

Media release

Progress in respect of merger between VKB and GWK

The integration process following the merger between the agricultural companies VKB and GWK on 31 May 2023 is showing great progress.

The VKB Group, including GWK, recorded a normalised profit before tax of R608 million in its 2024 financial year (ending 31 March 2024), despite extremely challenging economic and climate conditions. The Group is very grateful for this result and sincerely appreciates the loyal support of its clients.

In the current financial year, the impact of unfavourable climate conditions continues to be evident, as well as the general economic pressure on primary agricultural producers and consumers. Proactive action plans have been implemented in a timely manner and the situation is being actively managed.

Value creation

Real value creation is a notable objective of the merger. In this regard, value is being created through joint procurement, distribution and supply of products. Likewise, tangible value has already been unlocked in the energy supply space, as the Group jointly negotiated and subsequently invested in solar energy projects. This creates significant value at the chicken abattoir as well as selected grain mills.

Strategy and structures

In the third quarter of 2024, the Group completed a comprehensive review and formalisation of its company strategy, which was introduced to employees and other stakeholders. The review of business models is currently receiving attention and is on track according to the Group's strategic objectives and timelines.

Other important milestones include the appointment of the VKB Group's executive management team in August 2023 and the finalisation of company structures in the first quarter of 2024. This early alignment enabled a smooth integration of functions and established a focused and motivated management team.

PG Strauss, Managing Director of the VKB Group, emphasises that the company remains focused on stabilising its business foundation. This will pave the way for future growth. "Don't expect fireworks. The merger merely offers a better-balanced foundation with more diversity in the distribution of risk," Strauss stated before the official commencement of the merger agreement.

"Progress remains a driving force, and we are confident in the value realised thus far," Strauss added. "It is important that we continue making the right decisions to

ensure long-term sustainability, growth, and value. This requires that we do not act impulsively but remain focused on the bigger goal – building the agribusiness of the future."

Geographical advantages

The VKB Group's extensive geographical footprint provides a natural hedge against risks, especially in changing climate conditions. While adverse conditions will always impact producers, favourable conditions in other regions and industries can mitigate the effects and stabilise the Group's overall performance. This is already evident in the current financial year's results to date.

The diversified nature of the business enables the VKB Group to absorb shocks during difficult times more effectively. The expanded footprint has also unlocked new opportunities – something that was more challenging before the merger.

Talent

The combined talent pool brings together unique perspectives, ideas, and a culture of innovation. Through collaboration between experts in the same career fields with diverse experiences and backgrounds, best practices are shared and implemented to enhance efficiency and unlock value. The expanded structure of the VKB Group provides even greater potential for career progression and job creation in South Africa.

In conclusion

The company approached the integration process with diligence and care from the outset, while still prioritising results and maintaining a focus on client service and quality products.

The progress achieved with the merger can be attributed to a structured approach led by the expertise of the VKB/GWK integration committee, in collaboration with the VKB Group's board and executive leadership team.

The VKB Group remains committed to promoting sustainability and progress in the industry and making a positive impact in communities across the country.

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MORE ABOUT THE VKB GROUP

The VKB Group is an agribusiness that provides essential services and support to producers and the processing of their products for the consumer market – from farm to table. Alongside its diverse range of consumer brands, the VKB Group is represented by its regional brands: VKB, GWK, and NTK. With deep roots in agriculture, the VKB Group's primary focus is to support producers with the necessary resources to produce food and to develop and sustain the food value chain, including processing, transportation, and the creation of market channels to the consumer. This “home of brands” is established with the support of the VKB Group's producer shareholders and forms the foundation on which the agribusiness of the future is built.

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