of-use lease liabilities.*

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	2020* Audited	IFRS 16 adjustments Reported	**Pro forma 2020 Reported**	2019 Audited
ASSETS				
Non-current assets	42 088 766	(5 166 542)	**36 922 224**	31 294 178
Property, plant and equipment	17 618 435	–	**17 618 435**	14 025 113
Right-of-use lease assets	4 934 213	(4 934 213)[1]	**–**	–
Intangible assets	838 223	–	**838 223**	667 572
Goodwill	16 676 574	–	**16 676 574**	14 784 154
Deferred taxation asset	1 202 709	(232 329)[4]	**970 380**	944 212
Defined benefit pension surplus	18 008	–	**18 008**	20 928
Interest in associates	193 364	–	**193 364**	177 978
Investment in jointly-controlled entities	489 933	–	**489 933**	481 975
Investments and loans	117 307	–	**117 307**	192 246
Current assets	29 509 639	–	**29 509 639**	33 637 800
Inventories	10 195 539	–	**10 195 539**	9 703 879
Trade and other receivables	12 289 674	–	**12 289 674**	15 213 598
Assets classified as held-for-sale	–	–	**–**	2 944 460
Cash and cash equivalents	7 024 426	–	**7 024 426**	5 775 863
Total assets	71 598 405	(5 166 542)	**66 431 863**	64 931 978
EQUITY AND LIABILITIES				
Capital and reserves	27 938 586	999 812	**28 938 398**	28 735 967
Attributable to shareholders of the company	27 672 556	999 812[2]	**28 672 368**	28 498 700
Non-controlling interest	266 030	–	**266 030**	237 267
Non-current liabilities	16 000 901	(5 294 125)	**10 706 776**	6 524 604
Deferred taxation liability	686 554	–	**686 554**	686 849
Long-term borrowings	4 565 025	–	**4 565 025**	4 659 325
Long-term right-of-use lease liabilities	5 363 091	(5 363 091)[3]	**–**	–
Post-retirement obligations	67 478	–	**67 478**	59 117
Long-term vendors for acquisition	73 150	–	**73 150**	275 144
Long-term puttable non-controlling interest liabilities	4 632 682	–	**4 632 682**	336 620
Long-term provisions	612 921	–	**612 921**	430 462
Long-term lease liabilities	–	68 966	**68 966**	77 087
Current liabilities	27 658 918	(872 229)	**26 786 689**	29 671 407
Trade and other payables	17 602 244	–	**17 602 244**	18 698 495
Short-term provisions	632 950	–	**632 950**	313 892
Short-term vendors for acquisition	204 188	–	**204 188**	103 882
Short-term puttable non-controlling interest liabilities	55 262	–	**55 262**	1 126 128
Liabilities classified as held-for-sale	–	–	**–**	3 116 633
Taxation	246 077	–	**246 077**	470 753
Short-term right-of-use lease liabilities	872 229	(872 229)[3]	**–**	–
Short-term borrowings	8 045 968	–	**8 045 968**	5 841 624
Total equity and liabilities	71 598 405	(5 166 542)	**66 431 863**	64 931 978

** These figures include the impact of IFRS 16* Leases.

Adjustments for IFRS 16 Leases *comprise of the following:*
[1] *Reversal of IFRS 16 right-of-use leased assets.*
[2] *Reversal of the impact of IFRS 16 adjustments to retained earnings comprising the transition date adjustment of R1,035 billion and recognition of the profit attributable to shareholders of R35,7 million under IAS 17.*
[3] *Reversal of IFRS 16 right-of-use lease liabilities.*
[4] *Reversal of the right-of-use deferred taxation.*

