RAINBOW CHICKEN LIMITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended June 2024

RAINBOW

CONTENTS

REGULATORY APPROVALS

FINANCIAL STATEMENTS

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 2024

The Directors are responsible for the preparation and integrity of the Consolidated Annual Financial Statements of the Group and other information included in this report which has been prepared in accordance with International Financial Accounting Reporting Standards. The Directors are also responsible for the systems of internal control.

The Directors, supported by the Audit and Risk Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent external auditors on the results of their statutory audit, that the Group's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The Directors believe that the Group's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period.

In preparing the Consolidated Annual Financial Statements, the Group has used appropriate accounting policies, supported by reasonable judgements and estimates, and has complied with all applicable accounting standards. The Directors are of the opinion that the Consolidated Annual Financial Statements present fairly the financial position of the Group at June 2024 and the results of its operations for the year then ended. The Directors are also of the opinion that the Group will continue as a going concern in the year ahead.

The Consolidated Annual Financial Statements set out on pages 13 to 94, which have been prepared on the going concern basis, were approved by the Board of Directors on 28 October 2024 and are signed on its behalf by:

PR Louw
Non-executive Chairman

28 October 2024

MP Stander
Chief Executive Officer

28 October 2024

STATEMENT OF RESPONSIBILITY
FOR THE YEAR ENDED JUNE 2024

In accordance with the Johannesburg Stock Exchange ("JSE") Listings Requirements, each of the Directors, whose names are stated below, hereby confirm that:

- The Consolidated Annual Financial Statements set out on pages 13 to 94, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- To the best of our knowledge and belief no facts have been omitted or untrue statements made that would make the Consolidated Annual Financial Statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to prepare the financial statements of the issuer effectively;
- The internal financial controls are adequate and effective and can be relied upon in compiling the Consolidated Annual Financial Statements, having fulfilled our role and function as Executive Directors with primary responsibility for implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving Directors.

MP Stander
Chief Executive Officer

28 October 2024

KR van der Merwe
Chief Financial Officer

28 October 2024

CERTIFICATE BY THE COMPANY SECRETARY
FOR THE YEAR ENDED JUNE 2024

I hereby certify that in respect of the year ended June 2024, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of section 88(2) of the Companies Act of South Africa and that all such returns are true, correct and up to date.

FluidRock Co Sec Proprietary Limited
Company Secretary

28 October 2024

REPORT OF THE AUDIT AND RISK COMMITTEE

FOR THE YEAR ENDED JUNE 2024

This report sets out how the Audit and Risk Committee (the "Committee") discharged its responsibilities during the financial year ended June 2024 as required in terms of section 94 of the Companies Act of South Africa (the "Companies Act").

As a result of the unbundling of Rainbow Chicken Limited (the "Group") from RCL FOODS Limited ("RCL FOODS"), the previous Holding Company on 1 July 2024 a separate Rainbow Chicken Limited Audit and Risk Committee was constituted on 23 May 2024. The details of which are described in the sections below.

Rainbow Chicken Limited formed part of RCL FOODS for the year ended 30 June 2024 and as a result RCL FOODS Audit Committee and RCL FOODS Risk Committee fulfilled responsibilities related to Rainbow Chicken Limited for the financial year ending 30 June 2024. The RCL FOODS Audit Committee report can be found as part of their 2024 Annual Financial Statements on their website at **https://rclfoods.com/investor-center/financial-results-and-investor-presentations/**. Given that the Rainbow Audit and Risk Committee was constituted on 23 May 2024, the Rainbow Audit and Risk Committee performed their responsibilities for this Rainbow Consolidated Annual Financial Statements and the Annual Report.

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

The Committee's first task involved a review of the Audit and Risk Committee Terms of Reference. The purpose of the Terms of Reference was to outline the Committee's roles and responsibilities.

The Committee was constituted as (i) a statutory committee in respect of its statutory duties in terms of the Companies Act, and (ii) a Committee of the Board of Directors of Rainbow Chicken Limited.

The Committees Terms of Reference were recommended to the Board for approval by the Chairperson of the Committee on 27 May 2024.

AUDIT AND RISK COMMITTEE COMPOSITION

The Committee's composition adheres to the requirements of the Companies Act, the JSE Listings Requirements and the recommendations of the King IV Code of Corporate Governance. The Chairperson of the Board may not serve as the Chairperson or as a member of the Committee. The Committee comprises three independent Non-executive Directors. All members of the Committee have the requisite financial literacy, knowledge, commercial skills and experience to contribute effectively to Committee deliberations.

The Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Internal Audit, Sustainability and Risk Director, Head of Legal and Compliance, Chief Operating Officer ("COO") and the external audit partner attend meetings by invitation. Other members of the Board and management team attend as required. The Committee meets separately with the external and internal auditors at least once a year without management present, to ensure that all relevant matters have been identified and discussed without undue influence.

The Committee consists of the following members:

Members	Qualification	Appointment date
CJ Robertson*	BCom, PGDA, CA(SA)	**23 May 2024**
A Brinkhuis		**23 May 2024**
ZP Zatu Moloi	BCom, HDip Acc, CA(SA)	**23 May 2024**

* *Committee Chairperson.*

ELECTION OF COMMITTEE MEMBERS

The Committee comprises of independent Non-executive Directors who were elected by the Board on 23 May 2024 and will retire and avail themselves for re-election at the first AGM in terms of section 94(2) of the Companies Act.

ROLES AND RESPONSIBILITIES

The Committee's roles and responsibilities include its statutory duties per the Companies Act and the responsibilities assigned to it by the Board. The Committee fulfils an oversight role regarding integrated reporting, ensures application of the combined assurance model, reviews the finance function, forms an integral component of the risk management process and provides oversight of both external audit and internal audit.

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

The Committee was able to discharge the following functions outlined in its charter and ascribed to it in terms of the Companies Act and King IV:

- Reviewed the Consolidated Annual Financial Statements and Annual Report, in the course of its review, the Committee:
  - Took appropriate steps to ensure that the Consolidated Annual Financial Statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS");
  - Considered and, when appropriate, made recommendations on the Consolidated Annual Financial Statements, accounting practices and internal financial controls;
  - Ensured that the Group has established appropriate financial reporting procedures and that those procedures operate effectively; and
  - Took into consideration the process of proactive monitoring of the Consolidated Annual Financial Statements for compliance with IFRS in terms of the JSE proactive monitoring report;
- Provide oversight in respect of financial reporting risks, internal financial controls, fraud risk and IT risk as it relates to financial reporting;
- Confirmed the Internal Audit charter and internal audit plan adopted by the Internal Audit function;
- Considered the appropriateness of the combined assurance model in addressing all significant risks facing the Group;
- Considered and recommended to the Board the appointment of Ernst & Young Incorporated ("EY") as auditors of Rainbow, and the appointment of external audit partner, in line with applicable legislation;
- Considered and recommended to the Board the appointment and retention of external auditors, and the external audit partner, in line with applicable legislation;
- Approved the audit fees and engagement terms of the external auditors;
- Determined the nature and extent of allowable non-audit services and approved the terms for the provision of non-audit services, by the external auditors; and
- Considered the Group's risk management framework and mitigation strategies developed by management in relation to the underlying strategic risks.

EXPERTISE AND EXPERIENCE OF THE CFO AND FINANCE FUNCTION

The Committee performed an assessment of the CFO, Kerry van der Merwe, and the Finance function. Based on the 2024 assessment, the Committee is satisfied that Kerry van der Merwe and her management team have the appropriate expertise and experience to service the Group's Finance function. It further considered and satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the Group's Finance function.

EXTERNAL AUDIT

EY are the auditors for the Group for the year ended June 2024. Their appointment was approved by the RCL FOODS Audit Committee at the Annual General Meeting held on 16 November 2023 by an ordinary resolution of shareholders and ratified by the Board on 27 May 2024. The Committee continually monitors the independence and objectivity of the external auditors and satisfied itself in relation to the ethical requirements. EY was considered independent with respect to the Group as required by the Codes endorsed and administered by the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants. The Committee has satisfied itself that the external auditors' appointment of Merisha Kassie as designated auditor complies with the JSE Listings Requirements, and that she is within her tenure and rotation requirements.

The Committee has reviewed the external audit process and has satisfied itself with the performance of the external auditors.

The Group has defined levels of authority which require pre-approval for all non-audit services by the Audit Committee.

The reappointment of EY as auditors will be presented to shareholders for approval at the Annual General Meeting to be held on the 29 November 2024.

REPORT OF THE AUDIT AND RISK COMMITTEE CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

INTERNAL AUDIT

The Committee is responsible for ensuring that the Group's Internal Audit function is independent and has the necessary resources and authority to enable it to discharge its duties. The Group utilises the internal audit services of RCL FOODS as included in the transitional arrangement between the Group and RCL FOODS.

Internal Audit comprises of a dedicated team of appropriately qualified and technically experienced personnel. Where necessary, certain audits are outsourced to consultants with the appropriate skills and technical expertise. The activities of the Internal Audit function are co-ordinated by the RCL FOODS Internal Audit Director ("IAD"). To ensure independence, the IAD reports functionally to the Audit and Risk Committee and, only from an administrative perspective to the RCL FOODS CEO. The Committee reviewed the performance of the IAD and was satisfied that he has the necessary expertise and experience to fulfil this role which he had performed appropriately during the year under review.

INTERNAL FINANCIAL CONTROLS

The Committee is satisfied that the Group's system of internal financial controls is effective and forms a basis for the preparation of reliable Consolidated Annual Financial Statements. This is based on the review of the design, implementation and effectiveness of the Group's system of internal financial controls conducted by the RCL FOODS Internal Audit function during the year under review, and reports made by the independent external auditors on the results of their audit, and management reports. No findings have come to the attention of the Committee to indicate that any material breakdown in internal controls has occurred during the financial year ended 30 June 2024.

GOING CONCERN ASSESSMENT

The Committee has reviewed a documented assessment by management of the going concern premise of the Group before concluding to the Board that the Group will be a going concern in the foreseeable future.

CJ Robertson
Audit and Risk Committee Chairperson

28 October 2024

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED JUNE 2024

NATURE OF BUSINESS AND FORMATION OF THE GROUP

Rainbow Chicken Limited ("Rainbow" or the "Group") is a South African market leading, fully integrated poultry producer and sells a wide range of Frozen, Fresh, and Further-processed Added-value Chicken, Grain-based Animal Feed products and its Waste-to-Value operation aiming to reduce the Group's carbon footprint. RCL FOODS Consumer Proprietary Limited ("Rainbow Co") is the major operating subsidiary of Rainbow which was acquired on 27 May 2024 and acts as an intermediary holding company of all operational divisions.

Rainbow was incorporated in South Africa on 11 April 2024 in terms of the Companies Act, No. 71 of 2008 of South Africa as a private company with registration number 2024/200346/07 as a wholly owned subsidiary of RCL FOODS Limited ("RCL FOODS") for purposes of the acquisition of Rainbow Co and subsequent listing of Rainbow on the JSE. Rainbow was converted to a public company on Friday, 31 May 2024 with registration number 2024/200346/06 and listed on 26 June 2024.

Rainbow Co is the holding company of Rainbow Chicken Foods Proprietary Limited ("Rainbow Chicken Foods"), Epol Proprietary Limited ("Epol"), Farmer Brown Proprietary Limited ("Farmer Brown") and Rainbow Farms Investments Proprietary Limited ("Rainbow Farms Investments") and a 50% shareholder of Matzonox Proprietary Limited ("Matzonox") and Matzonox Fertilisers Proprietary Limited ("Matzonox Fertilisers") (together the "Rainbow Companies"). Rainbow Farms Investments was the holding company for the investment in the associate, HMH Rainbow Limited ("HMH") which was disposed in the prior financial year. During the current financial year, Rainbow Chicken Foods, Epol, Farmer Brown and Rainbow Farms Investments were dormant entities.

REORGANISATION OF THE RCL FOODS LIMITED GROUP

As part of the internal RCL FOODS' Group restructure, the following series of transactions took place with effect from 1 October 2021 onwards:

- Rainbow Co acquired the Animal Feed Division from RCL FOODS Sugar and Milling Proprietary Limited and subsidiaries Rainbow Farms Investments, Farmer Brown, Epol and Rainbow Chicken Foods from RCL FOODS;
- Rainbow Co sold the business units Pies, Grocery, Beverages, and Speciality to RCL Group Services Proprietary Limited; and
- Rainbow Co acquired the existing shareholding of Matzonox on 31 January 2023 from RCL FOODS. Rainbow Co holds 50% ownership, but exercises operational control and therefore, Matzonox is considered as a subsidiary within the Consolidated Annual Financial Statements.

The above changes are reflected in the Consolidated Annual Financial Statements of Rainbow Chicken Limited for the current and prior year noting that HMH was disposed of during the 2023 financial year.

The Consolidated Annual Financial Statements have been prepared on a reorganisation basis given that the restructure occurred under the common control of RCL FOODS. Prior period results have been disclosed using the principles of predecessor accounting. Accordingly, all historical financial information has been presented as though the current Group structure had existed during the comparative periods at historical carrying values.

STATED CAPITAL

At reporting date, Rainbow was a wholly owned subsidiary of RCL FOODS.

There was an increase in issued share capital in the current financial year to 890 296 405 ordinary shares.

Rainbow was listed on the main Board of the JSE and unbundled 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 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. Further details of the unbundling have been included in note 29 of the Consolidated Annual Financial Statements.

PRESENTATION DATE OF FINANCIAL RESULTS

The results for the current year have been reported on the retail calendar of trading weeks, which treats each financial year as an exact 52-week period. 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. Accordingly, the results for the financial year ended June 2024, and all references thereto within the results, are presented for the 52-week period ended 30 June 2024.

REPORT OF THE DIRECTORS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL RESULTS

The profit for the year attributable to equity holders of the Company amounted to R180,2 million (2023: loss of R259,5 million). This translates into a headline earnings per share of 20,26 cents (2023: loss of 30,66 cents) based on the weighted average shares in issue during the year.

The results for the current year ended 30 June 2024 have been audited. The prior period results, which have been presented using the principles of predecessor accounting, since the Group did not previously exist with Rainbow as its parent, are unaudited.

Rainbow Chicken Limited's Pre-listing Statement ("PLS") issued on 10 June 2024 presented audited historical financial information for the year ended 2 July 2023 in accordance with the recognition and measurement principles of the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"), the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, and the JSE Listings Requirements, where applicable.

The historical financial information included in the PLS are largely consistent with the unaudited results for the year ending 2 July 2023 with minimal differences. Refer to the Supplementary Information included in note 34 for a summary of all differences.

Additionally, differences are noted between the Stock Exchange News Service ("SENS") announcement issued on 30 September 2024 and the audited Consolidated Annual Financial Statements for the period ended 30 June 2024. These differences primarily relate to the classification of share-based payments and RCL FOODS classifying Rainbow as a discontinued operation. Refer to the Supplementary Information included in note 34 for a summary of all differences.

DIVIDENDS

No dividends were declared during the current year.

SUBSIDIARIES

Details of Rainbow's interest in its subsidiaries are set out in note 30 of the Consolidated Annual Financial Statements.

HOLDING COMPANY

At reporting date, RCL FOODS was the holding company of Rainbow. Remgro Limited is the ultimate holding company of Rainbow Chicken Limited.

DIRECTORS

Brief *curricula vitae* of the current directors are disclosed in the Directorate section of the Annual Report. Details of the Director's remuneration and the incentive schemes appear in note 28 of the Consolidated Annual Financial Statements.

SUBSEQUENT EVENTS

On 1 July 2024, Rainbow was formally unbundled from RCL FOODS.

As a pre-requisite to being unbundled from RCL FOODS, the appropriateness of the capital structure of Rainbow was reviewed by RCL FOODS. Rainbow entered into facility agreements with Rand Merchant Bank ("RMB") and ABSA Bank Limited on 1 July 2024.

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 (Rainbow's Waste-to-Value operation) on more suitable terms.

