2022 Audited Annual Consolidated Financial Statements for the year ended 2 October 2022

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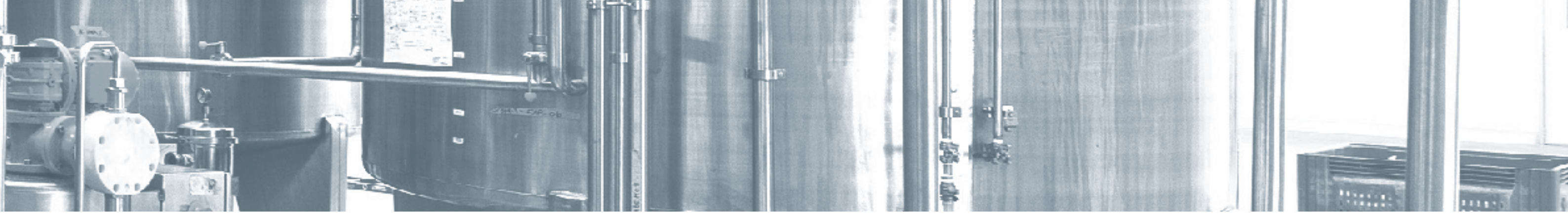


APPROVAL OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and integrity of the annual consolidated financial statements and other information contained therein which were prepared in accordance with International Financial Reporting Standards (IFRS). In order to discharge this responsibility, RFG Holdings Limited (the "company") and its subsidiaries (the "Group") maintains internal financial control and operational control systems, designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded, in accordance with the Group policies and procedures.

The annual consolidated financial statements set out on pages 1 and 4 to 62 were prepared on the going concern basis under the supervision of CC Schoombie CA(SA), chief financial officer and were approved by the board of directors on 18 November 2022 and are signed on their behalf by:

Dr YG Muthien
Chairperson

WP Hanekom
Chief executive officer

CEO AND CFO RESPONSIBILITY STATEMENT

Each of the directors, whose names are stated below hereby confirm that:

the annual consolidated financial statements set out on pages 4 to 62, fairly present in all material respects the financial position, financial performance and cash flows of the Group for the 53 week period ended 2 October 2022 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 annual consolidated financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Group and its consolidated subsidiaries have been provided to effectively prepare the annual consolidated financial statements of the Group; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual consolidated 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, risk and information technology committee and the external 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.

WP Hanekom
Chief executive officer

CC Schoombie
Chief financial officer

SECRETARIAL CERTIFICATION

In accordance with section 88(2)(e) of the Companies Act, No 71 of 2008, for the year ended 2 October 2022, it is hereby certified that the Group and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns that are required and that such returns are true, correct and up to date.

BM Lakey
Company secretary

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF RFG HOLDINGS LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of RFG Holdings Limited and its subsidiaries ('the Group') set out on page 11 to 62, which comprise of the consolidated statement of financial position as at 2 October 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 53 weeks then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 2 October 2022, and its consolidated financial performance and consolidated cash flows for the 53 weeks then ended in accordance with International Financial Reporting Standards 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.

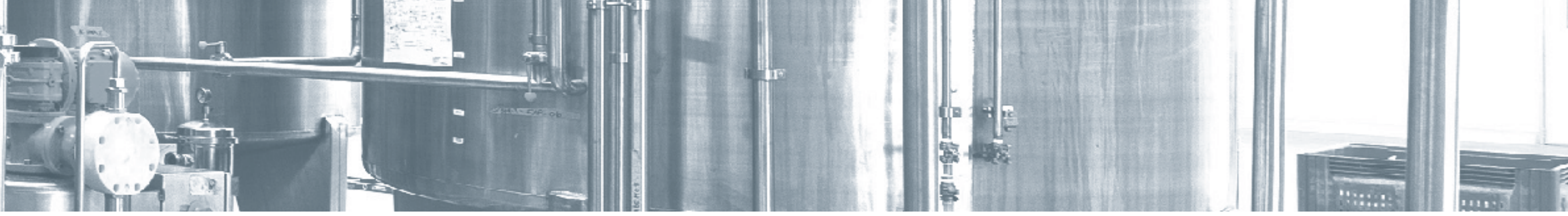
Key Audit Matters

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 consolidated 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 consolidated financial statements.

Key audit matter	How the matter was addressed in the audit

Carrying amount assessment of goodwill and indefinite useful life intangible assets
 	
Goodwill and indefinite useful life intangible assets comprise 10.7% of total assets in the statement of financial position amounting to R578 million (2021: R578 million). The Group is required to assess the recoverable amount of these assets on an annual basis in accordance with IAS 36: *Impairment of Assets* ("IAS 36").
 	