Annexure A
Pro forma information – IFRS 16 *Leases* continued

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	2020* Audited	IFRS 16 adjustments Reported	**Pro forma 2020 Reported**	2019 Audited
Cash flows from operating activities	3 928 340	(951 506)	**2 976 834**	2 332 967
Operating profit	3 136 109	(318 491)[1]	**2 817 618**	6 568 380
Dividends from jointly-controlled entity	20 000	–	**20 000**	–
Acquisition costs	1 968	–	**1 968**	27 686
Depreciation and amortisation	1 534 354	–	**1 534 354**	1 330 200
Amortisation on right-of-use lease assets	771 412	(771 412)[2]	**–**	–
Nowaco share incentive scheme	(299 496)	–	**(299 496)**	–
Non-cash items	2 025 355	–	**2 025 355**	94 436
Cash generated by operations before changes in working capital	7 189 702	(1 089 903)	**6 099 799**	8 020 702
Changes in working capital	1 184 435	–	**1 184 435**	(1 439 767)
Cash generated by operations	8 374 137	(1 089 903)	**7 284 234**	6 580 935
Net finance charges paid	(597 214)	369 391[1]	**(227 823)**	(262 813)
Taxation paid	(1 354 174)	–	**(1 354 174)**	(1 423 951)
Dividends paid	(2 213 668)	–	**(2 213 668)**	(1 978 885)
Net operating cash flows from discontinued operations	(280 741)	(230 994)[1]	**(511 735)**	(582 319)
Cash effects of investment activities	(3 153 212)	–	**(3 153 212)**	(3 739 498)
Additions to property, plant and equipment	(2 724 587)	–	**(2 724 587)**	(2 957 607)
Acquisition of subsidiaries	(171 604)	–	**(171 604)**	(448 640)
Additions to intangible assets	(191 576)	–	**(191 576)**	(156 023)
Proceeds on disposal of property, plant and equipment	370 328	–	**370 328**	271 349
Proceeds on disposal of investments	72 167	–	**72 167**	33 202
Proceeds on disposal of interests in subsidiaries	34 659	–	**34 659**	–
(Payments to) receipts from associates	(8 048)	–	**(8 048)**	70 409
Proceeds on disposal of intangible assets	9 148	–	**9 148**	3
Payments made to vendors for acquisition	(58 553)	–	**(58 553)**	(297 443)
Payments made to puttable non-controlling interests	(12 828)	–	**(12 828)**	(74 428)
Investments acquired	(42 832)	–	**(42 832)**	(79 166)
Investment in jointly-controlled entity	–	–	**–**	(51 017)
Net investing cash flows from discontinued operations	(429 486)	–	**(429 486)**	(50 137)
Cash effects of financing activities	(912 235)	951 506	**39 271**	856 149
Borrowings raised	6 476 215	–	**6 476 215**	5 135 168
Borrowings repaid	(6 408 623)	–	**(6 408 623)**	(4 232 742)
Right-of-use lease liability payments from continuing operations	(720 512)	720 512[1]	**–**	–
Right-of-use lease liability payments from discontinued operations	(230 994)	230 994[1]	**–**	–
Payments to non-controlling interests	(28 321)	–	**(28 321)**	(39 971)
Treasury shares purchased during the year	–	–	**–**	(6 306)
Net decrease in cash and cash equivalents	(137 107)	–	**(137 107)**	(550 382)
Cash and cash equivalents at beginning of period	6 058 269	–	**6 058 269**	6 643 149
Exchange rate adjustment	1 103 264	–	**1 103 264**	(34 498)
Cash and cash equivalents at end of period	7 024 426	–	**7 024 426**	6 058 269

* *These figures include the impact of IFRS 16* Leases.

Adjustments for IFRS 16 Leases *comprise the following:*
[1] *Reclassification of cash flows relating to lease payments shown as finance costs in financing activities and RoU interest shown under operating activities for IFRS 16 to cash generated by operations as previously disclosed under IAS 17.*
[2] *Reversal of depreciation on right-of-use assets to operating profit.*

PRO FORMA SUPPLEMENTARY INFORMATION REGARDING THE CURRENCY EFFECTS OF THE TRANSLATION OF FOREIGN OPERATIONS ON THE GROUP

In addition to excluding the adoption IFRS 16 *Leases* on July 1 2019, the illustrative information detailed below has been prepared on the basis of applying the F2019 average rand exchange rates to the F2020 foreign subsidiary income statements and recalculating the reported income of the group for the year ended June 30 2020.

R'000	Illustrative 2020 at 2019 average exchange rates Reported	IFRS 16 adjustments translated at 2019 average rates Reported	**Pro forma 2020 Reported**	2019 Audited	% change
Continuing operations					
Revenue	114 254 759	–	**114 254 759**	129 249 988	(11,6)
Trading profit	3 967 758	(297 861)[1]	**3 669 897**	6 666 428	(44,9)
Headline earnings	2 367 758	35 884[2]	**2 403 642**	4 811 528	(50,0)
Headline earnings per share (cents)	708,8	10,7	**719,5**	1 443,6	(50,2)
Constant currency per segment from continuing operations					
Revenue					
Australasia	27 885 233	–	**27 885 233**	31 145 965	(10,5)
United Kingdom	29 263 351	–	**29 263 351**	33 327 046	(12,2)
Europe	37 718 592	–	**37 718 592**	43 663 890	(13,6)
Emerging Markets	19 387 583	–	**19 387 583**	21 113 087	(8,2)
	114 254 759	–	**114 254 759**	129 249 988	
Trading profit					
Australasia	1 851 202	(46 117)	**1 805 085**	2 147 000	(15,9)
United Kingdom	620 147	(109 378)	**510 769**	1 720 467	(70,3)
Europe	904 173	(64 508)	**839 665**	1 860 482	(54,9)
Emerging Markets	658 384	(77 163)	**581 221**	1 042 323	(44,2)
Corporate office	(66 148)	(695)	**(66 843)**	(103 844)	35,6
	3 967 758	(297 861)[1]	**3 669 897**	6 666 428	(44,9)

* *These figures include the impact of IFRS 16 Leases.*

Adjustments for IFRS 16 Leases comprise the following:
[1] *Constant currency reinstatement of operating lease expenses (R1,0 billion) per IAS 17 allocation to operating expenses and the reversal of IFRS 16 amortisation (R721,7 million) on right-of-use lease assets.*
[2] *Constant currency ZAR impact on headline earnings on the adoption of IFRS 16* Leases.

