

RAINBOW CHICKEN LIMITED ANNUAL REPORT

for the year ended June 2024



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ABOUT THIS REPORT

BOUNDARY AND SCOPE

Rainbow Chicken Limited (“Rainbow”) is a public Company, duly incorporated in South Africa under the provisions of the Companies Act, Act 71 of 2008, and the regulations thereto (“the Companies Act”).

This is the Annual Report of Rainbow Chicken Limited and its subsidiaries (“Rainbow” or “Rainbow Chicken” or “the Group” or “the Company”) and it covers the financial reporting period 2 July 2023 to 30 June 2024.

It is important to note that Rainbow Chicken Limited was incorporated in the current financial period on 11 April 2024 as a wholly owned subsidiary of RCL FOODS Limited (“RCL FOODS”) for purposes of the acquisition of RCL FOODS Consumer Proprietary Limited (the operating entity housing the Chicken Division, Animal Feed Division and the Waste-to-Value (“W2V”) operations) and subsequent listing of Rainbow on the Main Board of the Johannesburg Stock Exchange (“JSE”) in June 2024. Full particulars of this process are disclosed in Rainbow’s pre-listing statement (“PLS”) that was released to shareholders on 10 June 2024 and is also available on the Rainbow website, www.rainbowchickens.co.za.

The Annual Report for the year ended 30 June 2024, provides a comprehensive and accurate review of Rainbow’s financial, economic, social, and environmental performance. This report, along with the Summary Consolidated Annual Financial Statements and additional Supplementary Information, is available on Rainbow’s website. It includes detailed insights into Rainbow’s subsidiaries and aligns with the Company’s strategy, risks, and opportunities. The report highlights our strategic progress over the past year and outlines our immediate future goals.

The scope of the non-financial information in this Annual Report is limited as Rainbow was a wholly owned subsidiary of RCL FOODS at the end of reporting period. Stakeholders are referred to the RCL FOODS Integrated Annual Report available at www.rclfoods.com for further information.

MATERIAL ASPECTS AND COMPARABILITY

Materiality has been applied to qualitative and quantitative disclosures contained in this report. An item is considered material if it could influence the decisions of our business and its stakeholders. Rainbow did not operate as a stand-alone Group for the year under review and was unbundled pursuant to the release of the PLS, where financial and non-financial information was provided to shareholders. Details of the unbundling have been included in the Consolidated Annual Financial Statements.

RELATED REPORTS

This Annual Report forms part of, and should be read in conjunction with, a suite of reports available online on our website, namely:

- Consolidated Annual Financial Statements

ASSURANCE AND APPROVAL

The Board acknowledges its responsibility for the content included in the Annual Report. The Board has contributed to the identification of matters that are material to Rainbow and these matters have been used to select relevant information to be addressed in the report. Management has prepared and verified the information in the report, ensuring an accurate, balanced, and comprehensive overview of the Group. The information has been verified by a combination of internal and external assurance providers.

The report has been reviewed by Rainbow’s Audit and Risk Committee and the Board who have assessed its content and believe that the Annual Report addresses all material issues and fairly presents the performance of the Group, cognisant of the recent unbundling from RCL FOODS. The Board has authorised the release of this report at the meeting held on 28 October 2024.

Rainbow values feedback and therefore welcomes any questions or comments regarding this report. These can be emailed to the Company Secretary, FluidRock Co Sec Proprietary Limited, at marlene@fluidrockgovernance.com. Stakeholders are also directed to the Rainbow website for this report and other pertinent supporting documents including Board Committee charters and compliance information.

Any forward-looking information provided in this document is the responsibility of the Directors and have not been reviewed or reported on by the Company’s external auditors.



EXECUTIVE SUMMARY

Joint CEO and Chairman report

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JOINT CEO AND CHAIRMAN REPORT



Pieter Louw – Chairman

Marthinus Stander – CEO

REVENUE	EBITDA	EARNINGS	HEADLINE EARNINGS
R14,5bn	R637,2m	R180,2m	R180,3m
↑ 7.9%	↑ R598,5m	↑ R439,7m	↑ R453,3m

INTRODUCTION

The 2024 financial year marked a transformative period for Rainbow, driven by our unwavering dedication and focus to turn the business around and restore profitability.

Rainbow was listed on the main board of the JSE and unbundled from RCL FOODS on 1 July 2024. By embedding our core values – connectivity, belonging, growth, creativity, and customer and consumer obsession into every facet of our operations, we are steadfast in our mission to establish a leading chicken and animal feed business.

Rainbow produces and sells a wide range of fresh, frozen, added-value and further-processed chicken, together with grain-based animal feed products under its established brands including confined labels.

Rainbow's Chicken Division produces chicken products under the well-known Rainbow, Simply Chicken, and Farmer Brown brands. The Animal Feed Division produces a range of animal feed products under the Epol and Driehoek Feed brands, primarily for internal use in the Chicken Division's poultry operations, as well as for the external South African animal feed market, with a core focus on product quality. Matzonox, in which Rainbow owns a 50% shareholding, is a W2V operation based at the Worcester and Rustenburg chicken processing sites, focused on processing effluent water and other waste products to generate electricity and heat as well as recycle water.

We strive to continuously adapt to market dynamics, ensuring exceptional value delivery through innovative products and a robust brand heritage. Our strategy is grounded in a deep understanding of category, brand, customer, and processing fundamentals, all while maintaining a forward-looking approach.

Our commitment to nourishing the nation with premium chicken products and supplying high-quality animal feed is unwavering. We operate sustainably and support our communities, guided by our "Future Perfect Rainbow Chicken" strategy and our ambitious

JOINT CEO AND CHAIRMAN REPORT CONTINUED

“Vision 2030” sustainability mission. Our focus remains on our key stakeholders, ensuring we achieve our purpose and drive long-term success.

OPERATIONAL OVERVIEW

Notwithstanding the significant industry headwinds including energy and water availability constraints and related on-costs in managing consistent supply of critical inputs, elevated global soft commodity and fuel prices combined with currency weakness resulting in higher input costs, outbreaks of Highly Pathogenic Avian Influenza (“HPAI”) leading to culling of flocks and discarding of feed and a generally weak consumer environment, Rainbow has achieved an improved financial performance.

The financial and operational results delivered by Rainbow are evidence of the vastly improved resilience of underlying operations in recent years and the significant progress of the Group in applying brilliant basics consistently towards attaining the optimal balance between nutrition, genetics, environmental management, health of poultry flocks, and the condition of the asset base and infrastructure employed. In addition, improved front-end pricing dynamics have assisted in managing input cost pressures.

The doubling of the capacity at the Hammarsdale processing plant was implemented successfully, which resulted in increased volumes, lower processing costs and the creation of 489 direct and indirect job opportunities.

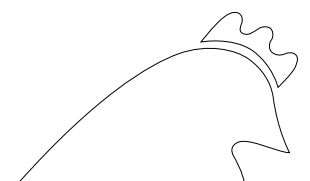
Despite having to cull a significant number of breeder birds, the impact of HPAI was partially mitigated by the extension of breeder flocks, improved agricultural performance and the importation of eggs. The R202,6 million HPAI impact mainly relates to the import of hatching eggs, feed costs for extended flocks, safe disposal of culled birds, extra cleaning and the loss associated with the down placement of broiler birds. To mitigate the risk of a further significant outbreak of HPAI, Rainbow relocated its Midrand breeder facilities to a less densely populated region in record time. While a vaccination programme has been approved by Government in principle to better protect the national flock, practical implementation of the programme is currently prohibitive due to complexity and cost.

Front end pricing remains under pressure – particularly in the Quick-Service Restaurant (“QSR”) channel – due to the challenges faced by the consumer, however, this was balanced by consistent agricultural outperformance and strong pricing performance of secondary and tertiary products. The high cost of living continues to be a concern, compounded by a recent upswing in agricultural commodity input costs after some respite in the third quarter. The profitability of the poultry industry relies on optimising the value derived from chicken through customer and product mix, reducing costs, and innovating to expand the market. Rainbow’s resilient performance, supported by a sound strategy and leading brands, demonstrates its ability to diversify and expand despite challenging conditions.

The progress of the Poultry Sector Master Plan has been slow, despite substantial investment in capacity by the industry.

Rainbow and its growers have invested over R500 million in Hammarsdale to double processing capacity. Another critical aspect of the Master Plan is to expand the market and support exports. However, the industry requires greater and more urgent support from the Government to access export markets. Trade measures to support the local industry are a third pillar of the Master Plan. Antidumping duties on chicken imports from Brazil and four European Union countries (Denmark, Ireland, Poland and Spain) were only reimposed in August 2023 after a year-long delay in implementation. Following the HPAI outbreak in South Africa in late 2023, Minister of the Department of Trade, Industry and Competition (“DTIC”), Ebrahim Patel directed the International Trade Administration Commission (“ITAC”) to consider the creation of a temporary rebate provision on imported chicken to account for potential local market shortages due to HPAI. In January 2024, ITAC recommended that certain rebates of duties on frozen poultry imports be implemented based on its assessment. The industry has worked more closely with ITAC to ensure that no further rebate permits will be issued without also considering information supplied by the South African Poultry Association (“SAPA”) on whether a shortage does or does not exist.

The Competition Commission of South Africa announced in February 2024 that it was launching an investigation into both the broiler and the layer industries. This was due to concerns about the concentrated structure of the industry potentially leading to anti-competitive behavior and hindering transformation. The investigation is wide in scope and is likely to take an extended time to complete. Comments were invited and SAPA provided considered input by the due date of 15 March 2024. There have been no new developments on this matter. With Minister Parks Tau having been appointed as Minister Ebrahim Patel’s successor in the DTIC, an update is expected in due course.



JOINT CEO AND CHAIRMAN REPORT CONTINUED

FINANCIAL OVERVIEW

Rainbow's revenue for the year ended June 2024 increased by 7.9% to R14,5 billion (2023: R13,5 billion).

The increase was largely attributable to higher volumes in the retail wholesale channel and higher realised pricing. Earnings before interest, taxes, depreciation, amortisation and impairments ("EBITDA") increased by R598,5 million to R637,2 million (2023: R38,6 million) at a margin of 4.4% (2023: 0.3%). The overall gain compared to the prior year was driven by an enhanced agricultural performance, higher processing yield, effective cost management, improved realisations, increased volumes in the retail and wholesale channel, relief in commodity prices (albeit still at elevated levels), and a reduction in load-shedding costs.

Rainbow's turnaround is now well advanced, with every component of the process yielding positive results. The transition to the Indian River breed, which began more than two years ago, is complete, although its full impact will only be realised in the 2025 financial year. The new breed, a less energy dense feed and a focus on husbandry basics are driving delivery on all agricultural key performance indicators.

STRATEGIC AND FUTURE PROSPECTS

Rainbow has made significant strides in recent years in enhancing its operational and financial performance through the ongoing implementation of the "Future Perfect Rainbow Chicken" strategy. This strategy has allowed the business to improve its resilience and capability to withstand shocks that have and will continue to affect operations in a cyclical industry including elevated commodity prices, outbreaks of disease, and competitive dynamics. Notwithstanding the positive traction achieved to date, there remains further work to be done in this regard and Rainbow intends to continue the implementation of this strategy towards becoming a market-leading, low-cost producer in the South African environment through consistent focus on "brilliant basics" and best-in-class farming practices, product quality, cost control, and investment in the Group's infrastructure and asset base, the combination of which is expected to drive strongly-improved profitability and financial returns.

Management expects continued momentum in revenue growth over the near-term, aligned to its strategy of volume growth resulting from the "Double Hammarsdale" initiative. Revenues are expected to be supported by increased pricing to recover higher input costs, and more general demand improvement in line with expected growth in demand for chicken as an affordable, quality protein source in a pressurised consumer environment.

Over the medium-term, Rainbow aims to achieve financial performance (including in respect of margins, cash flows, and returns) that is, at a minimum, in line with and potentially superior to through-the-cycle results of key industry peers. Management believes that the business has a vastly improved ability to withstand potential volatility in the future through the implementation of its strategy and the reset of its operational base.

Various key factors are expected to drive the achievement of Rainbow's future strategy, *inter alia*, the following:

- **Continued delivery** of targeted agricultural Key Performance Indicators' ("Agric KPIs");
- **Achievement** of the full benefit of the rollout of the new chicken breed;
- **A continued focus** on cost control and efficiency initiatives; and
- **Consistently outperforming** the market through sound commodity procurement practices to ensure the lowest feed cost.

Rainbow is in the process of investing in its infrastructure and asset base at levels higher than its expected sustainable level of capital expenditure, with this process of heightened investment expected to be concluded by the end of the 2025 financial year. Key capital expenditure projects yet to be completed include, *inter alia*, an upgrade to the air chiller at the Rustenburg site, upgrading of broiler houses and hatcheries, boiler replacement, and new raw material storage and intake infrastructure. Capital expenditure is expected to be funded from future operational cash flows and the proceeds of the pre-unbundling recapitalisation.

Outlook

Overall, despite the consumer being severely under pressure and commodity prices remaining elevated, Rainbow's performance in the coming year will benefit from its improved agricultural performance and higher volumes. Rainbow's focus now will be on bedding down the separation from RCL FOODS, demonstrating ongoing profitability through the commodity cycles, remaining vigilant in terms of risks, protecting agricultural performance, continuing to innovate and investing in our communities.

JOINT CEO AND CHAIRMAN REPORT CONTINUED



APPRECIATION

We would like to convey our sincere appreciation to all our employees and the senior management team for their unwavering dedication and commitment to fulfilling our purpose and executing our strategic objectives.

Your diligent efforts and resilience during periods of significant change and disruption, particularly throughout the unbundling and listing of the Company, are highly commendable and essential to our collective success.

Furthermore, we wish to take this opportunity to express our gratitude to our shareholders for their continued confidence and support. Your trust in our vision enables us to pursue excellence and drive impactful progress. Thank you for being a vital part of our journey.

PR Louw
Chairman of the Board

28 October 2024

MP Stander
Chief Executive Officer

28 October 2024



BUSINESS OVERVIEW

Company profile

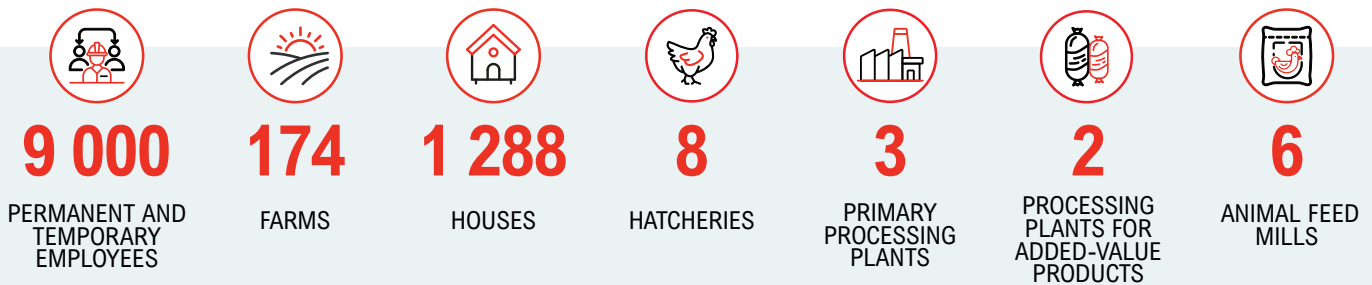
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COMPANY PROFILE

BUSINESS PROFILE

Rainbow is one of South Africa’s leading, fully integrated agricultural producers with diverse operations spanning the entire poultry production value chain and animal feed manufacturing. Rainbow’s comprehensive business model enables it to achieve supply chain and cost efficiencies across various stages of production.

The Company manages and operates:



Additionally, Rainbow holds a 50% stake in the subsidiary, Matzonox, that runs two Waste-to-Value plants.

PLANT LOCATIONS



COMPANY PROFILE CONTINUED



HISTORY

- 1960** ● RAINBOW FOUNDED BY STANLEY METHVEN IN HAMMARSDALE
- 1963** ● FIRST PROCESSING PLANT COMMISSIONED, WITH THE SECOND IN 1970
- 1984** ● AWARDED TENDER WITH KFC
- 1989** ● RAINBOW CHICKEN LISTED ON THE JSE
- 1992** ● ACQUIRED 50% SHARE IN EPOL WITH EPOL BECOMING A WHOLLY OWNED SUBSIDIARY IN 1996
- 2004** ● ACQUIRED VECTOR LOGISTICS
- 2013** ● ACQUIRED FOODCORP LIMITED AND CHANGED NAME FROM RAINBOW CHICKEN TO RCL FOODS LTD
- 2018** ● ACQUIRED DRIEHOEK FEEDS
- 2021** ● FORMAL SEPARATION OF RAINBOW TO A STAND-ALONE BUSINESS
- 2022** ● RAINBOW OFFICES OPENED IN CENTURION
- 2024** ● LISTCO ESTABLISHED TO UNBUNDLE RAINBOW FROM RCL FOODS

Rainbow Chicken started its life through Rainbow Poultry Farms Proprietary Limited, which was founded in 1960 by Stanley Methven on his father's farm in Hammarsdale, outside Durban. Originally operating from a stall in Durban, demand for the Company's chicken grew quickly and, in 1963, the first processing plant was commissioned in Hammarsdale.

In 1966, Rainbow Chicken Limited was formed as the holding company for Rainbow Poultry Farms Proprietary Limited. A period of rapid growth followed, with an additional three processing plants commissioned from 1970 to 1985.

The award of a KFC tender in 1984 helped establish a QSR and food service business, creating a platform for a profitable distribution channel. Strategically, Rainbow focused on differentiating itself through fully integrating the supply chain and expanding the business offering across retail, wholesale, and food service customers, and introducing branded products, including the Rainbow, Simply Chicken and Farmer Brown ranges. Epol was acquired in 1992, beginning the diversification of Rainbow away from pure chicken through exposure to the animal feed segment.

In 2004, Rainbow acquired Vector Logistics Proprietary Limited ("Vector") to provide in-house end-to-end management of Rainbow's supply chain, including warehousing, cold storage, and distribution. At the time of the acquisition, Vector distributed approximately 70% of Rainbow's production, with Rainbow accounting for c.60% of Vector's business. Post the acquisition, the operations of Vector were fully integrated into those of Rainbow.

In May 2013, Rainbow acquired a controlling shareholding in Foodcorp Holdings Proprietary Limited, bringing numerous branded food products and leading brands into Rainbow. This transaction marked a significant change in Rainbow's strategy and vision, transforming it from a pure agri-food processor into a diversified branded consumer food business. Accordingly, Rainbow's name was changed to RCL FOODS to reflect this new vision for the Group's business.

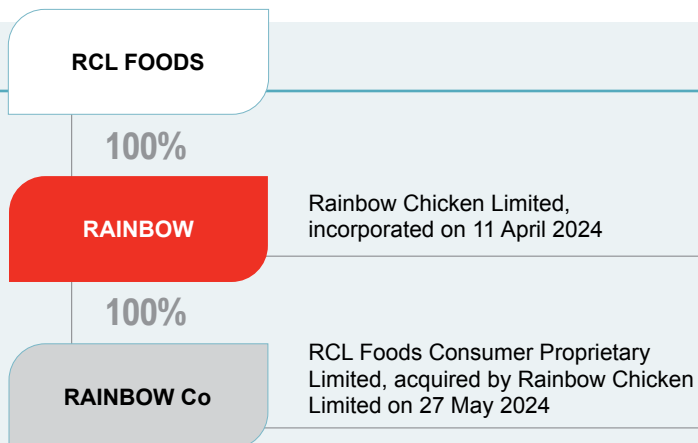
In October 2021, RCL FOODS' internal reorganisation was implemented in order to transfer relevant operations of the poultry and animal feed agri-processing businesses (namely the Chicken, Animal Feed and Waste-to-Value divisions) housed in and operated by RCL FOODS into a single operating company, namely RCL FOODS Consumer Proprietary Limited ("Rainbow Co"), and to transfer certain operations of other RCL FOODS Divisions (Pies, Beverages, Grocery and Specialty) out of Rainbow Co.

Today, Rainbow is one of the leading poultry producers in South Africa, with a range of chicken and animal feed brands, differentiated by its fully integrated supply chain and operations which enables it to manage production from farm to fork.

COMPANY PROFILE CONTINUED

RAINBOW STRUCTURE

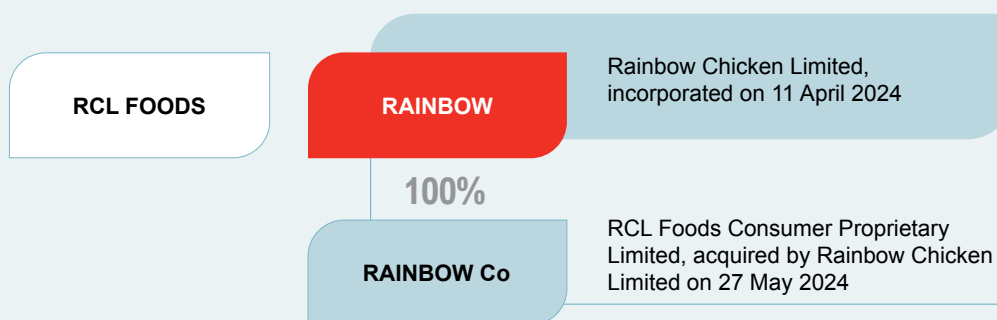
PRE-UNBUNDLING GROUP STRUCTURE



RAINBOW Co subsidiaries

MATZONOX PROPRIETARY LIMITED	MATZONOX FERTILISER PROPRIETARY LIMITED	RAINBOW FARMS INVESTMENTS PROPRIETARY LIMITED*	EPOL PROPRIETARY LIMITED*	FARMER BROWN PROPRIETARY LIMITED*	RAINBOW CHICKEN FOODS PROPRIETARY LIMITED*
50%	50%	100%	100%	100%	100%

POST-UNBUNDLING GROUP STRUCTURE



RAINBOW Co subsidiaries

MATZONOX PROPRIETARY LIMITED	MATZONOX FERTILISER PROPRIETARY LIMITED	RAINBOW FARMS INVESTMENTS PROPRIETARY LIMITED*	EPOL PROPRIETARY LIMITED*	FARMER BROWN PROPRIETARY LIMITED*	RAINBOW CHICKEN FOODS PROPRIETARY LIMITED*
50%	50%	100%	100%	100%	100%





* Dormant entities

COMPANY PROFILE CONTINUED

RAINBOW'S MISSION AND VALUES

The company's purpose is to nourish the nation with premium chicken products and high-quality animal feed, while operating sustainably and supporting its communities. Its vision is to lead the Chicken and Animal Feed industry, renowned for customer and consumer centricity, innovation, and heritage brands. The mission is to establish the business by continuously adapting to market dynamics, achieving this through understanding and responding to category, brand, customer and processing fundamentals with a future-oriented approach.

The Company's mission is brought to life by weaving the five values below into all activities and operations of the business.

CONNECTIVITY	BELONGING	GROWTH	CREATIVITY	CUSTOMER AND CONSUMER OBSESSION
Our Vision connects us and inspires us to pull together	We create a work environment that values unity and diversity	We are committed to the growth of our organisation and our people	We are not bound by convention. We keep pushing ourselves to be better and do better	We are committed to giving our customers and consumers our very best
				





OPERATIONAL FRAMEWORK

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VALUE CHAIN AND BUSINESS MODEL

RAINBOW'S OPERATING MODEL

Rainbow operates through a hybrid structure consisting of five business units.

These include three regional integrated poultry business units (Northern, KwaZulu-Natal, and Western Cape). These units handle various aspects of the value chain, such as parent rearing and breeding, broiler production, and processing. The term broiler refers to any chicken that is bred and raised specifically for meat production. One of the main benefits of this integrated regional approach and focus is faster and better decision making across a complex value chain, where the cost of unintended consequences can sometimes outweigh the benefits if not well understood or properly considered.

The focus of the Animal Feed Division is on ensuring the nutritional needs of Rainbow's own chickens, as well as those of the livestock with which its customers farm, are optimally met in the most cost-effective manner, by utilising the most affordable, quality raw materials. There is a direct correlation between the consistency and quality of poultry feed and major Key Performance Indicators ("KPIs"). The same applies for external feed customers where the focus is on producing high-quality animal feed on a national scale, with the goal of providing nutritious animal feed for most livestock needs, including poultry, cattle and other animals. A steady supply of quality feed is essential for maintaining optimal chicken growth in the Chicken Division.