Management applies significant judgement and estimation in the determination of the recoverable amounts regarding future performance of the cash generating units (CGUs) applying value in use discounted cash flow computations.
 	
Details of the assumptions applied are disclosed in note 8 of the financial statements. The key assumptions applied in the value in use assessments are with respect to discount rates and growth rates in the forecasted cash flows.
 	
In addition, the Group acquired a frozen foods business during the year for a purchase price of R53.7 million where the assets acquired and liabilities assumed have been measured at their acquisition date fair values. No goodwill was recognised based on the purchase price allocations assessed by management.
 	
The assumptions applied in the determination of fair values are based on management's expectations and represent significant estimates that require the use of valuation models and significant management judgement. In addition, the current economic climate and shifting consumer spend patterns, increases the complexity of forecasting.
 	
Accordingly, the carrying amount assessment of goodwill and indefinite useful life intangible assets is considered a key audit matter.
	Our procedures included, amongst others:
	• We confirmed our understanding of management's process for assessing the recoverability of the goodwill and indefinite useful life intangible assets.
	• In conjunction with our internal valuation specialists, we assessed the methodologies and assumptions applied in determining the recoverable amounts of the CGUs as well as the fair values of assets acquired. We:
	  • Compared the cash flow forecasts to approved budgets and other relevant market and economic information to assess the reasonability thereof;
	  • Assessed the impairment models for compliance with IAS 36;
	  • Recalculated the discount rate and assessed the reasonability thereof
	  • We performed sensitivity analyses on key areas of judgement and estimate including turnover growth rates and perpetual growth rates to assess the impact on the value in use.
	  • We evaluated the appropriateness of the methodology of the assets and liabilities included in the carrying amount of the respective CGU based on the cash flows included in the determination of the recoverable amount.
	  • Compared the calculated recoverable amounts against the carrying values of each CGU;
	  • Recalculated the valuation models for arithmetical accuracy;
	• We reviewed the terms of the sale agreement.
	• Evaluated the completeness and accuracy of the Group's disclosures relating to the impairment assessments for compliance with the requirements of IAS 36: *Impairment of Assets*.



INDEPENDENT AUDITOR'S REPORT CONTINUED

Other information

The directors are responsible for the other information. The other information comprises the information included in the 63 page document titled "Audited Annual Consolidated Financial Statements for the year ended 2 October 2022", which includes the Secretarial Certification, Directors' Report and the Report of the Audit, Risk and Information Technology Committee as required by the Companies Act of South Africa and the CEO and CFO responsibility statement, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report 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 on the other information obtained prior to the date of this auditor's report, 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 International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 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.
- 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 RFG Holdings Limited for 2 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Lucian Rolleston
Registered Auditor
Chartered Accountant (SA)

3rd Floor, Waterway House
3 Dock Road, V&A Waterfront
Cape Town
8001

21 November 2022

DIRECTORS' REPORT

The directors have the pleasure in presenting their report for the year ended 2 October 2022.

NATURE OF BUSINESS

The main business of RFG Holdings Limited and its subsidiaries (the "Group") is the manufacturing and marketing of convenience meal solutions. These include ready meals, pies and other pastry-based products, dairy products, fruit juices, fruit purees and concentrates and long life meals including jams, fruits, salads, vegetables, meat and dry packed foods. The Group's operations are located in South Africa and Eswatini.

GENERAL REVIEW

The results of the activities for the year under review and financial position of the Group as at 2 October 2022 are set out in the attached annual consolidated financial statements ("financial statements"). No other facts or circumstances, except those disclosed below, require further disclosure.

GOING CONCERN

The directors believe that the Group has adequate financial resources available within the Group to continue its operations for the foreseeable future and accordingly the financial statements have been prepared on the going concern basis.

EVENTS SUBSEQUENT TO REPORTING DATE

The board of directors is not aware of any matter or circumstance of a material nature arising since the end of the year ended 2 October 2022, otherwise not dealt with in the financial statements, which significantly affects the financial position of the Group or the results of its operations.

SPECIAL RESOLUTIONS PASSED

The following special resolutions, as disclosed in the Notice of Annual General Meeting 2021 on pages 95 to 97 of the 2021 Annual Integrated Report, were passed at the Group's annual general meeting held on 16 March 2022:

- Non-executive directors fees were approved.
- The company, or any of its subsidiaries, by way of a general authority, may acquire ordinary shares in the company, subject to the provisions of the Companies Act, No 71 of 2008, and the JSE Limited Listings Requirements.
- The company may at any time, and from time to time during the period of two years commencing on 16 March 2022, offer direct or indirect financial assistance to any related party or inter-related company or corporation of the company subject to the requirements of the Companies Act, No 71 of 2008.