Shareholders' information

	Total shareholding	%
BENEFICIAL SHAREHOLDINGS		
Major shareholders holding 3% or more of the shares in issue		
Government Employees Pension Fund (PIC)	53 053 956	15,8
GIC Asset Management Private Limited	9 983 659	3,0
	63 037 615	18,8
INVESTMENT MANAGEMENT SHAREHOLDINGS		
Fund managers holding 3% or more of the shares in issue		
Government Employees Pension Fund (PIC)	47 672 664	14,2
J.P. Morgan Asset Management	28 874 493	8,6
GIC Asset Management Pte Ltd	19 796 312	5,9
BlackRock Inc	13 260 894	4,0
Coronation Asset Management Pty Ltd	18 331 603	5,5
The Vanguard Group Inc	12 780 680	3,8
Ninety One Plc	14 842 614	4,4
Prudential Investment Managers	13 795 300	4,1
	169 354 560	50,5
SHARES IN ISSUE		
Total number of shares in issue	335 404 212	
BTW Investments Proprietary Limited (treasury shares)	(1 154 095)	
	334 250 117	
BENEFICIAL SHAREHOLDER CATEGORIES		
Unit Trusts/ Mutual Funds	118 646 039	35,4
Pension Funds	105 145 813	31,4
Sovereign Wealth	18 902 134	5,6
Private Investor	26 513 444	7,9
Insurance Companies	13 091 559	3,9
Trading Position	5 140 482	1,5
Investment Trust	8 538 061	2,6
Exchange-Traded Fund	6 344 332	1,9
Custodians	6 165 910	1,8
Corporate Holding	2 740 865	0,8
Black Economic Empowerment	1 538 955	0,5
Hedge Fund	969 957	0,3
University	574 716	0,2
Medical Aid Scheme	475 864	0,1
Local Authority	495 171	0,2
Charity	488 529	0,2
Remainder	19 632 381	5,7
	335 404 212	100,0

	Total shareholding	%
GEOGRAPHICAL SPLIT OF BENEFICIAL SHAREHOLDERS		
Region		
South Africa	176 134 840	52,5
United States of America and Canada	74 446 708	22,2
United Kingdom	16 578 091	4,9
Rest of Europe	30 778 874	9,2
Rest of world[1]	37 465 711	11,2
	335 404 224	100,0

[1] Represents all shareholdings except those in the above regions.

	Number of holders	% of total shareholders	Number of shares	% of issued capital
ANALYSIS OF SHAREHOLDING				
Shareholder spread				
1 – 1 000 shares	38 068	83,8	9 908 000	3,0
1 001 – 10 000 shares	6 073	13,4	15 965 589	4,8
10 001 – 100 000 shares	977	2,2	31 474 274	9,4
100 001 – 1 000 000 shares	234	0,5	67 361 192	20,1
1 000 001 shares and above	50	0,1	210 695 157	62,7
Total	45 402	100,0	335 404 212	100,0
Shareholder type				
Non-public shareholders	13	0,03	2 703 289	0,8
Directors	7	0,02	794 779	0,2
Bidvest Pension/Retirements Funds	5	0,01	754 415	0,2
BTW Investments Proprietary Limited	1	0,00	1 154 095	0,4
Public shareholders	45 388	99,97	332 700 923	99,2
Total	45 401	100,00	335 404 212	100,0

Shareholders' diary

Financial year end		June 30
Annual general meeting		November
Reports and accounts		
Interim report for the half-year ending December 31		February
Announcement of annual results		August
Annual report		September
Distributions	**Declaration**	**Payment**
Interim distribution	February/March	March/April
Final distribution	August/September	September/October

Administration

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

Directors
Non-executive chairman: S Koseff
Lead independent director: NG Payne
Independent non-executive: T Abdool-Samad, PC Baloyi, DD Mokgatle, CJ Rosenberg*, H Wiseman*
Non-executive director: B Joffe
Executive directors: BL Berson* (chief executive), DE Cleasby (chief financial officer)
** Australian*

Company secretary
AK Biggs

Independent auditor
PricewaterhouseCoopers
Registration number: 1998/012055/21
Waterfall City, 4 Lisbon Lane, Jukskei View
Midrand, South Africa, 2090

Legal advisers
Baker & McKenzie
Edward Nathan Sonnenbergs

Transfer secretaries
Computershare Investor Services Proprietary Limited
Registration number: 2004/003647/07
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Sponsor
The Standard Bank of South Africa Limited
30 Baker Street, Rosebank
South Africa, 2196

Bankers
Absa Bank Limited
ASB Bank Limited
Bank of China Limited
Barclays Bank Limited
BNP Paribas Fortis
Ceskoslovenská obchodni banka, a.s (CSOB)
Commonwealth Bank of Australia Limited
Fortis Bank Polska SA
Hang Seng Bank Limited
HSBC Bank plc
Internationale Nederlanden Groep (ING)
Nedbank Limited
The Royal Bank of Scotland Group Plc
The Standard Bank of South Africa Limited
Standard Chartered PLC
UBI Banca

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THE OAK TREE GROUP