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.

Refer to note 29 of the Consolidated Annual Financial Statements for further detail.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RAINBOW CHICKEN LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of Rainbow Chicken Limited and its subsidiaries ('the group') set out on pages 13 to 90, which comprise the consolidated statement of financial position as at 30 June 2024, the consolidated income statement and consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

KEY AUDIT MATTER

1. Valuation of Biological Assets

Significant judgement and estimates are applied in determining the fair valuation of biological assets.

The disclosure associated with the biological assets of R929 million (2023: R1 009 million) is set out in the financial statements in the following notes:

- Accounting policies – Critical Accounting Judgements and Key sources of estimations uncertainty
- Note 6 – Biological Assets
- Note 25 – Financial Risk Management

Key audit matter description	How the matter was addressed in the audit
Biological assets are measured at their fair value less costs to sell at year end in line with the IAS 41: Agriculture accounting standard. The biological assets for the Group comprise the following poultry livestock: • Breeder Stock which includes valuing the breeder bird and the eggs, and • Broiler Stock which includes valuing the birds that will be harvested. In line with IFRS 13, the fair value inputs of biological assets are classified as level 3 due to them being unobservable, subject to estimation uncertainty and management judgement. The unobservable inputs used by management are disclosed in Note 25 to the financial statements. The valuation of biological assets was determined to be a matter of most significance to the current year audit due to: • The level of judgement applied by management to their choice of valuation model. • The complexity arising from the large number of regions that are included as part of the biological asset valuation which necessitated a significant degree of audit effort in ensuring that each report is correctly accounted for and consistently applied in the valuation. • The degree of estimation applied by management in determining the fair value of the biological assets. The most significant being the mortality rate and average live mass that are applied in the valuation of broiler stock, and feed costs that are applied in the valuation of both broiler and breeder stock. The limited available market data relating to the poultry industry has also necessitated that management rely on internal historical data in determining the appropriate metrics to be used in the valuation. • The magnitude of biological assets in relation to the consolidated financial statements as a whole and consequent audit effort required.	Through discussions with management, we obtained an understanding and performed a walkthrough of the biological asset valuation approach, which included understanding the methodology applied, as well as the identification of the significant unobservable inputs and estimates applied by management. This included assessing managements policy against the requirements of IAS 41 and other applicable IFRS accounting standards. We involved our internal valuation specialists to perform the following procedures over biological assets as a whole: • Assessed the appropriateness of the methodology and the logic underlying managements valuation of biological assets. This was achieved through: » Obtaining by discussions held with management and the performance of a walkthrough, a detailed understanding of the methodology, key inputs, flow of information and related source data required for each step of the valuation. » Assessing accuracy of the incorporation of the source documents applied by management into the overall consolidated valuation by obtaining and agreeing all of the underlying regional valuations. » Assessing the valuation against the written policy obtained from management. The audit team performed the following procedures on the valuation: Breeder stock: • We assessed the accuracy of the inputs applicable to the breeder stock used in the valuation by agreeing a sample to supporting external invoices and supplier agreements. • We evaluated the accuracy of the quantity of chicken and eggs applied in the valuation by physically inspecting a sample of the quantities. • We assessed the arithmetical accuracy of the fair value calculation by independently reperforming the calculation. Broiler stock: • We evaluated the appropriateness of the capitalisation of costs incurred against the requirements of IAS 41 and agreeing a sample of costs to invoices and other relevant supporting documentation to corroborate that they are directly associated or had a direct impact on the valuation of the biological assets. • We evaluated the reasonability of the average live mass and mortality rates applied in the valuation by performing a multivariate analysis which consisted of adjusting the inputs simultaneously to assess the combined effect on the valuation model and independently performed a recalculation of the average live mass and mortality rates. • We assessed the arithmetical accuracy of the fair value calculation by independently reperforming the calculation. For both types of stock: • We assessed the reasonableness of the feed cost conversion ratio applied in the valuation by agreeing a sample of feed costs applied in the calculation of the ratio to supporting documentation and independently reperforming the calculation of the ratio based upon the sample work audited. This was done to inform the feed cost conversion ratio used in the calculation by management. • We considered, against the results of our audit procedures, discussions held with management and wider industry knowledge, whether there existed any market indicators including the costs of other types of birds, the impact of the avian influenza and any other significant changes in market conditions relevant to the poultry industry, that might have necessitated a fair value adjustment to the overall fair value calculated. • We assessed the adequacy of the Group's disclosure relating to biological assets and fair values in the financial statements against the requirements of IAS 41 and IFRS 13.

INDEPENDENT AUDITOR'S REPORT CONTINUED

OTHER MATTER – CORRESPONDING FIGURES UNAUDITED

We draw attention to the fact that the corresponding figures included for the year ended 2 July 2023 are unaudited and we give no opinion thereon. We have however been able to obtain sufficient and appropriate evidence on the opening balances from an ISA 510: Opening balances perspective in relation to the subsidiaries that stack up into this consolidated entity for the year ended 30 June 2024 and also in respect of the manner in which the corresponding numbers were compiled from the subsidiary entities' underlying data, previously audited by another auditor.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the 94-page document titled "Rainbow Chicken Limited Consolidated Annual Financial Statements for the year ended 30 June 2024", and the 91-page document titled "Rainbow Chicken Limited Annual Report for the year ended 30 June 2024", and the Report of the Directors, and the Report of the Audit and Risk Committee and the Certificate by the Company Secretary as required by the Companies Act, and the Supplementary Information as well as the Statement of responsibility, that are included in the relevant documents. The other information does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT CONTINUED

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Rainbow Chicken Limited for 1 year.

DocuSigned by:
Ernst & Young Inc
A92F5A5602A0473...

Ernst & Young Inc.
Partner: Merisha Kassie
Registered Auditor
Chartered Accountant (SA)

28 October 2024

1 Pencarrow Crescent
La Lucia Ridge Office Park
Durban
4051

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

AS AT 30 JUNE 2024

	Note	Audited 30 June 2024 R'000	Unaudited 2 July 2023 R'000
ASSETS			
Non-current assets			
Property, plant, equipment and right-of-use assets	1	**2 073 204**	1 999 127
Intangible assets	2	**46 803**	48 641
Investment property	3	**14 219**	–
Deferred income tax asset	16	**52 808**	40 983
		2 187 034	2 088 751
Current assets			
Inventories	5	**1 042 604**	1 108 580
Biological assets	6	**929 712**	1 008 583
Trade and other receivables	7	**2 466 888**	2 269 818
Derivative financial instruments	25	**10 881**	23 355
Current income tax assets		**–**	690
Loans receivable	8	**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	9	**4 250 000**	1 249 964
Share-based payments reserve	10	**–**	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	12	**161 789**	342 012
Deferred income tax liabilities	16	**275 671**	225 044
Retirement benefit obligations	11	**18 486**	18 102
Share scheme liability	9	**27 357**	29 109
Employee benefits	15	**89 688**	–
		572 991	614 267
Current liabilities			
Trade and other payables	14	**2 265 090**	1 633 665
Loans payable	8	**–**	3 501 059
Interest-bearing liabilities	12	**197 804**	67 888
Derivative financial instruments	25	**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

* *The consolidated financial statements have been prepared as defined in the Basis of Preparation, as if the group structure had always been in place, therefore the comparatives are unaudited.*

CONSOLIDATED INCOME STATEMENT*

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Audited 2024 R'000	Unaudited 2023 R'000
Revenue from contracts with customers	17	**14 527 425**	13 463 861
Operating profit before interest, taxes, depreciation, amortisation and impairments (EBITDA)[1]		**637 174**	38 644
Depreciation, amortisation and impairments[2]		**(301 498)**	(267 602)
Operating profit/(loss)[3]	18	**335 676**	(228 958)
Finance costs	19	**(154 060)**	(173 171)
Finance income	20	**29 230**	5 098
Share of profits of associates	31	**–**	4 903
Profit/(Loss) before tax		**210 846**	(392 128)
Income tax (expense)/credit	21	**(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)
Earnings per share attributable to equity holders of the Company	22		
Basic earnings per share	(cents)	**20.25**	(29.15)
Diluted earnings per share	(cents)	**20.25**	(29.15)

* *The consolidated financial statements have been prepared as defined in the Basis of Preparation, as if the group structure had always been in place, therefore the comparatives are unaudited.*

[1] *Includes net expected credit losses raised on trade and other receivables of R3,0 million (2023: R3,3 million). Refer to note 7 for further detail.*

[2] *Relates only to impairments of property, plant and equipment.*

[3] *Operating profit is earnings before interest and tax.*

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME*

FOR THE YEAR ENDED 30 JUNE 2024

	Audited 2024 R'000	Unaudited 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[1]	**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)

* *The consolidated financial statements have been prepared as defined in the Basis of Preparation, as if the group structure had always been in place, therefore the comparatives are unaudited.*

[1] *Items in the statement of other comprehensive income above are disclosed net of tax. The tax relating to the remeasurement of medical aid obligations was R0,2 million (2023: R1,2 million).*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *

FOR THE YEAR ENDED 30 JUNE 2024

	Attributable to the equity holders of the Company							
	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	Total 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 (Unaudited)	**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 (Audited)	**4 250 000**	**–**	**–**	**(740 842)**	**503 481**	**4 012 639**	**15 396**	**4 028 035**

* *The consolidated financial statements have been prepared as defined in the Basis of Preparation, as if the group structure had always been in place, therefore the comparatives are unaudited.*

CONSOLIDATED CASH FLOW STATEMENT*

FOR THE YEAR ENDED 30 JUNE 2024

	Note	Audited 2024 R'000	Unaudited 2023 R'000
Cash flows from operating activities			
Cash generated/(utilised) by operations	A	**1 276 375**	(204 753)
Finance income received		**24 256**	5 098
Finance costs paid[1]		**(128 000)**	(168 106)
Tax (paid)/received	B	**(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, 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	C	**(76 159)**	(59 889)
Additional capital contribution by non-controlling interest		**–**	2 500
Advancement of interest-bearing liabilities	C	**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)	D	**12 594**	28 011

* *The consolidated financial statements have been prepared as defined in the Basis of Preparation, as if the group structure had always been in place, therefore the comparatives are unaudited*

[1] *Finance costs paid exclude finance costs in respect of IFRS 16 Leases of R12,0 million (2023: R5,1 million), which have been disclosed as part of lease payments within financing activities and a R14,0 million Green Create W2V SA Proprietary Limited interest accrual as at year end. Total finance costs incurred is R154,1 million, which is the sum of finance costs paid from operations and finance cost paid in respect of IFRS 16 Leases. Interest paid under operating activities R128,0 million (2023: R168,1 million) relate to interest incurred and paid on the operational day-to-day activities of the business.*

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

	Audited 2024 R'000	Unaudited 2023 R'000
A. CASH GENERATED/(UTILISED) BY OPERATIONS		
Operating profit/(loss)	**335 676**	(228 958)
Adjusted for:		
Depreciation, amortisation and impairment[1]	**301 498**	267 602
Loss on disposal of property, plant and equipment	**811**	1 524
Profit on disposal of property, plant and equipment	**(2 692)**	(772)
Movement in retirement benefit obligations	**1 166**	836
Movement in derivative financial instruments	**59 860**	(19 263)
Fair value adjustment on biological assets[2]	**(29 737)**	(19 723)
Release of shareholder loan	**(15 600)**	–
Foreign remeasurement of lease	**(369)**	496
Movement in share option liability	**(1 752)**	697
Gain on remeasurement of leases	**(598)**	(229)
Movement in employee benefits	**89 688**	–
Foreign currency translation reserve recycled	**–**	(9 654)
Loss on disposal of associate	**–**	1 955
Other non-cash flow items	**(7)**	(3)
	737 944	(5 492)
Working capital changes:		
Movement in inventories	**65 976**	(233 265)
Movement in biological assets[2]	**108 608**	(106 068)
Movement in trade and other receivables	**(248 549)**	(101 181)
Movement in trade and other payables	**612 396**	241 253
	538 431	(199 261)
	1 276 375	(204 753)

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

[2] *The movement in biological assets is represented by the non-cash fair value adjustment on biological assets of R29,7 million (2023: R19,7 million) and the movement included in working capital changes of R108,6 million (2023: R106,1 million). The net decrease in biological assets for the year was R78,9 million (2023: net decrease of R125,8 million). Refer to note 6 for further details.*

	Audited 2024 R'000	Unaudited 2023 R'000
B. TAX (PAID)/RECEIVED		
Amount (receivable)/payable at the beginning of the year	**(624)**	127
Charged/(Credited) to the income statement		
Normal tax	**7 692**	(74)
Prior year under/(over)provision	**106**	(690)
Amount payable/(receivable) at the end of the year	**2 236**	(624)
	(4 938)	13

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Movements in net debt for the year ended June 2024 are as follows:

	2 July 2023 R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows[1] R'000	30 June 2024 R'000
Loan from Green Create W2V SA Proprietary Limited	**110 519**	**3 800**	**–**	**14 040**	**128 359**
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited trading as Verdure	**141 762**	**–**	**(11 102)**	**(2 119)**	**128 541**
Lease liabilities	**157 619**	**–**	**(65 057)**	**10 131**	**102 693**
Loans payable/(receivable)	**3 501 059**	**–**	**(2 492 913)**	**(1 471 975)**	**(463 829)**
	3 901 959	**3 800**	**(2 569 072)**	**(1 449 923)**	**(104 236)**

Movements in net debt for the year ended June 2023 are as follows:

	3 July 2022 R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows[1] R'000	2 July 2023 R'000
Loan from Green Create W2V SA Proprietary Limited	94 578	15 941	–	–	110 519
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited trading as Verdure	153 955	–	(12 193)	–	141 762
Lease liabilities	47 218	–	(47 696)	158 097	157 619
Loans payable	2 758 425	742 555	–	79	3 501 059
	3 054 176	758 496	(59 889)	158 176	3 910 959

[1] *Non-cash flows mainly relate to the recapitalisation and release of the shareholder loan from RCL FOODS amounting to R1 451,4 million (2023: Rnil) and R15,6 million (2023: Rnil) respectively, interest capitalised on the mezzanine loan from Green Create W2V SA Proprietary Limited of R14,0 million (2023: Rnil) and additions and remeasurements on lease liabilities R10,1 million (2023: R158,1 million).*

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

D. CASH AND CASH EQUIVALENTS

	Audited 2024 R'000	Unaudited 2023 R'000
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
Cash at banks and on hand	**48 438**	28 011
Bank overdrafts	**(35 844)**	–
Cash and cash equivalents	**12 594**	28 011
Cash and cash equivalents, net of bank overdrafts, include amounts denominated in the following currencies:		
Per statement of financial position		
Rand	**12 323**	27 806
USD	**133**	13
Other currencies	**138**	192
Total	**12 594**	28 011

Cash and cash equivalents include the contingency for debt cover on the loan owed to the Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited trading as Verdure.

The carrying amount of cash and cash equivalents approximates their fair value.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2024

BASIS OF PREPARATION

The Group 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, and comply with the Financial Pronouncements as issued by the Financial Reporting Standards Council and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the requirements of the Companies Act of South Africa under the supervision of the CFO, Kerry van der Merwe CA(SA), and were authorised for issue on 28 October 2024 by the Board of Directors. The financial statements have been prepared using the historical cost convention, except for biological assets and financial instruments at fair value through profit or loss. The accounting policies comply with IFRS Accounting Standards and have been consistently applied to all years presented.

The Group reports 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. Accordingly, the results for the financial year ended June 2024, and all references thereto within the results, are presented for the 52-week period ended 30 June 2024.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the consolidated financial statements are disclosed on pages 32 and 33.

Basis of consolidation

Acquisitions by the Group of entities which are under common control are accounted for using predecessor accounting. The assets and liabilities of the acquired entity are recognised at the predecessor values; therefore, no restatement of the acquiree's assets and liabilities to fair value is required. The difference between the consideration transferred and the carrying value of the net assets is recorded in equity in a common control reserve; as a result, no goodwill is recognised on acquisition.

