BUSINESS UPDATE AND TRADING STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

OPERATING CONTEXT AND PERFORMANCE

Imperial is finalising its results for the 12 months ended 30 June 2021. Performance and strategic progress in the 2021 financial year (F2021) have been better than expected, despite a significant overhang of COVID-19 in many of our key markets. We delivered a strong recovery in volumes and profitability compared to the 2020 financial year (F2020), although the business is not fully operating at pre-COVID-19 levels. The key financial metrics of the business remain healthy as we continued to generate strong free cash flow in F2021, as well as stringently managed costs despite the challenging trading environment. Imperial’s balance sheet remains strong, further supported by the receipt of the proceeds of c.R4.7 billion from the sale of the European and South American shipping businesses during the period. The Group expects to end the financial year 2021 with a net debt:EBITDA ratio below 1.5x (F2020: 2.8x), well below our internal guideline of 2.5x and well within our banking covenants of 3.25x.

Imperial’s contract renewal rate across its operations on existing contracts remains strong and increased to c.86% at the end of May 2021 (June 2020: 80%). The Group has an encouraging pipeline of new opportunities and new business revenue of approximately R5.6 billion (p.a.) was secured on a rolling 12-month basis to the end of May 2021.

Imperial continues to record significant strides in its strategic journey to transform from a portfolio of regional businesses to an integrated end-to-end market access and logistics business - with the strategic intent of becoming ‘One Imperial’ and a ‘Gateway to Africa’, with committed and well-skilled executive management teams. Top of mind is to ensure that Imperial remains a business of scale, despite significant asset disposals, and that both organic and acquisitive growth are prioritised. We continue to navigate the macro-economic challenges well, with investment in growth and driving digital and innovation being key focus areas. Digital and IT is a key driver in ensuring that our businesses not only remain relevant but also enhances our competitive advantages. In addition, we have recorded significant progress in positioning Imperial as a purpose-driven organisation, strongly demonstrating our commitment to achieving our purpose as a business - which is connecting Africa and the world and improving people’s lives through access to quality products and services. Time and resources are being invested across businesses in advancing our People and Culture practices. We are also pleased to have recently compiled and approved Imperial’s first, comprehensive ESG strategy, including aspirations and targets.
Market Access

The operating environment over the past two quarters showed signs of slow recovery as COVID-19 lockdown restrictions were eased in most of our key markets. However, a possible third wave of infections could weigh again on many countries in Africa, where the roll-out of vaccines has been slower-than-expected. Economic activity in the Sub-Saharan African region is, however, expected to strengthen if countries act quickly to contain new waves of the pandemic and speed up vaccine rollouts. Notwithstanding a third wave of COVID-19 infections, economic growth rates in the region are expected to rise, depending on the policy measures adopted by countries in the region and the international community. Sub-Saharan Africa’s recovery is expected to vary significantly across countries.

Our strong position as a leading healthcare and consumer market access player in Africa continues to stand us in good stead, particularly during the COVID-19 pandemic. This is evident as Market Access recorded strong revenue and operating profit growth compared to the prior year supported by the successful integration of acquisitions, a strong recovery in most businesses, and good contract gains. Our healthcare medical supplies and kitting business (Imres) continues to benefit from a strong order book but performance was negatively impacted by constraints on the supply and delivery of products resulting from COVID-19. The Consumer business in Mozambique was severely impacted by lower alcohol sales due to COVID-19 trading restrictions. Both businesses are expected to improve performance from F2022.

The commercial effort to drive integrated solutions across our Consumer and Healthcare businesses are gaining traction and is positively contributing to performance due to new contract gains.

The investment in the new Market Access structure is proving its success with new business being converted and a healthy pipeline of new opportunities being built. New business revenue of approximately R1.8 billion (p.a.) was secured on a rolling 12-month basis to the end of May 2021 with a contract renewal rate of c.100%.

During F2021, the following noteworthy strategic actions were undertaken:

- Implemented focused consumer and healthcare structures.
- Recent acquisitions are performing well and contributing positively.
- Secured a material Proctor & Gamble consumer contract in Nigeria through a joint venture with the Chanrai Summit Group, which is performing well.
- Onboarded 5 new clients onto our Simplified Solutions in Healthcare (SSIH) offering since January 2021. This model now extends its reach to subscale markets for both healthcare and consumer principals.
- Developed Integrated Commercial Solutions capability in Healthcare business (demand generation and medical/regulatory services) and are incorporated into a new offering for our
principals.