The fifth business unit is the further-processed added-value business. These operations play a crucial role in enhancing the product range where added-value chicken products, that cater to diverse consumer preferences, are produced. Across product sets such as marinated chicken, convenient ready-to-cook options, and specialty cuts, the added-value unit ensures that consumers have a variety of choices.

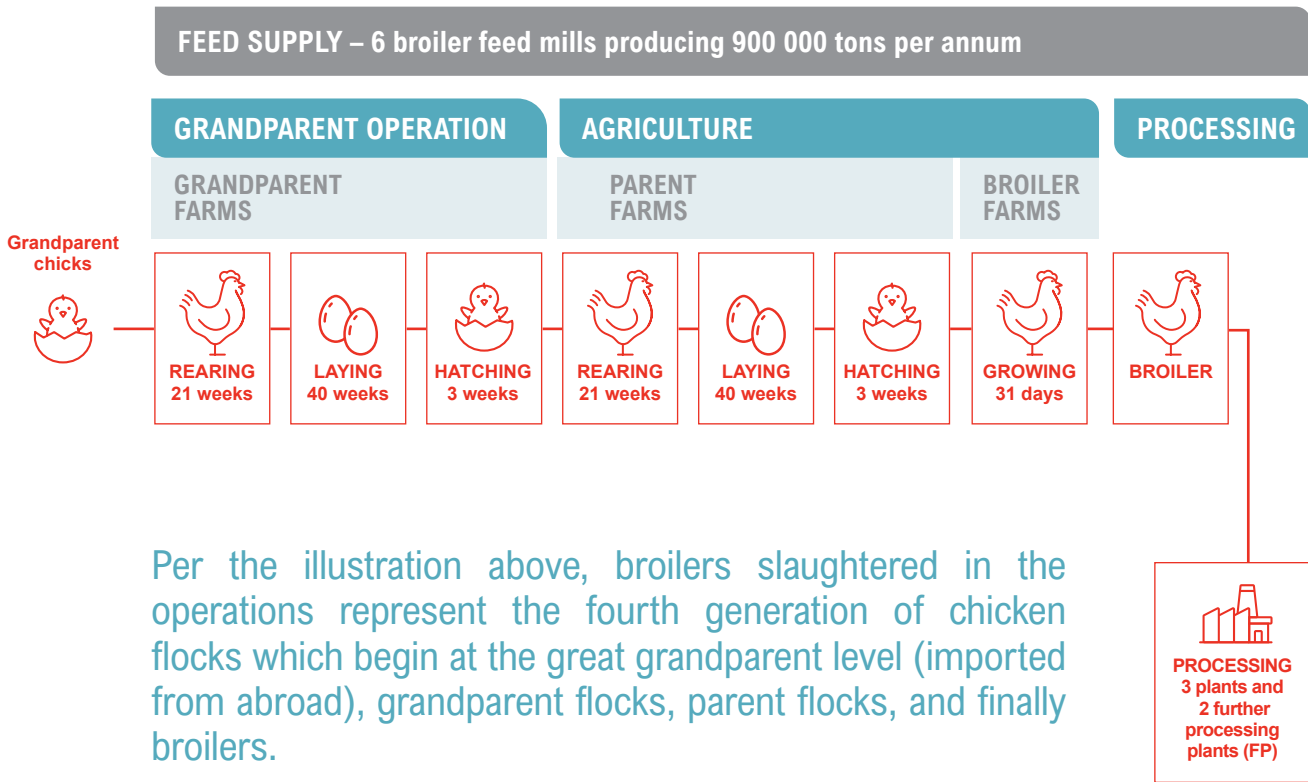
The aforementioned units/operations are assisted by a national support function which includes, *inter alia*, commercial, supply chain management, technical support, sales and marketing, finance and accounting, and safety, health, environment and quality ("SHEQ").

INTEGRATED VALUE CHAIN

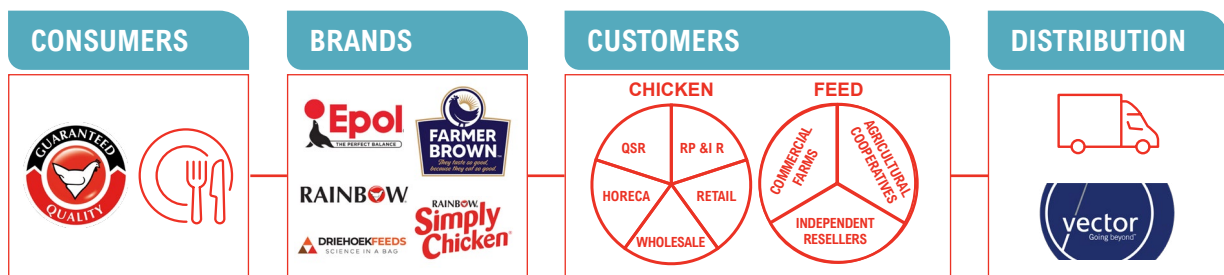
Rainbow Chicken is a fully integrated chicken/broiler producer, breeding and rearing its own livestock (or via contract growers), which are fed using the products manufactured at the Company's own feed mills.

Additionally, Rainbow processes, distributes, and markets fresh, frozen, and further-processed added-value chicken. The integrated value chain is presented in the schematic on the following page.

VALUE CHAIN AND BUSINESS MODEL CONTINUED



Per the illustration above, broilers slaughtered in the operations represent the fourth generation of chicken flocks which begin at the great grandparent level (imported from abroad), grandparent flocks, parent flocks, and finally broilers.



Detailed economic considerations are applicable at each stage of bird production/rearing, with costs accumulating through the stages, and each cost element is supported by a set of Agric KPIs which inform overall profitability. Feed produced at low costs and with energy levels tailored for optimum performance is required across the value chain and must be matched to the breed/poultry genetics of choice.

The integrated value chain is in essence a two-year pipeline, requiring precise planning in terms of the breed, and volumes required for optimal efficiency, lowest cost, facility capacities, and customer demand. Each operating region of the Group is therefore managed to be self-sufficient regarding egg and chick volumes, which are converted into the best quality chicks which facilitates achievement and exceeding targeted Agric KPIs.

The success of chicken farming depends on attaining the optimum balance between nutrition, genetics, environment, health of chickens and state of the assets employed. The Group's philosophy in this regard is focused on the "best people applying brilliant basics consistently" to manage its key objectives.

VALUE CHAIN AND BUSINESS MODEL CONTINUED



OVERVIEW OF THE CHICKEN DIVISION'S OPERATIONS

The Group's Chicken Division aims to achieve sustainable agriculture performance through a holistic approach to flock rearing and management, starting with healthy grandparents passing along optimal genetics through the parent stage to broiler flocks.

Products and brands

The Chicken Division's products are marketed via the major brands owned by the Group, namely Rainbow, Rainbow Ready2Go, Rainbow FlavourBurst, Rainbow Simply Chicken and Farmer Brown. Additionally, Rainbow supplies its products under dealer-owned brand labels. The major brands are differentiated in terms of positioning and the underlying product sets across the categories outlined below:



Rainbow Simply Chicken: A wide range of added-value chicken products catering for all occasions, from quick snacking to mealtime solutions. The latest addition to the Group's branded portfolio, Rainbow Simply Chicken, is a 2022 NielsenIQ Breakthrough Innovation Award winner. The Simply Chicken range is based on 100% chicken meat and caters to all ages and occasions, with the product set including, *inter alia*, viennas, frankfurters, cheese grillers, nuggets, chicken burgers and steaklets. Simply Chicken's viennas and freezer-to-fryer products are prominent within this segment.

Rainbow: Rainbow is a trusted South African heritage brand that consumers have come to rely on for quality chicken products. The Rainbow brand was the AskAfrica Icon Brand award winner in 2021, and in 2023 was the recipient of a gold award at the Gold City Press Readers Choice Award. Rainbow's diverse product offering includes the following product sets:

- **Fresh chicken:** raw chicken served at chilled temperatures across a variety of portion sizes;
- **Standard chicken:** longer-lasting, individual quick frozen chicken products, including mixed portions, bones, stew cuts, livers, gizzards, necks, giblets, heads, feet and russian sausages;
- **Frozen specialised chicken:** weight graded and portion controlled prime chicken; and
- **Chilled processed meats:** in the form of polony and viennas, as well as freezer to fryer crumbed chicken.

Rainbow FlavourBurst and Ready2Go: These brands are primarily used for the Chicken Division's food service customers, offering dependable, flavourful and quick to prepare chicken meals in larger portion sizes. These include chicken burgers, chicken schnitzels, tenderstrips, nuggets, slider patties, wings and chicken bites. The chilled processed meats chicken range produces Halaal-compliant chicken sausages, viennas and chicken portions.

Farmer Brown: A staple since the 1980s, Farmer Brown has maintained a timeless approach to raising chickens, resulting in the distinctive Farmer Brown taste that consumers demand. Farmer Brown chickens follow a strict vegetarian diet. This commitment to ethical and wholesome practices ensures that their chickens live up to the saying: "They taste so good 'cos they eat so good."

VALUE CHAIN AND BUSINESS MODEL CONTINUED

Customer channels

The Chicken Division's sales channels are managed across two key segments, namely "demand-driven" and "value-driven" chicken.

- **Demand-driven chicken** provides for a higher degree of customisation by offering chicken for in-store preparation or via ready-to-eat products. These products can be tailored to meet the specific needs of customers or leveraged from an existing branded product range. This segment is sub-segmented into the following key customer channels:
 - » Quick-Service Restaurants ("QSR");
 - » Retail and wholesale ("RWS");
 - » Hotels, restaurants, and catering ("HORECA");
 - » Industrial reprocessors ("IR"); and
 - » Retail prepared ("RP").



- The **value-driven chicken** segment focuses on products that require less differentiation and more emphasis on mass production ability. These products are usually retailed under the Rainbow brand or via dealer-owned brands in packages suitable for individual consumption and are displayed on shelves or in freezers for purchase by consumers. The value-driven segment is solely comprised of the retail and wholesale channel.

VALUE CHAIN AND BUSINESS MODEL CONTINUED



OVERVIEW OF THE ANIMAL FEED DIVISION'S OPERATIONS

Established in 1916, Epol is the oldest branded manufacturer of animal feed. Epol is one of the leading animal feed manufacturers in South Africa serving a diverse range of species both nationally and internationally.

From equine feed to pig nutrition, our Feed Division offers a comprehensive range of scientifically formulated diets under the Epol and Driehoek Feed brands. Our broad product range encompasses productive animals such as poultry, swine and cattle, as well as horses and dog food. Part of the business strategic focus is to profitably grow its game, dairy and ruminant volumes.

The feed business is structured into two regions, namely the Northern region including Rustenburg, Pretoria and Vaalwater, and the Coastal region incorporating Pietermaritzburg, Berlin and Worcester. This structure has been implemented to transform the business into a leading monogastric, grain-based feed producer which is poised to capitalise on organic growth opportunities from the increasing demand for feed from both the Chicken Division, as well as external commercial poultry and other producers.

We own six feed mills across the country, which consists of three large mills in Rustenburg, Worcester and Pietermaritzburg as well as three smaller mills in Berlin, Pretoria and Vaalwater.



Products and brands

Whilst Epol is well known for its chicken and horse feed products, and Driehoek for its game and ruminant offer, both brands provide a comprehensive range of feeds across a broad range of species and across international borders. The business aims to be a customer's first choice, by offering high-quality scientifically formulated and balanced precision feed that delivers optimal nutrition. Given the general excess of feed supply capacity in the local market, the business is strategically positioned at the premium end of the market on the back of leading nutritional expertise, excellent technical support and a long history of success rather than opting to compete on the basis of price in the South African market.

Customer channels

Epol's production infrastructure in Rustenburg, Pietermaritzburg and Worcester, which is primarily geared towards the requirements of the Chicken Division, collectively have excess capacity to ensure sufficient supply to the Group's farming operations. These as well as each of the other mills also target external market opportunities with dedicated sales teams.



VALUE CHAIN AND BUSINESS MODEL CONTINUED



OVERVIEW OF THE WASTE-TO-VALUE (“MATZONOX”) DIVISION’S OPERATIONS

Matzonox is a waste-to-value operation based at the Chicken Division’s Worcester and Rustenburg chicken processing sites. The Group owns a 50% shareholding in Matzonox.

Responsible agricultural and industrial waste treatment is an extremely challenging task, requiring large capital investment and complex treatment techniques and technologies to implement effective systems. With natural resources rapidly depleting and the volatility and lack of sustainable energy supply needed to maintain effective business operations, finding sustainable waste-to-value solutions are critical. The Group is committed to investing in technology that reduces reliance on water and fossil fuel-based energy.

Matzonox processes wastewater from chicken processing plants and poultry manure from chicken farms to generate electricity, heat and recycled water.

Matzonox’s Worcester plant was commissioned in 2017 and converts wastewater from the chicken processing plant into biogas, producing enough renewable energy to generate up to 30% of the energy requirements of the overall chicken processing site. The 1.5MW plant produces between 6 500MWh and 8 500MWh per year (7 314MWh generated in 2023). The Worcester chicken processing plant is required to process and dispose of nutrient rich wastewater in accordance with governmental and local authority water discharge requirements and regulations. From an environmental point of view and as a result of having the waste-to-value plant in place in Worcester, 7 900 tons of biological waste (fats and suspended solids) no longer need to be discharged into the municipal wastewater treatment system and landfill sites every year, as the waste-to-value plant discharges clean water.

At 6MW, the Rustenburg plant (commissioned in 2020) has four times the capacity of the Worcester plant and uses different inputs to generate a larger variety of outputs. The plant generates biogas from a combination of wastewater sludge from the abattoir and chicken litter from the chicken farms. The Rustenburg waste-to-value plant is designed to provide up to 50% of the power needs of the Rustenburg chicken and animal feed site, as well as 100% of the steam requirements of the animal feed mill.

Products and brands

The Matzonox operation provides a resource-saving solution by producing the following:

- Partially independent power supply, which benefits the processing facilities and reduces on-site risk from potential power failures.
- Reduced use of fossil fuels for heating through innovative recovery of waste heat.
- Improved waste treatment systems:
 - To recover value or reduce disposal charges; and
 - Which are in excess of the strict requirements from municipal service providers.
- Improved treatment of poultry manure by recovering energy-rich biogas, while retaining fertiliser value.
- Improved use of potable water through recycling and re-use of treated effluent.



MATERIAL RISK AND OPPORTUNITIES

Over the last year, food manufacturers in South Africa have faced a complex risk landscape influenced by various economic, environmental, and social factors.

The South African economy has continued experiencing sluggish growth. This has been compounded by high interest rates, fuel and food prices, and persistent logistical and energy supply constraints. This has contributed to an overburdened consumer, resulting in reduced demand and increased price sensitivity.

One of the most significant challenges going into this year was load-shedding, which severely impacts production schedules and operational efficiency. The unreliable electricity supply has forced many manufacturers to invest in backup power solutions, thus increasing operational costs. There has been a marked reduction in load-shedding in the final quarter of the financial year, with the outlook of this risk improving.

While electricity supply is showing signs of improvement, the risk outlook for water supply continues to deteriorate, given the potential impact of climate change and ageing water-related infrastructure. Water resilience at our sites is a key focus area to ensure our ability to maintain production.

There is increasing scrutiny on environmental, social, and governance practices, requiring companies to enhance transparency and sustainability efforts. We continue to evolve our sustainability practices, including ensuring compliance with evolving regulations and reporting requirements.

Political and social instability remained a risk throughout the period. Social unrest, high unemployment rates and governance issues exacerbated the business environment's instability, with the national elections adding a large degree of uncertainty. It was pleasing to note that the elections proceeded with minimal disruption. The successful establishment of a Government of National Unity ("GNU") has the potential to bolster policy coherence, diminish political uncertainty and improve confidence across various sectors. The recent strengthening of the currency, favourable reactions in equity and bond markets indicate growing trust in the GNU which could further strengthen the economic operating environment for Rainbow.

The challenges we face also create opportunities for us to:



Continue to develop affordable and innovative solutions for cash-strapped consumers.



Leverage digital technology to create a more connected and insight-driven business.



Reduce our water and energy use.



Decrease our waste to landfill and increase recycling, especially of plastics.



Reduce our reliance on imports by sourcing locally produced raw materials.



Be a positive influence in the communities in which we operate through our social and economic development initiatives.

MATERIAL RISK AND OPPORTUNITIES CONTINUED

RAINBOW'S MATERIAL RISKS

The Group's key risks are detailed below, along with the corresponding mitigation measures put in place by the Board.

R01 Disease Outbreak Negatively Impacting on Supply Chain

BUSINESS AREA: ECONOMIC

Implications for value chain

Maintaining the physical health of poultry flocks is a key enabler of performance for poultry producers. An outbreak of disease, specifically an outbreak of HPAI, is required to be immediately identified and contained, with infected or affected birds culled according to appropriate health and safety practices, which has a negative impact on the financial performance of poultry producers.

Outbreaks of disease within grandparent and parent flocks are considered more serious than in relation to broiler farms due to the fact that producers typically control a more limited number of birds at the grandparent and parent farming levels of operations which then supply birds to broiler operations. An uncontained outbreak of disease at any level of the Rainbow farming operations, and in particular at grandparent and parent farming operations, would likely lead to culling of birds and could have a material adverse effect on the Group's business, financial condition and results of operations.

Mitigating actions

To mitigate the risk of disease outbreaks, the following actions will be implemented:

- The strengthening of biosecurity policies, procedures, practices, and facility upgrades;
- Farms located in areas with high avian populations will be relocated to regions with lower risk;
- Relationships with international egg suppliers will be strengthened; and
- Regional veterinarians will continuously monitor bird health.

R02 Water and Energy Security and Grid Collapse

BUSINESS AREA: WATER AND ENERGY SECURITY AND PRICING

Implications for value chain

National electricity shortages continue to persist in South Africa, with periodic power outages or spikes, prompting the national power utility, Eskom, to impose electricity rationing and scheduled blackouts (known in South Africa as "load-shedding"). In the case of South Africa, its energy provider, Eskom, has warned that the national power grid will continue to be stressed over the near- to medium-term as existing power stations are maintained, new power stations come online, and additional generation capacity from the private sector becomes available. During this time, regular power outages are likely to continue.

The Group has installed generators at various farming, manufacturing, and processing facilities, where it is affected by load-shedding to keep operations running during scheduled blackouts. However, if these blackouts were to occur for prolonged periods, it could influence the Company's ability to produce its products at full capacity or at all. Any extended period of planned or unplanned electrical power outages could result in significantly higher energy or other utility costs associated with operating backup power generators. If the Group cannot utilise its generators and alternative electricity supplies to keep operations running, it may have a material adverse effect on the Group's business, financial condition, and results of operations.

The Group's operations are heavily dependent on water and subject to water use regulations. The scarcity of water in South Africa, along with the lack of a sustainable supply of quality clean water, may lead to increased operating costs for the Group's business. This could impact the quality of its products and, consequently, its financial performance.

Mitigating actions

To mitigate the risks associated with water and energy security, as well as potential grid collapse, the following actions will be implemented:

- Identifying and establishing additional reservoirs on farms;
- Securing additional borehole water supplies, and installing alternative water supply lines; and
- Backup generators will be maintained and expanded, and collaboration with municipalities on breakdowns will be enhanced.

MATERIAL RISK AND OPPORTUNITIES CONTINUED

R03 Reduced Demand and Imbalanced Supply

BUSINESS AREA: ECONOMIC

Implications for value chain

A material proportion of Rainbow's total sales volumes are derived from its commercial relationships with major QSR franchises and large retailers in South Africa. Governments, multilateral organisations and consumers (either pressure groups or individuals by choice in their purchasing decisions) are pressing for sustainable solutions. Healthy eating, wellness and food product provenance is gaining worldwide awareness and there is an increased interest in vegetarian, vegan, other meat-free, and generally healthier-eating lifestyles. As such, there is a risk that consumer demand for the Group's products declines in future, either through retail, QSR, or other channels, due to changes in consumer behaviour and consumption patterns which could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, excessive poultry imports and dumping could disrupt the local market dynamics which could lead to pricing pressures and job losses.

Mitigating actions

To mitigate the risk of reduced demand, the following actions will be implemented:

- Continuously innovating and diversifying the product range;
- Increasing focus on the living standards measure model offerings, and implementing region-specific sales plans and channels. These strategies aim to drive continuous demand for the products, and
- Active engagements with Government and industry representatives are maintained regarding the Poultry Sector Master Plan pillars, which include the enforcement of anti-dumping measures and the promotion of export initiatives.

R04 Commodity Pricing Pressure

BUSINESS AREA: ECONOMIC

Implications for value chain

Feed supply can account for up to 70% to 80% of broiler production costs, with the primary commodity inputs being maize and soyabean meal both of which are (i) subject to global soft commodity pricing dynamics and fluctuations and (ii) priced in US Dollar terms. As such, the Group is exposed to variability in global soft commodity prices as well as exchange rate and currency fluctuations over time.

In addition, ongoing challenges to South Africa's freight rail infrastructure and any worsening in the current state of the infrastructure could result in feed needing to be transported through road freight, which is a materially more costly mode of transportation of feed. This would likely increase the overall cost of feed, which could impact on the Company's financial condition and results of operations.

Whilst the Group employs appropriate hedging practices according to a well-defined internal policy and framework, there is a risk that commodity price and currency variability results in increased input costs to the Group's operations and which either cannot be passed on to consumers through price increases, or where price increases are implemented, could result in reduced sale volumes due to relative affordability considerations. Significant and/or ongoing volatility in the variables underpinning the price of feed could, therefore, have a material adverse effect on the Group's business, financial condition, and results of operations.

Mitigating actions

To mitigate the risk of commodity pricing pressure, the Commodity Procurement Committee operates effectively. This Committee consists of a multidisciplinary team, including specialists from various fields, ensuring comprehensive and informed decision-making. The Committee analyses market trends, evaluates supplier options, and implements strategic procurement practices to optimise costs and maintain stability in commodity prices. Additionally, the Committee regularly reviews and adjusts procurement strategies to adapt to changing market conditions and ensure the best possible outcomes for the organisation.

MATERIAL RISK AND OPPORTUNITIES CONTINUED

R05 Aging Infrastructure

BUSINESS AREA: INFRASTRUCTURAL/BUSINESS INTERRUPTION

Implications for value chain

Poultry farming and production is an asset-intensive industry requiring continued investment in infrastructure across operations. A reduction in maintenance and related capital expenditure could lead to a deterioration in the quality of the Group's asset base and infrastructure resulting in operational inefficiencies, higher costs, a reduction in the quality of the Group's products, and potentially lower revenues due to a loss of market share, which could, individually or collectively, have a material adverse effect on the Group's business, financial condition and results of operations.

Mitigating actions

To mitigate the risk associated with aging infrastructure, the following measures will be implemented:

- Continued improvement of Asset Care and maintenance systems;
- Identifying critical spare parts lists and ensuring appropriate stock holding;
- Developing and implementing a capex replacement plan for obsolete or unsupported machinery and equipment;
- Facilitating cross-supply from various plant engineering stores; and
- Standardising support from different suppliers.

R06 Fix Agric (Breed and Performance)

BUSINESS AREA: ECONOMIC

Implications for value chain

The profitability of the Group's operations is subject to the achievement of appropriate Agric KPIs in poultry farming operations. A deterioration in the Group's farming and management practices or breed-related issues (including a deterioration in genetics and performance) could result in a material increase in input costs, poorer overall operational efficiency, and less favourable sales, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Mitigating actions

To mitigate the risk associated with the breed and the agricultural performance thereof;

- The breed has been changed to improve performance and regaining KPIs;
- Launched "project best" to deliver operational excellence;
- Targeted capital projects to unlock performance and mitigate risk; and
- Partnering with genetic supplier to achieve world class genetic performance.

MATERIAL RISK AND OPPORTUNITIES CONTINUED

R07 Food Safety Related Diseases and Food Defense

BUSINESS AREA: COMPLIANCE

Implications for value chain

Due to the nature of the Company's operations, which include processing, manufacturing, and distributing food products, the Group must comply with various health, safety, and food safety regulations and requirements. A failure to comply with such regulations or a breakdown of controls and/or processes relating to the handling of food products and/or inputs to the manufacturing process may lead to an outbreak of disease which could impact on end consumers. This would likely need to be mitigated through, *inter alia*, product recalls, culling of flocks, and a halt to manufacturing and production processes resulting in higher costs and reputational damage to Rainbow and/ or key brands of the Group. An outbreak of disease could, therefore, have a material adverse effect on the Group's business, financial condition and results of operations.