SUBSIDIARIES

Refer to note 32 of the financial statements for a list of material subsidiaries.

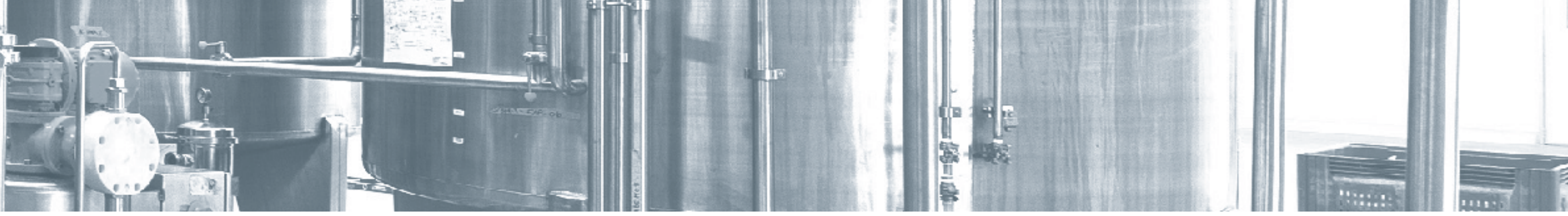
DIVIDENDS

On 24 January 2022, a dividend of 29.1 cents (2021: 28.8 cents) per share was paid amounting to a total dividend of R76.1million (2021: R75.4million).

DIRECTORS

The directors in office during the year under review and at the date of this report are as follows:

Name:	Position:
Dr YG Muthien	Independent non-executive director (Chairperson)
MR Bower	Independent non-executive director (Lead independent director)
WP Hanekom	Executive director (Chief Executive Officer)
BAS Henderson	Non-executive director
TP Leeuw	Independent non-executive director
S Maitisa	Independent non-executive director
BN Njobe	Independent non-executive director
CC Schoombie	Executive director (Chief financial officer)
CL Smart	Non-executive director
GJH Willis	Non-executive director



DIRECTORS' REPORT CONTINUED

SHAREHOLDER INFORMATION

The authorised and issued ordinary share capital remained unchanged for the year under review.

The unissued ordinary shares are under the control of the directors until the forthcoming annual general meeting.

Public and non-public shareholding	Number of holders	Percentage of holders	Number of shares	Percentage of shares
Public shareholders	3 177	99.5%	135 887 720	51.7%
Non-public shareholders	17	0.5%	126 874 298	48.3%
Directors of the Group	9	0.3%	19 430 560	7.4%
Executive management of the Group	5	0.2%	4 966 846	1.9%
Strategic holdings				
Capitalworks Private Equity GP Proprietary Limited[1,2]	1	0.0%	98 003 005	37.3%
South African Investment GP Trust[3]	1	0.0%	2 600 292	1.0%
Treasury shares	1	0.0%	1 873 595	0.7%
	3 194	100.0%	262 762 018	100.0%

Major shareholders holding 5% or more	2022 Number of shares	2022 Percentage of total shares	2021 Number of shares	2021 Percentage of total shares
Non-public shareholders				
Capitalworks Private Equity GP Proprietary Limited[1,2]	98 003 005	37.3%	98 003 005	37.3%
South African Investment GP Trust[3]	2 600 292	1.0%	2 480 000	0.9%
Bruce Henderson Trust	16 287 036	6.2%	16 287 036	6.2%
Public shareholders				
Old Mutual Ltd	47 279 915	18.0%	58 123 453	22.1%
PSG Konsult Ltd	22 050 911	8.4%	17 807 823	6.8%
Government Employees Pension Fund	22 051 095	8.4%	16 114 410	6.1%
Other	54 489 764	20.7%	53 946 291	20.6%
	262 762 018	100.0%	262 762 018	100.0%

The shareholder split is derived from third-party information obtained.

[1] *Includes indirect economic interest held by non-executive directors Chad Smart and Garth Willis, through discretionary trusts, of 4 117 654 and 353 012 shares respectively.*

[2] *In its capacity as general partner of Capitalworks RFG Partnership.*

[3] *In its capacity as general partner of RFG Holdings Partnership.*

Shareholder spread	Number of shareholdings	Percentage	Number of Shares	Percentage of total shares
1 – 1 000 shares	2 169	67.9%	430 581	0.2%
1 001 – 10 000 shares	763	23.9%	2 777 216	1.1%
10 001 – 100 000 shares	171	5.4%	5 947 915	2.3%
100 001 – 1 000 000 shares	64	2.0%	18 005 217	6.8%
1 000 001 shares and over	27	0.8%	235 601 089	89.6%
	3 194	100.0%	262 762 018	100.0%