Rainbow Chicken Limited ("Rainbow") was incorporated on 11 April 2024 as a wholly owned subsidiary of RCL FOODS for purposes of the acquisition of Rainbow Co and subsequent listing of Rainbow on the Main Board of the stock exchange operated by the JSE.

The Rainbow Group includes Rainbow Co as an intermediary holding company of all operational business units and being the wholly owned subsidiary of Rainbow Chicken Limited. Rainbow acquired Rainbow Co on 27 May 2024.

Reorganisation of the Group

On 1 October 2021, a series of transactions took place as part of the RCL Group's internal restructure, which involved the following:

Rainbow Co acquired the business unit Epol from RCL FOODS Sugar and Milling Proprietary Limited and subsidiaries Rainbow Farms Investments Proprietary Limited ("Rainbow Farms Investments") including investment in associate HMH Rainbow Limited ("HMH), Farmer Brown Proprietary Limited ("Farmer Brown"), Epol Proprietary Limited ("Epol") and Rainbow Chicken Foods Proprietary Limited ("Rainbow Chicken Foods") from RCL. Rainbow Co sold business units Pies, Grocery, Beverages, and Speciality to RCL Group Services Proprietary Limited. Rainbow Co acquired the existing shareholding of Matzonox on 31 January 2023 from RCL. Rainbow holds a 50% ownership in Matzonox but exercises operational control and is therefore considered as a subsidiary. HMH was disposed of during the 2023 financial year.

The parameters of the reorganisation included within the consolidated financial statements are Rainbow Co including trading business units Chicken and Animal Feed, Matzonox, Rainbow Farms Investments and dormant subsidiaries Farmer Brown, Epol and Rainbow Chicken Foods.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

Comparatives

The historical financial information presented in these consolidated financial statements includes the performance and position of the Rainbow Group, as defined by the reporting entity that comprises Rainbow Chicken Limited and its subsidiaries, prior to its legal incorporation on 11 April 2024. Prior to this date, the reporting entity existed within the RCL Group. As such, historical financial information has been presented as though the current Group structure had existed during the comparative periods. Therefore, reflecting the pre-existing control of RCL over the subsidiaries that are now included in the Rainbow Group.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, share of profits recognised in the income statement and the carrying amount is increased or decreased to recognise the investor's share of the after-tax profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified where appropriate. The Group's share of the post-acquisition after-tax profit or loss is recognised in the income statement, and its share of post-acquisition after-tax movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the associate is impaired. If this is the case, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/loss of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

COMMON CONTROL TRANSACTION AND PREDECESSOR ACCOUNTING

In accordance with IFRS 3, Business Combinations, common control transactions are scoped out, and as such, transactions are accounted for using the predecessor accounting method. Under predecessor accounting, the assets and liabilities of the entities involved are recognised at their existing carrying amounts as reflected in the consolidated financial statements. No new goodwill arises as a result of the transaction, and any differences between the purchase consideration and the carrying amounts of the assets and liabilities acquired are recognised in equity. The consolidated financial statements, therefore, reflect the continuation of the financial position and performance of the acquired entities, as though the reorganisation had occurred at the beginning of the earliest period presented with no change to the economic substance.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Rands, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within operating profit.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented is translated at the closing rate at the date of that statement of financial position.

(b) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

(c) All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation less impairment losses, except for land and capital work in progress which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Certain items of property, plant and equipment are leased and are classified as right-of-use assets in accordance with IFRS 16. The assets are accounted for under the rules of IFRS 16. Refer to pages 25 and 26 for accounting policy on right-of-use assets.

Depreciation is provided for property, plant and equipment at rates that reduce the cost thereof to estimated residual values over the expected useful lives of the asset on a straight-line basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement as part of operating profit.

Depreciation is calculated over the following estimated useful lives:

Buildings	
– Right-of-use and owned	15 to 50 years
Leasehold improvements	Shorter of useful life of 20 years or period of lease
Plant and equipment	
– Right-of-use and owned	3 to 60 years
Vehicles	
– Right-of-use and owned	3 to 20 years
Furniture	6 to 25 years

Capital work in progress is not depreciated until such time as the asset is available for use.

Owned land is not depreciated.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to prepare for its intended use is added to the cost of the asset, until such time as the asset is substantially complete. A substantial period of time is considered to be a period exceeding 12 months. Capitalisation is suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

INVESTMENT PROPERTY

Investment properties are held to generate rental income. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation. Buildings are depreciated to their estimated residual values on a straight-line basis over their expected useful lives of 15 to 50 years.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

INTANGIBLE ASSETS

Trademarks and customer relationships

Separately acquired trademarks are shown at historical cost. Trademarks and customer relationships acquired in a business combination are recognised at fair value at the acquisition date.

The useful lives of trademarks are assessed to be either finite or indefinite. The useful lives of customer relationships are considered to be finite. Trademarks with finite lives and customer relationships are amortised over the useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and amortisation methods are reviewed annually.

The useful lives of intangible assets are as follows:

Software and Trademarks	Indefinite/3 to 15 years

Trademarks with indefinite lives are not amortised but are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment to a finite life is made on a prospective basis.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. It is reported in the statement of financial position as a non-current asset and carried at cost less accumulated impairment losses. Goodwill is allocated to each of the Cash Generating Units ("CGUs"), or groups of ("CGUs"), that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at a CGU level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product to use;
- There is an ability to use or sell the software product;
- The software product will generate probable future economic benefits;
- Adequate technical, financial and other resources are available to complete the development and to use the software product; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development, employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 20 years and are stated at cost less accumulated amortisation.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Lease liabilities are measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease agreement or, if not available, the Group's incremental borrowing rate. Right-of use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of between two to twelve years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date; and
- Any initial direct costs.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

In accordance with IFRS 16 the Group has not recognised a lease liability for short-term leases or for leases of low value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets in terms of IFRS 16 comprise smaller items of equipment.

Lease and non-lease components relating to lease liabilities and right-of-use assets have been separately accounted for.

Estimation uncertainty arising from variable lease payments. Variable lease payments made by the Group relate to:

Lease

Contract grower property and equipment leases.

Variable element

Rental payments to contract growers for use of their property and equipment are based 100% on the kilograms of chicken delivered by the growers to the Group.

Variable payment terms are used for a variety of reasons, but are mainly used where the lessor is also a supplier to the Group and the assets being leased are part of the supplier's asset base used for delivery of their service. The calculation of the variable rental payment due is based on the output produced by the leased assets. This allows the Group to better manage overhead costs in line with the service being received from the supplier.

Variable lease payments mentioned above are recognised in the income statement in the period in which the condition that triggers those payments occurs.

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill and certain trademarks, are not subject to amortisation and are tested annually for impairment. All other assets with finite useful lives that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("CGU"). Non-financial assets other than goodwill that were impaired, are reviewed for possible reversal of the impairment at each reporting date.

INVENTORIES

Finished goods, raw materials, ingredients and consumables are valued at the lower of cost and net realisable value. Finished goods and raw materials are determined on a first-in first-out basis for all divisions and are measured at standard cost. Ingredients and consumables are determined on a weighted average cost basis.

Costs include expenditure incurred in acquiring the inventories and bringing them to their present location and condition, all direct production costs and an appropriate portion of overheads based on normal capacity. Slaughtered chickens are transferred to inventory at fair value less estimated point-of-sale costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

BIOLOGICAL ASSETS

The fair value of the biological assets is determined on the following basis:

- Live broiler birds and breeding stock are measured at fair value less estimated point-of-sale costs at reporting dates. Fair value is determined based on market prices;
- The fair values of biological assets are level 3 fair values as defined in note 25 of the consolidated financial statements;
- Breeding stock includes the Indian River grandparent and parent breeding birds. Broiler hatching eggs are included in breeding stock; and
- Gains and losses arising on the initial recognition of biological assets at fair value less input costs are recognised in the income statement in the period in which they arise.

STATED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

OTHER RESERVES

Other reserves have been separately presented because they may be recycled through the income statement in the future and comprise the foreign currency translation reserve.

CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Interest and penalties are included as part of other payables.

Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date in the countries where the Company and the Company's subsidiaries operate and generate taxable income, and that are expected to apply to the period when the liability is settled or asset realised. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax value used in the computation of taxable income. Deferred tax assets are raised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

At initial recognition, right-of-use assets and lease liabilities are considered separately, with no temporary differences noted on initial recognition.

CAPITAL GAINS TAX

Capital Gains Tax ("CGT") is levied when capital assets are disposed of or deemed to be disposed of. CGT is levied on the difference between the proceeds on the sale of capital assets and the base cost (tax value) of the capital asset. The capital gain is included at a rate of 80.0% in the taxable income of the Company. Capital losses are ring-fenced.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

EMPLOYEE BENEFITS

Retirement funds

The Group operates defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The assets of the plans are held in separate trustee-administered funds. The Group contributes towards retirement funds for all permanent employees who are required to be a member of a Group implemented scheme. These schemes, detailed below are governed by the Pension Funds Act, 1956. These plans are funded by payments from all permanent employees within the Group, taking into account recommendations of independent qualified actuaries.

The Group's contributions to the defined contribution pension plans are charged to the income statement in the period to which they relate. The Group has no defined benefit pension plans in operation.

Post-retirement medical benefits-defined benefit plan

The Group provides post-retirement medical benefits to its retirees. These benefits apply to certain employees engaged pre-October 2003. The entitlement to post-retirement medical benefits is based on the employees remaining in service up to retirement age. The projected unit credit method of valuation is used to calculate the liability for post-retirement medical benefits and is calculated annually by independent actuaries.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded immediately in other comprehensive income, in the financial year in which they arise. Past service costs are recognised immediately in the income statement.

Incentive plans

The Group recognises a liability where contractually obliged or where there is past practice that has created a constructive obligation. Management participates in both long-term and short-term incentive plans whereby incentives are paid in respect of out-performance against specific targets. All incentives are authorised by the Remuneration and Nomination Committee.

Share-based payments

The Group operates share-based compensation plans under which the Group receives services from employees as consideration for equity instruments (options and rights) of the parent company RCL FOODS. The fair value of the employees' services received in exchange for the grant of the options or rights is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are satisfied.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding recognition of a share-based payment liability. The liability is remeasured to fair value at each reporting date up to and including settlement date, with changes in fair value being recognised in the income statement.

REVENUE

Revenue comprises income arising in the course of the Group's ordinary activities. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it transfers control of a product or when services are rendered to a customer. Revenue is recognised net of value added tax, returns, rebates, discounts and other allowances and after eliminating sales within the Group. The Group bases its estimates of incentive rebates and settlement discounts on historical results. Variable consideration is calculated by applying percentages agreed with the customer to actual sales for the period. The transaction price represents the amount contracted to with the customer net of any value added tax, returns, rebates, discounts and other allowances.

Sales of goods comprise the sale of agricultural produce, consumer goods and the sale of green gas certificates.

In certain instances, the sale of goods includes delivery and these sales are identified as being a single performance obligation. In all other cases, where the Group is requested to arrange transport for the customer, two separate performance obligations arise – the sale of goods and the provision of transport. To the extent that the Group is responsible for the provision of the transport services to the customer, the Group acts as principal and revenue from transport services is recorded at the gross amount.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. For sales that include delivery (as indicated above), this occurs when a Group entity has delivered the products to the customer and the customer has accepted delivery. In instances where the delivery is a separate performance obligation (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

The following payment terms are applicable to the Group:

- Sale of goods: 0 to 30 days

The Group currently accepts returns from customers for damaged goods, with the corresponding refund liability recorded within trade and other receivables unless a separate obligation to settle the customer exists, in which case the liability is recorded within trade and other payables.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Interest income

Interest income is recognised using the effective interest method. When a loan or receivable carried at amortised cost is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate. Interest income is disclosed under finance income in the income statement.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is included in operating profit in the income statement as part of other income, except when received from associates are accounted for under the equity method, in which case the dividend income is credited to the investment.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include loans receivable, derivative instruments, trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing debt.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in the income statement. The Group reclassifies financial assets when, and only when, its business model for managing those assets changes.

The Group classifies its financial liabilities, apart from derivatives, as financial liabilities at amortised cost. Derivative financial liabilities are classified as financial liabilities at fair value through profit or loss.

Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its financial assets:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in other gains/losses, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in the income statement and presented net within other gains/losses in the period in which it arises.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivative instruments. Gains or losses arising from changes in the fair value of the derivatives at fair value through profit or loss are recognised in the income statement in the period in which they arise.

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial liabilities at amortised cost

Financial liabilities at amortised cost consist of trade and other payables and interest-bearing borrowings. These represent financial liabilities which are not classified as financial liabilities at fair value through profit or loss. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

Derecognition

Financial assets (or a portion thereof) are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has substantially transferred all risks and rewards of ownership. On derecognition, the difference between the carrying amount of the financial asset and the proceeds receivable is included in the income statement.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability and any amount paid is included in the income statement.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets and liabilities at fair value through profit or loss are subsequently carried at fair value. Financial assets carried at amortised cost and financial liabilities at amortised cost are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement in the period in which they arise. Dividend income from these assets is recognised in the income statement when the Group's right to receive payment is established.

Accounting for derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Trading derivatives are classified as a current asset or liability, and the fair values thereof are disclosed in note 25 of the consolidated financial statements.

Derivative instruments are accounted for at fair value through profit or loss. Changes in the fair value of derivative instruments are recognised immediately in the income statement. Changes in the fair value of derivatives that are utilised for financing activities are recorded in finance costs.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

Impairment of financial assets

Financial assets carried at amortised cost.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, a failure to make contractual payments for a period of greater than 120 days past due and/or when the legal process has not enabled recovery.

For all other financial assets, the general approach is used to assess expected credit losses.

If, in a subsequent period, the amount of the impairment loss decreases, the reversal of the previously recognised impairment loss is recognised in the income statement.

Fair value estimation

The fair value of financial instruments and non-financial assets traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the statement of financial position date. The quoted market price used for assets held by the Group is the current market price; the appropriate quoted market price for liabilities is the current ask price. These comprise level 1 fair values. The Group did not have any level 1 financial instruments or non-financial assets in the current and previous financial year.

The fair value of financial instruments and non-financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group used a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date. The fair value of the Group’s term-funded debt package is calculated by discounting the future cash flows over the period of the loan. These comprise level 2 fair values.

Other financial instruments and non-financial assets are valued using other techniques, such as estimated discounted cash flows. This relates to the fair value of the Group’s biological assets which are level 3 fair values.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less expected credit losses. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Deferred income

Deferred income represents unearned funding received from AgriSETA. The unearned funding received from AgriSETA will be utilised to offer apprentices bursaries and for staff development. This income has not yet been earned at the statement of financial position date. The deferred income is recorded in the income statement when the relevant expenditure has been incurred.

DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board.

OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the CEO.

The Group comprises the following segments:

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

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

STATEMENT OF COMPREHENSIVE INCOME LINE ITEMS

The following additional line items, headings and subtotals are presented on the face of the statement of comprehensive income as management believes them to be relevant to the understanding of the Group's financial performance:

Operating profit before interest, taxes, before depreciation, amortisation and impairment being the trading income of the Group.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions and sources of estimation uncertainty at the reporting date that could have significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the new financial year are listed below:

Useful lives and residual values of assets

Items of property, plant and equipment and intangible assets are depreciated over their useful lives taking into account residual values, where applicable. Useful lives and residual values are reviewed annually, taking into account factors such as the expected usage, physical output, market demand for the output of the assets and legal or similar limits on the assets. Intangible assets with indefinite useful lives are reviewed annually to determine whether events and circumstances exist that continue to support an indefinite useful life assessment for that asset.

Goodwill and trademarks

Goodwill and indefinite life trademarks are considered for impairment at least annually.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount is determined as the higher of the value-in-use and fair value less cost to sell of the CGU. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value of future cash flows. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs. The growth rates are based on industry and customer growth forecasts.