- Expansion of Market Access services in South Africa through a 49% shareholding in Kiara Health since August 2020, which supports our backward integration strategy and formed the basis for our Market Access Healthcare business in South Africa.
- Acquisition of 100% of Deep Catch Namibia Holdings announced, subject to regulatory and other approvals.
- Successfully concluded the disposal of the loss-making business, Pharma, in November 2020.

Despite the challenging macro environment, we remain optimistic about the future of our Market Access business. Recent acquisitions are being successfully integrated and provide very good cross-selling opportunities. In Africa, the trend continues in rising consumerism, urbanisation, population growth and the strengthening of healthcare systems by governments, which are all good indicators and will have a positive impact on our Market Access business.

As demonstrated through our recent acquisitions and organic growth initiatives, we continue to build on our capability to offer integrated commercial solutions across multiple markets in Africa.

**Logistics Africa**

Prevailing weak economic conditions, high unemployment and low consumer spending were exacerbated by COVID-19 and continue to impact volumes and margins across many of our sectors, particularly in South Africa. While a recovery across key sectors was recorded in the past quarter particularly in commodities, fuel and gas, a third wave of COVID-19 infections could result in further weakening of the economy and the FMCG sector which remains under pressure in South Africa. There is also continued pressure in the market for growth as transport rates remain lower due to competitors imposing margin cuts to retain contracts.

Notwithstanding the challenging environment and subdued revenue growth, Logistics Africa recorded a strong recovery in operating profit and margins, compared to the prior year, despite the first half’s performance being significantly impacted by COVID-19 lockdown restrictions which resulted in the ban of alcohol and tobacco sales (c.20% of revenue). Results were positively supported by solid contract renewal rates, contract gains and cost cutting initiatives.

New business revenue of approximately R1.7 billion (p.a.) was secured on a rolling 12-month basis to the end of May 2021. Logistics Africa’s contract renewal rate remains strong at c.80%.

With further lockdown restrictions imposed in South Africa, which has now moved to an adjusted level 4 and include restrictions on the sale of alcohol, we anticipate trading activities to be impacted until COVID-19 infections reduce and restrictions ease.

During F2021, the following noteworthy strategic actions were undertaken:
• Achieved full-year cost savings of c.R200 million (p.a). The benefits of these cost savings will be fully realised from F2022 and will assist in maintaining our competitive market positioning.

• Significantly improved diversity of the leadership team: 6 out of 11 Logistics Africa Exco members are now female and 6 out of 11 Exco members are non-white.

• Consolidated road freight businesses benefitting from improved efficiencies.

• A Broad-Based Black Economic Empowerment (B-BBEE) transaction at Imperial Logistics South Africa level was announced to the market on 23 April 2021. The deal is subject to shareholder approval with the general meeting scheduled to take place in July 2021.

• Project Blue Fleet is recording good progress, with the renegotiation of supply agreements for our largest cost items in Logistics Africa (fuel, vehicle and tyres) close to being concluded. The full cost and efficiency benefits will be realised over the next 12 months.

• Acquired 60% of e-Commerce logistics business, ParcelNinja in February 2021, which offers an outsourced warehousing and fulfilment business to South African online shops using its custom-developed best-of-breed warehouse system and fulfilment network to ensure that clients benefit from scalable infrastructure and an innovative costing model.

Serving as an integrated logistics and market access provider will also require Imperial to invest in logistics businesses outside South Africa, particularly those that will give the Group access to freight management and contract logistics capabilities and in other key growth industries to facilitate trade flows into, out of and across Africa.

Logistics International

Despite the significant overhang of COVID-19, economic activity, growth forecasts and employment rates in Europe and the United Kingdom (UK) are steadily improving due to additional fiscal support in certain countries and swift progress in the roll-out of COVID-19 vaccines. Most of the European countries eased their lockdown measures due to decreasing numbers of infected people. In Germany, certain lockdown restrictions remain in place but are gradually easing. However, the automotive sector continues to be negatively impacted by the shortage of semi-conductors due to the impact of COVID-19.