DIRECTORS' REPORT CONTINUED

SHAREHOLDER INFORMATION CONTINUED

Distribution of shareholders	Number of shareholdings	Percentage	Number of Shares	Percentage of total shares
Banks/Brokers	23	0.7%	3 594 148	1.4%
Close Corporations	18	0.6%	69 805	0.0%
Endowment Funds	7	0.2%	194 323	0.1%
Government	1	0.0%	7 762 018	3.0%
Individuals	2 801	87.7%	8 965 008	3.4%
Insurance Companies	30	0.9%	28 873 929	11.0%
Investment Companies	1	0.0%	105 567	0.0%
Medical Schemes	5	0.2%	539 556	0.2%
Mutual Funds	62	1.9%	55 121 055	21.0%
Other Corporations	9	0.3%	11 223	0.0%
Private Companies	59	1.8%	3 598 057	1.4%
Private Equity	2	0.1%	100 511 329	38.2%
Public Company	1	0.0%	10 000	0.0%
Retirement Funds	60	1.9%	30 132 272	11.5%
Treasury Shares	1	0.1%	1 873 595	0.7%
Trusts	114	3.6%	21 400 133	8.1%
Total	3 194	100.0%	262 762 018	100.0%

The shareholder split is derived from third-party information obtained.

DIRECTORS' SHAREHOLDINGS

Refer to note 22 of the financial statements for the detail regarding the directors' shareholdings.

FINANCIAL YEAR-END

The Group's financial year ends on or about 30 September and as a result the reporting date will differ year on year. The current financial year includes an extra trading week and as a result the annual consolidated financial statements were prepared for the 53 week year ended 2 October 2022 (2021: 52 week year ended 26 September 2021).

COMPANY SECRETARY

BM Lakey

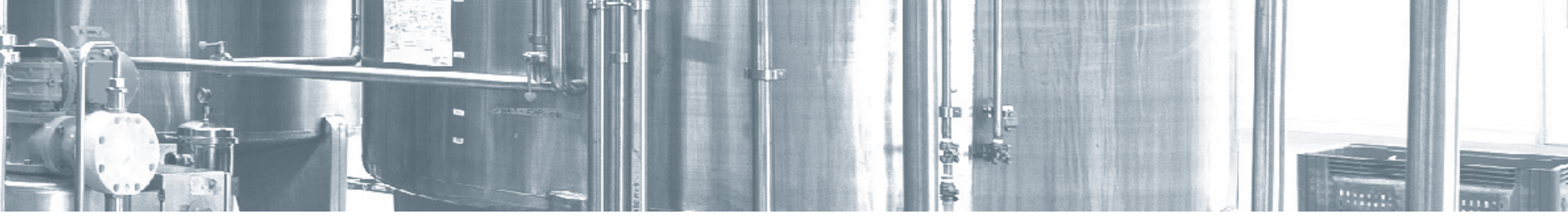
Business address	**Postal address**
Pniel Road	Private Bag X3040
Groot Drakenstein	Paarl
7680	7620

AUDITORS

Ernst & Young Inc. were the auditors for the year under review.

PREPARER OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

These financial statements were prepared under the supervision of CC Schoombie CA(SA), chief financial officer.



REPORT OF THE AUDIT, RISK AND INFORMATION TECHNOLOGY COMMITTEE

INTRODUCTION

RFG Holdings Limited and subsidiaries (the "Group") audit, risk and information technology committee ("the committee") report is presented to shareholders in compliance with the Companies Act and the principles of the King IV Code of Corporate Governance ("King IV").

The committee has both a statutory role in terms of the Companies Act No 71 of 2008 ("the Companies Act") and an independent role with accountability to the board and shareholders. The committee operates according to a formal charter and complies with all relevant legislation, regulation and governance codes.

ROLE OF THE COMMITTEE

The committee's responsibilities include the statutory duties prescribed by the Companies Act, activities recommended by King IV as well as additional responsibilities assigned by the board.

AUDIT

The committee provides independent oversight of the effectiveness of the internal financial controls and the operating control environment to assist the board in ensuring and monitoring the integrity of the Group's annual consolidated financial statements and related external reports.

The committee also oversees the effectiveness of the Group's assurance functions and services with particular focus on combined assurance, including external assurance providers, internal audit and the finance function.

RISK

Assist the board to set the direction for the manner in which risk is managed and addressed while adopting a stakeholder-inclusive approach. The committee must insure that the Group has implemented an effective policy and plan for risk management and compliance encompassing the opportunities and associated risks to be considered when developing strategy and the potential positive and negative effects of the same risks on the achievement of the Group's strategic objectives.

INFORMATION TECHNOLOGY

Assist the board in fulfilling its oversight responsibilities with respect to the role of information technology in executing the business strategy, including major technology investment, technology strategy, operational performance and technology trends.

RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the committee are as follows:

AUDIT

- Ensure that management has designed and maintained an effective internal financial and operating control environment in the Group.
- Report to the board on the effectiveness of internal financial controls.
- Ensure that management has established appropriate financial reporting procedures and that those procedures are operating and include all entities included in the consolidated financial statements to ensure that the committee has access to all financial information of the Group to a allow the Group to effectively prepare and report on the consolidated financial statements.
- Consider all factors and risks that may impact on the integrity of the financial statements and related external reports.
- Consider factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring for enforcement actions by a regulatory body, any evidence that brings into question previously information, forward-looking statements or information.
- Review and consider the possible impact of the key audit matters raised by the external auditor in their report on the audit of the financial statements.
- Review the solvency and liquidity, working capital and going concern statements before any dividends are declared by the board.
- Review and approve key financial policies.
- Monitor standards of governance, reporting and compliance.
- Oversee integrated reporting and ensure the integrity of the Integrated Report.
- Review the disclosure of sustainability issues in the Integrated Report to ensure it is reliable and does not conflict with the financial disclosure.
- Consider management's basis for determining materiality for external reporting.
- Review the separate and consolidated financial statements of the Group.
- Review the content of the interim results and report of the Group.
- Review SENS announcements dealing with the financial results of the Group.
- Nominate the external auditor for appointment by shareholders annually.
- Approve the terms of engagement and remuneration of the external auditor.
- Ensure the appointment of the external auditor complies with applicable legislation.
- Monitor and report on the independence of the external auditor.
- Review the quality and effectiveness of the external audit process.
- Ensures that there is a process for the audit committee to be informed of any Reportable Irregularities (as identified in the Auditing Profession Act 2005) identified and reported by the external auditor and reviews such concerns identified and reported.
- Define a policy for non-audit services which may be provided by the external auditor and approve non-audit service assignments.
- Review the annual JSE proactive monitoring reports and ensure that the Group complies with the recommendations.
- Review the appropriateness of the experience and expertise of the chief financial officer.
- Review the resources and experience of the Group finance function.
- Approve an internal audit charter.
- Evaluate the effectiveness of the internal audit process.
- Approve the risk-based internal audit coverage plan.
- Oversee that the combined assurance model enables an effective internal control environment.

REPORT OF THE AUDIT, RISK AND INFORMATION TECHNOLOGY COMMITTEE CONTINUED

RISK

- Ensure that business, financial and other risks have been identified, assessed and are being suitably managed.
- Review the risk framework and policy.
- Assess whether appropriate processes and controls are in place to manage risks to an acceptable level, in line with the board's risk appetite and tolerance.
- Review the effectiveness of the risk management processes.
- Review and approve the combined assurance model.
- Review the adequacy of the Group's insurance portfolios.
- Review the impact that material litigation could have on the Group.
- Monitor information to identify and respond to reputational risks.
- Ensure that the risk and compliance department is sufficiently resourced to provide adequate assurance to the committee.
- Review the compliance monitoring plan and policy.
- Review processes for employees to raise concerns in confidence about possible wrongdoing, with independent investigation and appropriate follow up action.
- Review the Group's procedures for detecting and preventing fraud and bribery and receiving reports on non-compliance.

INFORMATION TECHNOLOGY

- Approve the direction of the management of information technology and information and oversee management's implementation thereof.
- Review the information technology strategy and ensure that associated risks are being suitably managed.

COMPOSITION OF THE COMMITTEE

The committee comprises three independent non-executive directors.

The chairperson of the board may not serve on the committee.

The committee comprised the following members during the year under review and to the date of this report:

Committee member	Qualifications
MR Bower (Chairperson)	BCom, BCompt (Hons), CA(SA)
TP Leeuw	BCom, BCompt (Hons), MAP
S Maitisa	BCom, MBA

Biographical details of the committee members are available on the Group's website www.RFG.com.

Fees paid to the committee members are detailed in note 22 of the attached financial statements.

Based on the financial and business qualifications as well as the extensive work experience in finance, accounting and corporate business, the members of the committee are considered to have the required financial expertise and experience required of an audit committee member.

Non-executive directors, executive directors, external auditors and internal auditors attend meetings at the invitation of the committee.

MEETING ATTENDANCE

The committee met four times during the year under review. The chairperson provided feedback to the board on the activities of the committee after each meeting of the committee. The board approved matters that were recommended for their approval by the committee.