Mitigating actions

To mitigate the risk of food safety-related diseases and food defense, various control measures have been implemented, these include:

- Food safety standards audits;
- Quality control audits;
- Customer audits;
- Additionally, an increase in staff training and the creation of a robust food safety culture; and
- Continuous monitoring of food safety and quality issues is conducted through a complaints system, ensuring that appropriate actions are taken.

R08 Industrial Action and Social Unrest

BUSINESS AREA: SOCIETAL

Implications for value chain

South Africa has a highly unionized workforce with a legal right to strike. At Rainbow, several trade unions operate within the bargaining unit, with no single union holding a clear majority. Any form of industrial action, particularly if prolonged and frequent, can negatively impact the Group's performance and customer base. Industrial action, whether protected or unprotected, may involve intimidation, property damage, and disruptions to Rainbow's operations, potentially resulting in a materially adverse effect on the Group's business, financial condition, and operations.

Mitigating actions

To address the risks associated with industrial action and social unrest, the following measures have been implemented:

- Regular consultative engagements with our workforce, bargaining forums, and recognised unions across the Group; and
- In the event of unavoidable industrial action, strike contingency plans are in place to ensure continuous operations, protect employees and assets, and maintain continuity.

MATERIAL RISK AND OPPORTUNITIES CONTINUED

R09 Health and Safety

BUSINESS AREA: INFRASTRUCTURAL/BUSINESS INTERRUPTION

Implications for value chain

Given the nature of Rainbow's operations, which include farming, processing, manufacturing, and distributing food products, the Company must adhere to stringent health and safety regulations to protect its employees. Failure to comply with these regulations or a breakdown in health and safety controls could lead to workplace accidents, injuries, or illnesses. Such incidents would necessitate immediate corrective actions, including halting production processes, conducting thorough investigations, and implementing additional safety measures. These actions could result in increased operational costs, potential legal liabilities, and significant reputational damage to the Company and its key brands. Consequently, any compromise in employee health and safety could have a severe negative impact on Rainbow's business, financial condition, and operational results.

Mitigating actions

To mitigate health and safety risks, the following actions have been implemented:

- An increased focus on fostering a culture that prioritises health and safety, enhanced training programmes, comprehensive risk assessments, strict contractor access control, and the man machinery separation.

R10 Fire in plant/mill/hatchery

BUSINESS AREA: INFRASTRUCTURAL/BUSINESS INTERRUPTION

Implications for value chain

Rainbow's business incorporates a range of poultry farming operations including grandparent, parent, and broiler flocks, and hatcheries, as well as processing plants and warehousing. Were a fire to occur at any of these operations and, in particular, at non-broiler farms or at a hatchery, this could result in a significant reduction in production volumes and therefore lost revenues, and higher costs related to addressing damage incurred. As a result, incidences of fire could have a material adverse effect on the Group's business, financial condition and results of operations.

Mitigating actions

To mitigate the risk of fires, the following actions have been implemented:

- Regular International Safety and Sustainability Rating System audits;
- Regular Infrared Scanning of electrical reticulation systems and Distribution Boards;
- A comprehensive fire risk plan; and
- Firefighter training.

BOARD OF DIRECTORS



PIETER RUDOLF LOUW ⁽⁵⁶⁾

Non-executive Director and Chairperson of the Board CA(SA)

Appointed 23 May 2024



Qualification

Pieter is a Chartered Accountant (South Africa) who qualified with PwC in Stellenbosch before joining Remgro Limited in 2001. Pieter is currently a director of various wholly owned subsidiaries within the Remgro group of companies, as well as Heineken Beverages Holdings Limited. He is also a member of the Management Board of Remgro and currently holds the role of Head of Corporate Finance at Remgro.

Directorships

- Falconair Proprietary Limited
- Heineken Beverages Holdings Limited
- Historiese Huisie Van Suid-Afrika Limited
- Remgro Management Services Limited
- Stellenbosch Academy of Sport (Pty) Ltd
- Rainbow Chicken Limited

Audit and Risk Committee

Remuneration and Nomination Committee

Social and Ethics Committee

Chairperson

CINDY JOY ROBERTSON ⁽⁴⁸⁾

Independent, non-executive Director and Lead Independent Director CA(SA)

Appointed 23 May 2024



Qualification

Cindy is an experienced finance professional and an accomplished director with extensive experience in the governance of listed companies within the South African environment. Cindy began her career while working as a Finance Director for The National Ports Authority in Cape Town. Since then, she has gained experience in finance related positions while working for Woolworths and Sea Harvest. She is the former CFO of Pioneer Foods and Media 24. For her work as the CFO of Pioneer Foods, Cindy was nominated for the CFO Awards in 2016. She was also the Vice Chair of Council and the Audit Risk Committee Chair at the University of the Western Cape. Cindy is a qualified Chartered Accountant and holds a B.Com and PGDA.

Directorships

- Black Seed Capital
- The Michel Lanfranchi Foundation
- The Jakes Gerwel Family Trust
- Coronation Foundation Trust
- Coronation Life Assurance Company Limited
- Coronation Management Company (Pty) Ltd
- Pioneer Foods Education and Community Trust
- Rainbow Chicken Limited

AGMAT BRINKHUIS ⁽⁶²⁾

Independent non-executive Director

Appointed 23 May 2024



Qualification

Agmat is a first generational poultry farmer with over twenty years of experience in the agricultural sector. He has deep expertise in, *inter alia*, poultry production, resource utilisation, government regulation, environmental practices and financial management. His active involvement in the poultry industry has ranged across various boards and committees of industry and developmental organisations, culmination in his election to the position of Chairperson of SAPA in 2016. Agmat is a former ward councillor and sub-council chairperson for the City of Cape Town, and a former proportionate councillor for the South Peninsula Municipality.

Directorships

- Chamomile Farming Enterprises (Pty) Ltd
- MDM Products (Pty) Ltd
- Masifunde Fishing (Pty) Ltd
- Ghusl Khana Services (Pty) Ltd
- Chamomile Trust
- Rainbow Chicken Limited

ZIMKHITHA PHAPHAMA MOLOI ⁽⁴⁰⁾

Independent, non-executive Director CA(SA)

Appointed 23 May 2024



Qualification

Zimkhitha is an accomplished director and shareholder with extensive experience in strategic financial management, corporate governance and business leadership. She holds a Bachelor of Commerce and Higher Diploma in Accountancy from the University of the Witwatersrand and is a registered CA(SA). Zimkhitha has a demonstrated track record of success in steering organisations towards profitability and sustainable growth through sound financial practices and effective decision-making. Zimkhitha possesses a proven ability to enhance shareholder value and maximise operational efficiency.

Directorships

- Grindrod Limited
- Sun International Limited
- First Rand Foundation Trust
- Mathupha Capital (Pty) Ltd
- Rail 2 Rail (Pty) Ltd
- Lennings Rail(Pty) Ltd
- Sebilo Rail (Pty) Ltd
- France Rail Industries SA (Pty) Ltd
- We Grow Farming (Pty) Ltd
- Yarona Game and Guest Farms (Pty) Ltd
- Kurera Investments (Pty) Ltd
- Big O trading 1171 (Pty) Ltd
- Big Five Duty Free (Pty) Ltd
- African Habitat Conservancy (Pty) Ltd
- Rainbow Chicken Limited

BOARD OF DIRECTORS CONTINUED



STEPHEN MARK PARSONS ⁽⁵⁹⁾

Independent, non-executive Director

Appointed 23 May 2024



Qualification

Stephen is an international business director and leader with expertise in advancing business turnaround, mergers and acquisitions, and complex multi-site manufacturing and processing operations. He holds a Bachelor of Commerce from the University of the Witwatersrand, a Diploma in Business Management and administration from the Institute of Commercial Management, Bournemouth, England, and has completed the Accelerated Executive Development Leadership program at the London Business School. Stephen is a current non-executive board member of Tanmiah Food Company, a fully integrated poultry and QSR business with operations in Saudi Arabia and the United Arab Emirates with joint venture partner Tyson Foods Inc (USA). He has held various positions in the agricultural, agri-tech and poultry sectors, including Cobb Europe Limited, a subsidiary of Cobb Vantress Incorporated and Tyson Foods Inc. and Grampian Country Food Group, a major meat processor and poultry producer in the United Kingdom. Stephen is a former executive director of Rainbow Chicken Limited (prior to renaming to RCL FOODS Limited) (2002 to 2003) and a former Group Operations Director of Rainbow Farms.

Directorships

- Greengage Agritech Limited
- Tanmiah Food Company SCJSC
- Rainbow Chicken Limited

WILLEM OCKERT VAN WYK ⁽⁴⁶⁾

Non-executive Director CA(SA)

Appointed 23 May 2024

Qualification

Willem joined Remgro Limited as the Group Tax Manager in 2006, and was thereafter appointed as investment manager in the Corporate Finance Division during December 2016. Willem is currently a director of Pembani Remgro Infrastructure Managers, Energy Exchange of Southern Africa and Enerweb, as well as acting as Members' Trustee of the M&I Retirement Fund. He is also a member of the Investment Committee of Pembani Remgro Infrastructure Funds. Previous directorships include Grindrod Limited and Grindrod Shipping Limited. Willem qualified as a Chartered Accountant (South Africa) in 2005 and completed his articles at Ernst & Young Inc. ("EY"). He also holds an honours degree in taxation from the University of Cape Town. Willem has significant experience in key corporate finance disciplines including valuations, due diligence, and investment support

Directorships

- M&I Retirement Fund (Members' Trustee)
- Pembani Remgro Infrastructure Managers (Pty) Ltd
- Pembani Remgro Infrastructure Fund (member of the Investment Committee)
- Enerweb Proprietary Limited
- Energy Exchange of South Africa (Pty) Ltd
- Historiese Huis Van Suid-Afrika Limited
- Rainbow Chicken Limited

MARTHINUS PETRUS STANDER ⁽⁶⁰⁾

Executive Director and CEO

Appointed 11 April 2024

Qualification

Marthinus serves as the Chief Executive Officer of Rainbow, bringing with him 28 years of extensive experience in the food and agri-processing industry. Marthinus has a qualification in electronic engineering from Stellenbosch University and has furthered his academic journey with an MSc in Oceanography from the University of Cape Town. His career trajectory includes significant roles such as Supply Chain Director at RCL Foods Consumer in 2007, where he played a pivotal role in the successful turnaround efforts from 2000 to 2005. Prior to rejoining RCL FOODS Consumer in 2021 as Chief Executive Officer, Marthinus spearheaded another successful turnaround as the Chief Executive Officer of Country Bird Holdings Limited.

Directorships

- Battlefield Farming (Pty) Ltd
- Looped Management (Pty) Ltd
- Rainbow Chicken Limited and its subsidiaries

KERRY ROSEMARY VAN DER MERWE ⁽⁴²⁾

Executive Director and CFO CA(SA)

Appointed 11 April 2024

Qualification

Kerry brings over 16 years of extensive financial expertise to her role as Chief Financial Officer of Rainbow. Kerry commenced her career at PwC, where she earned her CA(SA) qualification in 2008. She further honed her financial acumen with a Certificate in Theory of Accounting ("CTA") from the University of KwaZulu-Natal. Kerry joined RCL FOODS Limited in 2012, and has held various senior positions such as International Financial Reporting Standards ("IFRS") and Tax Executive, as well as Finance and Commercial Executive. Kerry was appointed as Chief Financial Officer Designate of RCL FOODS Consumer in July 2023.

Directorships

- Rainbow Chicken Limited and its subsidiaries

WOUTER ALPHONSO DE WET ⁽⁵⁸⁾

Executive Director and COO

Appointed 23 May 2024

Qualification

Wouter brings over 26 years of profound experience in the poultry and animal feed industry. With a strong foundation in turnaround consulting and a track record of success, Wouter has been instrumental in driving operational excellence and strategic initiatives. Wouter's journey at RCL FOODS Limited began in 1997 as part of a crucial turnaround project. Over the years, he has held pivotal senior roles including Processing Director, Feed Director and Sustainability Director and was a former employee of Country Bird Holdings Limited. Wouter has a BA Industrial Psychology degree from Stellenbosch University.

Directorships

- Ingatestone Boerdery (Pty) Ltd – Active
- Rainbow Chicken Limited and its subsidiaries

- Audit and Risk Committee
- Remuneration and Nomination Committee
- Social and Ethics Committee
- Chairperson

CORPORATE GOVERNANCE

For the year ended 30 June 2024, Rainbow was a wholly-owned subsidiary of RCL FOODS Limited, with the responsibilities of the Board’s committees being executed by RCL FOODS’ Board and its associated committees.

The Rainbow Board and its Committees were formally constituted on 27 May 2024, and the Group has adhered to the principles of good governance as outlined in the King IV Report on Corporate Governance (“King Code” or “King IV”) in all material respects during the review period. Shareholders are encouraged to reference the RCL FOODS Limited 2024 Abridged Integrated Annual Report and 2024 Corporate Governance Report available at <https://rclfoods.com/wp-content/uploads/2024/09/2024-Abridged-Integrated-Annual-Report-2.pdf> for additional insights.

In preparation for the impending listing and unbundling, Rainbow undertook a comprehensive analysis of the application of King IV principles, identifying necessary measures for full compliance. The Board acknowledges the intrinsic connection between effective governance, sustainable performance and the creation of long-term value for all stakeholders. The Board is resolutely committed to the principles of transparency, integrity, fairness and accountability, and recognises the imperative of implementing robust corporate governance practices.

To this end, the Board is actively engaged in applying the principles set forth in the King Code. An assessment of the Group’s application of these principles has been conducted, the results of which are detailed below, alongside key actions envisioned to ensure effective implementation and compliance.

King IV Principle	Application of Principle
<p>01 The governing body should lead ethically and effectively.</p>	<p>The Board is committed to driving its strategy, operations and performance based on an ethical foundation, acting in the best interest of the Group and all stakeholders. The Board is held accountable for ethical and effective leadership through adherence to the Board Charter and annual performance evaluations administered by the Company Secretary.</p> <p>The Board and its Committees demonstrate ethical and effective leadership through a robust governance framework strongly embedded in the Group’s strategy and performance.</p> <p>Detailed reporting to the Board and its Committees further enables a higher level of oversight and effective decision-making by the Board.</p> <p>The Group has established a Code of Ethics framework, along with its culture, behaviours and values, which applies to all employees and to the Board of Directors of Rainbow, to ensure the highest level of corporate governance and ethical behavior is practiced in the day-to-day activities of the Group.</p>
<p>02 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The members of the Board hold each other accountable for ethical decision-making and behaviour. The Social and Ethics Committee will assist the Board with monitoring and reporting on social, ethical and transformational practices that support the establishment of an ethical culture.</p> <p>This includes monitoring adherence to Rainbow’s Code of Ethics, which applies to all employees and to the Board, and also forms part of the contractual obligations of parties in the supply chain.</p> <p>Ethical standards are also incorporated into the various functional policies and procedures, whose implementation will be monitored via the Audit and Risk Committee.</p>



CORPORATE GOVERNANCE CONTINUED

King IV Principle	Application of Principle
<p>03 The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The Board will, via the Social and Ethics Committee mandate, drive the advancement of economic and social development of our communities through collaborative long-term partnerships.</p> <p>Responsible corporate citizenship is integrated in the Group's strategy, in which Rainbow's Sustainability Strategy is embedded.</p> <p>The Social and Ethics Committee will assist the Board with the monitoring and reporting of social, ethical and transformational practices that are consistent with responsible corporate citizenship.</p>
<p>04 The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	<p>The Board, in accordance with the Board Charter, is responsible for aligning Rainbow's strategic objectives with performance and sustainability considerations. While the formulation and development of the Group's short-, medium- and long-term strategy are delegated to management, the Board oversees the realisation of Rainbow's core purpose and values through this strategy. It also adopts a stakeholder-inclusive approach in its decision-making so that legitimate and reasonable stakeholder needs, interests and expectations are taken into account for sustainable value creation.</p> <p>The Board reviews and monitors the capital and resources required for the achievement of the Group's strategy.</p> <p>The Group has a formalised risk management process in place which takes into account the full range of material risks, including strategic and operational risks, which might affect its performance and sustainability.</p> <p>The Audit and Risk Committee will assist with the governance of risk by continuously monitoring risks and ensuring appropriate controls are in place.</p>
<p>05 The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.</p>	<p>Rainbow provides stakeholders with a holistic, clear, concise and understandable presentation of the organisation's operations in terms of its brands, sustainable value creation in the economic, social and environmental context within which it operates, as well as its operational performance.</p> <p>Refer to Rainbow's website (https://rainbowchickens.co.za/investor-relations/) which presents material information in this regard.</p> <p>In addition, Rainbow actively participates in activities in the communities in which it operates, creating awareness and a constant stream of communication. This includes numerous social media platforms, which give consumers and the general public an opportunity to communicate interactively with the Group's activities.</p> <p>As a JSE-listed Company, Rainbow is fully committed to communicating with its stakeholders in a meaningful, transparent and clear manner through the release of an annual report which will be made available on the Rainbow website.</p>
<p>06 The governing body should serve as the focal point and custodian of the corporate governance in the organisation.</p>	<p>The Board appreciates and understands its role and responsibilities in respect of setting the tone for good corporate governance principles within Rainbow.</p> <p>Several committees, such as the Audit and Risk Committee, have been established and mandated to assist the Board in carrying out its responsibilities with respect to the governance requirements as set out in Board Charter.</p>



CORPORATE GOVERNANCE CONTINUED

King IV Principle	Application of Principle
<p>07 The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>The Board draws from a diverse set of skills and experience to ensure that the Board performs at an optimum level.</p> <p>Rainbow, with the assistance of the Board and the Remuneration and Nominations Committee, considered its composition in terms of balance of power and skills, experience, diversity, independence, and knowledge and whether this enables it to effectively discharge its role and responsibilities.</p>
<p>08 The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.</p>	<p>Membership of the Board Committees is as recommended in King IV, except for the chairman, who is not independent. A lead independent director has been appointed.</p> <p>The composition of the committees of Rainbow and the distribution of authority between the chairman and other individual members ensures that neither the chairman nor any other individual(s) are able to dominate decision making within Rainbow's governance structures, nor result in undue dependency on such individual(s).</p>
<p>09 The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>Assessments of the performance of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") will be conducted annually.</p> <p>The performance of the Board, its members and committees will similarly be conducted annually. Rainbow will, with the assistance of the Company Secretary, undertake a holistic review of its Board Charter and the Committee Terms of Reference to ensure integration and a coordinated approach among the Board and all its committees.</p>
<p>10 The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.</p>	<p>Rainbow has implemented a delegation of authority framework, outlining which matters are reserved for the Board, its committees, the CEO, CFO, and senior management.</p>
<p>11 The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<p>The Audit and Risk Committee has been tasked to assist the Board with the governance of risk. The Audit and Risk Committee has considered the risk management policy which determines that the Group risk management framework be adopted. As risk management permeates all aspects of the operations of the organisation, risk is overseen at executive level.</p> <p>In addition, business units are required to identify and manage their individual site or unit risks and are required to maintain their own individual risk registers. These registers ultimately feed into the Group risk register.</p>
<p>12 The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<p>Information Technology ("IT") services will be provided by RCL FOODS post-unbundling under the terms of the Transitional Service Agreement ("TSA"). Rainbow will therefore remain a part of RCL FOODS' IT environment and, as such, will continue to apply the IT policy of RCL FOODS until such time as the services are taken in-house by Rainbow.</p> <p>The Board is aware of the importance of technology and information as it is inter-related to the strategy, performance and sustainability of Rainbow and, notwithstanding the transitional nature of the TSA, Rainbow is satisfied that it will achieve its objectives in this regard on a sustainable basis.</p>



CORPORATE GOVERNANCE CONTINUED

King IV Principle	Application of Principle
<p>13 The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.</p>	<p>Rainbow is committed to making a sustainable contribution within its ability and within the communities it operates. The Social and Ethics Committee will be tasked to monitor Rainbow's responsibilities as a corporate citizen against a compliance framework. In addition, the Committee will be tasked to ensure that Rainbow's transformation strategy and employment equity plan is on track.</p>
<p>14 The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.</p>	<p>The Remuneration and Nomination Committee will be mandated to review Rainbow's remuneration policy and performance against predetermined key performance indicators and financial performance. In addition, it will review and make recommendations on Rainbow's short-term incentive ("STI") and long-term incentive ("LTI").</p> <p>As a JSE-listed Company, Rainbow will disclose the remuneration of executive and non-executive Directors, as well as prescribed officers.</p> <p>Furthermore, Rainbow will table its remuneration policy and implementation report for non-binding votes at the Annual General Meetings.</p>
<p>15 The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>The internal audit function has been outsourced to RCL FOODS under the terms of the TSA to identify, oversee and manage operating and financial risks and to maintain an effective control environment. The Board is satisfied as to the effectiveness of this outsourced function.</p>
<p>16 In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>Rainbow will be identifying key stakeholder groupings and their legitimate and reasonable needs, interests, and expectations. The Group will similarly publish a review of key stakeholder relationships and the interaction and management thereof.</p> <p>Certain stakeholder relationship programmes have been developed to ensure continuous engagement with key stakeholders.</p> <p>To guide the Company further in its interaction with stakeholders, an assessment of the quality of these relationships will be conducted.</p>



CORPORATE GOVERNANCE CONTINUED

GOVERNANCE STRUCTURE



BOARD OF DIRECTORS

The Directors are responsible for ensuring that the Group complies with all of its statutory obligations as specified in, *inter alia*, Rainbow's Memorandum of Incorporation ("MOI"), the Companies Act, and the JSE Listings Requirements. The Directors endorse the King Code and are committed to the principles of transparency, integrity, fairness and accountability by the Group in the conduct of its business and affairs. The Board will oversee and ensure an effective compliance framework, the integrity of the Group's financial reporting and risk management, as well as accurate, timely and transparent disclosure to Shareholders. Rainbow has implemented the King Code through the application of the King Code disclosure and application regime. The Directors recognise that they are ultimately responsible for the financial performance of the Group.

The size and composition of the Board is determined subject to, and in accordance with, Rainbow's MOI, the Companies Act, applicable legislation and regulatory requirements, and the King Code. The Board comprises three executive Directors and six non-executive Directors, of whom four are independent non-executive Directors.

The balance and composition of the Board has been carefully considered, taking into account the needs of the Company. The Board as a whole believes that the current balance of knowledge, skill and experience meets the requirement to lead the Group effectively.

The Directors' responsibilities include providing the Group with clear strategic direction, ensuring that there is adequate succession planning at senior levels, reviewing operational performance and management, reviewing policies and processes which seek to ensure the integrity of the Group's risk management and internal controls.

The Directors are ultimately responsible for the management of the Group's business, strategy and key policies. The Directors are also responsible for approving the Group's financial objectives and targets. In addition, it is the Directors' responsibility to ensure compliance with all applicable statutory and regulatory requirements, including the Companies Act and the JSE Listings Requirements.

The first Chairperson of the Board, Pieter R Louw, is a non-independent non-executive Director. In line with the JSE Listings Requirements and the recommendations of the King Code, the chairperson does not exercise the functions of a CEO in respect of the Company. Pursuant to the King Code, Cindy J Robertson has been appointed as lead independent Director of the Company.

The Directors have adopted a charter that sets out the practices and processes it follows to discharge its responsibilities. The charter specifically sets a description of roles, functions, responsibilities and powers of the Directors, the Chairperson, individual Directors, Company Secretary and other prescribed officers of Rainbow.

The terms of reference of the Board and its committees deal with such matters as corporate governance, Directors' dealings in securities, declarations of conflicts of interest, Board meeting documentation and procedures for the nomination, appointment, induction, training and evaluation of the Directors.

There is an appropriate balance of power and authority on the Board to ensure that no individual has unfettered powers of decision-making, and no individual dominates the Directors' deliberations and decisions.

At each Annual General Meeting, one-third of the non-executive Directors, or if the number is not three or a multiple of three, the number nearest to one-third, but not less than one-third, shall retire from office. A retiring non-executive Director is eligible for re-election.

The Directors have delegated certain specific responsibilities to the following committees:

- Audit and Risk
- Remuneration and Nomination
- Social and Ethics

The committees assist the Directors in discharging their responsibilities and duties under the King Code, while overall responsibility remains with the Board. Full transparency and disclosure of Committee deliberations is encouraged, and the minutes of all Committee meetings are available to all Directors.