Determining whether trademarks are impaired requires an estimation of the value-in-use of the trademark.

ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the trademark and a suitable discount rate in order to calculate the present value of future cash flows. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs. The growth rates are based on industry and customer growth forecasts.

The key assumptions used in the calculations and a sensitivity analysis are disclosed in note 4 of the consolidated financial statements.

If a component of the CGU is being disposed of, goodwill is allocated to the component, based on the relative fair values of the component and remaining operations of the CGU, unless a more appropriate basis is applicable.

Fair value assessment of investment properties

The key assumptions used in the calculation of the fair value of the investment property are disclosed in note 3 of the consolidated financial statements.

Fair value assessment of biological assets

The key assumptions used in the calculation of the fair value of chicken stock and a sensitivity analysis are disclosed in note 25 of the consolidated financial statements.

Liability for post-retirement medical benefits

The liability is determined by annual actuarial assumptions. The key assumptions relating to the actuarial calculation and a sensitivity analysis are disclosed in note 11 of the consolidated financial statements.

Share-based payments

The key assumptions used in the calculation of the fair value of grant date options awarded for SARs are disclosed in note 9 to the consolidated financial statements.

IMPACT OF NEW AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS

Management has considered all new standards, interpretations and amendments that are effective for the current year.

The standards, interpretations and amendments that are relevant to the Group are as follows:

Amendments to IAS 8 – Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

Management has considered the above and there was no material impact on the entity’s financial results for the current period.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant accounting policies’ with a requirement to disclose ‘material accounting policy information’; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and their nature. The amendments to IAS 1 require that if an entity decides to disclose accounting policy information that is not material, it needs to ensure that this immaterial information does not obscure material information.

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard.

Entities should carefully consider whether ‘standardised’ information, or information that only duplicates or summarises the requirements of IFRS’ is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

Management has considered the above and all policies included are considered material.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

IMPACT OF FUTURE AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS

Management has considered all standards, interpretations and amendments that are in issue but not yet effective.

The standards, interpretations and amendments that are relevant to the Group but which the Group has not early adopted are as follows:

IAS 1 – Non-current Liabilities with Covenants

Amendments to IAS 1 which requires entities to consider the compliance with financial covenants on its debt. The classification of debt as current or non-current based on the future ability of the entities to comply with financial covenants is not affected, however, entities are required to disclose details of these covenants.

The amendment is applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. Management is assessing the implications of disclosing this ahead of implementation in the 2025 financial year.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendment provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date, and clarifies the requirements for classifying liabilities as current or non-current.

The amendments are effective for the annual periods beginning on/after 1 January 2024. Management is assessing the implications of disclosing this ahead of implementation in the 2025 financial year.

Amendment to IFRS 16 – Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Annual periods beginning on or after 1 January 2024. Sale and leaseback transactions are not common within the Group and hence management has assessed this amendment to be insignificant for the Group.

Amendments to IAS 7 and IFRS 7 on supplier finance arrangements

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a Company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The new standard is effective for the annual periods beginning on/after 1 January 2024. Supplier finance arrangements are not common within the Group and hence management has assessed this amendment to be insignificant for the Group.

Replacement of IAS 1 with IFRS 18

IFRS 18 replaces IAS 1 to allow for a better understanding of information in relation to the financial performance of a company.

IFRS 18 will require an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations.

The new standard is effective for the annual periods beginning on/after 1 January 2027 with earlier application permitted. Retrospective application would be required in both annual and interim financial statements. Management is assessing the implications of disclosing this ahead of implementation in the 2028 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

June 2024 (Audited)	Land and buildings R'000	Plant, equipment and furniture R'000	Vehicles R'000	Right-of-use assets: Plant and equipment R'000	Right-of-use assets: Vehicles R'000	Right-of-use assets: Land and buildings R'000	Capital work-in-progress R'000	Total R'000
Cost								
At the beginning of the year	1 481 575	3 285 642	66 486	18 623	209 741	11 364	214 678	5 288 109
Transfers between categories and intangible assets	–	–	–	–	–	–	(2 124)	(2 124)
Transfers to investment property	(59 701)	–	–	–	–	–	–	(59 701)
Additions[1, 2]	39 571	288 586	3 215	109	15 148	–	57 955	404 584
Disposals[3]	(6 675)	(188 860)	(26 982)	–	(24 175)	–	–	(246 692)
Remeasurements of leases	–	–	–	25	(1 583)	1 980	–	422
At the end of the year	1 454 770	3 385 368	42 719	18 757	199 131	13 344	270 509	5 384 598
Accumulated depreciation and impairment								
At the beginning of the year	1 013 568	2 135 267	53 369	9 828	71 760	5 190	–	3 288 982
Transfers to investment property	(44 365)	–	–	–	–	–	–	(44 365)
Disposals[3]	(6 672)	(187 406)	(26 814)	–	(7 575)	–	–	(228 467)
Impairment loss	–	2 608	–	–	–	–	–	2 608
Depreciation	48 549	183 079	3 694	2 489	52 716	2 109	–	292 636
At the end of the year	1 011 080	2 133 548	30 249	12 317	116 901	7 299	–	3 311 394
Net book amount	443 690	1 251 820	12 470	6 440	82 230	6 045	270 509	2 073 204

[1] *Transfers out of capital work-in-progress have been disclosed within additions of each of the appropriate individual categories.*
[2] *Right-of-use asset additions are non-cash additions.*
[3] *At the end of the current financial year, the Group disposed of assets that were no longer in use. These assets each had a book value of Rnil.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

1. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS CONTINUED

June 2023 (Unaudited)	Land and buildings R'000	Plant, equipment and furniture R'000	Vehicles R'000	Right-of-use assets: Plant and equipment R'000	Right-of-use assets: Vehicles R'000	Right-of-use assets: Land and buildings R'000	Capital work-in-progress R'000	Total R'000
Cost								
At the beginning of the year	1 418 270	3 052 902	64 034	17 528	110 132	10 241	201 000	4 874 107
Transfers between categories and intangible assets	(3 534)	3 534	–	–	–	–	2 774	2 774
Additions[1, 2]	70 082	323 949	4 253	5 299	157 750	1 123	10 904	573 360
Disposals	(3 243)	(94 743)	(1 801)	(4 159)	(61 476)	–	–	(165 422)
Remeasurements	–	–	–	(45)	3 335	–	–	3 290
At the end of the year	1 481 575	3 285 642	66 486	18 623	209 741	11 364	214 678	5 288 109
Accumulated depreciation and impairment								
At the beginning of the year	964 803	2 065 462	49 562	8 704	83 675	3 081	–	3 175 287
Transfer between categories	(116)	116	–	–	–	–	–	–
Disposals	(3 167)	(94 397)	(1 461)	(1 745)	(48 584)	–	–	(149 354)
Impairment loss	–	1 417	–	–	–	–	–	1 417
Depreciation	52 048	162 669	5 268	2 869	36 669	2 109	–	261 632
At the end of the year	1 013 568	2 135 267	53 369	9 828	71 760	5 190	–	3 288 982
Net book amount	468 007	1 150 375	13 117	8 795	137 981	6 174	214 678	1 999 127

[1] *Transfers out of capital work-in-progress have been disclosed within additions of each of the appropriate individual categories.*
[2] *Right-of-use asset additions are non-cash additions.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

1. PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS CONTINUED

Capital commitments	Audited 2024 R'000	Unaudited 2023 R'000
Contracted and committed	**39 928**	90 686
Approved but not contracted	**34 589**	60 743

Capital commitments relate to both tangible and intangible assets and include all projects for which specific approval, in terms of the levels of authority, has been obtained up to reporting date. Projects for which authority has not yet been obtained are excluded. The capital expenditure will be financed from cash generated from operations, and through short-term borrowing facilities.

A register of land and buildings is available for inspection at the registered office of the respective subsidiary companies.

The Group assesses the useful lives and residual values of property, plant and equipment on an ongoing basis. This assessment is performed by the relevant finance departments, in conjunction with the operations' engineering staff. The assessment of useful lives is assessed based on the expected future usage of the asset, and historical lives of similar assets that were eventually taken out of use.

The Group has reviewed the residual values and useful lives used in the calculation of the depreciation charge for the year. The review resulted in a net decrease in depreciation of R4,3 million (2023: R5,6 million) due to the adjustment of useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

2. INTANGIBLE ASSETS AND GOODWILL

	Software R'000	Trademarks R'000	Goodwill R'000	Capital work- in-progress R'000	Total R'000
June 2024 (Audited)					
Opening net book amount	**23 170**	**5 476**	**19 315**	**680**	**48 641**
Additions	**666**	**–**	**–**	**–**	**666**
Disposals[1]	**–**	**–**	**–**	**–**	**–**
Transfers between categories and property, plant and equipment	**–**	**–**	**–**	**2 124**	**2 124**
Amortisation charge	**(4 628)**	**–**	**–**	**–**	**(4 628)**
Closing net book amount	**19 208**	**5 476**	**19 315**	**2 804**	**46 803**
Cost[1]	**84 303**	**55 976**	**19 315**	**2 804**	**162 398**
Accumulated amortisation and impairment[1]	**(65 095)**	**(50 500)**	**–**	**–**	**(115 595)**
Net book amount	**19 208**	**5 476**	**19 315**	**2 804**	**46 803**
June 2023 (Unaudited)					
Opening net book amount	20 093	5 476	19 315	3 454	48 338
Additions	7 636	–	–	–	7 636
Disposals	(6)	–	–	–	(6)
Transfers between categories and property, plant and equipment	–	–	–	(2 774)	(2 774)
Amortisation charge	(4 553)	–	–	–	(4 553)
Closing net book amount	23 170	5 476	19 315	680	48 641
Cost	91 532	55 976	19 315	680	167 503
Accumulated amortisation and impairment	(68 362)	(50 500)	–	–	(118 862)
Net book amount	23 170	5 476	19 315	680	48 641

[1] *At the end of the current financial year, the Group disposed of software assets that were no longer in use. These assets had a book value of Rnil.*

Software	**Audited 2024**	Unaudited 2023
Finite life		
Amortisation period	**3 to 20 years**	3 to 20 years
Method of amortisation	**Straight-line**	Straight-line
Is intangible title restricted in any way	**No**	No

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

2. INTANGIBLE ASSETS AND GOODWILL CONTINUED

Trademarks

The carrying value of trademarks are included in the following CGUs:

CGU	Trademarks	Useful life	Audited 2024 R'000	Unaudited 2023 R'000
Chicken[1]	Farmer Brown, Bonny Bird, FarmFare	Finite	**–**	–
Animal Feed[2]	Epol, Winterveld, Lotmix, Driehoek and Equus	Indefinite	**5 476**	5 476
Total trademarks			**5 476**	5 476

[1] The trademarks within the Chicken CGU has a carrying value of Rnil.
[2] The Animal Feed CGU relates only to the Epol and Driehoek animal feed operations.

	Audited 2024	Unaudited 2023
Finite life		
Amortisation period	**15 years**	15 years
Method of amortisation	**Straight-line**	Straight-line
Is intangible title restricted in any way	**No**	No
Trademarks comprise Farmer Brown, Bonny Bird, FarmFare and Epol, all of which were acquired on acquisition of Bonny Bird Farms Proprietary Limited and Epol Proprietary Limited in 1991.		
Indefinite life		
Is intangible title restricted in any way	**No**	No

Winterveld, Lotmix, Driehoek and Equus were acquired as part of the acquisition of Driehoek in the 2019 financial year.

The above trademarks are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate cash inflows for the respective CGUs. The assessment was based on a consideration of the underlying products that these trademarks represent which are not subject to obsolescence.

Goodwill

Goodwill arose from business combinations and relates to the acquisition of Driehoek in 2019 (included within the Animal Feed CGU, below).

At year-end, the Group has goodwill of R19,3 million (2023: R19,3 million).

IAS 36 requires an entity to test an intangible asset with an indefinite useful life and goodwill acquired in a business combination annually for impairment. Refer to note 4 for detail on impairment assessments.

	Opening R'000	Additions R'000	Impairment R'000	Closing R'000
2024 (Audited)				
Animal Feed	**19 315**	**–**	**–**	**19 315**
2023 (Unaudited)				
Animal Feed	19 315	–	–	19 315

Capital work-in-progress

Intangible capital work-in-progress relates mainly to software which is still in the development phase.

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

3. INVESTMENT PROPERTY

Investment properties are held to generate rental income and appreciate in capital value. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation. Buildings are depreciated to their estimated residual values on a straight-line basis over their expected useful lives.

30 June 2024 (Audited)	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land	1 759	–	1 759
Buildings	14 086	(1 626)	12 460
	15 845	(1 626)	14 219

Reconciliation of carrying value at the beginning and end of the year

30 June 2024 (Audited)	Land R'000	Buildings R'000	Total R'000
Balances at the beginning of the year	–	–	–
Transfers from property, plant and equipment	1 250	14 086	15 336
Additions	509	–	509
Depreciation	–	(1 626)	(1 626)
Balances at the end of the year	1 759	12 460	14 219

The registers containing details of investment properties are available for inspection by shareholders or their proxies at the registered office of the Company to which the relevant properties belong. The fair value of the investment property is R65,9 million.

An independent valuer was not appointed to determine the fair value of the investment property.

The Group determined the fair value of the investment property as follows:

- Linking of the actual cost of similar properties built which were adjusted for size to the property disclosed; and
- Comparing the condition of similar properties to the current property.

This fair value was used to calculate the replacement cost of the investment property in its current condition.

The inputs used in determining the fair value are categorised as level 2 per IFRS 13.

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

4. IMPAIRMENTS

Recognised impairment losses

The total net impairments recognised across the Group is as follows:

Property, plant and equipment[1]	Audited 2024 R'000	Unaudited 2023 R'000
Chicken	**2 608**	1 417
	2 608	1 417

[1] *The above impairment loss recognised relates to plant and equipment for both financial years.*

IAS 36 requires an entity to test an intangible asset with an indefinite useful life and goodwill acquired in a business combination annually for impairment. In addition, where there are indicators of impairments, or reversals of previous impairments recognised, an impairment test is required. The details of the Group's impairment assessments performed during the year are presented below.

The impairment loss within the Chicken CGU related to individual assets which became redundant.

The recoverable amount is determined based on value-in-use calculations.

The key assumptions used in the value-in-use calculations are presented below.

These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, working capital and capital maintenance expenditure. The forecast cash flows used in the value-in-use calculations are the output of the Chicken CGU's five-year business planning process.

The key assumptions used in the value-in-use calculations include:

- Volume growth: The Chicken CGU is a food producer with products sold mainly in the South African market. Volume assumptions are therefore closely linked to population and GDP growth forecasts for South Africa. Compounded volume growth over the five-year period does not exceed long-term GDP forecasts, apart from additional volume resulting from recent capital investments which have yet to reach full production and innovation/new product launches serviced from existing capacity.
- Selling price and cost growth are linked to Consumer Price Index ("CPI") and food inflation (which tracks ahead of CPI).
- Capital expenditure: Capital expenditure spend is limited to replacement capital expenditure spend, in line with the Group's maintenance programmes.
- Working capital: Working capital is based on the output of the Chicken Segment's five-year business planning process.
- The cash flow beyond year five (terminal cash flow) has assumed a steady state of growth with capital expenditure equal to depreciation, volumes and profit margins maintained at year five levels with the growth beyond year five resulting solely from price inflation.
- Perpetuity growth rate and discount rate: In the current year a perpetuity growth rate of 4% (2023: 4%) was applied.