Committee meetings and attendance for the year:

Committee member	5 Nov 2021	26 Nov 2021	20 May 2022	8 Sep 2022
MR Bower (Chairperson)	✓	✓	✓	✓
TP Leeuw	✓	✓	✓	✓
S Maitisa	✓	✓	✓	✓

Both the internal and external auditors attended the meetings on 5 November 2021, 20 May 2022 and 8 September 2022.

The company secretary is the secretary of the committee meetings.

The board has satisfied itself on the competence, qualifications and experience of the company secretary, BM Lakey. The company secretary has unrestricted access to the board while also maintaining an arms length relationship with the board.

The chairperson had regular individual meetings with the internal and external auditors.

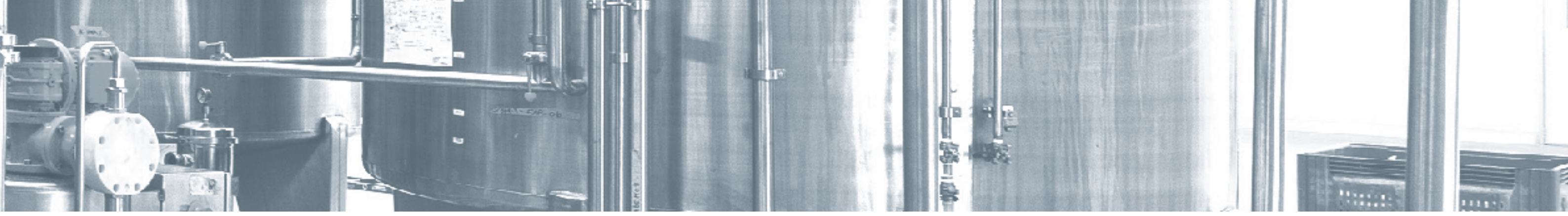
The committee had closed sessions with the internal and external auditors and executive management.

EXTERNAL AUDIT

The committee assessed the independence, expertise and objectivity of the external auditor, Ernst & Young Inc. and the designated audit partner, Lucian Rolleston, as well as approving the fees paid to the external auditor for the 2022 financial year (refer to note 21 in the financial statements).

The committee received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence, including the stipulation that they should not own shares in RFG Holdings Limited.

The committee reviewed the representation made by the external auditors and satisfied itself that the external auditor is independent of the Group, as set out in section 94(8) of the Companies Act, and suitable for re-appointment by considering, *inter alia*, the information stated in paragraph 22.15(h) of the JSE Limited Listings Requirements. The committee has satisfied itself that the audit firm and designated audit partner are not included on the JSE list of disqualified auditors and their advisors.



REPORT OF THE AUDIT, RISK AND INFORMATION TECHNOLOGY COMMITTEE CONTINUED

NON-AUDIT SERVICES

The Group has a policy on non-audit services which can be provided by the external auditor. All non-audit services are approved in advance by the committee. The policy requires Ernst & Young Inc. to satisfy the committee that the delivery of non-audit services does not compromise their independence in undertaking normal audit assignments.

During the year under review Ernst & Young Inc. were paid R156 076 for non-audit services (2021: Rnil).

INTERNAL CONTROL

Systems of internal control are designed to manage the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against misstatement or loss.

No material matter has come to the attention of the committee that has caused the directors to believe that the Group's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

INTERNAL AUDIT

The internal audit function is outsourced to PricewaterhouseCoopers Inc. who assist management in controlling risk, monitoring compliance, improving efficiency and the effectiveness of internal control systems and governance processes.

The internal audit function is mandated by the board and its responsibilities are determined by the committee. The internal audit service provider is appointed and removed by the committee, and reports on administrative matters to the chief financial officer. The internal audit service provider has direct and unrestricted access to the chairperson of the committee.

The committee has satisfied itself as to the effectiveness of the internal audit function and the internal audit service provider.

STATEMENT OF COMBINED ASSURANCE

The combined assurance policy and framework are combined to provide a coordinated approach to all assurance activities.

The combined assurance policy and framework aim to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the key risk areas affecting the Group.

Activities are coordinated to maximise the level of assurance achieved by each of the assurance providers. This enables an effective control environment and ensures the integrity of information used for internal decision making and supports the integrity of external reports.

The combined assurance framework is integrated within the risk management process, including reporting to and oversight from the committee.

The committee has reviewed the combined assurance results for the Group to satisfy itself that appropriate assurance activities are in place in relation to the controls operating over the key risks identified.

EVALUATION OF THE CHIEF FINANCIAL OFFICER

The committee has satisfied itself as to the appropriateness of the expertise and experience of the Group's chief financial officer, CC Schoombie. This is based on the qualifications, levels of experience, continuing professional development and the board's assessment of the financial knowledge of the chief financial officer.

The committee also satisfied itself as to the resources, expertise and experience of the Group's finance function.