Directors are encouraged to take independent advice, at the cost of Rainbow, for the proper execution of their duties and responsibilities. The Directors have unrestricted access to the external auditors, professional advisers, the services of the Company Secretary and relevant service providers of Rainbow at any time.



CORPORATE GOVERNANCE CONTINUED

A detailed assessment of all Board members, including the Chairperson, will be undertaken annually. Directors and Committee members are supplied with comprehensive information that allows them to properly discharge their responsibilities. The members of the Board bring a mix of skills, experience and technical expertise. The Directors shall meet at least five times a year.

LEGAL AND COMPLIANCE

The Board acknowledges its duty to ensure that Rainbow adheres to all relevant laws and consistently monitors compliance with regulatory charters, codes and standards. Our Board members possess extensive experience, knowledge in the agricultural sector and understanding the potential impacts of legislative changes. The risk and sustainability function together with the internal audit function oversees the compliance process within an approved framework, with progress being regularly reviewed by the Group's Audit and Risk Committee.

In the past financial year, there were no instances of significant non-compliance, nor were there any judgments, damages, penalties or fines imposed on the Group, its directors or employees.



The Board further confirms that

- Rainbow is in compliance with the provisions of the Companies Act or relevant laws of establishment, specifically relating to its incorporation; and
- Rainbow is operating in conformity with its Memorandum of Incorporation and/or relevant constitutional documents.

COMPANY SECRETARY

Rainbow Chicken Limited has appointed FluidRock Co Sec Proprietary Limited as company secretary of the company in accordance with the Companies Act and the recommended practices in the King Code. The Directors, having considered the matter, are satisfied as to the competence, qualifications and experience of FluidRock Co Sec Proprietary Limited.

The Directors will annually, through discussion and assessment, review the qualifications, experience and competence of the Company Secretary. The Directors are of the opinion that the Company Secretary is suitably qualified, competent and experienced to carry out her duties as stipulated under section 88 of the Companies Act. The Directors are satisfied that an arm's-length relationship exists between the Company Secretary and the Board.

All Directors have access to the advice and services of the Company Secretary, who is responsible for the proper administration of the Board and the implementation of sound corporate governance procedures. This includes Board induction and training programmes and the supply of all information to assist Board members in the proper discharge of their duties.

BOARD MEETING ATTENDANCE

One Board meeting was held on 27 May 2024.

No Committee meetings were held by Board Committees as the function was performed by the RCL FOODS Limited Board Committees during the financial period. From 1 July 2024, the Committees have had meetings to begin with the matters set out in their respective mandates and work plans.

BOARD COMMITTEES

As provided for in Rainbow's MOI and the Board Charter, the Directors are supported and assisted by three Committees. The responsibilities delegated to each Committee are formally documented in the terms of reference for that committee, which have been approved by the Directors and will be reviewed at least annually.

CORPORATE GOVERNANCE CONTINUED

The current composition of each of the Committee is set out below.

Audit and Risk Committee

The Audit and Risk Committee of Rainbow shall execute all statutory duties in terms of section 94 of the Companies Act and will comply with all legislative and regulatory requirements. The Audit and Risk Committee shall also ensure that the appointment of the auditor of the Group is presented and included as a resolution at each Annual General Meeting (“AGM”) pursuant to section 61(8) of the Companies Act.

The Audit and Risk Committee shall ensure that appropriate financial reporting procedures exist and are effective, which includes consideration of all entities included in the Group’s IFRS Accounting Standards compliant Annual Financial Statements, to ensure that it has access to all the financial information of the Group to allow Rainbow to effectively prepare and report on its Annual Financial Statements.

The Audit and Risk Committee of Rainbow has considered and satisfied itself, and will do so annually, of the appropriateness of the expertise and experience of Kerry van der Merwe for the position of CFO.

The Audit and Risk Committee shall annually consider the information detailed in paragraph 3.84(g) of the JSE Listings Requirements in their assessment of the suitability for appointment or re-appointment, as the case may be, of the external auditor.

In terms of risk management (through consultation with the external auditors), the Audit and Risk Committee ensures that management’s processes and procedures are adequate to identify, assess, manage and monitor Group-wide risks.

Members of the Audit and Risk Committee

- Cindy J Robertson (Chairperson)
- Agmat Brinkhuis
- Zimkhitha P Zatu Moloi

The Audit and Risk Committee will hold at least four meetings per financial year. Willem O van Wyk will attend meetings of this Committee as an observer. As a statutory committee, the Audit and Risk Committee is appointed by, and reports to shareholders.

The Audit and Risk Committee charter was approved by the Board on 27 May 2024 and is available on Rainbow’s website at www.rainbowchickens.co.za/governance.

Internal Audit

Internal Audit is an independent, objective function that provides assurance on the Group’s activities by adopting a risk-based audit approach geared towards creating value and improving business processes. It considers risks that may affect the achievement of the Group’s strategic objectives and evaluates the adequacy and effectiveness of the internal control systems and risk management measures. For the year ended 30 June 2024, Rainbow’s internal audit was performed as part of RCL FOODS internal audit function (subject to the terms of the Transitional Services Agreement (“TSA”)). RCL FOODS internal audit function will continue to perform this function.

Social and Ethics Committee

In line with the requirements of the Companies Act, Rainbow has established a Social and Ethics Committee to act as the Company’s social conscience and take into account public and stakeholder interests in the Company’s operations. The Social and Ethics Committee of the Group shall fulfil its mandate as prescribed by the Companies Act and Companies Regulations.

This Committee has an independent role, operating as an overseer and a maker of recommendations regarding social and ethical matters, and in ensuring that the Group is a committed socially responsible corporate citizen. This Committee does not assume the functions of management, which remain the responsibility of the Executive Directors, officers and other members of senior management. The commitment to sustainable development involves ensuring that the Group conducts business in a manner that meets existing needs, without knowingly compromising the ability of future generations to meet their needs.

This committee’s primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management’s efforts in respect of social and ethics, transformation and sustainable development related matters which, *inter alia*, include the following:

- Environmental management
- Climate change
- Ethics management
- Safety and occupational hygiene
- Health and wellness, including occupational health
- Social labour plans as well as any corporate social investment
- Human resource development, employment equity and transformation
- Stakeholder engagement
- The protection of Company assets

The Social and Ethics Committee will hold at least three meetings per financial year. As a statutory committee, the Social and Ethics Committee is appointed by, and reports to, Shareholders.

The Social and Ethics Committee charter was approved by the Board on 27 May 2024 and is available on Rainbow’s website at www.rainbowchickens.co.za/investor-relations.

Members of the Social and Ethics Committee

- Zimkhitha P Zatu Moloi (Chairperson)
- Agmat Brinkhuis
- Wouter A de Wet
- Stephen M Parsons

CORPORATE GOVERNANCE CONTINUED

Remuneration and Nominations Committee

The Remuneration and Nominations Committee will hold at least three meetings per financial year.

The Remuneration and Nominations Committee's responsibilities in relation to remuneration include, *inter alia*:

- Assisting the Board to ensure the Group's reward and remuneration policies are aligned to its objective of value creation and benchmarked to ensure fairness and competitiveness;
- Monitoring the implementation and effectiveness of the remuneration policy; and
- On the Board's behalf, annually:
 - » Approving remuneration strategies and policies designed to attract, motivate and retain employees, senior management and Directors in achieving the Group's strategy to create value;
 - » Recommending the remuneration policy and implementation reports to Shareholders; and
 - » Recommending non-executive Directors' fees for approval by Shareholders.

The remuneration policy for Rainbow will be in line with the requirements of the King Code.

The Remuneration and Nominations Committee's responsibilities in relation to nomination include, *inter alia*:

- Ensuring the establishment of a formal and transparent process for the nomination, election and appointment of Board members.
- Considering the collective knowledge, skills and experience required by the Board, the appropriate size of the Board, the diversity of the Board and whether a candidate meets the appropriate fit and proper criteria.
- Recommending candidates to the Board for consideration to be put forward to the Shareholders at the AGM for voting and appointment.
- Considering whether to recommend the re-election of non-executive members whose terms have come to an end, based on the availability of members, members' performance and attendance on the Board and committees.

The remuneration policy and the implementation report shall be tabled every year for separate votes by Shareholders of Rainbow at the AGM. The remuneration policy records the measures that the Board commits to take in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised, which will comply with the requirements of the JSE Listings Requirements, the King Code and the Companies Act.

The Remuneration and Nominations Committee charter was approved by the Board on 27 May 2024 and is available on Rainbow's website at www.rainbowchickens.co.za/investor-relations.

Members of the Remuneration and Nominations Committee

- Stephen M Parsons (Chairperson)
- Cindy J Robertson
- Pieter R Louw

IT GOVERNANCE

IT services will be provided by RCL FOODS post-unbundling under the terms of the TSA. Rainbow will therefore remain a part of RCL FOODS IT environment and, as such, will continue to apply the IT policy of RCL FOODS until such time as the services are taken in-house by Rainbow.

Details of RCL FOODS IT governance is included in the RCL FOODS Limited Corporate Governance Report for the year ended June 2024 and can be obtained on RCL FOODS website at <https://rclfoods.com/wp-content/uploads/2024/09/2024-Corporate-Governance-Report.pdf>.



STRATEGIC FRAMEWORK

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STRATEGY OVERVIEW

Rainbow's strategic objective is to ensure enduring operational profitability by solidifying its foundational operations (feed milling, genetics, breeding, farming, processing and W2V).

This robust core is designed to mitigate the impact of fluctuating input costs, market instability and unexpected events. Despite the challenges of rising input costs and subdued consumer demand, Rainbow has made commendable strides in the 2024 fiscal year.

- Rainbow has advanced its poultry farming enhancement plan, which encompasses a shift in breed, a fundamental focus on poultry care, heightened operational efficiency and a modified feed formula. These strategic actions have markedly improved crucial farming KPIs such as feed conversion ratio, egg production per hen, mortality rates and overall yield. Moreover, egg hatchability is on the rise, recovering from a temporary decline caused by egg imports and the extension of breeder flock lifespans due to Avian Influenza impacts experienced during the year.
- In response to the Avian Influenza threat in the Northern Region, Rainbow expedited the transfer of the Midrand breeding operations to the Rustenburg area within an unprecedented six-month timeframe. The newly established facilities incorporate enhanced biosecurity features in their design.
- The Double Hammarsdale initiative has been accomplished, providing for the creation of 489 direct and indirect job opportunities. This expansion has enabled Rainbow to benefit from reduced processing expenses and to supply fresh and QSR grade poultry within the KwaZulu-Natal area.
- The trading of renewable energy certificates has favourably influenced the profit margins at the MatzonoX W2V facility in Worcester and Rustenburg, which is operating efficiently.
- Active engagements with Government and industry representatives are maintained regarding the Poultry Sector Master Plan pillars, which include the enforcement of anti-dumping measures and the promotion of export initiatives.
- Rainbow's innovation strategy has been shaped by a comprehensive understanding of both global and local trends, coupled with deep insights into consumer behaviour and preferences. This year, Rainbow successfully launched 55 new products across the various categories in which it operates. The innovation strategy is driven by a category approach that caters to diverse consumer quality and pricing needs, emphasising premiumisation and market agility.

RAINBOW'S "FUTURE PERFECT RAINBOW CHICKEN" STRATEGY

Rainbow's management team developed and commenced the implementation of its "Future Perfect Rainbow Chicken" strategy, premised on improving farming and processing performance, cost efficiencies and scale to return to consistent profitability.

The key drivers of sustainable financial performance for the poultry industry are based on achieving the lowest cost of production for live broilers (feed and bird cost included), converting that into chicken products delivered to customers at maximum efficiency, highest quality and lowest cost, and realising products at prices that fully recover costs at a fair margin for the Company's product mix. As such, the key objective of "Future Perfect Rainbow Chicken" is to re-establish the business as a sustainable integrated chicken business that delivers specific targets across, *inter alia*, volume growth, operating margin and return on invested capital by 2027.

"Future Perfect Rainbow Chicken" is in its third year of implementation and has delivered positive results. Much of the investment required for the strategy, including increased capital investment in Rainbow's farming and processing operations, has been spent, with the remainder earmarked for 2025 and 2026. Allowance for these investments has been a critical input into the recapitalisation of Rainbow by RCL FOODS' and Rainbow's capital structure post the listing and unbundling.

As part of "Future Perfect Rainbow Chicken", management intends to build the business's culture such that it is underpinned by an ambition that connects and inspires all stakeholders, values unity and diversity, grows the business and its people, and inspires them to do and be better, and deliver the best value and experience for its customers. Rainbow's values and behaviours are based on connectivity, belonging, growth, creativity and customer and consumer obsession.

The **key pillars** of the "Future Perfect Rainbow Chicken" are outlined below:

Revised operating model and management structure:

During the 2021 financial year, Rainbow restructured its operating model towards a decentralised, regional model to optimise management focus, accountability and agility. This model allows the business to optimise regional opportunities while still delivering outstanding customer focus to national customers. The revised structure, with a specific implementation through Rainbow's "Brilliant Basics" and "Project Best" initiatives, has already yielded improved operational performance and efficiencies.

STRATEGY OVERVIEW CONTINUED

Agric and farming KPI improvement:

Historic underperformance of Rainbow's previous breed due to genetic challenges at the grandparent level caused sub-standard production at parent farms which, coupled with sub-optimal farming and operational management practices, negatively impacted efficiencies and costs of production at broiler and processing operations. To compete optimally and deliver consistent financial performance, it was necessary to reset the Agric KPI baseline at lower density feed formulation for the business to achieve sector leading agricultural performance. As such, a key element of "Future Perfect Rainbow Chicken" has been the introduction and roll-out of an entire new breed across Rainbow's farming operations in parallel with the implementation of a new agricultural strategy focusing on brilliant basics, skills development, delivering improved Agric KPIs despite using significantly lower-cost and specification feed, and a more sustainable approach to the use of medication. While breed alteration is a complex process, this project has been implemented on schedule, with the initial benefits from the new breed having been realised in 2022, 2023 and 2024.

Coupled with improved management focus, the project has resulted in Rainbow delivering enhanced Agric and farming KPIs, supporting improved margins. The full benefit of the breed roll-out is expected to be realised after the 2024 financial year.

Cost focus and control

As part of the revised strategy and management structure, and implementation through Rainbow's "Project Lean" which was focused on implementing and driving efficiencies throughout the business, more focused cost benchmarking and tracking is being implemented to further support improved operational and financial performance.

Growth

To drive scale and efficiency as a low-cost, high-quality producer, Rainbow's revised strategy has included the implementation of specific volume growth initiatives. In partnership with KwaZulu-Natal-based contract growers, Rainbow invested over R500 million at its Hammarsdale P2 processing facility, to increase fresh and added value volumes to meet growing regional demand. The "Double Hammarsdale" project was implemented successfully during the 2024 financial year.

Brand reinvigoration

Maintaining Rainbow's strong brand relevance and affinity is key to "Future Perfect Rainbow Chicken". Continued investment in brands and new product development is a key focus. Investment in product relaunches is yielding positive results, with multiple Simply Chicken, Farmer Brown and Rainbow growing their market shares significantly ahead of the market.

Restructured and fit-for-purpose capital structure

In preparation for the Listing and Unbundling, Rainbow's capital structure has been restructured to position the Company with no long-term debt, supporting the implementation of "Future Perfect Rainbow Chicken" and delivering sustainable performance going forward.

Great Rainbow people

Rainbow's leadership team firmly believes in the business' philosophy that "people trump assets". In other words, people are the most important resource in achieving sustainable competitive advantage and success in business. In this regard, management recognises that, in the context of the South African labour market, and specifically the integrated poultry sector, the key challenges facing Rainbow are as follows:

- An inability to attract and retain the right skills into the poultry industry;
- An ageing workforce;
- Competition for talent due to limited availability of specialised skills;
- The slow pace of transformation (demographic representation that is misaligned to national demographics);
- Low productivity and morale amongst shop floors employees; and
- Building a fit-for-purpose organisation and culture.

In addition to addressing the items outlined above, management also aims to further develop and entrench the following core people interventions and initiatives across the business:

- Becoming a low-cost producer;
- Continue building a values-based and fit-for-purpose organisation and culture;
- Attracting the best skilled people in the market;
- Building world class capabilities to have the best farmers, process leaders, mill operators and supervisors in the industry;
- Driving diversity, equity, and inclusion;
- Recognising and rewarding exceptional performance;
- Retaining specialised skills;
- Further development of an internal talent pipeline for key positions;
- Maintaining high levels of staff engagement; and
- Achieving determined transformation targets.

STRATEGY OVERVIEW CONTINUED

OTHER KEY STRATEGIC PRIORITIES

Rainbow's other key strategic priorities include:

- Strong market facing capabilities (focus on customer relationships, brand positioning, service levels, meeting consumer needs/expectations and anticipating shifts in market trends);
- Competitive procurement of feed raw materials and feed formulation;
- Best-in-class bio-security practices to minimise the risk of outbreaks of HPAI and/or other diseases, especially in breeding flocks;
- Production flexibility across the value chain to shift with changing market demands; and
- Future-proofing Rainbow's businesses against water and electricity supply interruptions.

Epol

From an Animal Feed perspective, Rainbow's growth aspirations are underpinned by the continued growth in requirements for internal feed supply, as well as opportunities to grow into the external feed market either organically or inorganically (through regional acquisitions).

As one of the oldest and leading manufacturers of animal feed in South Africa, the Animal Feed Division has had stable feed manufacturing infrastructure with its base volume underpinned by Rainbow's Chicken Division's requirements. While the business' volumes are currently underpinned by internal sales to the Chicken Division, the brand has historically enjoyed widespread participation in the external market, establishing an acclaimed reputation in the industry.

The Animal Feed Division's strategy is based on the following key strategic priorities:

- Entrench a high-performance, customer-centric culture focused on propelling external sales;
- Invest in facilities to enhance value creation with increased capacity, improved efficiencies and aggressively driving down cost of production;
- Capitalise on organic growth by satisfying the Chicken Division's increasing demand for feed as well as gearing the business to support the growth of external commercial poultry farmers;
- Build best-in-class sales structure and competence to aggressively drive profitable sales of animal feed in bag format through resellers, which are more profitable relative to feed sales in bulk format;
- Continuously refine the current procurement model and opportunities to acquire raw materials more profitably to enhance market competitiveness; and
- Progressively focus on profitability of customers through research and development and customer centricity.



Focus for 2025

Rainbow's focus areas for the 2025 financial year are as follows:

- Developing innovation in value-added products;
- Ensuring consistent profitability throughout the market cycles;
- Addressing the technical challenges at the Rustenburg W2V facility to enhance operational efficiency; and
- Advancing margin recovery and optimising the sales composition in the Animal Feed Division.

SUSTAINABILITY STRATEGY

Rainbow Chicken is deeply aware of its responsibilities as an agricultural Company from an environmental, social and governance perspective.

As a responsible corporate citizen, Rainbow is committed to creating long-term value for its stakeholders while minimising our environmental impact. Guided by the principles of the King Code, Rainbow recognises the interconnectedness of economic, social and environmental factors and their influence on its success. Its environmental, social and governance (“ESG”) strategy is built on ethical leadership, transparency and accountability, integrating sustainability into every aspect of operations. This strategy not only mitigates risks but also seizes opportunities to contribute to a better future for all, upholding the highest standards of governance, social responsibility and environmental stewardship.

ETHICAL BUSINESS PRACTICES

Rainbow’s business practices emphasise ethics, and its ethical business practice framework outlines its commitment to providing quality chicken products without compromising on ethical principles. This model includes:

- **Code of Conduct and Ethics:** Rainbow upholds a comprehensive code of conduct and ethics, emphasising integrity, transparency, fairness and respect for all stakeholders;
- **Animal Welfare:** Rainbow undergoes regular unannounced audits by the Society for the Prevention of Cruelty to Animals and specific customers to ensure the highest standards of animal welfare;
- **Compliance and Legal Standards:** Rainbow strictly adheres to local and international laws and regulations, ensuring compliance in business conduct, labor practices, food safety and environmental sustainability;
- **Employee Welfare and Development:** Rainbow prioritises the welfare and development of its employees, offering fair wages, benefits, health, safety and growth opportunities;
- **Supplier Relationships:** Ethical sourcing practices and sustainable supply chain management are integral to Rainbow’s approach, fostering fair and respectful relationships with suppliers; and
- **Customer Satisfaction:** Rainbow is dedicated to delivering high-quality products and exceptional customer service, meeting consumer expectations while maintaining rigorous standards.

Our Vision, aims to build a legacy of best-in-class sustainability practices, optimising the use of limited natural resources and minimising long-term environmental impact.

Key goals include:

- Achieving energy self-sufficiency, water neutrality and generating renewable resources at a rate greater than consumption.
- Reabsorbing all waste generated into utilities for application across the manufacturing value chain.
- Achieving zero emissions of harmful chemicals or hazardous toxic waste.
- Encouraging biodiversity and conservation by protecting natural habitats and promoting sustainable agricultural practices.
- Ensuring a responsible supply chain and monitoring supply chain ESG performance.
- Investing in sustainable packaging solutions.
- Actively participating in industry initiatives to harmonize coexistence around our operations.

Additional focus areas include:

- Leveraging technology to improve ESG performance, reduce environmental impact and promote sustainable practices.
- Collaborating and engaging with industry peers by participating in industry-wide ESG initiatives and sharing best-practices.
- Establishing clear ESG performance metrics, setting achievable targets and monitoring progress.

FOOD LOSS AND WASTE MANAGEMENT

Rainbow supports the “10x20x30 Food Loss and Waste Initiative”, which is a commitment by food and beverage industry participants to:

- Halve per capita global food waste by 2030 at the retail and consumer levels, and reduce food losses along production and supply chains, including post-harvest losses;
- Adopt the food utilisation hierarchy, which prioritises increasing food utilisation and reducing food and beverage waste. This is followed by redistributing edible and nutritious surplus food for human consumption, and creating secondary markets for surplus food and beverages, all while taking food safety into account; and
- Report annual quantities of food and beverage waste, and quantities diverted to food surplus redistribution or secondary markets, using the agreed reporting protocol.

SUSTAINABILITY STRATEGY CONTINUED

The investment in Matzonox and Matzonox Fertiliser is contributing positively towards Rainbow's ambitions of reducing its carbon footprint, preparing the business for compliance with future regulations, and contributing towards the national objective of a net zero carbon emission by 2050.

Responsible agricultural and industrial waste treatment is an extremely challenging task, requiring large capital investment and complex treatment techniques and technologies to implement effective systems. With natural resources quickly depleting, and the volatility and lack of sustainable energy supply needed to maintain effective business operations, finding sustainable waste-to-value solutions is critical and Rainbow is committed to investing in technology that reduces the reliance on water and fossil-fuel based energy.

SOCIAL RESPONSIBILITY

In line with its responsibilities to the environment and good ethical practices, Rainbow recognises the social responsibility it bears as an employer of over 9 000 people and to the communities in which it operates. To this end, the Company has implemented a growth plan which contributes to the local economy and community upliftment through:

- Understanding community needs through dedicated engagement practices;
- Identifying solutions to the ongoing challenges within South Africa by collaborating with like-minded organisations and partnering with local government and municipalities;
- Investing in training and development through accredited learnerships, apprenticeships, and internships for individuals from previously disadvantaged and marginalised groups; and
- Investing in its employees' training needs and providing the necessary access to skills and development.

As a purpose-driven organisation committed to nourishing the nation while operating sustainably and supporting communities, Rainbow prioritises making a positive impact wherever it operates. Rainbow's corporate social investment initiatives are primarily channeled through its partnership with the DoMore Foundation. Established by RCL FOODS in 2017, the DoMore Foundation is a registered non-profit organisation with a network of over 260 partners across the private and non-profit sectors. It has launched various National Young Child programmes directed at improving nutrition, early learning, childhood development and providing parent/caregiver support, as well as initiatives focusing on youth enterprise development and hunger alleviation. The DoMore Foundation drives deep-rooted, collaborative community development programmes in resource-poor communities. Notably, Rainbow contributes approximately R2 million on an annual basis in product and financial donations to support child feeding programmes administered by the DoMore Foundation.

During the period under review, in conjunction with the DoMore Foundation, Rainbow actively engaged with a number of the surrounding communities – including Hammarsdale, Rustenburg and Worcester – supporting Early Childhood Development programmes, delivering food to parents and caregivers and transforming some of the schools with cleaning, painting and repair work to provide a positive learning environment.