No further impairment losses nor reversals of impairments are required in the current financial year based on these assessments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

4. IMPAIRMENTS CONTINUED

Other impairment tests

No further impairments have been recognised. A sensitivity analysis of the assumptions has been presented below. Key assumptions used in the current period CGU impairment test were as follows:[1]

2024 (Audited)	**Discount rate pre-tax %**	**Perpetuity growth rate %**	**Period years**
Animal Feed	**17.0**	**4.0**	**5**
Chicken	**18.1**	**4.0**	**5**

2024 (Audited)	**Discount rate movement (%)**	**Total impairment[2] (Rm)**	**Perpetuity growth rate movement (%)**	**Total impairment[2] (Rm)**
Animal Feed	**+1.0**	**Nil**	**(0.5)**	**Nil**
Chicken	**+1.0**	**Nil**	**(0.5)**	**Nil**

Key assumptions related to the Chicken CGU also include the feed conversion ratio, net invoice prices and feed input prices.

A sensitivity analysis of the above assumptions used in the current period impairment test for the Chicken CGU is presented below:[2]

2024 (Audited)	**Movement**	**Total impairment[2] (Rm)**	**Movement**	**Total impairment[2] (Rm)**
Feed conversion ratio	**+1 point**	**Nil**	**(1 point)**	**Nil**
Net invoice price	**+1%**	**Nil**	**(1%)**	**464,8**
Feed input price	**+R100/ton**	**Nil**	**(R100/ton)**	**Nil**

Key assumptions used in the prior period impairment test were as follows:[1]

2023 (Unaudited)	Discount rate pre-tax %	Perpetuity growth rate %	Period years
Animal Feed	20.1	4.0	5
Chicken	19.0	4.0	5

Sensitivity analysis of assumptions used in the prior period impairment test:[2]

2023 (Unaudited)	Discount rate movement (%)	Total impairment[2] (Rm)	Perpetuity growth rate movement (%)	Total impairment[2] (Rm)
Animal Feed	+1.0	Nil	(0.5)	Nil
Chicken	+1.0	120,1	(0.5)	Nil

Key assumptions related to the Chicken CGU also include the feed conversion ratio, net invoice prices and feed input prices.

A sensitivity analysis of the above assumptions used in the prior period impairment test for the Chicken CGU is presented below:[2]

2023 (Unaudited)	Movement	Total impairment[2] (Rm)	Movement	Total impairment[2] (Rm)
Feed conversion ratio	+1 point	43,1	(1 point)	Nil
Net invoice price	+1%	Nil	(1%)	943,9
Feed input price	+R100/ton	Nil	(R100/ton)	Nil

[1] *The key assumptions and impairment sensitivities above relate to the full carrying value of the CGUs.*
[2] *Where sufficient headroom is available, no impairment will be applicable.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

5. INVENTORIES

	Audited 2024 R'000	Unaudited 2023 R'000
Finished goods	**611 399**	657 054
Work-in-progress	**13 874**	19 958
Raw materials and ingredients	**284 409**	312 579
Consumables and maintenance spares	**132 922**	118 989
At the end of the year	**1 042 604**	1 108 580
Carrying value of inventory written down to net realisable value	**251 491**	657 193
Amount expensed as write-down to net realisable value	**45 121**	88 559

The Group's NRV write-down of R45,1 million (2023: R88,6 million) processed in the current financial year relates to finished goods and raw materials. Due to the fast-moving nature of the products, the Group bases its write-down calculation on actual selling price information available post year-end related to these products which supports the net realisable value of stock on hand. Inventory expense reflected on the income statement is shown in the operating profit note (note 18).

6. BIOLOGICAL ASSETS

	Breeding stock R'000	Broiler stock R'000	Total R'000
2024 (Audited)			
At the beginning of the year at fair value	**577 527**	**431 056**	**1 008 583**
Gains arising from cost inputs	**1 691 514**	**5 859 239**	**7 550 753**
Decrease due to transfer to cost of sales	**(1 721 682)**	**(5 937 679)**	**(7 659 361)**
Fair value adjustments recorded in profit or loss	**14 790**	**14 947**	**29 737**
At the end of the year at fair value	**562 149**	**367 563**	**929 712**
2023 (Unaudited)			
At the beginning of the year at fair value	493 898	388 895	882 793
Gains arising from cost inputs	1 787 504	6 494 668	8 282 172
Decrease due to transfer to cost of sales	(1 711 190)	(6 464 915)	(8 176 105)
Fair value adjustments recorded in profit or loss	7 315	12 408	19 723
At the end of the year at fair value	577 527	431 056	1 008 583

During the current financial year, the Group was impacted by the Avian Influenza outbreak. This resulted in additional costs of R202,6 million to the Group, which is included in the operational costs of the Group.

The financial risk management disclosures relating to the fair value estimation of the Group's biological assets are included in note 25.

The value of broiler stock is determined using fair value, categorised under level 3 of fair value measurements. Costs incurred in producing broiler stock are capitalised over its growth period, with adjustments made based on fair value. Specifically, the fair value adjustment for live broiler birds compares the cumulative production costs per kilogram at harvest to the purchased price per kilogram from contract growers. This adjustment ratio is applied to the total costs of the broiler stock held.

The carrying value of breeder stock is determined using the cost approach, which subtracts obsolescence adjustments from actual costs incurred. These costs encompass expenses such as day-old chicks, feeding, and related expenditures capitalised over the bird's rearing period. Throughout its productive cycle, these capitalised costs are adjusted down to a cull value at the end of its productive life. Mature breeder birds lack a market value except when sold as day-old chicks or at their cull value. Given the absence of other fair value indicators, the carrying value of breeding stock under the cost approach, aligned with IFRS 13, as a reliable reflection of its fair value within their integrated poultry production process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

7. TRADE AND OTHER RECEIVABLES

	Audited 2024 R'000	Unaudited 2023 R'000
Current		
Trade receivables	**2 396 991**	2 149 444
Less: Expected credit loss allowance	**(9 687)**	(8 538)
Net trade receivables	**2 387 304**	2 140 906
Prepayments	**57 819**	53 407
Other receivables[1]	**21 765**	75 505
At the end of the year	**2 466 888**	2 269 818
A summary of the Group's trade receivables covered by insurance is as follows:		
Terms (days)	**0 to 30**	0 to 30
Collateral held/insurance	**Yes**	Yes
Debtors covered by Lombard Insurance Company Limited[2]	**1 208 734**	91 450
Total	**1 208 734**	91 450
[1] *Material items included in other receivables comprise:*		
– Amount receivable from the disposal of an associate[3]	**–**	51 479
– Utility deposits	**7 924**	6 972

[2] *In the prior year, Vector Logistics Proprietary Limited ("Vector Logistics") was part of the RCL FOODS Group. Upon their exit from the RCL FOODS Group, the Chicken segment insured the Vector Logistics account for R1,2 billion during the current year.*

[3] *Relates to the sale of the investment in associate, HMH. The full amount was received during the current financial year.*

The other receivables have been assessed for expected credit losses using the general approach in accordance with IFRS 9 and did not result in material expected credit losses.

Individually material trade receivable balances are segregated from the general trade receivables balance and assessed separately for impairment. For both individually, material balances and the general trade receivables balances, the expected credit losses were assessed using independent external credit rating scales and specific probability of default and loss given defaults.

The expected credit losses recognised on the Group's trade receivables are based on historical write-offs for the preceding five years, and includes individual assessments of external credit ratings and/or Annual Financial Statements of large customers, where appropriate. For the trade receivable balances remaining after individually material balances have been separated, a probability of default for each ageing bucket is calculated and an average loss given default applied.

Loss rates are determined using an element of judgement and include consideration of:

- The actual write-off history over the full period; and
- Rule-based loss estimation (i.e. actual write-offs plus amounts still in collection for more than a specific number of months).

Consideration is also given to the length of available default and recovery data history, historical practice on when losses are actually written off, size of the trade receivables book (number of debtors and amounts), data quality, variations between the measures over time as well as forward-looking factors specific to the debtors and the economic environment.

The Group has credit insurance in place with Lombard ("Lombard") for domestic trade debtors above R50 000, subject to first loss ranging from R1 million to R2 million. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. The insurance cover is taken out at inception of the sale and is integral to the enactment of the sale. Credit insurance cover has been taken into account in determining the expected credit losses on trade receivables.

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

7. TRADE AND OTHER RECEIVABLES CONTINUED

	Audited 2024 R'000	Unaudited 2023 R'000
The loss allowance is calculated using the matrix approach based on the total trade receivables balance, segregated for:	**2 396 991**	2 149 444
– Individually material balances that are separately assessed	**(2 242 911)**	–
– Intercompany and sundry accounts that are considered to be low risk[1]	**(29 351)**	(2 021 707)
– Receivables with specific financial issues	**(8 689)**	(7 985)
General trade receivables subject to matrix approach	**116 040**	119 752

[1] *Other receivables include intercompany and sundry debtors which have been assessed as low risk. Sundry debtor balances are considered as low risk based on the materiality of balances and the payment history of the debtor. In the prior year, the balance mainly related to the intercompany receivable from Vector Logistics which was 100% owned by RCL FOODS until August 2023.*

The loss allowance was determined as follows for trade receivables:

June 2024 (Audited)

Individually material balances

Ageing of the individually material balance has been taken into account in determining the loss rates for this customer.

	Balance R'000	Loss rate %	Loss allowance R'000
Customer A[1]	**2 242 911**	**0.02**	**518**
Total	**2 242 911**		**518**
Loss allowance			**518**

[1] *Customer A has been assessed as low risk based on their payment history and ageing of the balance. The amount outstanding is current. Refer to note 25 for further information.*

General book

	Current R'000	30 days R'000	60 days R'000	90 days R'000	120 days R'000	Total R'000
Expected loss rate (%)	**0.17**	**1.19**	**10.40**	**23.29**	**–**	
Gross carrying amount	**101 438**	**13 191**	**1 396**	**15**	**–**	**116 040**
Loss allowance based on matrix approach	**175**	**157**	**145**	**3**	**–**	**480**
Specific provision for expected credit losses						**8 689**
Total expected credit losses on trade receivables						**9 687**

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

7. TRADE AND OTHER RECEIVABLES CONTINUED
In the prior financial year, the loss allowance was determined as follows for trade receivables:

June 2023 (Unaudited)

General book

	Current R'000	30 days R'000	60 days R'000	90 days R'000	120 days R'000	Total R'000
Expected loss rate (%)	0.23	1.25	11.44	21.00	21.04	
Gross carrying amount	98 671	11 893	6 128	2 157	903	119 752
Loss allowance based on matrix approach	227	149	701	453	190	1 720
Loss allowance						1 720
Specific provision for expected credit losses						6 818
Total expected credit losses on trade receivables						8 538

	Audited 2024 R'000	Unaudited 2023 R'000
Reconciliation of loss allowance		
At the beginning of the year	**(8 538)**	(6 725)
Decrease/(Increase) in general loss allowance recognised in profit or loss during the year	**721**	(1 264)
Increase in specific loss allowance recognised in profit or loss during the year	**(3 712)**	(2 059)
Receivables written off during the year as irrecoverable	**1 571**	277
Unused amounts reversed	**271**	1 233
At the end of the year	**(9 687)**	(8 538)
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:		
Rand	**2 466 888**	2 269 818
Total	**2 466 888**	2 269 818

All current trade and other receivables are due within one year of the reporting date.

The carrying amount of trade and other receivables approximates their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

8. LOANS RECEIVABLE/(PAYABLE)

	Audited 2024 R'000	Unaudited 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.

9. STATED CAPITAL

	Audited 2024 R'000	Unaudited 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 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 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 one Rainbow Share for every one ordinary no par value RCL FOODS share held by shareholders. Refer to note 29 for further information.

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

9. STATED CAPITAL CONTINUED

RCL FOODS Share Appreciation Rights Scheme

Details of SARs 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 SARs Scheme provides Executive Directors and selected employees with conditional rights to receive RCL FOODS ordinary shares, referred to as SARs.

Within the limits imposed by the Company's shareholders and the JSE Limited, the Remuneration and Nominations Committee approves and awards SARs 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 ("VCP") which is a cash reward not linked to shares.

	Audited 2024 R	Unaudited 2023 R
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

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

9. STATED CAPITAL CONTINUED

RCL FOODS Share Appreciation Rights Scheme continued

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:

		Audited 2024
Expected volatility (%)		**31.51 to 32.3**
Risk-free rate (%)		**8.47 to 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:

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

Post the unbundling from RCL FOODS, Rainbow employees who were part of the RCL FOODS SARs would receive Rainbow shares upon exercising of SARs awards post unbundling.

Refer to note 29 for further detail.

10. SHARE-BASED PAYMENTS RESERVE

	Audited 2024 R'000	Unaudited 2023 R'000
Employee share scheme		
At the beginning of the year	**59 212**	59 212
Reallocation to retained earnings[1]	**(59 212)**	–
At the end of the year	**–**	59 212
BEE transaction		
At the beginning of the year	**147 874**	147 874
Reallocation to retained earnings[1]	**(147 874)**	–
At the end of the year	**–**	147 874
Total at the end of the year	**–**	207 086

[1] *The balance relates to historical schemes which have been closed, hence the reallocation to retained earnings.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

11. RETIREMENT BENEFIT OBLIGATIONS

	Audited 2024 R'000	Unaudited 2023 R'000
Post-retirement medical benefits	**18 486**	18 102

Post-retirement medical obligation

The obligation of the Group to pay certain medical aid benefits after retirement is no longer part of the conditions of employment. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit is dependent upon the employee remaining in service until retirement age. The last valuation date was June 2024. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:

	Audited 2024 R'000	Unaudited 2023 R'000
At the beginning of the year	**18 102**	21 812
Recognised as expense in the current year	**2 418**	1 998
Interest costs	**2 165**	2 353
Past service credit and settlements[1]	**–**	(713)
Current service costs	**253**	358
Remeasurements:	**(782)**	(4 546)
Gain from change in financial assumptions	**(199)**	(1 947)
Experience gain recognised	**(583)**	(2 599)
Benefits paid	**(1 252)**	(1 162)
At the end of the year	**18 486**	18 102

[1] *During the previous financial year, the obligation relating to certain pensioners was transferred to an insurer, resulting in a settlement reduction of the post-retirement medical aid liability through a voluntary buy-out process.*

The principal actuarial assumptions are:

		Audited 2024 R'000	Unaudited 2023 R'000
Discount rate	(%)	**12.6**	12.9
Healthcare cost inflation	(%)	**8.7**	9.1
Mortality – pre-retirement		*	*
Mortality – post-retirement		**	**
Expected contributions for the forthcoming year ending June		**1 428**	1 283

* *SA85/90 (light) ultimate.*

** *PA(90) ultimate table rated down two years plus 1.0% improvement per annum from 2006.*

The weighted average duration of the liability is 11 years (2023: 13 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

11. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

The sensitivity of the obligation to changes in the principal assumptions is:

	Impact on obligation		
	Change in assumption	Increase in assumption R'000	Decrease in assumption R'000
Discount rate	**0.5%**	**(842)**	**915**
Healthcare cost inflation	**1.0%**	**1 961**	**(1 678)**
Post-retirement mortality rate	**1 year**	**678**	**(674)**

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Retirement contribution plans

Pension and Provident Fund schemes

The Group contributes towards retirement funds for all permanent employees who are required to be a member of a Group implemented scheme. These schemes, detailed below, are governed by the Pension Funds Act, 1956. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of the Group. Each of the schemes' assets are administered by a Board of trustees, each of which includes elected employee representatives.

Defined contribution pension and provident fund schemes

The latest audited financial information of the schemes that are administered by the Group all reflects a satisfactory state of affairs. Amounts charged to the income statement are as follows:

	Audited 2024 R'000	Unaudited 2023 R'000
RCL FOODS Pension Fund	**23 383**	22 983
RCL FOODS Provident Fund	**82 856**	77 013
Old Mutual – SACCAWU	**169**	182
Total	**106 408**	100 178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

12. INTEREST-BEARING LIABILITIES

	Audited 2024 R'000	Unaudited 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 (refer to note 13)	**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 (refer to note 13)	**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 Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited ("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 29 for further information.