REPORT OF THE AUDIT, RISK AND INFORMATION TECHNOLOGY COMMITTEE CONTINUED

ACTIVITIES OF THE COMMITTEE

The committee is required to meet at least three times each year, with two meetings coinciding with the key dates of the financial reporting and audit cycle. Minutes of the meetings of the committee are circulated to all directors and supplemented by an update from the committee chairperson at each board meeting.

The chairperson of the committee is required to attend all statutory shareholder meetings to respond to questions on the committee's activities.

The committee performed the following activities during the year under review:

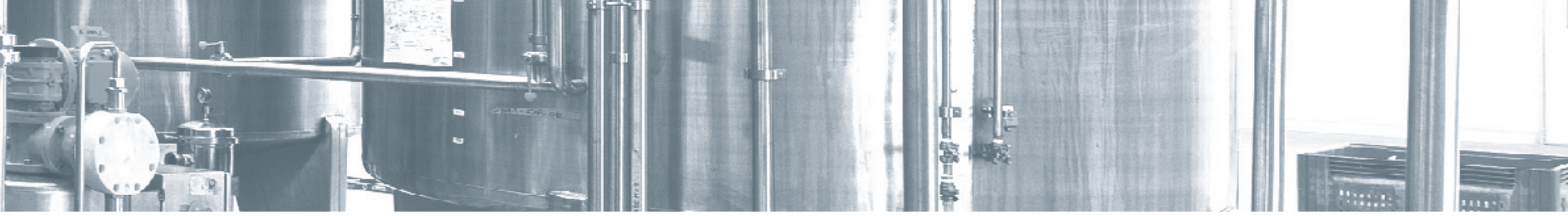
- Approved the terms of engagement and remuneration of the external auditor for the 2022 financial year, and monitored their independence, objectivity and effectiveness.
- Ensured that the Group's internal financial control and financial risk management systems were adequate and effective.
- Ensured that management has established appropriate financial reporting procedures and that those procedures are operating and include all entities included in the consolidated financial statements to ensure that the committee has access to all financial information of the Group to a allow the Group to effectively prepare and report on the consolidated financial statements.
- Reviewed the declaration of the chief executive officer and chief financial officer on page 1 of these financial statements.
- Evaluated the appropriateness of the expertise and experience of the chief financial officer.
- Evaluated the expertise, resources and experience of the Group's finance function.
- Reviewed the key audit matter as per the report of the external auditor on the financial statements and the possible impact thereof on the financial statements.
- Reviewed and recommended to the board for approval the interim, separate and annual consolidated financial statements.
- Reviewed and recommended to the board for approval the Integrated Report and the relevant SENS announcements.
- Reviewed and monitored the Group's internal audit function.
- Evaluated the Group's risk monitor and residual risks.
- Monitored the activities of the combined assurance forum.
- Evaluated significant matters relating to the interim, separate and annual consolidated financial statements, including the key audit matter.
- Reviewed the Group's compliance with the JSE's report on proactive monitoring of financial statements in 2021 for compliance with IFRS where appropriate and practical.
- Reviewed the information technology strategy and monitored the activities of the information technology department via the information technology steering committee.
- Monitored the continuation of the implementation of compliance controls and capabilities.
- Monitored to completion the implementation of the business continuity project aimed at minimising the disruption effects of disaster on the business.

APPROVAL OF THE COMMITTEE REPORT

The committee confirms that it has functioned in accordance with its terms of reference for the 2022 financial year and that its report to shareholders has been approved by the board.