GOVERNANCE

Rainbow is committed to upholding the highest standards of corporate governance, as embodied in the King Code. It recognises the importance of good governance in promoting transparency, accountability and sustainability in its operations. Rainbow will apply the King Code principles in its governance practices, including:

- The Social and Ethics Committee will oversee organisational ethics and compliance;
- The Remuneration and Nomination Committee will ensure fair, equitable and responsible executive and employee remuneration practices;
- The Audit and Risk Committee will maintain oversight over financial reporting, internal controls and external audit processes, and will implement a comprehensive risk management framework to identify, assess and mitigate potential risks and oversee sustainability initiatives; and
- The Board is committed to diversity and inclusion and independence, with a majority of independent non-executive directors.

B-BBEE

The Rainbow Group has historically been measured for B-BBEE purposes as a component and subsidiary of the RCL FOODS Group and therefore any historical B-BBEE credentials attributable to the Rainbow Group were derived from the RCL FOODS Group. Rainbow has recently partnered with an established external service provider namely Diversifi, a division of Alternative Prosperity Advisory and Products (Pty) Ltd ("Diversifi"), to design a fit-for-purpose strategy that will facilitate the achievement of a sustainable B-BBEE rating for the Rainbow Group. To develop a sustainable approach to transformation, Rainbow will agree on a B-BBEE scorecard plan that enables the business to impact the economic landscape across key elements including ownership, management control, employment equity, skills development, preferential procurement, etc.

COMMITMENT TO STAKEHOLDERS

In terms of Rainbow's commitment to stakeholders, the Company recognises its responsibility to create value for all stakeholders, including shareholders, employees, customers, suppliers and the communities it serves. Rainbow Chicken's commitment to the King Code principles demonstrates dedication to ethical leadership, sustainability and long-term success.

SUSTAINABILITY MISSION



Rainbow Chicken's sustainability mission is comprehensive and multifaceted, focusing on:

Compliance with National Regulations:

Ensuring all operations adhere to the national regulatory framework, maintaining high standards of legal and ethical compliance.

Business Continuity:

Enhancing business resilience through energy self-sufficiency and water neutrality, ensuring sustainable operations.

Industry Collaboration:

Actively participating in industry initiatives to harmonise coexistence around operations and contribute to thought leadership on sustainability.

Renewable Resource Generation:

Committing to the generation of renewable resources at a rate that exceeds consumption, reducing reliance on non-renewable energy sources.

Government Engagement:

Maintaining proactive and positive engagement with government entities to support the sustainability and growth of the local industry, as envisioned in the Poultry Master Plan.

Waste Reabsorption:

Implementing systems to reabsorb all waste generated, converting it into utilities for use across the manufacturing value chain, thereby minimising environmental impact.

Zero Emissions:

Striving to achieve zero emissions of harmful chemicals, protecting the environment and public health.



KEY REPORTS AND REVIEW

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CFO REPORT



Kerry van der Merwe – CFO

REVENUE	EBITDA	EARNINGS	HEADLINE EARNINGS
R14,5bn	R637,2m	R180,2m	R180,3m
↑ 7.9%	↑ R598,5m	↑ R439,7m	↑ R453,3m

INTRODUCTION

It gives me great pleasure to present the first CFO Report subsequent to Rainbow’s listing on the JSE and the unbundling from RCL FOODS.

The unbundling was implemented by way of a dividend *in specie* distribution, comprising 100% of the Rainbow shares in issue (being 890 296 405 Rainbow ordinary shares of no par value) to Shareholders in the ratio of one Rainbow share for every 1 ordinary no par value RCL FOODS share held by Shareholders entitled to participate in the unbundling, in terms of section 46 of the Companies Act, 71 of 2008 and in accordance with section 46 of the Income Tax Act, 58 of 1962.

As a pre-requisite to being unbundled from RCL FOODS, the appropriateness of the capital structure of Rainbow to sustain the business longer term was reviewed by RCL FOODS. This resulted in R2 851,4 million in loans from RCL FOODS comprising R1 451,4 million non-interest-bearing and R1 400,0 million interest-bearing, which was converted to equity on 23 February 2024. RCL FOODS provided a further equity injection of R300,8 million on 24 May 2024.

Rainbow’s financial results have demonstrated enhanced operational and financial performance over the past year,

driven by the ongoing implementation of the “Future Perfect Rainbow Chicken” strategy. For the year ended 30 June 2024, Rainbow has achieved increased revenue and EBITDA. This enhanced financial performance was realised despite substantial industry challenges, including constraints on energy and water availability and associated costs in maintaining a consistent supply of critical inputs, elevated global soft commodity and fuel prices coupled with currency weakness leading to higher input costs, outbreaks of HPAI necessitating the culling of flocks and a generally weak consumer environment. The financial and operational outcomes delivered by the Group highlight the markedly improved resilience of its underlying operations in recent years. This resilience is a result of consistently applying fundamental principles to achieve an optimal balance between nutrition, genetics, environmental management, poultry flock health and the condition of the asset base and infrastructure.

CFO REPORT CONTINUED



OVERVIEW OF MARKET CONDITIONS

South Africa’s economy faced multiple challenges over the past twelve months, but showed a modest recovery in the second half of the 2023 calendar year, primarily driven by the mining and agricultural sectors. However, the first half of the 2024 calendar year experienced slower growth due to global economic uncertainties and domestic issues such as power cuts and labour strikes. GDP growth rate for the second half of the 2023 calendar year was 1.8%, slowing to 0.9% for the first six months of the 2024 calendar year.

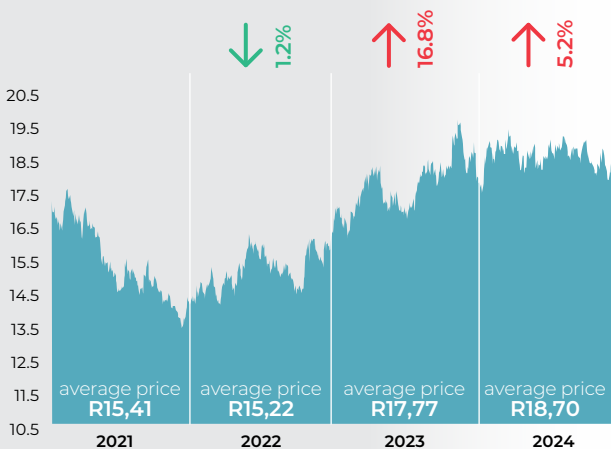
Inflation remained a critical issue throughout the period, averaging 5.3% for the current reporting period and influenced by fluctuating global oil prices and domestic supply chain disruptions. The South African Reserve Bank (“SARB”) adopted a cautious approach, maintaining interest rates at 8.25% throughout the fiscal period to manage inflation within the target range of 3% to 6%.

The employment landscape in South Africa continued to struggle with high unemployment rates, particularly among the youth, with the official unemployment rate reaching 32.6%. Further, the socio-economic environment remained challenging, with ongoing issues such as income inequality, poverty, and access to quality healthcare and education.

Despite the challenges, it has been pleasing to see the gradual softening of global commodity prices following the all-time highs and extreme volatility experienced throughout the 2023 reporting period. This contributed to lower global inflation resulting in a shift in global central bank sentiment to a lower interest rate environment. The US Federal Reserve (“Fed”) followed the European Central Bank’s lead and lowered interest rates by 50 basis points in September 2024, the first rate cut in four years. The SARB followed suit, reducing interest rates by 25 basis points a day after the Fed cut.

Emerging market currencies continue to reflect extreme volatility for the period under review. The USD/ZAR traded at a high of R19.51 and a low of R17.54, a range of R1.97. Although there was some concern ahead of the national elections, underlying weakness of the US Dollar has resulted in a stronger performing Rand. It is likely that, as we enter into a rate reduction cycle, Rand strength could prevail in the short- to medium-term.

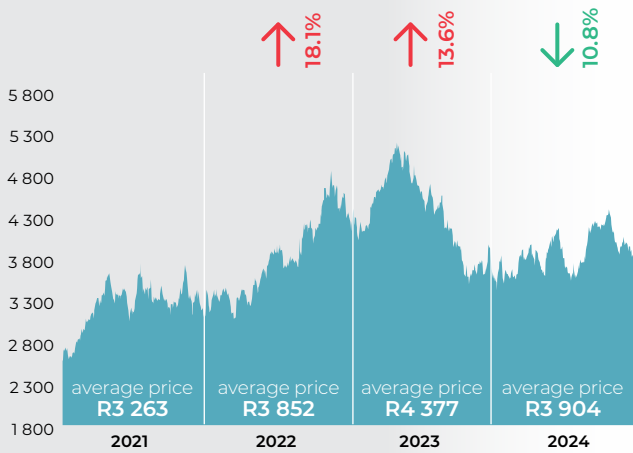
Exchange rate (R/USD)



Source: Reuters

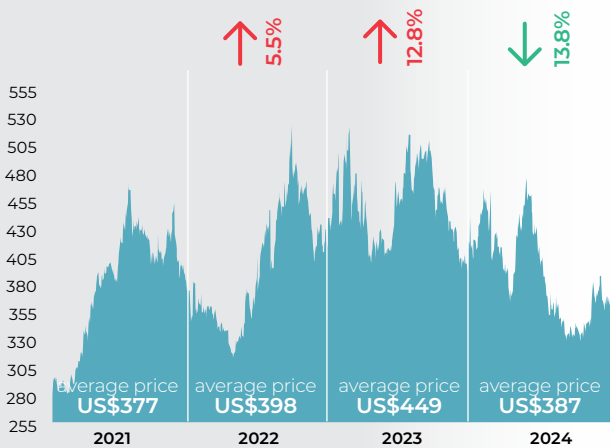
CFO REPORT CONTINUED

SAFEX yellow maize (R/ton)



Source: Reuters

CME soybean meal price (US\$/ton)



Source: Reuters

Maize (Corn)

US Corn prices, traded on the Chicago Board of Trade (“CBOT”) opened the financial year at US\$218 per ton before reaching a low of US\$160 per ton in February 2024. Concerns over delayed planting in the USA saw a brief rally in prices before subsequently reversing to lower levels as favourable crop conditions prevailed. The year closed with a price of \$156 per ton, a four-year low.

Locally, drought conditions prevailed throughout January and February 2024, significantly adversely impacting Southern African maize production. The total crop size reduced by approximately 3,1 million tons to 13,3 million tons, causing local supply concerns. This resulted in local maize prices temporarily shifting from export parity to import parity, and yellow maize prices increased from R3 433 per ton in July 2023 to R4 438 per ton at the end of April 2024, a 29% increase. White maize prices, with limited substitution and import options, rose substantially above yellow maize, increasing from R3 387 per ton by R2 166 per ton (64%) to R5 533 per ton in April 2024.

Soybean meal

The Brazilian soybean crop production reduced from 162 million tons from the last production year to 153 million tons due to the drought experienced. Argentina’s crop, however, improved to 49,5 million tons following the historic crop failure in the prior year where only 25 million tons were produced. Chinese demand remained subdued versus prior years, contributing to a softening of prices.

Locally, the South African crop reduced to 1,8 million tons, being 1 million tons less than the previous year.

Internationally, Soybean meal reached \$450 per short ton on CBOT before reducing to \$360 during the first six months of the 2024 calendar year. The positive outlook for soybeans should support lower soybean meal prices into the new financial year.



CFO REPORT CONTINUED

FINANCIAL REVIEW

R'million	Audited June 2024	Unaudited June 2023	% Change
Revenue	14 527,4	13 463,9	7.9
EBITDA	637,2	38,6	1 550.8
EBITDA margin %	4.4	0.3	4.1ppts
Depreciation, amortisation and impairment	(301,5)	(267,6)	12.7
EBIT	335,7	(229,0)	246.6
Share of profit of associate	–	4,9	(100.0)
Net finance cost	(124,8)	(168,1)	(25.7)
Taxation	(46,4)	106,1	(143.7)
Profit/(Loss) for the period	164,5	(286,0)	157.5
Non-controlling interest	(15,8)	(26,5)	40.4
Profit/(Loss) attributable to equity holders	180,2	(259,5)	169.5
Headline earnings	180,3	(273,0)	166.1
Headline earnings per share (cents)	20.26	(30.66)	166.1
Capital expenditure	405,8	581,0	(30.2)
Return on invested capital	6.5	(3.6)	10.1ppts
Cash generated/(utilised) by operations	1 276,4	(204,8)	723.2

Rainbow's revenue for the year ended June 2024 increased by 7.9% to R14,5 billion (2023: R13,5 billion). This increase was largely attributable to higher volumes in the retail and wholesale channel and higher realised pricing. EBITDA increased by R598,5 million to R637,2 million (2023: R38,6 million) achieving a margin of 4.4% (2023: 0.3%) despite the R202,6 million adverse impact of HPAI during the current period.

The overall improvement compared to the prior period can be ascribed to an enhanced agricultural performance, higher processing yields, effective cost management, improved sales pricing, increased retail and wholesale channel volumes, relief in commodity prices (albeit still at elevated levels) as well as reduced load-shedding costs.

Embedded in Rainbow's EBIT are unrealised fair value adjustments on the Group's commodity raw material procurement positions amounting to a R42,4 million loss (2023: R51,1 million loss). The improvement of R8,7 million is attributable to losses on long maize positions which are offset by gains on soyabean meal positions.

IMPAIRMENTS

The Group has performed the mandatory impairment tests on the cash generating units ("CGUs") with impairment indicators and assets with indefinite useful lives. The Chicken CGU has demonstrated a positive turnaround in the current financial year, exceeding both the targeted forecast and prior period performance despite the impact of HPAI. Due to Rainbow's advanced turnaround, the headroom has notably increased, supported by higher volumes from Double Hammarsdale and ongoing benefits from the breed change, which are expected to positively influence future performance.

Key risks remain, including fluctuations in feed prices, the sensitivity of South African consumers to price changes, and the impact of load-shedding on business operations. No impairment or impairment reversal was deemed necessary on any of the CGUs.

NET FINANCE COSTS

Net finance costs primarily consist of interest on intercompany loans and external IFRS 16 lease liability. There was a decrease of R43,2 million, largely due to the benefits of the recapitalisation of Rainbow from RCL FOODS executed during February and May 2024 and enhanced profitability during the current financial year.

CFO REPORT CONTINUED

TAXATION

Rainbow's effective tax rate was 22.0%, influenced by an over-provision from the previous year related to unclaimed learnerships, release of the shareholder loan and the impact of non-qualifying depreciation. Without these factors, the effective tax rate for the current year would be 27.4%. Enhanced profitability led to an increase in the tax charge of R46,4 million (2023: tax credit R106,1 million).

NON-CONTROLLING INTERESTS

Non-controlling interests relate mainly to the outside shareholders' share of profits in Rainbow's waste-to-value operation (Matzonox) of which 50% of the profit after tax is allocated to outside shareholders through the non-controlling interest line in the income statement. Losses allocated to non-controlling interests in the current year decreased by R10,7 million to a R15,8 million loss (2023: R26,5 million loss), driven by an improved performance.

SEGMENTAL REPORTING

Chicken

R'million	Audited June 2024	Unaudited June 2023	% Change
Revenue	12 746,5	11 628,0	9.6
EBITDA	337,9	(234,8)	(243.9)
EBIT	110,0	(431,0)	(125.5)

Revenue for the Chicken division increased by 9.6%, primarily driven by increased volume in the Retail and Wholesale Channel and higher realised pricing.

Whilst the HPAI impact was R202,6 million, EBITDA increased by R572,7 million.

Despite having to cull a significant number of breeder birds, the impact of HPAI was partially mitigated by the extending breeder flocks, improved agricultural performance and the importation of eggs. The R202,6 million HPAI impact primarily relates to the import of hatching eggs, feed costs for extended flocks, safe disposal of culled birds, extra cleaning and the loss associated with the down placement of broiler birds. To mitigate the risk of a further significant outbreak of HPAI, Rainbow relocated its Midrand breeder facilities to a less densely populated region in record time. While a vaccination programme has been approved by Government in principle to better protect the national flock, practical implementation of the programme is currently prohibitive due to complexity and cost.

The transition to the Indian River breed began more than two years ago and has been completed, although the full impact of the breed change will only be realised during the 2025 financial year. The new breed, combined with a less energy-dense feed and a focus on husbandry basics are driving delivery on all agricultural key performance indicators.

The successful doubling of the capacity at the Hammarsdale processing plant has resulted in increased volumes, lower processing costs.

While a constrained consumer continued to put pressure on the front end, particularly in the QSR channel, this was balanced by consistent agricultural outperformance and strong pricing performance of secondary and tertiary products. The high cost of living continues to be a concern, compounded by a recent upswing in agricultural commodity input costs after some respite in the third quarter. The profitability of the poultry industry relies on optimising the value derived from chicken through customer and product mix, reducing costs and innovating to expand the market. Rainbow's resilient performance, supported by a sound strategy and leading brands, demonstrates its ability to diversify and expand despite challenging conditions.

Animal Feed

R'million	Audited June 2024	Unaudited June 2023	% Change
Revenue	7 186,2	7 761,0	(7.4)
EBITDA	253,2	262,3	(3.5)
EBIT	211,6	223,0	(5.1)

The Animal Feed Division achieved satisfactory profitability by focusing on improving external margins and driving an optimal sales mix. Revenue decreased by 7.4% due to lower front end pricing as a result of lower raw material commodity input costs and the adverse impact of HPAI on feed demand.

Waste-to-Value

R'million	Audited June 2024	Unaudited June 2023	% Change
Revenue	96,5	62,1	55.4
EBITDA	32,0	2,9	1 003.4
EBIT	–	(29,2)	(100.4)

Improved revenue and EBITDA was primarily attributable to the successful trade of renewal energy certificates and better energy production.

CFO REPORT CONTINUED

RETURN ON INVESTED CAPITAL

Return on Invested Capital ("ROIC") is a key metric used by the Group to measure its efficiency and effectiveness of its capital allocation. ROIC is calculated by dividing net operating profit after tax by invested capital, thereby reflecting the Group's capital allocation efficiency.

In June 2024, the Group's ROIC saw a significant improvement, rising to 6.5% from -3.6% in June 2023. This positive change was primarily driven by increased profitability and a reduction in debt following the recapitalisation of loans.

June 2024	June 2023	Change
6.5%	(3.6%)	10.1ppts

CASH FLOW AND WORKING CAPITAL

Cash generated from operations amounted to R1 276,4 million, a significant increase of R1 481,1 million compared to the previous year's negative R204,8 million. This improvement is primarily due to enhanced profitability and favorable working capital movements.

Non-cash items and adjustments totaled R402,3 million, including depreciation, amortisation and impairment charges of R301,5 million, an accrual of Rainbow's Value Creation Plan ("VCP") for employees of R89,7 million, and movements in derivative financial instruments of R59,9 million. These were offset by a positive fair value adjustment on biological assets of R29,7 million and the release of the shareholder loan of R15,6 million.

Net working capital utilised was R737,7 million lower than the previous year (excluding non-cash flow movements), mainly attributable to the reduction in finished goods stock on hand, lower raw material commodity pricing impacting the valuation of inventory and biological assets and year-end cut off. This was offset by the increase in trade and other receivables due to the increase in sales volume and pricing.

Cash outflows from investing activities decreased by R98,2 million to R318,6 million (2023: R416,8 million) primarily due to capital expenditure of R373,6 million (2023: R416,8 million) and the proceeds received from the disposal of the associated, HMH Rainbow Limited ("HMH").

The net cash outflow from financing activities was R864,5 million, primarily relating to the repayment of loans owed to RCL FOODS that was partly offset by the issuance of shares as part of the loan recapitalisation.

Summarised Cash Flow Information

R'million	June 2024	June 2023
Cash generated by operations	1 276,4	(204,8)
Net cash inflow/(outflow) from operating activities	1 167,7	(367,7)
Net cash outflow from investing activities	(318,6)	(416,8)
Net cash (Inflow)/Outflow from financing activities	(864,5)	701,1
Cash and cash equivalents at the end of the period (net of overdraft)	12,6	28,0

NON-CURRENT ASSETS

Property, plant and equipment, intangibles assets, investment property and right-of-use assets

Property, plant and equipment, intangible assets, investment property and right-of-use assets increased by R86,5 million from the prior year. This rise was primarily driven by capital expenditure (including right-of-use assets) amounting to R405,8 million. This was offset by depreciation, amortisation and impairment of R301,5 million, the disposals totaling R18,2 million.

Included within the capital expenditure investment (excluding IFRS16 leases) is R28,1 million for expansion and R345,5 million for replacement. Significant items included are as follows:

- Conversion of the Rainbow Zuurplaat facility from a broiler to a breeder farm to mitigate the risk of AI in the Northern Region (R24,0 million);
- Replacement of the four-ton Gyro at the Hammarsdale plant (R22,8 million); and
- Further spend relating to the Double Hammarsdale project for reinstating the second shift at the Hammarsdale P2 processing facility to build capacity (R21,3 million).

An amount of R39,9 million (2023: R90,7 million) has been contracted and committed, but not spent, while a further R34,6 million (2023: R60,7 million) has been approved but not contracted.

CURRENT ASSETS AND CURRENT LIABILITIES

Net working capital (including biological assets) decreased by R579,2 million from the prior year.

Trade and other receivables increased by R197,1 million. The increase was driven by higher sales volume and pricing.

Trade and other payables increased by R631,4 million primarily due to the delay in creditors' payments at reporting date.

CFO REPORT CONTINUED

The cut-off date for the current year reporting period which aligned with calendar month end date of Sunday, 30 June 2024, resulted in a cut off difference which impacted debtors receipts and creditors payments.

Inventory balances decreased by R66,0 million from 2023 due to lower stockholdings and raw material commodity pricing.

Cash on hand, net of overdrafts, decreased by R15,4 million to R12,6 million at June 2024. Details on the material drivers are provided in the cash flow section above.

LONG AND SHORT-TERM INTEREST-BEARING LIABILITIES

Total interest-bearing liabilities decreased by R50,3 million. This reduction was driven by the IFRS 16 lease liability payments.

EMPLOYEE BENEFITS

The Group recognised an employee benefit liability of R89,7 million in the current year due to the implementation of the VCP, a deferred incentive scheme. The VCP aims to incentivise eligible participants to drive particular financial measures linked to value creation to encourage a long-term focus on sustainable growth and to attract and retain suitably skilled and competent personnel. VCP allocations are allocated annually or when retention/attraction risks apply to executive directors and selected employees.

A vesting period of three years applies. Upon completion of this period, provided the participant has remained employed throughout and met the performance conditions, the award will vest, and the participant will be entitled to settlement equivalent to the value of the vested award.

One-third of the 2024 award and two-thirds of the 2023 awards have been accrued for the year ended 30 June 2024. An accrual for the year ended 2 July 2023 did not include an accrual as the performance conditions of the Group were not met.

ACCOUNTING POLICIES

The Group's accounting policies are governed by the IFRS Accounting Standards as issued by the IFRS. Guidance has been obtained from the IFRIC Interpretations and Circulars.

The Group maintains the view that the standards set the minimum requirements for financial reporting.

PRESENTATION DATE OF FINANCIAL RESULTS

The Group reports its results on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week.

The financial statements and results for 2024 are presented for the 364-day period ended 30 June 2024.

INFORMATION SECURITY

The Group remains vigilant about the risks associated with data loss and the leakage of sensitive information, particularly as cyber-attacks become more frequent globally. These risks could result in significant financial and reputational damage. To protect the interests of its investors and stakeholders, the Group is committed to full compliance with the Protection of Personal Information Act. Recognising the importance of data protection, we have implemented robust information systems and policies.

In response to the heightened information security risks, the Group has established procedures to ensure that business users are aware of the risks related to the information they collect, modify, store, share and manage. A comprehensive Group-wide information security policy outlines our approach and strategy, ensuring compliance with the Protection of Personal Information Act.

No significant information security breaches were identified by the Group in the current financial year. Additionally, cyber insurance coverage has been renewed to mitigate financial losses from any potential information security breaches.

INSURANCE

The Group was covered under the RCL FOODS umbrella insurance (for both asset and liability insurance) for the year ended 30 June 2024. The Group will continue to be covered until 30 November 2024 under the RCL FOODS umbrella insurance for assets. For liability insurance, the Group is covered under the Remgro umbrella insurance as of 1 July 2024.

The Group is in the process of implementing its own asset insurance, to be effective 1 December 2024.

The strategy is to minimise insurance costs while ensuring that the Group's assets and profitability are not exposed to unacceptable financial losses that could materially impact trading results or cash flow.