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

13. LEASES

	Audited 2024 R'000	Unaudited 2023 R'000
ASSETS		
The recognised right-of-use assets relate to the following types of assets:		
Land and Buildings	**6 045**	6 174
Plant and Equipment	**6 440**	8 795
Vehicles	**82 230**	137 981
Total right-of-use assets	**94 715**	152 950
Additions to the right-of-use assets during the current financial year were R15,3 million (2023: R164,2 million).		
For further detail please refer to note 1.		
LIABILITIES		
Long-term		
Lease liabilities	**45 527**	103 032
Short-term		
Lease liabilities	**57 166**	54 587
Gross lease liabilities	**112 138**	178 901
Due within one year	**63 891**	66 106
Due within two to five years	**48 247**	112 795
Future finance charges on lease liabilities	**(9 445)**	(21 282)
Present value of lease liabilities	**102 693**	157 619
Due within one year	**57 166**	54 587
Due within two to five years	**45 527**	103 032
	102 693	157 619

For further detail on interest expense relating to the lease liabilities refer to note 19.

Lease payments not recognised as a liability

The expense relating to payments not included in the measurement of the lease liability has been disclosed in note 18.

The payments relating to the IFRS 16 lease liabilities have been disclosed in note C to the Cash Flow Statement.

At 30 June 2024, the Group has future lease commitments in relation to short-term leases of R1,0 million (2023: R3,8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

14. TRADE AND OTHER PAYABLES

	Audited 2024 R'000	Unaudited 2023 R'000
Trade payables	**1 033 998**	500 164
Accruals	**881 233**	920 150
Other payables	**349 859**	213 351
Total	**2 265 090**	1 633 665

The carrying amount of trade and other payables approximate their fair values.

Included in accruals and other payables above are non-financial liabilities such as payroll liabilities and VAT amounting to R250,5 million (2023: R134,6 million).

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	Audited 2024 R'000	Unaudited 2023 R'000
Rand	**2 263 205**	1 616 695
USD	**1 885**	14 924
EUR	**–**	2 046
Total	**2 265 090**	1 633 665

15. EMPLOYEE BENEFITS

	Audited 2024 R'000	Unaudited 2023 R'000
Employee benefits – Value Creation Plan	**89 688**	–

The employee benefits relate to the deferred incentive scheme ("VCP").

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 made on an annual basis or when retention/attraction risks apply to Executive Directors and selected employees. The scheme is measured using intrinsic value growth and the net debt management relative to the Group's five year growth and value creation business plan.

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

16. DEFERRED INCOME TAX

	Audited 2024 R'000	Unaudited 2023 R'000
Deferred income tax liability movement:		
At the beginning of the year	**225 044**	310 813
Charge/(credit) for the year – income statement	**59 511**	(86 554)
Charge for the year – other comprehensive income	**211**	1 227
Prior year overprovision	**(9 095)**	(442)
At the end of the year	**275 671**	225 044
Deferred income tax liability comprises:		
Trademarks, property, plant and equipment	**235 918**	227 097
Right-of-use assets	**14 798**	2 654
Inventories and biological assets	**273 983**	282 385
Provisions	**(97 576)**	(50 493)
Derivative financial instruments	**(6 289)**	5 983
Losses available for set-off against future taxable income	**(153 094)**	(250 843)
Other	**7 931**	8 261
Total	**275 671**	225 044
Deferred tax liability due after 12 months	**279 169**	229 751
Deferred tax liability due within 12 months	**(3 498)**	(4 707)
Total	**275 671**	225 044
Deferred income tax asset movement:		
At the beginning of the year	**40 983**	22 640
Credit for the year – income statement	**11 825**	18 271
Prior year over provision	**–**	72
At the end of the year	**52 808**	40 983
Deferred income tax asset comprises:		
Trademarks, property, plant and equipment	**(91 424)**	(98 429)
Losses available for set-off against future taxable income	**144 232**	138 562
Other	**–**	850
Total	**52 808**	40 983
Deferred tax assets due after 12 months	**55 902**	(98 429)
Deferred tax assets due within 12 months	**(3 094)**	139 412
Total	**52 808**	40 983

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

16. DEFERRED INCOME TAX CONTINUED

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 27% (2023: 27%).

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The deferred income tax assets related to assessed losses primarily arising in Matzonox and Rainbow Co whose forecasts support the utilisation of the loss in future financial periods.

The Group has total assessed losses amounting to R3,1 million (2023: R3,4 million) that have not been recognised as a deferred tax asset in the current financial year.

Deferred tax assets of R0,8 million (2023: R0,9 million) have not been recognised as it is not envisaged that there will be future taxable profits in the foreseeable future against which the deferred tax asset can be utilised. The recognition of the deferred tax assets will be reassessed when the performance of the entities begin to show sustained improvement which will result in future taxable profits available to offset these assessed losses. The assessed losses do not have an expiry date. A breakdown of the deferred tax asset not recognised is provided below:

Deferred income tax asset not recognised comprises of:

	Audited 2024 R'000	Unaudited 2023 R'000
Assessed loss not recognised as deferred tax asset	**832**	942
	832	942

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Audited 2024 R'000	Unaudited 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.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

18. OPERATING PROFIT/(LOSS)

	Audited 2024 R'000	Unaudited 2023 R'000
Revenue	**14 527 425**	13 463 861
Cost of sales	**(12 420 710)**	(12 276 876)
Gross profit	**2 106 715**	1 186 985
Administration expenses	**(656 881)**	(481 374)
Selling and marketing expenses	**(182 374)**	(170 676)
Distribution expenses	**(993 989)**	(924 932)
Net Impairment	**(2 608)**	(1 417)
Other income	**64 813**	162 456
Operating profit/(loss) (EBIT)	**335 676**	(228 958)
Material and disclosable items – other income:		
Profit on disposal of property, plant and equipment	**2 692**	772
Fair value adjustment on biological assets	**29 737**	19 723
Fair value adjustment on derivatives	**844**	81 184
Gain on remeasurement of leases	**598**	–
Foreign exchange gains	**1 717**	6 817
Insurance proceeds	**1 012**	12 796
Rental income – operating leases	**9 319**	41 165
Material and disclosable items – expenses:		
Technical consultants and legal fees	**9 599**	8 080
Fair value adjustment on derivatives	**50 856**	77
Impairment of property, plant and equipment	**2 608**	1 417
Lease payments – short-term lease expense	**8 799**	18 583
Contract grower fees	**757 307**	500 161
Administration fee	**102 597**	104 489
Loss allowance – trade receivables	**1 149**	1 813
Foreign exchange losses	**1 689**	3 539
Inventory expense	**10 048 942**	9 010 721
Fuel and gas	**242 502**	286 730
Utilities	**787 709**	672 079
Repairs and maintenance expense	**550 615**	493 840
Loss on disposal of property, plant and equipment	**811**	1 524
Directors' remuneration	**43 417**	52 893
– executive	**43 417**	52 893
– non-executive	**–**	–
Staff costs	**1 767 231**	1 500 427
– salaries and wages	**1 464 488**	1 201 228
– share-based payments	**(1 647)**	1 100
– retirement benefit costs	**108 826**	100 178
– other post-employment benefits	**253**	1 998
– retrenchment costs	**1 532**	1 130
– other	**193 779**	194 793
Auditors' remuneration	**6 098**	7 759
– fees for the audit	**5 964**	6 520
– prior year under provision	**104**	195
– disbursements	**30**	115
– fees for other services	**–**	929

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

19. FINANCE COSTS

	Audited 2024 R'000	Unaudited 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

20. FINANCE INCOME

	Audited 2024 R'000	Unaudited 2023 R'000
Interest – financial institutions	**2 532**	4 509
Interest – related parties	**26 550**	–
Interest – other	**148**	589
Total	**29 230**	5 098

21. INCOME TAX EXPENSE/(CREDIT)

	Audited 2024 R'000	Unaudited 2023 R'000
Current tax	**7 798**	(764)
South African	**7 692**	(74)
Prior year under/(over) provision	**106**	(690)
Deferred tax	**38 591**	(105 339)
South African	**47 686**	(104 825)
Prior year over provision	**(9 095)**	(514)
Total	**46 389**	(106 103)
Reconciliation of tax rate:		
Profit/(Loss) before tax	**210 846**	(392 128)
Tax charge/(credit) at 27%	**56 928**	(105 875)
– non-taxable income	**(4 231)**	(2 607)
– share of associates' profits	**–**	(1 324)
– non-taxable profit on disposal of assets	**(726)**	(208)
– non-deductible impairment of assets	**704**	383
– non-deductible loss on disposal of assets	**219**	411
– prior year under/(over) provision – current	**106**	(690)
– prior year overprovision – deferred	**(9 095)**	(514)
– unrecognised deferred tax on (profits)/losses made	**(110)**	962
– non-deductible depreciation and amortisation	**1 537**	1 229
– non-deductible listed company expenses	**284**	–
– other non-deductible items	**773**	2 130
Tax charge/(credit)	**46 389**	(106 103)

The tax effects relating to items of other comprehensive income are disclosed on the face of the statement of other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

22. EARNINGS AND HEADLINE EARNINGS PER SHARE

		Audited 2024 R'000	Unaudited 2023 R'000
Basic			
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the number of shares in issue during the year.			
Diluted			
Diluted earnings are calculated using the fully diluted weighted average ordinary shares in issue.			
Earnings			
Profit/(Loss) attributable to equity holders of the Company		**180 241**	(259 484)
Number of ordinary shares in issue			
Number of ordinary shares in issue – basic earnings per share[1]	('000)	**890 296**	890 296
Weighted average number of ordinary shares in issue – diluted earnings per share[1]	('000)	**890 296**	890 296

	Gross[2]	Net
Headline earnings – June 2024 (Audited)		
Headline earnings reconciliation:		
Profit for the year attributable to equity holders of the Company	**–**	**180 241**
Net impairments	**2 608**	**1 904**
Insurance proceeds on fixed assets	**(602)**	**(439)**
Profit on disposal of property, plant and equipment	**(2 692)**	**(1 965)**
Loss on disposal of property, plant and equipment	**811**	**592**
Headline earnings		**180 333**
Headline earnings – June 2023 (Unaudited)		
Headline earnings reconciliation:		
Loss for the year attributable to equity holders of the Company	–	(259 484)
Net impairments	1 417	1 034
Insurance proceeds on fixed assets	(10 145)	(7 406)
Profit on disposal of property, plant and equipment	(772)	(564)
Loss on disposal of property, plant and equipment	1 524	1 113
Loss on disposal of associate	1 955	1 955
Reclassification of foreign currency translation reserve to profit or loss on disposal of investment	(9 654)	(9 654)
Headline earnings		(273 006)

	Audited 2024 cents	Unaudited 2023 cents
Earnings per share		
– basic	**20.25**	(29.15)
– diluted	**20.25**	(29.15)
Headline earnings per share		
– basic	**20.26**	(30.66)
– diluted	**20.26**	(30.66)

[1] *The number of ordinary shares has been adjusted retrospectively as part of the reorganisation of the Group.*

[2] *Included in profit before tax and attributable to equity holders of the Company.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

23. CONTINGENCIES

	Audited 2024 R'000	Unaudited 2023 R'000
Term funded debt package[1]	–	–
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited trading as Verdure guarantee[2]	–	–
	–	–

[1] *A fellow subsidiary within the RCL FOODS Group, RCL FOODS Treasury obtained a term-funded debt package. As part of the arrangement, Rainbow Co has provided a guarantee to the lenders in respect of the fulfilment of the borrower's obligations in terms of the loan agreement up until 30 June 2024.*

[2] *Matzonox obtained a loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited trading as Verdure to fund its Waste-to-Value operations. As part of the arrangement, the loan is guaranteed in equal proportions by each of the shareholders of Matzonox (Green Create W2V SA Proprietary Limited and Rainbow Co) in respect of the fulfilment of the borrower's obligations in terms of the loan agreement. These guarantees continue for the duration of the period while the loan remains unpaid.*

24. OPERATING SEGMENTS

The 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 and Matzonox Fertilisers); and
- Group (other immaterial segments).

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

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

24. OPERATING SEGMENTS CONTINUED

	Audited 2024 R'000	Unaudited 2023 R'000
Revenue from contracts with customers[1]	**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)
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.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

24. OPERATING SEGMENTS CONTINUED

	Audited 2024 R'000	Unaudited 2023 R'000
Additions to property, plant and equipment, investment properties 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 losses[2]		
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.*

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing these risks and the Group's management of capital.

The Group's financial instruments consist primarily of cash and cash equivalents, derivatives, loans receivable, trade and other receivables and payables and interest-bearing liabilities. In the normal course of business, the Group is exposed to credit, liquidity and market risk. In order to manage certain of these risks, the Group may enter into transactions which make use of derivatives. These include forward exchange contracts, currency futures and options and commodity futures and options. A separate Committee is used to manage the risks and the hedging activities of the Group. The Group does not speculate in derivative instruments.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Committee which is responsible for developing and monitoring the Group's risk management policies. The Audit and Risk Committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

25. FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk primarily relates to trade and other receivables, loans receivable, cash and cash equivalents and derivative financial instruments.

The Group's exposure to credit risk with regards to trade and other receivables is influenced mainly by the individual characteristics of each customer and there is no significant concentration of risk related to industry segments. The granting of credit is controlled by well-established criteria that are reviewed on a regular basis. The terms granted to trade debtors are determined by the respective credit policies of each operating subsidiary. Further, with the recent disposal of Vector Logistics Proprietary Limited ("Vector Logistics"), as a risk mitigation strategy, the Group deemed it appropriate to insure Vector Logistics against any risk of credit default. The policy is underwritten by Lombard Insurance. The maximum exposure to credit risk at the reporting date is the carrying amount of each trade receivable (refer to note 7) and amounts guaranteed as disclosed in this note.

The Chicken and Animal Feed segments' trade debtors are covered by Lombard Insurance. Chicken debtors are managed by Vector Logistics and subject to the insurance policies that Vector Logistics has in place. Credit insurance premiums are paid on a monthly basis based on net invoiced sales. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. The Group's reviews include external ratings where available and in some cases bank references. Limits are established for each customer which represent the maximum trading amount without requiring further approval. These limits are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a cash basis. Customers that default on payments are closely monitored and put on "stop supply" if required.

The Group considers a financial asset in default when contractual payments and claims are not settled in terms of the trade agreements applicable. However, in certain cases, the Group may also consider a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The majority of the Group's loans receivable are with related parties within the RCL FOODS Group. The Group has access to the financial information of these entities in order to assess their financial position and creditworthiness. Based on this assessment the Group does not expect any counterparty to fail to meet its obligations.

Due to the short-term nature of these assets and historical experience, cash and cash equivalents are regarded as having a low probability of default and therefore the related expected credit loss is deemed not significant. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Macroeconomic factors have been considered in assessing the credit risk of the Group's cash and cash equivalents, however the impact of changes in economic conditions is not expected to be material on the expected credit loss.

The table below shows the cash and cash equivalents (net of overdrafts) allocated in terms of bank rating. These ratings are based on Moody's bank ratings.

	Audited 2024 R'000	Unaudited 2023 R'000
Rating[1]		
P-3	**12 403**	27 805
Cash on hand	**191**	206
Total	**12 594**	28 011

[1] *Credit ratings for financial institutions have been obtained from Moody's.*

Derivative instruments are limited to transactions with financial institutions with an acceptable credit rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

25. FINANCIAL RISK MANAGEMENT CONTINUED

Liquidity risk

The Group actively monitors its cash flows to ensure there is sufficient cash available to meet its working capital requirements.

Management monitors rolling forecasts of the Group's cash and cash equivalents requirements on the basis of the expected cash flow. The Group has successfully negotiated credit facilities with reputable financial institutions to satisfy expected future cash requirements post the unbundling from the RCL FOODS Group.

In order to affect the unbundling, the recapitalisation of the RCL FOODS shareholder loan, and a portion of the RCL FOODS Treasury totalling R2,9 billion occurred in February 2024. RCL FOODS provided an equity injection of R300,8 million in May 2024 as part of the normalisation of the Company's capital structure prior to unbundling.

Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding through draw-down availability under committed and uncommitted credit lines.

The Group's current trade and other payables are all due within one year and the impact of discounting them is not significant.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Carrying value R'000	Less than one year R'000	One to two years R'000	Two to three years R'000	Greater than three years R'000	Total R'000
2024 (Audited)						
Interest-bearing liabilities – non-current	**116 262**	**–**	**28 364**	**29 451**	**108 669**	**166 484**
Interest-bearing liabilities – current	**140 638**	**157 095**	**–**	**–**	**–**	**157 095**
Lease liabilities – non-current	**45 527**	**–**	**40 449**	**4 473**	**3 325**	**48 247**
Bank overdraft	**35 844**	**35 844**	**–**	**–**	**–**	**35 844**
Lease liabilities – current	**57 166**	**63 891**	**–**	**–**	**–**	**63 891**
Trade and other payables	**2 014 633**	**2 014 633**	**–**	**–**	**–**	**2 014 633**
Derivative financial liabilities	**47 386**	**47 386**	**–**	**–**	**–**	**47 386**
Total	**2 457 456**	**2 318 849**	**68 813**	**33 924**	**111 994**	**2 533 580**
2023 (Unaudited)						
Interest-bearing liabilities – non-current	238 980	–	160 913	35 100	162 898	358 911
Interest-bearing liabilities – current	13 301	30 541	–	–	–	30 541
Lease liabilities – non-current	103 032	–	64 157	41 736	6 902	112 795
Loan from RCL FOODS Limited	1 466 157	1 466 157	–	–	–	1 466 157
Loan from RCL FOODS Treasury Proprietary Limited	2 034 902	2 034 902	–	–	–	2 034 902
Lease liabilities – current	54 587	66 106	–	–	–	66 106
Trade and other payables	1 499 178	1 499 178	–	–	–	1 499 178
Total	5 410 137	5 096 884	225 070	76 836	169 800	5 568 590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

25. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk

Interest rate risk

The Group is exposed to interest rate risk on its cash and cash equivalents, loans receivable and interest-bearing liabilities, which can have an impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the Group's Board as well as the respective subsidiary companies by using counterparties that offer the best rates, which enables the Group to maximise returns whilst minimising risk. The effective interest rate excluding the impact of foreign exchange revaluations for the year was 9.4% (2023: 8.3%).

The impact of a 3.0% increase in interest rates on positive cash balances will result in additional finance income of R1,5 million (2023: R0,8 million). The net impact as such will result in additional finance costs of R1,1 million (2023: R68,6 million) for the forthcoming financial year.

Foreign currency risk

In the normal course of business the Group enters into transactions that are either denominated in foreign currencies or priced with reference to international markets. Trade and other payables include net payables of R1,8 million (2023: R17,0 million) in respect of purchases in foreign currencies. The currencies predominantly traded in by the Group are USD, GBP and EUR. As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates. The Group utilises forward exchange contracts, currency futures and options to minimise foreign currency exchange risk in terms of its risk management policy. All forward exchange contracts, futures and currency options are supported by underlying transactions.

Forward exchange contracts ("FEC") and currency options that do not constitute designated hedges of currency risk at the end of the year are summarised as follows:

	Average rate R	Foreign contract amount R'000	Fair value of FEC's R'000
June 2024 (Audited)			
USD FEC's – liabilities	**18.31**	**25 200**	**4 263**
USD currency options – liabilities	**–**	**25 200**	**–**
June 2023 (Unaudited)			
USD currency options – assets	–	788	–
USD currency options – liabilities	–	(788)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

25. FINANCIAL RISK MANAGEMENT CONTINUED

Market risk continued

Foreign currency risk continued

Refer to the following table for sensitivity of future (post-tax) income statement impacts arising on the maturity of forward exchange contracts, currency options, cash and cash equivalents and trade payables.

Profit/(loss) as a result of a movement of the USD and EUR at June assuming the spot price remains constant thereafter until the maturity of the contracts and balances:

	Audited 2024 R'000	Unaudited 2023 R'000
Forward exchange contracts, currency futures and options		
10% increase in the value of the USD against the Rand	**39 811**	–
10% decrease in the value of the USD against the Rand	**(61 505)**	–
15% increase in the value of the USD against the Rand	**–**	1 627
15% decrease in the value of the USD against the Rand	**–**	(1 628)
Cash and cash equivalents		
10% increase in the value of the USD against the Rand	**10**	–
10% decrease in the value of the USD against the Rand	**(10)**	–
Trade payables		
10% increase in the value of the USD against the Rand	**138**	–
10% decrease in the value of the USD against the Rand	**(138)**	–
15% increase in the value of the USD against the Rand	**–**	1 634
15% decrease in the value of the USD against the Rand	**–**	(1 634)
10% increase in the value of the EUR against the Rand	**–**	149
10% decrease in the value of the EUR against the Rand	**–**	(149)

Commodity price and procurement risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings from fluctuations in the prices of commodities. To stabilise prices for the Group's substantial commodity requirements, derivative instruments including forward contracts, commodity options and futures contracts are used to hedge its exposure to commodity price risk.

The overriding directive is to minimise commodity price volatility in order to meet forecast requirements, ideally at the lowest cost for both internal and external sales. Call and put options are utilised within this framework to manage commodity requirements and supply. The use of written options is restricted to the purposes of fixing forward requirements.

The overall procurement strategy and net positions are reported monthly to the Raw Material Commodity Procurement Committee and quarterly to the Board. The Committee is responsible for the setting of the monthly Company view with regard to future price movements. The daily trading activities by the procurement teams are restricted to the Company view, unless prior approval is obtained from the Committee.

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

25. FINANCIAL RISK MANAGEMENT CONTINUED

Commodity price and procurement risk continued

Maize and soya[1]

Refer to the table below for sensitivity of future (post-tax) income statement impact arising on the maturity of maize and soya derivative contracts.

This analysis represents the impact on profit/(loss) as a result of a parallel shift in the forward curve (up and down) on the value of the hedged positions of the underlying commodities at June.

	Audited 2024 R'000	Unaudited 2023 R'000
Maize – 20% increase	**148 015**	–
Maize – 20% decrease	**(177 067)**	–
Maize – 25% increase	**–**	(605)
Maize – 25% decrease	**–**	14 517
Soya – 15% increase	**86 507**	–
Soya – 15% decrease	**(93 746)**	–
Soya Oil – 20% increase	**–**	1 537
Soya Oil – 20% decrease	**–**	(1 537)
Soya – 20% increase	**–**	165 849
Soya – 20% decrease	**–**	(122 583)

[1] *Certain contracts and options have a zero-fair value at year end as they are settled daily on SAFEX.*

Percentages used in the sensitivity analysis are based on the average movement of the commodity during the year, thus different percentages have been used to the prior year.

Contract growers

The Group has entered into contract grower agreements with various counterparties to procure broiler chickens for the forthcoming financial year.

Fees payable to the contract growers are accrued for based on the stage of completion of the broiler cycle at year end.

The commitment value as at June 2024 was R45,2 million (2023: R23,7 million).

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain the future development needs of the business.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group's target is to achieve a return on invested capital ("ROIC") in excess of its weighted average cost of capital. In 2024, the Group had achieved a ROIC of 6.5% (2023: -3.6%).

There were no changes to the Group's approach to capital management during the year.

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

25. FINANCIAL RISK MANAGEMENT CONTINUED

Capital risk management continued

Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at June:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
June 2024 (Audited)				
Assets				
Breeding stock – chicken (refer note 6)	**–**	**–**	**562 149**	**562 149**
Broiler stock – chicken (refer note 6)	**–**	**–**	**367 563**	**367 563**
Derivatives	**–**	**10 881**	**–**	**10 881**
Total assets	**–**	**10 881**	**929 712**	**940 593**
Liabilities				
Derivatives	**–**	**47 386**	**–**	**47 386**
Total liabilities	**–**	**47 386**	**–**	**47 386**
June 2023 (Unaudited)				
Assets				
Breeding stock – chicken (refer note 6)	–	–	577 527	577 527
Broiler stock – chicken (refer note 6)	–	–	431 056	431 056
Derivatives	–	23 355	–	23 355
Total assets	–	23 355	1 008 583	1 031 938

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

25. FINANCIAL RISK MANAGEMENT CONTINUED

Capital risk management continued

Fair value estimation continued

The fair value of trading derivatives is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value the derivatives include:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date with the resulting value discounted back to present value; and
- The fair value of options is determined using appropriate option pricing models which take into account the volatility of the underlying instrument.

The following valuation techniques and significant inputs were used to measure the level 3 inputs. These techniques are consistent with those of the prior year.

Description	Fair value at June 2024	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	**929 712**	Replacement costs of the components of growing the stock	Mortality rates	3.2% to 11.6%	The higher the mortality, the lower the fair value
			Average live mass	1.59 kg to 2.01 kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R7 828 to R8 497 per ton	The higher the feed cost per ton, the higher the fair value

Sensitivity analysis

A sensitivity analysis is shown for the significant unobservable inputs below:

Input	Sensitivity
Feed cost – chicken stock	A 5.0% change in feed cost would result in a R10,5 million (2023: R12,1 million) change in fair value

Description	Fair value at June 2023	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	1 008 583	Replacement costs of the components of growing the stock	Mortality rates	3.1% to 7.9%	The higher the mortality, the lower the fair value
			Average live mass	1.61 kg to 1.88 kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R8 270 to R9 021 per ton	The higher the feed cost per ton, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

26. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Assets per the statement of financial position	Amortised cost R'000	Assets at fair value through profit or loss R'000	Total R'000
June 2024 (Audited)			
Loan to RCL FOODS Treasury Proprietary Limited	**463 829**	**–**	**463 829**
Trade and other receivables	**2 407 636**	**–**	**2 407 636**
Derivative financial instruments	**–**	**10 881**	**10 881**
Cash and cash equivalents	**48 438**	**–**	**48 438**
At the end of the year	**2 919 903**	**10 881**	**2 930 784**
June 2023 (Unaudited)			
Trade and other receivables	2 215 505	–	2 215 505
Derivative financial instruments	–	23 355	23 355
Cash and cash equivalents	28 011	–	28 011
At the end of the year	2 243 516	23 355	2 266 871

The carrying amount of these financial instruments approximate their fair values.

Liabilities per the statement of financial position	Amortised cost R'000	Liabilities at fair value through profit or loss R'000	Total R'000
June 2024 (Audited)			
Interest-bearing liabilities – non-current	**116 262**	**–**	**116 262**
Interest-bearing liabilities – current	**140 638**	**–**	**140 638**
Lease liabilities – non-current	**45 527**	**–**	**45 527**
Lease liabilities – current	**57 166**	**–**	**57 166**
Derivative financial instruments	**–**	**47 386**	**47 386**
Bank overdraft	**35 844**	**–**	**35 844**
Trade and other payables – current	**2 014 633**	**–**	**2 014 633**
At the end of the year	**2 410 070**	**47 386**	**2 457 456**
June 2023 (Unaudited)			
Interest-bearing liabilities – non-current	238 980	–	238 980
Interest-bearing liabilities – current	13 301	–	13 301
Lease liabilities – non-current	103 032	–	103 032
Lease liabilities – current	54 587	–	54 587
Loan from RCL FOODS Limited	1 466 157	–	1 466 157
Loan to RCL FOODS Treasury Proprietary Limited	2 034 902	–	2 034 902
Trade and other payables	1 499 178	–	1 499 178
At the end of the year	5 410 137	–	5 410 137

The carrying amount of these financial instruments approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

27. RELATED PARTY TRANSACTIONS

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

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

	Audited 2024 R'000	Unaudited 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

	Audited 2024 R'000	Unaudited 2023 R'000
Key management of Rainbow Chicken Limited		
In terms of IAS 24 – "Related Party Disclosures", key management (Patterson 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 employment 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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

28. DIRECTORS' EMOLUMENTS

2024 (Audited)	Basic salary R'000	Pension contribution R'000	Bonus[1] R'000	Other benefits[2] R'000	Total R'000
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 officers[5]					
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 (Unaudited)	Basic salary R'000	Pension contribution R'000	Bonus[1] R'000	Other benefits[2] R'000	Total R'000
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 officers[5]					
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.*

	Audited 2024 R'000	Unaudited 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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

28. DIRECTORS' EMOLUMENTS CONTINUED

Non-executives (for services as a director)	Audited 2024 R'000	Unaudited 2023 R'000
Present directors[1]		
A Brinkhuis	–	–
CJ Robertson	–	–
PR Louw	–	–
SM Parsons	–	–
WO van Wyk	–	–
ZP Zatu Moloi	–	–
Total	–	–

[1] *The non-Executive Directors of Rainbow were appointed on 23 May 2024.*

Long-term incentives ("LTI") payable

The Rainbow 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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

28. DIRECTORS' EMOLUMENTS CONTINUED

Expected settlements on the RCL FOODS VCP (non-Rainbow) 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 VCP (non-Rainbow) 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 in the 2023 financial year.*

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

28. DIRECTORS' EMOLUMENTS CONTINUED

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

SARs 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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

28. 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 Cruickshank	14.05	704 282	–	–	(704 282)	–	–	–
	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.*

[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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

28. 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

SARs 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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

28. 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

Prescribed officers[1]	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
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.*

[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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 30 JUNE 2024

28. 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:

	Audited 2024 Direct beneficial	Audited 2024 Indirect beneficial	Unaudited 2023 Direct beneficial	Unaudited 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 represent the aggregate interests of directors. No interest is held by a Director's associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

28. 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 (Audited)					
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 (Unaudited)					
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 (Audited)					
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 (Unaudited)					
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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

28. DIRECTORS' EMOLUMENTS CONTINUED

Variable pay – long-term incentive plans

Remgro Equity Settled SARs Scheme – 2024 (Audited)

Participant	Balance of SARs accepted as at June 2023	Balance of SARs on appoint-ment	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 SARs Scheme – 2023 (Unaudited)

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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

28. DIRECTORS' EMOLUMENTS CONTINUED

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

Participant	Balance of CSPs accepted as at June 2023	Balance of SARs on appoint-ment	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**

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

Remgro Equity Settled CSPs – 2023 (Unaudited)

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 CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

29. SUBSEQUENT EVENTS

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 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 one 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 RMB and ABSA Bank Limited with both Rainbow Chicken Limited and Rainbow Co as cross-guarantors to the debt package. The facilities implemented include among 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 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 LTI plan, specifically the SARs 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 SARs scheme's rules. However, this plan was created solely to substitute the RCL SARs awards and will not be used for new awards moving forward.

30. INTEREST IN SUBSIDIARIES

The Group has the following subsidiaries for the period ending June 2023 and June 2024:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent %	Proportion of ordinary shares directly held by the Group %	Proportion of ordinary shares directly held by non-controlling interest %
RCL FOODS Consumer	South Africa	Poultry producer and manufacturer of animal feed	100	–	–
Indirectly owned					
Epol	South Africa	Dormant	–	100	–
Farmer Brown	South Africa	Dormant	–	100	–
Rainbow Farms Investments	South Africa	Dormant	–	100	–
Matzonox	South Africa	Waste-to-Value operation	–	50	50
Rainbow Chicken Foods	South Africa	Dormant	–	100	–
Matzonox Fertilisers	South Africa	Waste-to-Value operation	–	50	50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

30. INTEREST IN SUBSIDIARIES CONTINUED

Matzonox Proprietary Limited and Matzonox Fertilisers Proprietary Limited

Rainbow Co has a 50% interest in Matzonox and Matzonox Fertilisers with the remaining 50% being held by Green Create and equal voting rights between both entities.

The offtake agreement between Matzonox and Rainbow Co effectively provides the Group with rights to direct the relevant activities of Matzonox, which results in the Group having effective control over this entity. Rainbow Co controls the volume of inputs and all the output is accepted by Rainbow Co with the operations of Matzonox being entirely dependent on the inputs received from Rainbow Co.

