Independent auditor's report

To the Shareholders of The Bidvest Group Limited

Report on the audit of the separate financial statements

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of The Bidvest Group Limited (the Company) as at 30 June 2023, and its separate financial performance and its 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

The Bidvest Group Limited's separate financial statements set out on pages 15 to 37 comprise:

- the company statement of financial position as at 30 June 2023;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- 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 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 Company 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 materiality • Overall materiality: R309 million, which represents 1% of total assets
	Key audit matters • *Impairment assessment of Investment in subsidiaries.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the 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 separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate 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 materiality	*R309 million*
How we determined it	*1% of total assets*

Rationale for the materiality benchmark applied	*We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users. We chose 1% which is consistent with quantitative materiality thresholds used for asset-oriented companies in this sector.*

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Impairment assessment of Investment in subsidiaries Refer to note 8 to the separate financial statements. As at 30 June 2023, the Company recognised investments in subsidiaries with a closing carrying value of R29 billion in the company statement of financial position. Interest in subsidiaries is required to be tested for impairment if there is an indicator of impairment in accordance with *International Accounting Standard 36: Impairment of assets* ("IAS 36"). IAS 36 requires an entity to assess, at each reporting date, whether there is any indication that an asset might be impaired. Management performed their annual assessment of impairment indicators as required by the standard. The net asset value of each subsidiary, as determined for the purpose of the impairment calculation, was calculated and compared to the respective subsidiary's investment value as recorded.	Making use of our valuation expertise, we assessed the valuation methodology applied by management against generally accepted valuation methods and IAS 36. We independently calculated the discount rates, taking into account market available data such as the cost of debt, including taking into account the contribution of lease discount rates in accordance with IFRS 16 to the cost of debt, the risk free rate, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We performed an independent discounted cash flow calculation using our own assumptions as applicable to the relevant investments where an impairment indicator was identified. For the value-in-use calculations performed, we obtained management's cash flow forecasts and: • Agreed these forecasts to approved budgets.

Management performed an impairment assessment for interest in subsidiaries where an indicator of impairment was identified. The enterprise value, as determined for the purpose of the impairment calculation, was calculated using the discounted cash flow model. The impairment assessment of the interest in subsidiaries is considered to be a matter of most significance to the current year audit due to: ● the significant judgements and estimates made by management with regards to projected annualised earnings, given the current economic environment; and ● the significant judgements and estimates made by management in determining the key assumptions used in the value-in-use calculation i.e., the DCF Growth rate, DCF Terminal rate and Pre-tax discount rate underpinning the future cash flow forecasts.	● Assessed the reliability of the forecasts by comparing current year actual results with the prior year budgeted results. ● Compared the growth projections applied by management to historically achieved growth rates. ● Compared the terminal growth rates used by management to long-term consensus inflation rates obtained from independent sources. Based on this assessment, we concluded that no material impairments were required in addition to those that management had recorded. We assessed the disclosures included in note 8 against the relevant IFRS disclosure requirements and no material deficiencies were noted.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “The Bidvest Group Limited Audited Consolidated Annual Financial Statements for the year ended 30 June 2023” and “The Bidvest Group Limited Audited Annual Financial Statements for the year ended 30 June 2023”, which includes the Directors’ Report, the Audit 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 “The Bidvest Group Integrated Report for the year ended 30 June 2023”, 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 separate financial statements

The directors are responsible for the preparation and fair presentation of the 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 The Bidvest Group Limited for five years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C West
Registered Auditor
Johannesburg, South Africa
1 September 2023