CONCLUSION

The 2024 financial year was marked by numerous highlights, showcasing robust financial performance and strong cash generation despite challenging trading conditions. In the coming year, a key priority will be to unlock value for stakeholders post the unbundling process. The Group will remain focused on strategic initiatives to drive future growth.

REMUNERATION POLICY AND REPORT

2024 REMUNERATION REPORT

Structure of the report

This report comprises three parts:

PART 01 A background statement, including a letter from the Committee Chairman that summarises key remuneration focus areas for 2025, and the manner in which the Committee will approach remuneration governance.

PART 02 An overview of our 2025 remuneration policy which sets out the main elements of our policy following our recent listing.

PART 03 The implementation report for 2024, detailing the outcomes of the remuneration for executive directors under the policy that applied at an RCL FOODS Limited ("RCL FOODS") level, considering that executive directors were employed up to 30 June 2024 as part of the RCL FOODS Limited Group.

This remuneration report has been prepared in accordance with applicable regulatory requirements, standards including:

- The Companies Act, 2008, as amended;
- The JSE Listings Requirements; and
- The King IV Report on Corporate Governance in South Africa 2016 ("King IV")

The Remuneration and Nominations Committee confirms the application of King IV, Principle 14: "The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term."

Quick facts

Members of the Committee

SM Parsons (Committee Chairperson)
CJ Robertson
PR Louw

Structure and function of the Committee

The function of the Committee is to review and provide recommendations on the adoption of Rainbow Chicken Limited's ("Rainbow") remuneration policy for the financial year ahead. The Committee determines the remuneration policy for all employees and the packages for executive directors, and senior managers. The Committee's full terms of reference can be found on our corporate website at www.rainbowchickens.co.za/governance.

Our Committee is scheduled to meet at least three times a year.

PART

01 BACKGROUND STATEMENT

It is with great pleasure that I submit our first remuneration report as a listed entity to all relevant stakeholders. 2024 marked a significant period of change for our company, beginning with our separate listing on the Main Board of the JSE on 26 June 2024, followed by our subsequent unbundling from RCL FOODS on 1 July 2024.

The Remuneration Report effectively serves a dual purpose: providing a transparent retrospective view of the past trading year, and setting the narrative for how the Committee's strategies and goals will evolve in alignment with Rainbow's independent future. While the report's primary purpose is to review the past year's activities, in the context of the Chairperson's letter or background statement, it is equally important to set the strategic direction for the coming year, particularly in the context of Rainbow as a newly listed Company.

As a committee, we believe in fair and responsible remuneration for our employees, whilst the remuneration for senior executives should be performance based and have a clear link to the value created for all our stakeholders. We trust that this report will provide all stakeholders with a transparent overview of the approach we have taken and plan to uphold in the future.

Our approach to remuneration as a newly listed entity

At Rainbow, we believe that our employees are the foundation of our business and that engaged, empowered and motivated employees ensure that our business is resilient, successful and profitable. Our reward strategy, guiding principles and framework are being developed in the context of the Rainbow business strategy, our HR strategy and the unique organisational culture.

Until Rainbow's own Remuneration Policy is finalised, the company continues to operate under the legacy policy inherited from its previous holding company, RCL FOODS. Prior to the listing and unbundling, Rainbow also maintained its own standalone short-term ("STI") and long-term incentive ("LTI") plans, including the Value Creation Plan ("VCP"), which was overseen by the RCL FOODS Remuneration and Nominations Committee. These incentives have remained in place following the listing.

Historically, Rainbow executives participated in RCL FOODS' legacy LTI plan, specifically the Share Appreciation Rights scheme include ("SARs"). Following the unbundling, all vested and unvested RCL SARs were converted to Rainbow SARs at a similar value, based on the Rainbow Chicken share price, with vesting accelerated due to the unbundling. These converted SARs are exercisable for up to 14 months post-listing. To facilitate this conversion, Rainbow adopted the Rainbow Share Incentive Plan, which mirrors the original RCL FOODS SARs scheme's rules. However, this plan was created solely to substitute the RCL FOODS SARs awards and will not be used for new awards moving forward.

REMUNERATION POLICY AND REPORT CONTINUED

Remuneration and the unbundling

Due to the timing of the Rainbow unbundling on 1 July 2024, all remuneration for the period under review was approved and governed by the RCL FOODS Remuneration and Nominations Committee and policies. This includes the following:

- Fixed pay up to the listing and unbundling;
- STI payments up to 30 June 2024;
- Accelerated vesting and exchange of SARs under the RCL FOODS SARs; and
- VCP awards made during the year.

Developing our remuneration policy

Key actions taken in anticipation of the unbundling and listing:

As part of the listing, Rainbow adopted a number of the legacy RCL FOODS policy principles and will over the coming year create a “fit for purpose” policy aligned with our strategy that allows us to create sustainable value for all our stakeholders. To ensure a smooth transition, we adopted the RCL FOODS remuneration policy as a foundation and augmented it to align with Rainbow’s specific business strategy and long-term objectives.

In summary:

- External specialist remuneration consultants were appointed to advise the Committee;
- A peer group of JSE listed companies were identified for the remuneration benchmarking purpose;
- Benchmarking of executive director and total remuneration was conducted and going forward an internal peer company assessment will be undertaken for non-executive director fees;
- To ensure a smooth transition, the current Rainbow STI structure and the current Rainbow LTI structure, namely the VCP were retained; and
- Malus and clawback provisions governing all directors (Paterson E and F bands) were adopted.

In the year to come, the Remuneration and Nominations committee (Committee) will further develop Rainbow’s own remuneration structure and principles, with the purpose of:

- Ensuring that the remuneration structures are aligned to Rainbow’s strategy and is therefore linked to shareholder value creation;
- Ensuring the overall package offered to employees is compelling and competitive and is therefore aligned to the market from a qualitative and quantitative perspective;
- Ensuring that key performance indicators are adequately calibrated for the Company’s life cycle and in line with shareholder value creation over the medium to long-term; and
- Enhancing the Company’s levels of adherence to good corporate governance principles.

Future focus areas

The following focus areas have been identified for the forthcoming year:

- Defining the correct pay mix between fixed and variable elements for all levels of staff;
- Ongoing review and development of remuneration practices with a view of ensuring that employees and non-executive directors are fairly, equitably and responsibly remunerated over the short, medium and long-term;
- Monitoring the skills, experience and composition requirements of the board, executives and its committees to ensure that the workforce is able to meet the requirements of the Company at each business life cycle;
- Refinements and possible changes to the STI, which will include allocation levels and applicable performance conditions;
- The design and implementation of the LTI plan, which will include allocation levels and performance conditions;
- A standalone remuneration policy will be developed;
- Consideration of minimum shareholding requirements for our executive directors; and
- Development of a succession plan for key senior employees.

Closing remarks

Rainbow is dedicated to facilitating continuous and transparent engagements that bolster good governance practices, enabling us to create sustained value for all our stakeholders. We look forward to the feedback from our stakeholders as we continue to shape our remuneration policy as a newly listed entity.



SM Parsons

Remuneration and Nominations Committee, Chairperson

28 October 2024

REMUNERATION POLICY AND REPORT CONTINUED

PART

02 OUR REMUNERATION POLICY

Overview of our remuneration offering

Rainbow's remuneration offering consists of fixed pay, provided as total cost to company ("TCTC"), and variable pay, comprising a short-term incentive ("STI") profit share scheme and a long-term incentive ("LTI") under the Value Creation Plan ("VCP"). The balance between fixed and variable pay varies by job level, with senior level employees having a greater proportion of variable pay to align their interests more closely with Rainbow's strategic goals.

Linking remuneration to our strategy and stakeholders

Our remuneration policy is designed to create balanced outcomes for stakeholders and to drive Rainbow's Future Perfect Strategy, promoting long-term sustainable performance for the benefit of all. The Committee oversees outcomes to ensure that performance is evaluated holistically, considering the impact on a broad range of stakeholders when making remuneration decisions.

Ensuring fair pay for all employees

The Committee is committed to implementing fair pay principles across the Group. To maintain equity, it will monitor the year-on-year salary progression of executive directors in relation to the average employee. This commitment includes regularly reviewing remuneration structures across all levels of the organisation to ensure that there is a clear rationale for how packages develop from one level to the next, reflecting Rainbow's evolving needs and strategies.

Fair pay principles and initiatives

Our fair pay principles govern our approach to reward and remuneration across the organisation. We have implemented several initiatives to uphold these principles, ensuring that pay practices are consistent, market-aligned, and supportive of a high-performance culture.

Fair pay principle	Initiative
Market Competitive Salaries	We are committed to ensuring that salaries reflect people's skills and roles and are in line with external companies. We perform annual salary reviews and benchmarking to ensure that our salaries are market-aligned. The pay of our people is reflective of their skills, role and function and the external market.
Alignment to Strategic Objectives	Remuneration strategy and frameworks shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Future Perfect Rainbow strategy.
Non-Discriminatory Practices	Remuneration policies and practices will be free from inequitable distinctions based on race, gender, sexual orientation, ethnic or social origin.
Reward for Performance	Remuneration practices that enable and support a high-performance culture through mechanisms that reward both individual and business performance.
Internal Equity	Similar roles at the same level will be remunerated within equal and reasonable pay ranges (Equal Pay for work of Equal Value). We will ensure fair differentiation for job responsibility and will apply reward principles consistently.
Competitiveness	We will remunerate at competitive levels that enable the recruitment and retention of high calibre employees with the right attitude and skills set.
Openness and Transparency	Remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

REMUNERATION POLICY AND REPORT CONTINUED

Our approach to fixed pay

Total Cost to Company (“TCTC”)	
Base pay and benefits	
Purpose and link to strategy	Total guaranteed package is based on performance, contribution, experience, and market value relative to responsibilities within the Group
Operation	TCTC, which can include the following benefits: <ul style="list-style-type: none"> • Cash salary; • Travel allowance; • Retirement benefits; • Healthcare benefits; and • Group life and disability insurance benefits.

Our approach to variable pay

STI (Profit share scheme)	
Purpose and link to strategy	The purpose of the STI is to: <ul style="list-style-type: none"> • Drive a high-performance culture; • Motivate and reward achievement of business targets; • Keep employees focused on the business’s defined short-term objectives; and • Drive growth strategies while focusing on improving operating efficiencies.
Participation	Employees on management level and above (Paterson DL and above) Staff below this level do not participate in the profit share scheme but have a separate bonus scheme (maximum equal to a 13 th cheque) to ensure all employees share in the performance of the company.
Operation and performance link	The STI operates as a profit share, based on a bonus pool. Bonuses are determined in the following manner: <ul style="list-style-type: none"> • The bonus pool is the product of the EBIT and an EBIT target sharing percentage; • Each employee’s entitlement to the bonus pool is determined with reference to the available aggregate bonus per Paterson Grade (which in Future Perfect Rainbow Strategy is the sum of all employees’ potential profit share bonuses per Paterson Grade multiplied by the number of employees per grade) and distributed based on personal performance, but ultimately subject to discretion; and • The profit share bonus comprises an annual bonus paid in cash annually. Payment of any bonus is subject to the satisfaction of an operating free cash flow condition.
Individual performance	Individual performance is the determining factor in the distribution of the profit pool amongst executives and managers. Key performance targets and areas of focus are set annually for all participating employees. The successful achievement of targets, business results and the positive demonstration of the Group’s values determines the actual profit share allocation awarded to an individual manager. There is no automatic entitlement to the profit share bonus as discretion may be applied by either the Committee or management. For the CEO and senior executives, management will recommend the disbursement of the profit share bonus for each employee. The Committee will retain discretion to adjust the recommendation made by management.
Settlement condition and affordability	The payment of any bonus is subject to satisfying a predetermined free cash flow condition and the bonus pool is subject to a cap set with reference to targeted EBIT.



REMUNERATION POLICY AND REPORT CONTINUED

LTI – Value Creation Plan	
Purpose and link to strategy	The scheme was designed and implemented before the unbundling, in the context of the turnaround strategy, and has been retained post the listing, with the intention of making one final award. The purpose of the plan is to attract, incentivise and retain senior management to develop and implement the turnaround strategy in a competitive market, where skills and expertise in the chicken industry are in deficit and highly sought after.
Participation	Employees on management level and above (Paterson DU and above).
Operation	The VCP tracks growth in intrinsic value (rather than share price movement) and is based on an allocated Rand value per participant that is adjusted with the movement in intrinsic value over the vesting period.
Final payment	The final payment is determined as: Initial allocation x [1 + intrinsic value growth over the vesting period (i.e., “growth adjustment factor”)]
Performance hurdle (“Target Value”)	On the vesting date, if the equity value of Rainbow, as determined in accordance with the valuation methodology specified by the Committee, is less than the achievement of a specified target equity value (“Target Value”) set with reference to the turnaround strategy, no payments in relation to the VCP will be made. The intrinsic value growth is measured as the growth above the Target Value.
Settlement and vesting period	<p>A three-year vesting period applies and only those members of senior management who (i) remain employees in good standing at the time of vesting or, (ii) are deemed “good leavers”, qualify to benefit in respect of the VCP. Payment of the VCP will be made in the month of October following the relevant vesting date.</p> <p>Settlement is subject to the satisfaction of a free cash flow condition and further subject to an individual cap of no more than 300% of TCTC of a participant.</p>
LTI – Share Appreciation Right Plan (legacy plan)	
Purpose and link to strategy	<p>The Rainbow Share Incentive Plan will not be used going forward and exists solely for the purposes of the substitution of the RCL FOODS SARs Awards which Rainbow Chicken participants become entitled to by virtue of the unbundling (the vesting was accelerated due to the unbundling). No new awards will be made under the plan.</p> <p>RCL FOODS implemented a Share Appreciation Rights Scheme (“RCL FOODS SAR Scheme”) in 2009. Awards of SARs were linked to the appreciation of the share price of RCL FOODS and were made to eligible employees and executive directors of the entire RCL FOODS Group, including current employees and executive directors of Rainbow.</p> <p>The final RCL FOODS SARs Awards in terms of the RCL FOODS SAR Scheme were made in November 2021.</p> <p>As a result of the unbundling, RCL FOODS participants that were employees of Rainbow or any of its subsidiaries prior ceased to be employees within the RCL FOODS Group. Pursuant to the provisions of the rules governing the RCL FOODS SAR Scheme, the Remuneration and Nominations Committee of Rainbow implemented a new share incentive scheme to facilitate the conversion. The plan effectively results in the substitution of the RCL FOODS SAR Awards which Rainbow participants became entitled to by virtue of the unbundling (the vesting of which is accelerated due to the unbundling) with incentive awards of a substantially similar value (i.e. The SAR Awards), which Rainbow participants are entitled to exercise within 14 months of the unbundling.</p>
Existing participation	Employees on management level and above (Paterson DU and above) who had unexercised RCL FOODS SARs at the unbundling date.
Settlement	Participants will receive shares to the value of the appreciation in a share price. Rainbow may issue new shares in settlement or may procure the shares from the market.

REMUNERATION POLICY AND REPORT CONTINUED

Our approach to risk management and governance related to pay

A number of measures are in place, allowing the Committee to lapse, reduce unvested or recoup any past incentive payments.

Forfeiture and lapse of incentives	Good and bad leaver provisions The variable pay rules make a distinction between so-called good and bad leavers. As a general rule, bad leavers (e.g. resignations, dismissals) forfeit awards, whilst good leavers (e.g. retrenchments, employees whose services are terminated due to death, disability, retirement) receive awards up to the point that they have been in the employment of the company, subject to the achievement of performance conditions.
Reduction or recoupment of incentives	Malus and clawback The policy enables the Board and/or Committee to adjust benefits that have been awarded to participating employees before vesting of the award (malus), or recover benefits after they have vested or been paid (clawback) in the event that defined trigger events have taken place. This policy applies to all executive directors.
Further safeguards	The payment of variable pay is subject to capping as explained above and further subject to free cash flow conditions.

Additional considerations

Ex gratia or lump sum payments

There are currently no agreements in place that provide for *ex gratia* or other lump sum payments to executives on severance or retirement.

Non-executive director fees

Non-executive directors ("NED") receive fixed fees for services rendered as directors and as members of board committees.

All NEDs receive the same base board fees, regardless of their length of service. The Chairperson of the Board receives an all-inclusive fee.

In line with best governance and remuneration practice, NEDs do not participate in incentive schemes and do not receive any benefits or performance-related remuneration from the Group. None of the NEDs have service contracts with the Group and no consultancy fees apply.

The fee structure of NEDs is reviewed annually by the Committee with due consideration of internal, economic and market factors utilising benchmarks from similar businesses. In line with best practice and to avoid a conflict of interest, the peer group comparators are the same as those utilised for executive director remuneration benchmarking and are aimed at paying directors at the median for comparative roles in the peer group. Recommendations for increases are researched and presented by executive management to the Committee for consideration and presented to the shareholders at the AGM for consideration and approval by way of special resolution. Fees are determined in advance for an ensuing calendar year.

The proposed NED fees will be tabled for approval by the shareholders at the 2024 AGM and are reflected on page 5 of the Notice of AGM.

Non-binding vote on the Remuneration Policy

The Remuneration Policy, as described in part 2 of this Remuneration Report, is subject to a non-binding advisory vote by shareholders at the AGM. If more than 25% (of those shareholders voting) vote against the policy, the Remuneration and Nominations Committee will consult with dissenting shareholders to determine the reasons for their objections. Any such concerns will be considered by the Committee when considering changes for the subsequent year. A summary of the concerns and the Committee's response will be included in the following year's Remuneration Report.

REMUNERATION POLICY AND REPORT CONTINUED

PART

03 IMPLEMENTATION REPORT

The implementation report relates to the outcomes of executive remuneration for the period ending 30 June 2024 and is as a result of the policy and decisions taken by the RCL FOODS Remuneration and Nominations Committee.

Total guaranteed pay outcomes for the period ending 30 June 2024 (“FY24”)

During FY24, employees below executive level received an aggregate increase of 6.0%, which takes into account performance, positioning within the pay scales and market benchmarks. Executive directors received an aggregate increase of 6.0%.

Performance outcomes for FY24

We have provided a summary of the STI and LTI outcomes for the executive directors and prescribed officers below:

STI outcomes

The annual targets for the FY24 were exceeded and the Committee approved the payment of bonuses for the 2024 year (2023: no bonuses paid). The details of our performance, as well as the STIs payable to executive directors are set out below:

In 2024, EBIT before incentives achievement against the target was as follows:

- In 2024, EBIT (for purposes of the STI calculation) = R508,8 million vs EBIT Target of R251,1 million before incentives; and
- The preliminary bonus pool was capped at R69,3 million, plus an additional R4,1 million discretionary spend approved by the Rainbow Remuneration and Nominations Committee (for employees below executive level).

The STI calculation included specific segment contributions to EBIT from:

- 100% Chicken Division;
- 100% Animal Feed Division; and
- 50% Waste to Value Division (Matzonox and Matzonox Fertilisers).

The STI payout was contingent upon maintaining the Company’s liquidity position while ensuring that the payout does not exceed 20% of the Company’s operating free cash flow, which the requirement was met.

	2024 STI R'000	STI as a % of TCTC
M Stander	4 273	51
K van der Merwe	1 655	55
W De Wet	2 483	56
G van der Walt	2 651	54

REMUNERATION POLICY AND REPORT CONTINUED

LTI outcomes

Share Appreciation Rights – exercised

No SARs were exercised during the year or on unbundling.

Unvested Share Appreciation Rights

As of 30 June 2024, the RCL FOODS SARs have not been exchanged for Rainbow SARs. As a result, the tables below reflect the RCL FOODS SARs held by executive directors.

June 2023

Executive Directors	Issue date	Award price (RCL FOODS) R	Awards outstanding as at 1 July 2022	Number of awards granted during the year	Awards forfeited during the year	Awards vested during the year	Awards outstanding as at 2 July 2023	Fair value of rights outstanding at 2 July 2023 R'000	Rights exercisable at 2 July 2023
M Stander	8 March 2021	8.61	2 322 880	–	–	–	2 322 880	2 762	2 322 880
Subtotal			2 322 880	–	–	–	2 322 880	2 762	2 322 880
K van der Merwe	7 September 2016	14.05	39 052	–	–	–	39 052	–	39 052
	6 September 2017	15.36	8 965	–	–	–	8 965	–	8 965
	10 September 2018	16.97	63 373	–	–	–	63 373	–	63 373
	9 September 2019	9.93	78 443	–	–	–	78 443	–	78 443
	10 September 2020	8.55	52 427	–	–	–	52 427	65	52 427
	17 November 2021	12.65	72 834	–	–	–	72 834	–	72 834
Subtotal			315 094	–	–	–	315 094	65	315 094
W De Wet	7 September 2016	14.05	120 725	–	–	–	120 725	–	120 725
	6 September 2017	15.36	339 145	–	–	–	339 145	–	339 145
	10 September 2018	16.97	365 128	–	–	–	365 128	–	365 128
	9 September 2019	9.93	131 619	–	–	–	131 619	–	131 619
	8 March 2021	8.61	813 008	–	–	–	813 008	967	813 008
Subtotal			1 769 625	–	–	–	1 769 625	967	1 769 625
G van der Walt	6 September 2017	15.36	134 901	–	–	–	134 901	–	134 901
	16 November 2021	12.65	509 263	–	–	–	509 263	–	509 263
Subtotal			644 164	–	–	–	644 164	–	644 164
Total			5 051 763	–	–	–	5 051 763	3 794	5 051 763

The fair value of the awards as at 2 July 2023 is the intrinsic value of the awards, calculated as the 5-day VWAP of the RCL FOODS share price at year end less the strike price (award price) of the SAR. The 5-day VWAP of the RCL FOODS share price on 2 July 2023 was R9.80. SARs that are underwater reflect at a fair value of R0.

REMUNERATION POLICY AND REPORT CONTINUED

Executive Directors	June 2024							
	Issue date	Award price (RCL FOODS) R	Awards outstanding as at 2 July 2023	Awards forfeited during the year	Awards vested during the year	Awards outstanding as at 30 June 2024	Fair value of rights awarded R'000	Rights exercisable at 30 June 2024
M Stander	8 March 2021	8.61	2 322 880	–	–	2 322 880	7 720	2 322 880
Subtotal			2 322 880	–	–	2 322 880	7 720	2 322 880
K van der Merwe	7 September 2016	14.05	39 052	(39 052)	–	–	–	–
	6 September 2017	15.36	8 965	–	–	8 965	–	8 965
	10 September 2018	16.97	63 373	–	–	63 373	–	63 373
	9 September 2019	9.93	78 443	–	–	78 443	157	78 443
	10 September 2020	8.55	52 427	–	–	52 427	177	52 427
	17 November 2021	12.65	72 834	–	–	72 834	–	72 834
Subtotal			315 094	(39 052)	–	276 042	334	276 042
W de Wet	7 September 2016	14.05	120 725	(120 725)	–	–	–	–
	6 September 2017	15.36	339 145	–	–	339 145	–	339 145
	10 September 2018	16.97	365 128	–	–	365 128	–	365 128
	9 September 2019	9.93	131 619	–	–	131 619	264	131 619
	8 March 2021	8.61	813 008	–	–	813 008	2 702	813 008
Subtotal			1 769 625	(120 725)	–	1 648 900	2 966	1 648 900
G van der Walt	6 September 2017	15.36	134 901	–	–	134 901	–	134 901
	16 November 2021	12.65	509 263	–	–	509 263	–	509 263
Subtotal			644 164	–	–	644 164	–	644 164
Total			5 051 763	(159 777)	–	4 891 986	11 020	4 891 986

The fair value of the awards as at 30 June 2024 is the intrinsic value of the awards, calculated as the 5-day VWAP of the RCL FOODS share price at year end less the strike price (award price) of the SAR. The 5-day VWAP of the RCL FOODS share price on 30 June 2024 was R11.93. SARs that are underwater reflect at a fair value of R0.

Value appreciation rights

No VCP awards vested during the period.

LTI awards granted during the year and previous years

The following VCP awards were granted during FY2024 and FY2023 and will vest three years from the respective award dates.

All figures stated in R'000	FY24 VCP award value	FY24 VCP fair value at 30 June 2024	FY23 VCP award value	FY23 VCP fair value at 30 June 2024
	M Stander	8 064	18 279	7 680
K van der Merwe	1 505	3 411	495	974
W De Wet	4 259	9 653	4 056	7 980
G van der Walt	7 147	17 009	7 504	14 061

REMUNERATION POLICY AND REPORT CONTINUED

Single figure tables for the executive directors

The table provides an analysis of remuneration received in during June 2024 presented as the total remuneration of executive directors. As part of Rainbow's ongoing governance journey, the tables aligned with the King IV recommended reporting approach. On 30 June 2024, the CEO and CFO of RCL FOODS were prescribed officers of Rainbow, but their remuneration is not included here as it is disclosed in RCL FOODS' remuneration report.