Similarly, the offtake agreement between Matzonox Fertilisers and Rainbow Co effectively provides the Group with rights to direct the relevant activities of Matzonox Fertilisers.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Non-controlling interests

	Statement of financial position 2024 R'000	Income statement (share of (loss)/profit) 2024 R'000	Statement of financial position 2023 R'000	Income statement (share of loss) 2023 R'000
Matzonox Proprietary Limited	**14 438**	**(15 987)**	30 425	(24 796)
Matzonox Fertiliser Proprietary Limited	**958**	**203**	755	(1 745)
Total	**15 396**	**(15 784)**	31 180	(26 541)

Significant restrictions

There are no significant restrictions regarding the use of assets or on the ability to settle liabilities in the subsidiaries.

Set out on pages 86 and 87 are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. This summarised information is before intercompany eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

30. INTEREST IN SUBSIDIARIES CONTINUED

Matzonox Proprietary Limited and Matzonox Fertilisers Proprietary Limited continued

Summarised statement of financial position

	Current			Non-current			
	Assets R'000	Liabilities R'000	Total current net (liabilities) /assets R'000	Assets R'000	Liabilities R'000	Total non-current net assets R'000	Net assets R'000
As at June 2024							
Matzonox Proprietary Limited	**54 494**	**(305 855)**	**(251 361)**	**396 497**	**(116 262)**	**280 235**	**28 874**
Matzonox Fertilisers Proprietary Limited	**221**	**(220)**	**1**	**1 915**	**–**	**1 915**	**1 916**
Total	**54 715**	**(306 075)**	**(251 360)**	**398 412**	**(116 262)**	**282 150**	**30 790**
As at June 2023							
Matzonox Proprietary Limited	33 396	(39 582)	(6 186)	416 536	(349 499)	67 037	60 851
Matzonox Fertilisers Proprietary Limited	1 931	(2 378)	(447)	1 956	–	1 956	1 509
Total	35 327	(41 960)	(6 633)	418 492	(349 499)	68 993	62 360

Summarised statement of comprehensive income

	Matzonox Proprietary Limited R'000	Matzonox Fertilisers Proprietary Limited R'000
For the year ended June 2024 (Audited)		
Revenue	**95 615**	**869**
(Loss)/Profit before tax	**(43 801)**	**407**
Income tax credit	**11 825**	**–**
(Loss)/Profit after tax for the year	**(31 976)**	**407**
Other comprehensive income		
Total comprehensive (loss)/income	**(31 976)**	**407**
Total comprehensive (loss)/income allocated to non-controlling interests	**(15 988)**	**203**
For the year ended June 2023 (Unaudited)		
Revenue	61 696	449
Loss before tax	(67 935)	(3 490)
Income tax credit	18 343	–
Loss after tax for the year	(49 592)	(3 490)
Other comprehensive income	–	–
Total comprehensive loss	(49 592)	(3 490)
Total comprehensive loss allocated to non-controlling interests	(24 796)	(1 745)

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

30. INTEREST IN SUBSIDIARIES CONTINUED

Matzonox Proprietary Limited and Matzonox Fertilisers Proprietary Limited continued

Summarised cash flows

	Matzonox Proprietary Limited R'000	Matzonox Fertilisers Proprietary Limited R'000
June 2024 (Audited)		
Cash generated/(utilised) from operations	**35 983**	**(1 598)**
Interest paid	**(31 398)**	**–**
Interest received	**2 019**	**31**
Net cash generated/(utilised) from operating activities	**6 604**	**(1 567)**
Net cash (utilised)/generated in investing activities	**(83)**	**22**
Net cash generated from financing activities	**10 538**	**–**
Net increase/(decrease) in cash and cash equivalents	**17 059**	**(1 545)**
June 2023 (Unaudited)		
Cash generated/(utilised) from operations	21 070	(1 396)
Interest paid	(43 447)	–
Interest received	1 193	15
Net cash utilised from operating activities	(21 184)	(1 381)
Net cash utilised in investing activities	(1 852)	(1 956)
Net cash generated from financing activities	19 688	5 000
Net (decrease)/increase in cash and cash equivalents	(3 348)	1 663

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

31. INVESTMENT IN ASSOCIATES

	Audited 2024 R'000	Unaudited 2023 R'000
Opening balance	–	39 705
Share of profits of associates	–	4 903
Exchange differences on translation of associates	–	7 102
Disposal of associate	–	(51 710)
Balance at June	–	–

Set out below is the associate the Group held during the prior reporting period. The associate listed below has share capital consisting solely of ordinary shares, which were held directly by the Group in the ownership percentage indicated below, prior to its disposal effective 30 June 2023.

Name of entity	Country of incorporation	% Holding
HMH Rainbow Limited	Uganda	29.29%

Set out below is the summarised financial information for associates:

2023 **Summarised statement of financial position**	HMH June 2023 R'000
Current	
Cash and cash equivalents	
Other current assets	
Total current assets	–
Financial liabilities (excluding trade payables)	
Other current liabilities (including trade payables)	
Total current liabilities	–
Non-current	
Assets	
Total non-current assets	–
Financial liabilities	
Other liabilities	
Total non-current liabilities	–
Net assets	–

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

31. INVESTMENT IN ASSOCIATES CONTINUED

2023 **Summarised statement of comprehensive income**	Unaudited HMH June 2023[1] R'000
Revenue from contracts with customers	433 807
Depreciation and amortisation	(24 284)
Finance expense	(15 996)
Profit before tax	19 965
Income tax expense	(3 225)
Profit after tax	16 740
Total comprehensive income	16 740
Adjustments	
Amortisation of customer relationships (net of tax)	
Adjusted total comprehensive income	16 740

The above reflects the amounts presented in the financial statements of the associates.

[1] *During the prior financial year, a decision was taken to dispose of the investment in HMH. The sale was effective 30 June 2023.*

The sale transaction was finalised and effective 30 June 2023, and as such the investment was equity accounted for the full 2023 financial year. The cumulative foreign currency translation recognised in other comprehensive income relating to HMH was consequently recycled to profit and loss.

		Unaudited 2023 R'000
Reconciliation of net assets of associate to disposal date		
Opening net assets		128 029
Total comprehensive income for the year		16 740
Exchange differences on translation of associates		24 249
Closing net assets		169 018
Interest in associate	(%)	29.29
Goodwill		4 509
Refund of purchase price		(2 302)
Carrying amount of associate at date of disposal		51 712
Reconciliation of proceeds from sale to carrying amount of associate		
Proceeds on disposal		49 757
Carrying amount of associate at date of disposal		51 712
Loss on disposal of associate		(1 955)
Foreign currency translation reserve recycled to profit and loss		9 654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

32. GOING CONCERN

The Group's Consolidated Annual Financial Statements are prepared on the going concern basis. In assessing the ability of the Group to continue as a going concern, the Directors have considered the following:

- The Group's ability to settle its obligations as they become due and payable in the twelve months following year end;
- The solvency and liquidity position of the Group, which included an assessment of key financial ratios against industry norms. Key financial ratios include return on invested capital, return on equity, liquidity and solvency and working capital analyses;
- The cash generation ability of the Group, including a projected view on future cash flow;
- The current and forecast debt utilisation of the Group; and
- The adequacy of the Group's resources to continue operating as a going concern.

No changes in financial, operational or general conditions are expected for the next twelve-month period that would compromise the use of the going concern assumption.

The Directors have concluded that the Group has adequate resources to continue operations as a going concern in the foreseeable future.

33. SHARE AND SHAREHOLDERS' INFORMATION

Stated capital

Authorised	2 000 000 000
Issued	890 296 405
Number of shareholders	1

June 2024	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 000 001 and over	**1**	**100.0**	**890 296 405**	**100.0**
Total	**1**	**100.0**	**890 296 405**	**100.0**
Distribution of shareholders				
Holding Company	**1**	**100.0**	**890 296 405**	**100.0**
Total	**1**	**100.0**	**890 296 405**	**100.0**
Non-public shareholders				
Holding Company	**1**	**100.0**	**890 296 405**	**100.0**
Total	**1**	**100.0**	**890 296 405**	**100.0**
Beneficial shareholders' holding of 1% or more				
RCL FOODS Limited			**890 296 405**	**100.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

34. SUPPLEMENTARY INFORMATION

As noted in the Director's report, there are differences between the historical financial information included in the Pre-listing statement issued on 10 June 2024 for the period ended 2 July 2023 and the consolidated unaudited Annual Financial Statements. These differences primarily relate to the statutory impact of the actual transactions occurring from the reorganisation and other reallocations between individual line items.

Additionally, differences are noted between the SENS announcement issued on 30 September 2024 and the audited Consolidated Annual Financial Statements for the period ended 30 June 2024. These differences primarily relate to the classification of share-based payments and RCL FOODS classifying Rainbow as a discontinued operation.

Summary of differences between the unaudited Consolidated Annual Financial Statements ("AFS") and Pre-listing statement ("PLS") for the period ending 2 July 2023:

Consolidated statement of financial position

June 2023	AFS R'000	PLS R'000	Differences R'000
EQUITY			
Share-based payments reserve[1]	207 086	203 379	3 707
Common control reserve[1]	(892 970)	(1 048 797)	155 827
Retained earnings[1]	115 583	275 117	(159 534)
			–

Consolidated statement of changes in equity

June 2023	Share-based payments reserve[1] R'000	Common control reserve[1] R'000	Retained earnings[1] R'000
Balance at 3 July 2022 – AFS	207 086	(892 970)	371 748
Balance at 3 July 2022 – PLS	203 379	(1 048 797)	531 282
Differences	3 707	155 827	(159 534)

Consolidated cash flow statement

June 2023	AFS R'000	PLS R'000	Differences R'000
CASH GENERATED BY OPERATIONS			
Working capital changes:			
Movement in trade and other receivables[2]	(101 181)	(102 482)	1 301
Movement in trade and other payables[2]	241 253	241 353	(100)
Cash flows from financing activities			
Movement in loans with Group companies[2]	745 055	746 255	(1 200)
Additional capital contribution by non-controlling interest[2]	2 500	–	2 500
			–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

34. SUPPLEMENTARY INFORMATION CONTINUED

Notes to the cash flow statement

June 2023	3 July 2022 R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows R'000	2 July 2023 R'000
RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES					
AFS					
Loans payable[2]	2 758 425	742 555	–	79	3 501 059
PLS					
Loans from Group Companies[2]	2 758 606	746 255	–	(3 802)	3 501 059
Differences					
Loans payable[2]	(181)	(3 700)	–	3 881	–

Notes to the consolidated financial statements

June 2023	AFS R'000	PLS R'000	Differences R'000
INVENTORIES			
Finished goods[2]	657 054	663 182	(6 128)
Work-in-progress[2]	19 958	19 958	–
Raw materials and ingredients[2]	312 579	348 022	(35 443)
Consumables and maintenance spares[2]	118 989	131 518	(12 529)
Provision for inventories[2]	–	(54 100)	54 100
At the end of the year	1 108 580	1 108 580	–
SHARE-BASED PAYMENTS RESERVE			
BEE transaction			
At the beginning of the year[1]	147 874	144 167	3 707
OPERATING SEGMENTS			
Additions to property, plant, equipment, right-of-use assets, investment property and intangible assets			
Chicken			
Property, plant and equipment[3]	444 521	351 225	93 296
Animal Feed			
Property, plant and equipment[3]	135 031	54 150	70 881

[1] *The PLS had been prepared on a reorganisation basis which included the consolidation of Rainbow Co that consisted of the trading divisions Chicken and Animal Feed, Matzonox, Rainbow Farms Investments and dormant subsidiaries Farmer Brown, Epol and Rainbow Chicken Foods. At an aggregated level, the total difference has a nil impact on Equity.*

[2] *These differences are reallocations between individual line items within the AFS for the year ended 2 July 2023. At an aggregated level, the total difference has a nil impact.*

[3] *The amounts per the PLS did not include additions to right-of-use assets. In preparation of the AFS, we have included these additions in these amounts.*

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

34. SUPPLEMENTARY INFORMATION CONTINUED

As previously explained in the SENS announcement released on 30 September 2024 which included an extract of financial results from the RCL FOODS results announcement, a reconciliation of all differences between the Consolidated Annual Financial Statements and the results contained in the SENS would be provided. The differences are as follows:

Summary of differences between the Consolidated Annual Financial Statements ("AFS") and SENS:

Consolidated statement of financial position

June 2024	AFS R'000	SENS R'000	Differences R'000
ASSETS			
Non-current assets			
Property, plant and equipment[1]	–	1 978 489	(1 978 489)
Right of use asset[1]	–	94 716	(94 716)
Property, plant and equipment and right of use assets[1]	2 073 204	–	2 073 204
Intangible assets[1]	46 803	27 488	19 315
Goodwill[1]	–	19 315	(19 315)
			(1)
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities[1]	161 789	116 262	45 527
Lease liabilities[1]	–	45 527	(45 527)
			–
Current liabilities			
Interest-bearing liabilities[1]	197 804	140 639	57 165
Lease liabilities[1]	–	57 166	(57 166)
			(1)

Consolidated income statement

June 2024	AFS R'million	SENS R'million	Differences R'million
Operating profit before interest, taxes, depreciation, amortisation and impairments (EBITDA)[2,3]	637,2	629,7	7,5
Operating profit[2,3,4]	335,7	350,9	(15,2)
Net finance costs[1,3]	–	(127,6)	127,6
Finance costs[1,3]	(154,1)	–	(154,1)
Finance Income[1]	29,2	–	29,2
Income tax expense[2,4]	(46,4)	(53,7)	7,3
Profit for the year[2,4]	164,5	169,6	(5,1)
Profit attributable to equity holders of the Company[2,4]	180,2	185,4	(5,2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2024

34. SUPPLEMENTARY INFORMATION CONTINUED

Consolidated statement of comprehensive income

June 2024	AFS R'million	SENS R'million	Differences R'million
Operating profit before interest, taxes, depreciation, amortisation and impairments (EBITDA)[2,3]	637,2	629,7	7,5
Profit attributable to equity holders of the Company[2,4]	180,2	185,4	(5,2)
Headline earnings[2,4]	180,3	185,5	(5,2)

Cash flow statement

June 2024	AFS R'million	SENS R'million	Differences R'million
Cash flows from operating activities[2,3,5,6]	1 167,7	1 209,7	42,0
Cash flows from investing activities[6]	(318,6)	(387,0)	68,4
Cash flows from financing activities[3,7]	(864,5)	(74,9)	(789,6)
Net cash flows[2,5,7]	(15,4)	747,8	(763,2)

Revenue from contracts with customers

June 2024	AFS R'000	SENS R'000	Differences R'000
Chicken	12 746 473	12 746 473	–
Chicken[1]	12 419 232	12 450 400	(31 168)
Sundry sales[1]	327 241	296 073	31 168

1 *Reclassification between individual line items due to aggregation differences.*

2 *RCL FOODS classified the share incentive scheme as equity settled in their Summary Consolidated Financial Statements, whereas Rainbow recognises the share incentive scheme as cash settled.*

3 *RCL FOODS results included the consolidation of certain growers in their summary Consolidated Financial Statements; however, Rainbow did not consolidate these growers.*

4 *RCL FOODS classified Rainbow as held for sale (discontinued operation) from 3 June 2024 resulted in the halting of depreciation by RCL FOODS.*

5 *RCL FOODS adjusted for intercompany working capital balances between Rainbow and other the subsidiaries within the RCL FOODS Group.*

6 *RCL FOODS included the proceeds on the disposal of the associate in cash flows from operating activities in the Summary Consolidated Financial Statements whereas Rainbow accounted for the proceeds in cash flows from investing activities. In addition, RCL FOODS include capital expenditure additions which was paid post financial year end cut-off in cash flow from investing activities. Rainbow allocated these additions in cash flows from operating activities.*

7 *RCL FOODS results includes the impact of the elimination of intercompany loans between Rainbow and other subsidiaries within the RCL FOODS Group.*

RAINBOW®

www.rainbowchickens.co.za