While our Logistics International business was the most impacted by the COVID-19 pandemic in F2020, the business recorded significant improvement in trading activity on the back of the easing COVID-19 restrictions and economic recovery over the past 12 months. All businesses are currently operational and are demonstrating significantly improved performance. As a result, Logistics International achieved strong revenue and operating profit growth in Euros but a significantly stronger average ZAR/EUR rate for the year hampered the performance in Rands. Results were supported by new
contract gains, effective cost management and volume recovery in the key industries of operation as production ramped up. Palletways in the UK also recorded strong volume growth over the period on the back of higher demand due to increased home deliveries and demand for smaller, more frequent deliveries by the market. The chemicals business is performing in line with expectations. New vehicle production remains subdued due to the shortage of semi-conductors, which is negatively impacting the automotive contract logistics business.

The sale of the South American shipping business was concluded in April 2021. The proceeds from this sale of c.R1,305 million were received and will be used to support our growth and expansion on the continent, in line with our ‘Gateway to Africa’ strategy.

Logistics International’s contract renewal rate on existing contracts remains strong at c.85%, with an encouraging pipeline of new opportunities. New business revenue of approximately R2.1 billion was secured on a rolling 12-month basis to the end of May 2021.

**TRADING STATEMENT FOR THE 12 MONTHS ENDED 30 JUNE 2021**

The F2021 financial results include reporting the disposal of European Shipping as a discontinued operation. The sale of Pharmed was concluded during the period and South American Shipping, reported as held-for-sale, was disposed of on 16 April 2021. The results of Pharmed and South American Shipping are included in continuing operations for reporting purposes.

**TOTAL OPERATIONS INCLUDING DISCONTINUED OPERATIONS**

Imperial’s shareholders are advised that there is a reasonable degree of certainty that the Group’s total basic earnings per share (EPS) and headline earnings per share (HEPS) including discontinued operations (European Shipping), for the 12 months ended 30 June 2021 (current period) is expected to increase by more than 20% compared to that reported for the 12 months ended 30 June 2020 (prior period).

The expected ranges are provided below:

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<th>30 June 2020</th>
<th>30 June 2021</th>
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<tbody>
<tr>
<td><strong>As reported</strong></td>
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<td>Expected range</td>
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<tr>
<td>Total EPS (cents)</td>
<td>Loss of 161</td>
<td>505-568</td>
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<tr>
<td></td>
<td></td>
<td>Up more than 414%</td>
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<tr>
<td>Total HEPS (cents)</td>
<td>105</td>
<td>305-339</td>
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<td>Up more than 190%</td>
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CONTINUING OPERATIONS

Continuing operations includes South American Shipping and Pharmed, which were disposed in April 2021 and November 2020 respectively. EPS, HEPS and Core EPS (CEPS) for continuing operations for the current period compared to that reported for the prior period are expected to increase by more than 20%.

Core EPS is a measurement of pure trading performance and is calculated as headline earnings plus amortisation of intangible assets arising from business combinations, acquisition costs, re-measurement of put option and contingent consideration liabilities. All adjustments are net of tax and non-controlling interest. Core EPS is not an IFRS measurement and is consistent with how the Group's performance is measured and reported internally to assist in providing meaningful analyses.

The expected ranges are provided below:

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<th>30 June 2020</th>
<th>30 June 2021</th>
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<tr>
<td><strong>As reported</strong></td>
<td><strong>Expected range</strong></td>
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<tr>
<td>Continuing EPS (cents)</td>
<td>22</td>
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<tr>
<td>Continuing HEPS (cents)</td>
<td>156</td>
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<td>Continuing CEPS</td>
<td>137</td>
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Trading volumes and profitability recovered strongly during the current period compared to the prior period. The expected ranges for Revenue and Operating Profit are provided below.

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<tr>
<th>30 June 2020</th>
<th>30 June 2021</th>
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<tr>
<td><strong>As reported</strong></td>
<td><strong>Expected range</strong></td>
</tr>
<tr>
<td>Revenue (Rm)</td>
<td>R46 380m</td>
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<td></td>
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<tr>
<td>Operating Profit (Rm)</td>
<td>R1 459m</td>
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Once the Group finalises its financial results and reasonable certainty has been obtained to provide the expected ranges for the
current period, as contemplated by the JSE Listings Requirements, a further trading statement will be issued.

Imperial will release its results for the 12 months ended 30 June 2021 on Tuesday, 24 August 2021.

We thank our shareholders for their continued support.

The forecast financial information contained in this announcement is the responsibility of the Group’s directors and has not been reviewed or reported on by the Company’s auditors.

08 July 2021
Bedfordview

Sponsor: RAND MERCHANT BANK (A division of FirstRand Bank Limited)