	June 2024						Total single figure remuneration R'000
	Basic salary R'000	Retirement benefit R'000	Other benefits ¹ R'000	Annual remuneration R'000	STI ² R'000	LTI ³ R'000	
Executive Directors							
M Stander	7 573	619	255	8 447	4 273	–	12 720
K van der Merwe ⁴	2 573	351	107	3 031	1 655	–	4 686
W De Wet	3 916	374	181	4 471	2 483	–	6 954
G van der Walt	4 361	296	286	4 943	2 651	–	7 594
Total	18 423	1 640	829	20 892	11 062	–	31 954

¹ Other benefits include company contributions to disability insurance, medical aid and UIF.

² Short term incentive relates to the performance year ended 30 June 2024, payable in the following financial year.

³ No SARs or VCP awards performance vested during the financial year.

⁴ K van der Merwe was appointed as CFO designate of Rainbow on 1 July 2023 and appointed as CFO on 28 March 2024 (replacing G van der Walt). The remuneration is reflected from 3 July 2023.

	June 2023						Total single figure remuneration R'000
	Basic salary R'000	Retirement benefit R'000	Other benefits ¹ R'000	Annual remuneration R'000	STI ² R'000	LTI ³ R'000	
Executive Directors							
M Stander	7 146	586	258	7 990	–	–	7 990
W De Wet	3 702	353	174	4 229	–	–	4 229
G van der Walt	3 924	375	245	4 544	2 283	–	6 827
Total	11 070	961	503	12 534	2 283	–	14 817

¹ Other benefits include Company contributions to disability insurance, medical aid and UIF.

² Short term incentive relates to the performance year ended 2 July 2023, payable in the following financial year.

³ No SARs or VCP awards performance vested during the financial year.

Non-executive directors

No fees were paid to non-executive directors.

Non-binding advisory vote on the Implementation Report

The Implementation Report, as disclosed in part 3 of the Remuneration Report, is subject to a non-binding advisory vote by shareholders at the AGM. If more than 25% (of those shareholders voting) vote against the Implementation Report, the Remuneration and Nominations Committee will consult with dissenting shareholders to determine the reasons for their objections. Any such concerns will be considered by the Remuneration and Nominations Committee when considering changes for the subsequent year. A summary of the concerns and the Remuneration and Nominations Committee's response will be included in the following year's Remuneration Report.



SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") and Interpretations as issued by the IFRS Interpretations Committee, the information required by IAS 34 Interim Financial Reporting, IFRIC interpretations, SAICA financial reporting guides and circulars, Financial Pronouncements as issued by the Financial Reporting Standards Council and in compliance with the Companies Act of South Africa and the Listings Requirements of the JSE Limited, under the supervision of the Chief Financial Officer, Kerry van der Merwe CA(SA). The accounting policies comply with IFRS and are consistent with those applied in the previous year. These results are extracted from audited information, but are not themselves audited. The consolidated financial statements were audited by Ernst & Young Inc. for the year ended June 2024, who expressed an unqualified opinion thereon. The prior year results are unaudited. The audited consolidated financial statements and the auditor's report thereon are available on the Rainbow website <https://rainbowchickens.co.za/investor-relations/>. The directors take full responsibility for the preparation of these results and confirm that the financial information has been correctly extracted from the underlying consolidated financial statements. The Annual Report is available to shareholders on Rainbows' website on 31 October 2024.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	30 June 2024 R'000	2 July 2023 R'000
ASSETS			
Non-current assets			
Property, plant, equipment and right-of-use assets		2 073 204	1 999 127
Intangible assets		46 803	48 641
Investment property		14 219	–
Deferred income tax asset		52 808	40 983
		2 187 034	2 088 751
Current assets			
Inventories		1 042 604	1 108 580
Biological assets		929 712	1 008 583
Trade and other receivables		2 466 888	2 269 818
Derivative financial instruments		10 881	23 355
Current income tax assets		–	690
Loans receivable	1	463 829	–
Cash and cash equivalents		48 438	28 011
		4 962 352	4 439 037
Total assets		7 149 386	6 527 788
EQUITY			
Stated capital	2	4 250 000	1 249 964
Share-based payments reserve		–	207 086
Common control reserve		(740 842)	(892 970)
Retained earnings		503 481	115 583
Equity attributable to the equity holders of the Company		4 012 639	679 663
Non-controlling interests		15 396	31 180
Total equity		4 028 035	710 843
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	3	161 789	342 012
Deferred income tax liabilities		275 671	225 044
Retirement benefit obligations		18 486	18 102
Share scheme liability	2	27 357	29 109
Employee benefits		89 688	–
		572 991	614 267
Current liabilities			
Trade and other payables		2 265 090	1 633 665
Loans payable	1	–	3 501 059
Interest-bearing liabilities	3	197 804	67 888
Derivative financial instruments		47 386	–
Current income tax liabilities		2 236	66
Bank overdraft		35 844	–
		2 548 360	5 202 678
Total liabilities		3 121 351	5 816 945
Total equity and liabilities		7 149 386	6 527 788

SUMMARY CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 R'000	2023 R'000
Revenue from contracts with customers	4	14 527 425	13 463 861
Operating profit before interest, taxes, depreciation, amortisation and impairments (EBITDA)		637 174	38 644
Depreciation, amortisation and impairments ¹		(301 498)	(267 602)
Operating profit/(loss) ²		335 676	(228 958)
Finance costs	5	(154 060)	(173 171)
Finance income		29 230	5 098
Share of profits of associates		–	4 903
Profit/(Loss) before tax		210 846	(392 128)
Income tax (expense)/credit		(46 389)	106 103
Profit/(Loss) for the year		164 457	(286 025)
Profit/(Loss) for the year attributable to:			
Equity holders of the Company		180 241	(259 484)
Non-controlling interests		(15 784)	(26 541)
		164 457	(286 025)
HEADLINE EARNINGS			
Profit/(Loss) for the period attributable to equity holders of the Company		180 241	(259 484)
Net impairments		1 904	1 034
Insurance proceeds on fixed assets		(439)	(7 406)
Profit on disposal of property, plant and equipment		(1 965)	(564)
Loss on disposal of property, plant and equipment		592	1 113
Loss on disposal of associate		–	1 955
Reclassification of foreign currency translation reserve to profit or loss on disposal of investment		–	(9 654)
Headline earnings		180 333	(273 006)
		2024 cents	2023 cents
Earnings per share attributable to equity holders of the Company³			
Basic earnings per share		20.25	(29.15)
Basic earnings per share – diluted		20.25	(29.15)
Headline earnings per share		20.26	(30.66)
Headline earnings per share – diluted		20.26	(30.66)

¹ Relates only to impairments of property, plant and equipment.

² Operating profit is earnings before interest and tax.

³ The number of ordinary shares has been adjusted retrospectively as part of the reorganisation of the Group.

SUMMARY CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	2024 R'000	2023 R'000
Profit/(Loss) for the year	164 457	(286 025)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement medical aid obligations – net of tax	571	3 319
Items that may be reclassified to profit or loss:		
Currency translation differences	–	7 102
Foreign currency translation reserve recycled into profit and loss	–	(9 654)
Other comprehensive income for the year – net of tax	571	767
Total comprehensive income/(loss) for the year	165 028	(285 258)
Total comprehensive income/(loss) for the year attributable to:		
Equity holders of the Company	180 812	(258 717)
Non-controlling interests	(15 784)	(26 541)
	165 028	(285 258)

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Attributable to the equity holders of the Company							Total R'000
	Stated capital R'000	Share-based payments reserve R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Total R'000	Non- controlling interests R'000	
Balance at 3 July 2022	1 249 964	207 086	2 552	(892 970)	371 748	938 380	55 221	993 601
Loss for the year	–	–	–	–	(259 484)	(259 484)	(26 541)	(286 025)
Other comprehensive income	–	–	(2 552)	–	3 319	767	–	767
Additional equity contribution by minority interest	–	–	–	–	–	–	2 500	2 500
Balance at 2 July 2023	1 249 964	207 086	–	(892 970)	115 583	679 663	31 180	710 843
Profit/(Loss) for the year	–	–	–	–	180 241	180 241	(15 784)	164 457
Other comprehensive income	–	–	–	–	571	571	–	571
Issue of shares	3 152 164	–	–	–	–	3 152 164	–	3 152 164
Reallocation to retained earnings	–	(207 086)	–	–	207 086	–	–	–
Reallocation to common control reserve	(152 128)	–	–	152 128	–	–	–	–
Balance at 30 June 2024	4 250 000	–	–	(740 842)	503 481	4 012 639	15 396	4 028 035



SUMMARY CONSOLIDATED CASH FLOW INFORMATION

FOR THE YEAR ENDED 30 JUNE 2024

	2024 R'000	2023 R'000
Operating profit/(loss)	335 676	(228 958)
Non-cash adjustments and reallocations to other areas of cash flow	402 268	223 466
Operating profit/(loss) before working capital requirements	737 944	(5 492)
Working capital requirements		
Movement in inventories	65 976	(233 265)
Movement in biological assets	108 608	(106 068)
Movement in trade and other receivables	(248 549)	(101 181)
Movement in trade and other payables	612 396	241 253
Cash generated/(utilised) by operations	1 276 375	(204 753)
Finance income received	24 256	5 098
Finance costs paid	(128 000)	(168 106)
Tax (paid)/received	(4 938)	13
Net cash inflow/(outflow) from operating activities	1 167 693	(367 748)
Cash flows from investing activities		
Replacement property, plant and equipment	(344 318)	(241 042)
Expansion property, plant and equipment	(28 077)	(168 141)
Intangible asset additions	(666)	(7 636)
Replacement investment property	(509)	–
Proceeds on disposal of property, plant and equipment and intangible assets	3 486	16
Proceeds on disposal of associate	51 479	–
Net cash outflow from investing activities	(318 605)	(416 803)
Cash flows from financing activities		
Repayment of interest-bearing liabilities	(76 159)	(59 889)
Additional capital contribution by non-controlling interest	–	2 500
Advancement of interest-bearing liabilities	3 800	15 941
Movement in loans	(2 492 913)	742 555
Share issue	1 700 767	–
Net cash (outflow)/inflow from financing activities	(864 505)	701 107
Net movement in cash and cash equivalents	(15 417)	(83 444)
Cash and cash equivalents at the beginning of the year	28 011	111 455
Cash and cash equivalents at the end of the year (net of overdrafts)	12 594	28 011

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. LOANS RECEIVABLE/(PAYABLE)

	2024 R'000	2023 R'000
Short term		
RCL FOODS Limited ¹	–	(1 466 157)
RCL FOODS Treasury Proprietary Limited ²	463 829	(2 034 902)
Total	463 829	(3 501 059)

¹ The loan is unsecured, does not bear interest and was repaid during the year.

² The loan to RCL FOODS Treasury Proprietary Limited (Treasury) is unsecured. The interest rate on the loan to/from Treasury (which varies month to month) was between 8.05% and 10.05% for the 2024 financial year (2023: between 6.90% and 10.08%). Treasury cash settled the loan in full on 1 July 2024.

The RCL FOODS Group has access to the financial information of Treasury and has assessed their financial position and credit worthiness relating to the recoverability of the outstanding amount. The assessment performed by the RCL FOODS Group did not result in a material expected credit loss as per the requirements included within IFRS 9.

2. STATED CAPITAL

	2024 R'000	2023 R'000
Authorised		
2 000 000 000 (2023:100 000) ordinary shares of no par value.		
Issued ordinary shares of no par value at year end		
890 296 405 shares (2023: 59 813 shares)		
At the beginning of the year	1 249 964	1 249 964
Shares issued ¹	3 152 164	–
Reallocation to common control reserve ²	(152 128)	–
At the end of the year	4 250 000	1 249 964

¹ In preparation for the unbundling of Rainbow from RCL FOODS Limited ("RCL FOODS") and normalisation of the capital structure, R2 851,4 million in loans from RCL FOODS including R1 451,4 million non-interest-bearing and R1 400,0 million interest-bearing were converted to equity on 23 February 2024. The conversion resulted in RCL FOODS Consumer Proprietary Limited ("Rainbow Co") issuing 1 998 107 shares to RCL FOODS based on the market value of Rainbow Co. RCL FOODS provided a further equity injection of R300,8 million on 24 May 2024 as part of the normalisation of the company's capital structure prior to unbundling. 156 745 shares from Rainbow Co were issued to RCL FOODS based on the market value of Rainbow Co at the date of the share issue.

² Upon the acquisition of Rainbow Co, the difference between the consideration transferred and the carrying value of the net assets has been recorded within the common control reserve.

Issued shares have been fully paid up.

Rainbow was listed on the main board of the JSE and unbundled from RCL FOODS on 1 July 2024. The unbundling was implemented by way of a dividend in specie distribution, comprising 100% of Rainbow shares in issue to Shareholders in the ratio of 1 Rainbow share for every 1 ordinary no par value RCL FOODS share held by Shareholders. Refer to note 9 for further information.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2024

2. STATED CAPITAL CONTINUED

RCL FOODS Share Appreciation Rights Scheme

Details of share appreciation rights awarded under this scheme are as follows:

Award price (cents)	Date rights awarded	Rights at June 2023	Transfer of employees during the year	Rights exercised during the year	Rights forfeited during the year	Rights at June 2024	Rights exercisable at June 2024
1 405	7 September 2016	1 836 148	–	–	(1 836 148)	–	–
1 536	6 September 2017	2 139 264	–	–	(226 904)	1 912 360	1 912 360
1 677	5 March 2018	148 837	–	–	–	148 837	148 837
1 697	10 September 2018	2 517 827	–	–	(141 051)	2 376 776	2 376 776
1 250	11 March 2019	172 800	–	–	(172 800)	–	–
993	9 September 2019	3 841 440	–	(51 631)	(265 429)	3 524 380	2 238 100
855	10 September 2020	3 486 711	–	(27 595)	(438 572)	3 020 544	978 278
861	8 March 2021	3 135 888	–	–	–	3 135 888	1 034 842
1 265	16 November 2021	5 450 217	(103 399)	–	(212 511)	5 134 307	509 263
		22 729 132	(103 399)	(79 226)	(3 293 415)	19 253 092	9 198 456

The RCL FOODS Share Appreciation Rights Scheme provides executive directors and selected employees with conditional rights to receive RCL FOODS ordinary shares, referred to as Share Appreciation Rights (SARs).

Within the limits imposed by the Company's shareholders and the JSE Limited, the Remuneration and Nominations Committee approves and awards SAR on an annual basis, as well as periodically when either an employee is promoted or a new appointment is made to an appropriate management position. Recipients of SARs become entitled to RCL FOODS shares having a value equal to the increase in the market value of a number of notional RCL FOODS shares. The market value of RCL FOODS shares for the purposes of determining award prices and exercise prices is the volume-weighted average price of RCL FOODS shares traded on the JSE for the five business days immediately preceding the award dates and exercise dates approved by the Remuneration and Nominations Committee.

SARs awards vest after stipulated periods and are exercisable up to a maximum of seven years from the award dates. SARs awards vest as follows:

- 33% – third anniversary of award date;
- 33% – fourth anniversary of award date; and
- 34% – fifth anniversary of award date.

On resignation, SARs awards which have not yet vested will lapse and SARs awards which have vested may be exercised before the last day of employment. On retirement, unvested SARs awards vest immediately and all SARs awards may be exercised within 12 months from the date of retirement. On death, unvested SARs awards vest immediately and all SARs awards may be exercised by beneficiaries within 12 months from the date of death.

The SARs Scheme was replaced during the 2023 financial year, with a value creation plan which is a cash reward not linked to shares.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

2. STATED CAPITAL CONTINUED

RCL FOODS Share Appreciation Rights Scheme continued

	2024 R'000	2023 R'000
Weighted average award price of rights in issue at the beginning of the year	11.88	9.66
Weighted average award price of rights in issue at the end of the year	11.69	11.88
Weighted average award price of rights exercised during the year	9.45	9.93
Weighted average award price of rights forfeited during the year	13.03	15.03
Weighted average share price at date rights exercised during the year	10.78	11.55

The fair value of the SARs is calculated using the binomial options pricing model. There were no awards issued in the current year. The inputs into the model were as follows:

		2024
Expected volatility	(%)	31.51–32.3
Risk-free rate	(%)	8.47–8.73
Expected dividend yield	(%)	3.0
Contractual life	(years)	7
Weighted average contractual life-rights	(years)	2.85

Below is the balance of the liability for the share scheme:

	2024 R'000	2023 R'000
Share scheme liability	27 357	29 109

Post the unbundling from RCL FOODS, Rainbow employees that was part of the RCL FOODS SARs would receive Rainbow shares upon exercising of SARs awards post unbundling. Refer to note 9 for further information.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2024

3. INTEREST-BEARING LIABILITIES

	2024 R'000	2023 R'000
Long-term		
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited trading as Verdure ¹	116 262	128 461
Lease liabilities	45 527	103 032
Loan from Green Create W2V SA Proprietary Limited ²	–	110 519
Subtotal	161 789	342 012
Short-term		
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited trading as Verdure ¹	12 279	13 301
Lease liabilities	57 166	54 587
Loan from Green Create W2V SA Proprietary Limited ²	128 359	–
Subtotal	197 804	67 888
Total	359 593	409 900

¹ Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited trading as Verdure

The FIRST (“FIRST”) loan is a debt funding platform created through a partnership between international development funding and a South African commercial bank to unlock funding for small renewable projects.

This loan relates to the Group’s Waste-to-Value operations (“Matzonox”) and was granted in two tranches. The first tranche was obtained in 2020 and accrues interest at three-month JIBAR plus 4.08%. During 2022 a further loan from FIRST was obtained in Matzonox (second tranche). This loan accrues interest at three-month JIBAR plus 3.95%. The total loan balance is repayable quarterly over a ten-year term.

The loan is secured by:

- A notarial bond registered over the Worcester Waste-to-Value (first tranche) and Rustenburg Waste-to-Value (second tranche) plants;
- Certain bank accounts held with Rand Merchant Bank (Debt-service and Maintenance Reserve Accounts); and
- The shares held by shareholders in Matzonox.

The loan is guaranteed in equal proportions by each Shareholder of Matzonox. The carrying amount of the loan approximates its fair value with a carrying value, in non-current liabilities of R116,3 million (2023: R128,5 million) and an amount of R12,3 million (2023: R13,3 million) included in short-term borrowings.

Any cancellation or prepayment of the loan will require Matzonox to comply with the requirements as listed in the Common Terms Agreement.

² Loan from Green Create W2V SA Proprietary Limited

Green Create W2V SA Proprietary Limited (Green Create) is a 50% shareholder in Matzonox. Green Create has provided finance related to the construction of the Matzonox plant in Rustenburg.

The funding to Matzonox has been provided in equal proportions by Green Create and Rainbow.

The loan is unsecured. Interest accrues at the prime rate per annum and is capitalised to the loan. The carrying amount of the loan approximates its fair value.

On 1 July 2024, Matzonox fully repaid the interest-bearing loan to Green Create. A new, non-interest-bearing loan was advanced to Matzonox. Refer to note 9 for further information.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 R'000	2023 R'000
Disaggregation of revenue from contracts with customers		
Revenue from contracts with customers	14 527 425	13 463 861
Chicken	12 746 473	11 627 990
Sale of poultry products	12 419 232	11 190 186
Sundry sales ¹	327 241	437 804
Animal Feed	7 186 161	7 761 021
Waste-to-Value	96 484	62 145
Sales between segments	(5 501 693)	(5 987 295)
Timing of revenue recognition		
Point in time	14 527 425	13 463 861
Major customers		
Revenue from the Group's top five customers is as follows:		
Customer A	1 931 141	2 100 982
Customer B	1 861 697	1 387 099
Customer C	1 379 197	1 433 193
Customer D	697 284	623 550
Customer E	637 834	673 030
The above revenue is included in the segments above.		
Analysis of revenue		
Sale of poultry products	12 659 559	11 521 632
Sale of animal feed	1 846 456	1 940 050
Energy recoveries	21 410	2 179
Total	14 527 425	13 463 861

¹ Sundry sales consist of poultry by-products. The sale of these items arise in the course of the Chicken segment's ordinary activities, but are considered cost recoveries as they are by-products of the Chicken segment's core operations.

5. FINANCE COSTS

	2024 R'000	2023 R'000
Interest – financial institutions	17 359	15 801
Interest – related parties	110 408	138 276
Interest – lease liabilities	12 020	5 065
Interest – other	14 273	14 029
Total	154 060	173 171

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

6. OPERATING SEGMENTS

The Chief Executive Officer (“CEO”) is the Chief Operating Decision Maker. The CEO assesses the performance of the operating segments based on operating profit before interest, taxes, depreciation, amortisation and impairment (EBITDA) and operating profit (EBIT).

The Group is made up of the following segments:

- Chicken;
- Animal Feed (consisting of Epol and Driehoek);
- Waste-to-Value (consisting of Matzonox Proprietary Limited and Matzonox Fertilisers Proprietary Limited); and
- Group (other immaterial segments).

Transactions between segments are accounted for under the IFRS Accounting Standards in the individual segments.

	2024 R'000	2023 R'000
Revenue from contracts with customers¹	14 527 425	13 463 861
Chicken	12 746 473	11 627 990
Animal Feed	7 186 161	7 761 021
Waste-to-Value	96 484	62 145
Sales between segments:		
Chicken to Animal Feed	(86 914)	(106 358)
Animal Feed to Chicken	(5 339 705)	(5 820 971)
Waste-to-Value to Chicken	(75 074)	(59 966)
Operating profit before interest, taxes, depreciation, amortisation and impairments (EBITDA)	637 174	38 644
Chicken	337 923	(234 843)
Animal Feed	253 150	262 339
Waste-to-Value	31 959	2 903
Group	14 142	8 245
Depreciation, amortisation and impairments	(301 498)	(267 602)
Chicken	(227 970)	(196 174)
Animal Feed	(41 563)	(39 338)
Waste-to-Value	(31 965)	(32 090)
Operating profit/(loss) (EBIT)	335 676	(228 958)
Chicken	109 953	(431 017)
Animal Feed	211 587	223 001
Waste-to-Value	(6)	(29 187)
Group	14 142	8 245
Operating profit/(loss) (EBIT)	335 676	(228 958)
Finance costs	(154 060)	(173 171)
Finance income	29 230	5 098
Share of profits of associates		
Ugandan Operation (HMH)	–	4 903
Profit/(Loss) before tax	210 846	(392 128)



NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

6. OPERATING SEGMENTS CONTINUED

	2024 R'000	2023 R'000
Assets		
Chicken	5 747 066	5 407 497
Animal Feed	2 168 022	1 544 438
Waste-to-Value	453 128	453 819
Group assets	–	51 394
Set-off of inter-segment balances	(1 218 830)	(929 360)
Total per statement of financial position	7 149 386	6 527 788
Liabilities		
Chicken	2 602 267	5 426 473
Animal Feed	1 223 278	823 039
Waste-to-Value	510 686	479 808
Group liabilities	1 821	16 913
Set-off of inter-segment balances	(1 216 701)	(929 288)
Total per statement of financial position	3 121 351	5 816 945

¹ In the current year, within the Chicken segment, Customer A (R1,9 billion) and Customer B (R1,9 billion) each contributed more than 10% to the total revenue of Rainbow. The revenues derived by the Group from foreign countries are not considered to be material.

	2024 R'000	2023 R'000
Additions to property, plant and equipment, investment property and intangible assets		
Chicken		
Property, plant and equipment ¹	368 931	444 521
Investment property	509	–
Intangible assets	320	61
Animal Feed		
Property, plant and equipment ¹	35 571	125 031
Intangible assets	346	7 575
Waste-to-Value		
Property, plant and equipment	82	3 808
Impairment losses²		
Chicken	2 608	1 417

¹ Property, plant and equipment additions include the right-of-use assets recognised in accordance with IFRS 16.

² These impairments relate only to impairments of property, plant and equipment.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

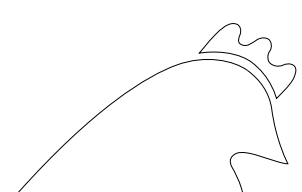
FOR THE YEAR ENDED 30 JUNE 2024

7. RELATED PARTY TRANSACTIONS

Related party relationships exist between Rainbow Chicken Limited and its subsidiaries within RCL FOODS and Remgro Group. The transactions and balances below relate to total operations.

