



BKB LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1998/012435/06)

Share Code: 4ABKB

ISIN: ZAE400000069

("BKB" or "the Company")

VOLUNTARY TRADING UPDATE REGARDING DISCONTINUED OPERATIONS FOR THE YEAR ENDED 30 JUNE 2023

BKB is currently finalising its financial results for the year ended 30 June 2023 ("FY2023"), which are expected to be released on the Cape Town Stock Exchange ("CTSE") on or about 19 September 2023.

As part of a focused restructuring project, certain of BKB and its subsidiaries (the "Group") business units were analysed and assessed in detail in terms of performance, profitability and strategic fit. After careful consideration, and continuous improvement interventions, it was decided during FY2023 to discontinue the following operations within the Group:

- (i) Desert Raisins Proprietary Limited ("**Desert Raisins**"), a wholly owned subsidiary, reported substantial operating losses in FY2023. The South African raisins industry's business model requires the outlay of large amounts of working capital by packers to procure, pack and sell raisins. The cost-of-living crisis, both locally and in the company's target markets abroad, saw consumer demand for the product fall sharply. These factors, coupled with tough economic conditions and low crop volumes for the past two seasons, resulted in significant financial losses over the last couple of years. Despite the endeavours of management, including investment in plant and an inordinate amount of executive time and attention, the Board of BKB resolved to close the plant in Upington and cease operations. Desert Raisins has now successfully completed a section 189A retrenchment process which will ultimately result in the disposal of its core assets as well as the closing of its operations during the year ending June 2024, while it services its remaining customer contracts. Substantial closing costs were incurred during the current financial year. Impairment provisions for write-offs on property, plant and equipment were raised at year-end.
- (ii) The lucerne high density press operation at AlphaAlfa Proprietary Limited ("**Alpha Alpha**") did not prove to be viable due to the pressed bales not earning a sufficient premium above normal margins. The high density pressing operation has been discontinued. This resulted in significant property, plant and equipment impairment write-offs at year end. Alpha Alfa will continue with its lucerne and protein trading business.
- (iii) The loss-making Bultfontein yellow maize mill was sold during the FY2023. The Bultfontein area is no longer a prominent yellow maize growing area. It was no longer feasible or viable to operate both the Bultfontein and Bethlehem mills. The sale resulted in impairment write offs on property, plant and equipment in FY2023. The Bethlehem mill's capacity was upgraded, and the full demand for BKB's grit products can now be serviced from the single site.

Shareholders are advised that the above restructuring will have a material impact on BKB's FY2023 results, albeit that the combined continuing operations' results were more in line with prior years:

	Reported FY2022 (cents)	Expected range FY2023 (cents)	Expected % Change
EPS - Continuing operations	171	147 to 164	-14% to -4%
<i>EPS - Discontinued operations</i>	<i>-23</i>	<i>-140 to -149</i>	
Earnings per share ("EPS")	148	7 to 15	-95% to -90%
HEPS - Continuing operations	158	160 to 176	1% to 11%
<i>HEPS - Discontinued operations</i>	<i>-24</i>	<i>-91 to -99</i>	
Headline earnings per share ("HEPS")	134	69-77	-49 to -43%

While BKB's overall profitability is considerably down from the previous corresponding year, a solid financial platform has been established from which BKB can create value and satisfactory returns for Shareholders over the medium-to long-term. BKB closed out FY2023 with a sound balance sheet and liquidity position.

The financial information on which this trading update is based has not been reviewed and reported on by the BKB's external auditors.

Qqeberha

21 August 2023

CTSE EXTERNAL ISSUER AGENT:

Pallidus