RCL FOODS Limited is the holding company and Remgro Limited is the ultimate holding company of the Group.

	2024 R'000	2023 R'000
Balances with the holding company		
Loan payable	–	1 466 157
Balances with subsidiaries of the holding company		
Loan payable	–	2 034 902
Loan receivable	463 828	–
Trade and other receivables	3 235	2 019 011
Trade and other payables	68 948	197 504
Transactions with subsidiaries of the holding company		
Sales	25 658	20 807
Purchases	292 689	393 094
Expense recoveries	7 288	6 300
Rental income and expense recoveries	876	40 626
Merchandising and distribution fee	119 687	776 950
Management fees	102 597	104 849
Interest income	26 550	–
Interest expense	110 408	121 374
Balances with subsidiaries of the ultimate holding company		
Trade and other payables	1 663	1 561
Transactions with subsidiaries of the ultimate holding company		
Purchases	11 448	16 045
Key management of Rainbow Chicken Limited		
In terms of IAS 24 “Related Party Disclosures”, key management (Paterson Bands DU and above) are considered to be related parties.		
Executive management and the senior leadership team are classified as key management.		
The following transactions were carried out with key management individuals within the Group:		
– short-term employee benefits	145 702	136 568
– post-employment benefits	12 563	10 820
– other long-term employee benefits	94 981	1 437
– termination benefits	731	1 471
– share-based payments expense	(1 541)	1 503
Total	252 436	151 799



NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS

	Basic salary R'000	Pension contribution R'000	Bonus ¹ R'000	Other benefits ² R'000	Total R'000
2024					
Executive directors					
MP Stander	7 573	619	–	255	8 447
WA de Wet	3 916	374	–	181	4 471
IG van der Walt ³	3 186	296	2 283	200	5 965
KR van der Merwe ⁴	640	90	–	27	758
Subtotal	15 315	1 379	2 283	663	19 640
Prescribed officers⁵					
PD Cruickshank	7 833	639	9 620	241	18 333
RH Field	5 513	594	4 350	260	10 717
Subtotal	13 346	1 233	13 970	501	29 050
Total	28 661	2 612	16 253	1 164	48 690
2023					
Executive directors					
MP Stander	7 146	586	3 803	258	11 793
WA de Wet	3 702	353	1 226	174	5 455
IG van der Walt ³	3 924	375	2 795	245	7 339
Subtotal	14 772	1 314	7 824	677	24 587
Prescribed officers⁵					
PD Cruickshank	7 420	606	9 000	232	17 258
RH Field	5 243	564	5 000	243	11 050
Subtotal	12 663	1 170	14 000	475	28 308
Total	27 435	2 484	21 824	1 152	52 895

¹ Bonus payments made in 2024 relate to the 2023 financial year. An amount of R11,1 million has been accrued for executive directors and R14,5 million for prescribed officers.

² Other benefits include company contributions to disability insurance, medical aid and UIF.

³ IG van der Walt resigned on 28 March 2024. Remuneration has been pro-rated and included above.

⁴ KR van der Merwe was appointed on 28 March 2024. Remuneration has been pro-rated and included above.

⁵ PD Cruickshank and RH Field are no longer prescribed officers from 1 July 2024.

	2024 R'000	2023 R'000
Salaries and other paid by:		
RCL FOODS Consumer Proprietary Limited	17 357	24 587
RCL Group Services Proprietary Limited	29 050	28 308
Remgro Limited	2 283	–
Total	48 690	52 895

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Non-executives (for services as a director)	2024 R'000	2023 R'000
Present directors¹		
A Brinkhuis	-	-
CJ Robertson	-	-
PR Louw	-	-
SM Parsons	-	-
WO van Wyk	-	-
ZP Zatu Moloji	-	-
Total	-	-

¹ The non-executive directors of Rainbow were appointed on 23 May 2024.

Long-term incentives ("LTI") payable

The Rainbow Value Creation Plan ("VCP") aims to incentivise eligible participants to drive particular financial measures linked to value creation to encourage a long-term focus on sustainable growth and to attract and retain suitably skilled and competent personnel. VCP allocations are made on an annual basis or when retention/attraction risks apply to executive directors and selected employees.

A vesting period of three years applies. Upon lapsing of the three-year period, and where a participant has remained employed for the duration of the vesting period and to the extent to which performance conditions have been made, the vesting of the award will occur and the participant will be entitled to settlement to the value of the vested award.

Expected settlements on VCP allocations to executive directors for the year ended June 2024 are as follows:

	Expected settlement on unvested awards ¹ R'000	Amounts paid in the current financial year R'000
MP Stander	33 390	-
WA de Wet	17 633	-
IG van der Walt	31 069	-
KR van der Merwe	4 385	-
Expected payment on condition performance targets are achieved	86 477	-
Liability included in employee benefits	57 651	-

¹ Expected future payments on vesting of open scheme as at 30 June 2024. One-third of the 2024 awards and two-thirds of the 2023 awards have been accrued for the year ended 30 June 2024.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Expected settlements on the RCL FOODS (non-Rainbow) VCP allocations to prescribed officers for the year ended June 2024 are as follows:

	Expected settlement on unvested awards ² R'000	Amounts paid in the current financial year R'000
PD Cruickshank	5 567	–
RH Field	4 867	–
Expected payment on condition performance targets are achieved	10 434	–
Liability included in employee benefits	5 293	–

² Expected future payments on vesting of open scheme as at 30 June 2024. One-third of the 2024 awards and two-thirds of the 2023 awards have been accrued for the year ended 30 June 2024.

Expected settlements on VCP allocations to executive directors for the year ended June 2023 are as follows:

	Expected settlement on unvested awards ³ R'000	Amounts paid in the current financial year R'000
MP Stander	–	–
WA de Wet	–	–
IG van der Walt	–	–
KR van der Merwe	–	–
Expected payment on condition performance targets are achieved	–	–
Liability included in employee benefits	–	–

³ An accrual for the year ended 2 July 2023 was not raised as the performance conditions of the Group was not met.

Expected settlements on RCL FOODS (non-Rainbow) VCP allocations to prescribed officers for the year ended June 2023 are as follows:

	Expected settlement on unvested awards ⁴ R'000	Amounts paid in the current financial year R'000
PD Cruickshank	2 228	–
RH Field	2 082	–
Expected payment on condition performance targets are achieved	4 310	–
Liability included in employee benefits	1 437	–

⁴ Expected future payments on vesting of open scheme as at 2 July 2023. One-third of the awards have been accrued for in the 2023 financial year.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Interests of Directors of the Company in share appreciation rights awarded in terms of the RCL FOODS Share Appreciation Rights Scheme

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2024 are as follows:

Executive directors	Award price post rights issue Rand	Rights at June 2023	Rights awarded during the year	Rights exercised during the year	Rights forfeited during the year	Rights at June 2024	Fair value of rights awarded ¹ R'000	Rights exercisable at June 2024
MP Stander	8.61	2 322 880	–	–	–	2 322 880	7 720	2 322 880
Subtotal		2 322 880	–	–	–	2 322 880	7 720	2 322 880
WA de Wet	14.05	120 725	–	–	(120 725)	–	–	–
	15.36	339 145	–	–	–	339 145	–	339 145
	16.97	365 128	–	–	–	365 128	–	365 128
	9.93	131 619	–	–	–	131 619	264	131 619
	8.61	813 008	–	–	–	813 008	2 702	813 008
Subtotal		1 769 625	–	–	(120 725)	1 648 900	2 966	1 648 900
IG van der Walt	15.36	134 901	–	–	–	134 901	–	134 901
	12.65	509 263	–	–	–	509 263	–	509 263
Subtotal		644 164	–	–	–	644 164	–	644 164
KR van der Merwe	14.05	39 052	–	–	(39 052)	–	–	–
	15.36	8 965	–	–	–	8 965	–	8 965
	16.97	63 373	–	–	–	63 373	–	63 373
	9.93	78 443	–	–	–	78 443	157	78 443
	8.55	52 427	–	–	–	52 427	177	52 427
	12.65	72 834	–	–	–	72 834	–	72 834
Subtotal		315 094	–	–	(39 052)	276 042	334	276 042
Total		5 051 763	–	–	(159 777)	4 891 986	11 020	4 891 986

¹ Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Interests of Directors of the Company in share appreciation rights awarded in terms of the RCL FOODS Share Appreciation Rights Scheme *continued*

Fair value of rights awarded represents the total fair value of rights outstanding at the end of the financial year. This cost is expensed over the right's vesting period.

Prescribed officers ¹	Award price post rights issue Rand	Rights at June 2023	Rights awarded during the year	Rights exercised during the year	Rights forfeited during the year	Rights at June 2024	Fair value of rights awarded ² R'000	Rights exercisable at June 2024
PD	14.05	704 282	–	–	(704 282)	–	–	–
Cruickshank	15.36	366 020	–	–	–	366 020	1 245	366 020
	16.97	323 507	–	–	–	323 507	1 417	323 507
	9.93	2 068 897	–	–	–	2 068 897	4 903	1 365 472
	8.55	714 010	–	–	–	714 010	1 564	235 623
	12.65	2 510 776	–	–	–	2 510 776	11 524	–
Subtotal		6 687 492	–	–	(704 282)	5 983 210	20 653	2 290 622
RH Field	14.05	1 087 325	–	–	(1 087 325)	–	–	–
	15.36	669 653	–	–	–	669 653	2 277	669 653
	16.97	620 061	–	–	–	620 061	2 716	620 061
	9.93	1 217 339	–	–	–	1 217 339	2 885	803 443
	8.55	1 188 869	–	–	–	1 188 869	2 604	392 326
12.65	1 095 283	–	–	–	1 095 283	5 027	–	
Subtotal		5 878 530	–	–	(1 087 325)	4 791 205	15 509	2 485 483
Total		12 566 022	–	–	(1 791 607)	10 774 415	36 162	4 776 105

¹ These amounts have been extracted from the Annual Financial Statements of RCL FOODS Limited.

² Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Interests of Directors of the Company in share appreciation rights awarded in terms of the RCL FOODS Share Appreciation Rights Scheme *continued*

Share appreciation rights awarded to executive directors and unexpired or unexercised as at June 2023 are as follows:

Executive directors	Award price post rights issue Rand	Rights at June 2022	Rights forfeited during the year	Rights at June 2023	Fair value of rights awarded ¹ R'000	Rights exercisable at June 2023
MP Stander	8.61	2 322 880	–	2 322 880	2 762	2 322 880
Subtotal		2 322 880	–	2 322 880	2 762	2 322 880
WA de Wet	14.05	120 725	–	120 725	–	120 725
	15.36	339 145	–	339 145	–	339 145
	16.97	365 128	–	365 128	–	365 128
	9.93	131 619	–	131 619	–	131 619
	8.61	813 008	–	813 008	967	813 008
Subtotal		1 769 625	–	1 769 625	967	1 769 625
IG van der Walt	15.36	134 901	–	134 901	–	134 901
	12.65	509 263	–	509 263	–	509 263
Subtotal		644 164	–	644 164	–	644 164
KR van der Merwe	14.05	39 052	–	39 052	–	39 052
	15.36	8 965	–	8 965	–	8 965
	16.97	63 373	–	63 373	–	63 373
	9.93	78 443	–	78 443	–	78 443
	8.55	52 427	–	52 427	65	52 427
	12.65	72 834	–	72 834	–	72 834
Subtotal		315 094	–	315 094	65	315 094
Total		5 051 763	–	5 051 763	3 794	5 051 763

¹ Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Interests of Directors of the Company in share appreciation rights awarded in terms of the RCL FOODS Share Appreciation Rights Scheme *continued*

	Award price post rights issue Rand	Rights at June 2022	Rights forfeited during the year	Rights at June 2023	Fair value of rights awarded ² R'000	Rights exercisable at June 2023
Prescribed officers¹						
PD Cruickshank	15.92	181 809	(181 809)	–	–	–
	14.05	704 282	–	704 282	2 155	704 282
	15.36	366 020	–	366 020	1 245	366 020
	16.97	323 507	–	323 507	1 417	213 514
	9.93	2 068 897	–	2 068 897	4 903	682 736
	8.55	714 010	–	714 010	1 564	–
	12.65	2 510 776	–	2 510 776	11 524	–
Subtotal		6 869 301	(181 809)	6 687 492	22 808	1 966 552
RH Field	15.92	319 448	(319 448)	–	–	–
	14.05	1 087 325	–	1 087 325	3 327	1 087 325
	15.36	669 653	–	669 653	2 277	669 653
	16.97	620 061	–	620 061	2 716	409 240
	9.93	1 217 339	–	1 217 339	2 885	401 721
	8.55	1 188 869	–	1 188 869	2 604	–
	12.65	1 095 283	–	1 095 283	5 027	–
Subtotal		6 197 978	(319 448)	5 878 530	18 836	2 567 939
Total		13 067 279	(501 257)	12 566 022	41 644	4 534 491

¹ These amounts have been extracted from the Annual Financial Statements of RCL FOODS Limited.

² Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Interests of Directors of the Company in stated capital

The aggregate beneficial holdings as at June of those directors of the Company holding issued ordinary shares in RCL FOODS are detailed below:

	2024 Direct beneficial	2024 Indirect beneficial	2023 Direct beneficial	2023 Indirect beneficial
Executive directors				
MP Stander	-	-	-	-
WA de Wet	30 152	-	-	-
KR van der Merwe	-	-	-	-
IG van der Walt	-	-	-	-
Subtotal	30 152	-	-	-
Prescribed officers				
PD Cruickshank	447 811	-	447 811	-
RH Field	1 675 030	-	1 675 030	-
Subtotal	2 122 841	-	2 122 841	-
Non-executive director				
SM Parsons	15 084	-	-	-
Subtotal	15 084	-	-	-
Total	2 168 077	-	2 122 841	-

The above interests of directors represents the aggregate interests of directors. No interest is held by a director's associate.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Directors' emoluments paid by RCL FOODS Limited

	Fees R'000	Salaries R'000	Retirement fund R'000	Other benefits ¹ R'000	Total R'000
June 2024					
Prescribed officers					
PD Cruickshank	–	7 833	639	9 861	18 333
RH Field	–	5 513	594	4 610	10 717
Total	–	13 346	1 233	14 471	29 050
June 2023					
Prescribed officers					
PD Cruickshank	–	7 420	606	9 232	17 258
RH Field	–	5 243	564	5 243	11 050
Total	–	12 663	1 170	14 475	28 308

¹ Other benefits include bonuses accrued and Company contributions to disability insurance, medical aid and UIF.

Directors' emoluments paid by Remgro Limited

	Fees R'000	Salaries R'000	Retirement fund R'000	Other benefits ¹ R'000	Total R'000
June 2024					
Non-executive directors					
PR Louw	–	3 429	680	482	4 591
WO van Wyk ²	–	121	26	29	176
Total	–	3 550	706	511	4 767
June 2023					
Non-executive directors					
PR Louw	–	3 221	639	455	4 315
WO van Wyk ²	–	–	–	–	–
Total	–	3 221	639	455	4 315

¹ Other benefits include bonuses accrued and Company contributions to disability insurance, medical aid and UIF.

² Appointed as a director within the Remgro Group of Companies on 24 May 2024.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans

Remgro Equity Settled Share Appreciation Rights Scheme (“SARs”) – 2024

Participant	Balance of SARs accepted as at June 2023	Balance of SARs on appointment	SARs accepted during the period	Offer date	Offer price Rand	Number of SARs exercised/ (forfeited)	Date exercising/ forfeiting SARs	Balance of SARs accepted as at June 2024	Fair value of SARs granted ¹ R'000
Non-Executive									
PR Louw	5 952	–	–		160.29	(5 952)	26/11/2023	–	–
	9 497	–	–		166.08	(9 497)	24/11/2023	–	–
	20 301	–	–		114.92	(20 301)	01/12/2023	–	–
	32 964	–	–		89.21	(21 976)	05/12/2023	10 988	348
	46 448	–	–		89.69	(23 844)	05/12/2023	22 604	741
	35 796	–	–		126.99	–		35 796	937
	37 780	–	–		141.64	–		37 780	901
	–	–	19 602	05/12/2023	145.17	–		19 602	501
WO van Wyk ²	–	6 082	–		121.63	–		6 082	159
	–	5 870	–		141.64	–		5 870	140
	–	3 221	–		145.17	–		3 221	82
Total	188 738	15 173	19 602			(81 570)		141 943	3 809

¹ Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.

² Appointed as a director within the Remgro Group of Companies on 24 May 2024.

Remgro Equity Settled Share Appreciation Right Scheme (“SARs”) – 2023

Participant	Balance of SARs accepted as at June 2022	SARs accepted during the period	Offer date	Offer price Rand	Number of SARs exercised/ (forfeited)	Date exercising/ forfeiting SARs	Balance of SARs accepted as at June 2023	Fair value of SARs granted ¹ R'000
PR Louw	22 646	–		90.97	(22 646)	22/06/2023	–	–
	12 944	–		123.80	(12 944)	22/06/2023	–	–
	5 952	–		160.29	–		5 952	21
	9 497	–		166.08	–		9 497	20
	91 120	–		122.38	(91 120)	22/06/2023	–	–
	20 301	–		114.92	–		20 301	865
	46 428	–		89.21	(13 464)	05/12/2022	32 964	1 302
	46 448	–		89.69	–		46 448	1 920
	35 796	–		126.99	–		35 796	1 234
	–	37 780	05/12/2022	141.64	–		37 780	1 218
Total	291 132	37 780			(140 174)		188 738	6 580

¹ Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. DIRECTORS' EMOLUMENTS CONTINUED

Remgro Equity Settled Conditional Share Plan ("CSP") – 2024

Participant	Balance of CSPs accepted as at June 2023	Balance of SARs on appointment	CSPs accepted during the period ¹	Offer date ¹	Offer price Rand	Additional CSPs from dividends	Number of CSPs vested/ (forfeited)	Date vested/ forfeited CSPs	Balance of CSPs accepted as at June 2024	Fair value of CSPs ¹ R'000
Non-Executive										
PR Louw	22 458	–	–		93.82	395	11 624	05/12/2023	11 229	917
	47 466	–	–		93.82	407	(24 773)	05/12/2023	23 100	1 886
	36 580	–	–		126.99	–	–		36 580	2 987
	37 780	–	–		141.64	–	–		37 780	3 085
	–	–	58 806	05/12/2023	145.17	–	–		58 806	4 802
WO van Wyk ²	–	1 379	–		93.82	–	–		1 379	188
	–	3 086	–		93.82	–	–		3 086	420
	–	98	–		–	–	–		98	13
	–	6 216	–		126.99	–	–		6 216	508
	–	5 870	–		141.64	–	–		5 870	479
	–	9 662	–		145.17	–	–		9 662	789
Total	144 284	26 311	58 806			802	(13 149)		193 806	16 074

¹ Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.

² Appointed as a director within the Remgro Group of Companies on 24 May 2024.

Remgro Equity Settled CSPs – 2023

Participant	Balance of CSPs accepted as at June 2022	CSPs accepted during the period ¹	Offer date ¹	Offer price Rand	Additional CSPs from dividends	Number of CSPs vested/ (forfeited)	Date vested/ forfeited CSPs	Balance of CSPs accepted as at June 2023	Fair value of CSPs ¹ R'000
PR Louw	–	172 168	05/12/2022	141.64	–	–		172 168	15 190
	46 428	1 017	12/10/2022	93.82	197	(25 184)	05/12/2022	22 458	1 981
	46 448	1 018	12/10/2022	93.82	–	–		47 466	4 188
	7 988	175	12/10/2022	93.82	72	(8 235)	22/06/2023	–	–
	35 796	784	12/10/2022	126.99	–	–		36 580	1 936
	–	37 780	05/12/2022	141.64	–	–		37 780	3 333
Total	136 660	212 942			269	(33 419)		316 452	26 628

¹ Fair value of rights awarded represents the total fair value of rights outstanding at the end of the year. This cost is expensed over the right's vesting period.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED FOR THE YEAR ENDED 30 JUNE 2024

9. SUBSEQUENT EVENTS

Rainbow was listed on the main board of the Johannesburg Stock Exchange (“JSE”) and unbundled from RCL FOODS Limited (“RCL FOODS”) on 1 July 2024. The unbundling was implemented by way of a dividend in specie distribution, comprising 100% of the Rainbow shares in issue (being 890 296 405 Rainbow ordinary shares of no par value) to Shareholders in the ratio of 1 Rainbow share for every 1 ordinary no par value RCL FOODS share held by Shareholders entitled to participate in the unbundling, in terms of section 46 of the Companies Act, 71 of 2008 and in accordance with section 46 of the Income Tax Act, 58 of 1962.

As a pre-requisite to being unbundled from RCL FOODS, the appropriateness of the capital structure of Rainbow to sustain the business longer term was reviewed by RCL FOODS. It was determined that Rainbow would require appropriate finance facilities to support its operational requirements. This was implemented, effective 1 July 2024 with Rand Merchant Bank (“RMB”) and ABSA Bank Limited with both Rainbow Chicken Limited and RCL FOODS Consumer Proprietary Limited (“Rainbow Co”) as cross-guarantors to the debt package. The facilities implemented include amongst others a General Borrowing Facility of R500 million, intraday funding limits, appropriate derivative hedging facility limits and other trade finance facilities sufficient to support Rainbows working capital and liquidity requirements.

On 1 July 2024, RCL FOODS Treasury Proprietary Limited paid Rainbow R463,8 million, fully settling the loan owed to Rainbow at 30 June 2024.

On 26 July 2024, the Rainbow Board approved the internal refinance of the existing R128,4 million loan to Matzonox on more suitable terms. This loan will fully settle the outstanding balance of Matzonox’s current interest-bearing mezzanine loan. A new shareholder non-interest-bearing loan in equal proportions from each shareholder was advanced on the same date.

Historically, Rainbow executives participated in RCL FOODS’ legacy long-term incentive (LTI) plan, specifically the share appreciation rights (SAR) scheme. Following the unbundling, all vested and unvested RCL SARs were converted to Rainbow SARs at a similar value, based on Rainbow’s share price, with vesting accelerated due to the unbundling. These converted SARs are exercisable for up to 14 months post-listing. To facilitate this conversion, Rainbow adopted the Rainbow Share Incentive Plan, which mirrors the original RCL FOODS SAR scheme’s rules. However, this plan was created solely to substitute the RCL SAR awards and will not be used for new awards moving forward.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

10. SUPPLEMENTARY INFORMATION

Capital commitments:

	2024 R'000	2023 R'000
Capital expenditure contracted and committed	39 928	90 686
Capital expenditure approved but not contracted	34 589	60 743

Statistics¹

Statutory ordinary shares in issue	(000's)	890 296	890 296
Ordinary shares in issue for accounting purposes	(000's)	890 296	890 296
Weighted average ordinary shares in issue	(000's)	890 296	890 296
Diluted weighted average ordinary shares in issue	(000's)	890 296	890 296
Net asset value per share	(cents)	452.4	79.8
Ordinary dividends per share ²	(cents)	Nil	Nil

¹ The number of shares has been adjusted retrospectively as part of the reorganisation of the Group.

² No dividends were declared during the current year (2023: nil).



SHAREHOLDER INFORMATION



SHAREHOLDERS' DIARY

Financial year-end June
Annual general meeting November

Financial Reports

Announcement of results for the year September
Interim report for half year to December March
Future Ordinary Dividends

Interim dividend

Declaration March
Payment April

Final dividend

Declaration September
Payment October

CORPORATE INFORMATION

Company registration number	2024/200346/06
JSE Share code	RBO
ISIN code	ZAE000334850
Registered office/street address	Southdowns Ridge Office Park Suite 12 Cnr John Vorster and Nellmapius Drive Irene Centurion Gauteng 0157
Postal address	Southdowns Ridge Office Park Suite 12 Cnr John Vorster and Nellmapius Drive Irene Centurion Gauteng 0062
Transfer secretaries	Computershare Investor Services Proprietary Limited Rosebank Towers 15 Biermann Avenue Rosebank 2196
Company secretary	Fluidrock Co Sec Proprietary Limited
Auditors	Ernst & Young Inc.
Listing	JSE Securities Exchange South Africa
Sector	Food Producers
Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited)
Bankers	Absa Bank and Rand Merchant Bank
Website	www.rainbowchickens.co.za

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www.rainbowchickens.co.za