Mark Bower
Chairperson

Audit, Risk and Information Technology Committee
18 November 2022



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

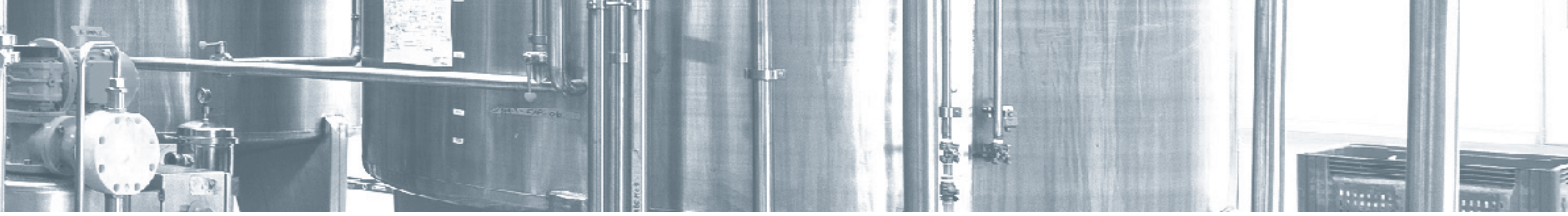
as at 2 October 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Non-current assets		**2 657 659**	2 607 879
Property, plant and equipment	5	**1 845 124**	1 773 618
Right-of-use assets	6	**146 185**	153 580
Intangible assets	7	**189 550**	202 079
Goodwill	8	**444 857**	444 857
Investment in associate	9	**7 384**	6 061
Deferred taxation asset	18	**283**	250
Biological assets	10	**14 857**	14 951
Loans and other receivables	11	**9 419**	12 483
Current assets		**2 765 945**	2 510 746
Inventory	12	**1 543 959**	1 356 064
Accounts receivable	13	**1 171 968**	1 109 245
Biological assets	10	**27 655**	33 952
Loans and other receivables	11	**11 970**	8 087
Taxation receivable	30.2	**26**	12
Bank balances and cash on hand	30.3	**10 367**	3 386
Total assets		**5 423 604**	5 118 625
EQUITY AND LIABILITIES			
Capital and reserves		**3 032 943**	2 752 552
Share capital	14	**1 554 251**	1 562 509
Equity-settled employee benefits reserve	15	**15 994**	15 470
Accumulated profit		**1 452 951**	1 166 065
Equity attributable to owners of the Group		**3 023 196**	2 744 044
Non-controlling interest		**9 747**	8 508
Non-current liabilities		**877 284**	965 947
Long-term loans	16	**476 826**	546 380
Long-term lease liabilities	17	**137 197**	138 149
Deferred taxation liability	18	**250 086**	268 336
Employee benefit liability	19.3	**13 175**	13 082
Current liabilities		**1 513 377**	1 400 126
Accounts payable and accruals	19.1	**905 408**	905 367
Employee benefits accrual	19.2	**95 274**	60 179
Taxation payable	30.2	**18 827**	32 060
Current portion of long-term loans	16	**217 388**	89 734
Current portion of lease liabilities	17	**45 339**	35 421
Bank overdraft	30.4	**231 141**	277 365
Total equity and liabilities		**5 423 604**	5 118 625

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 2 October 2022

	Notes	2022 R'000	2021 R'000
Revenue	20	**7 255 150**	5 950 023
Direct manufacturing costs	21.1	**(4 889 047)**	(4 014 695)
Manufacturing operating costs	21.1	**(725 314)**	(646 902)
Selling and distribution costs		**(559 067)**	(416 362)
Other operating costs		**(565 154)**	(527 006)
Other income		**56 533**	27 221
Operating profit before associate profit		**573 101**	372 279
Associate profit		**1 323**	462
Profit before interest and taxation	21	**574 424**	372 741
Interest expense	23	**(89 214)**	(73 136)
Interest income		**749**	172
Profit before taxation		**485 959**	299 777
Taxation	24	**(124 036)**	(83 300)
Profit for the year		**361 923**	216 477
Other comprehensive income			
Items that will not be reclassified to profit or loss		**65**	40
Remeasurement of employee benefit liability		**77**	56
Deferred taxation effect		**(12)**	(16)
Total comprehensive income for the year		**361 988**	216 517
Profit for the year attributable to:			
Owners of the Group		**360 684**	216 145
Non-controlling interest		**1 239**	332
		361 923	216 477
Total comprehensive income for the year attributable to:			
Owners of the Group		**360 749**	216 184
Non-controlling interest		**1 239**	333
		361 988	216 517
Earnings per share (cents)		**137.9**	82.6
Diluted earnings per share (cents)		**137.3**	82.1



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 2 October 2022

	Notes	Share capital R'000	Equity-settled employee benefits reserve R'000	Accumulated profit R'000	Non-controlling interest R'000	Total R'000
Balance at 27 September 2020		1 562 509	15 425	1 024 730	8 176	2 610 840
Profit for the year		–	–	216 145	332	216 477
Other comprehensive income for the year		–	–	40	–	40
Equity-settled employee benefits expense recognised		–	5 906	–	–	5 906
Equity-settled employee benefits settlement[1]		–	(5 861)	501	–	(5 359)
Dividend paid	34	–	–	(75 351)	–	(75 351)
Balance at 26 September 2021		1 562 509	15 470	1 166 065	8 508	2 752 552
Profit for the year		–	–	360 684	1 239	361 923
Other comprehensive income for the year		–	–	65	–	65
Equity-settled employee benefits expense recognised		–	7 694	–	–	7 694
Equity-settled employee benefits settlement[1]		–	(7 170)	2 275	–	(4 895)
Acquisition of treasury shares		(8 258)	–	–	–	(8 258)
Dividend paid	34	–	–	(76 138)	–	(76 138)
Balance at 2 October 2022		**1 554 251**	**15 994**	**1 452 951**	**9 747**	**3 032 943**

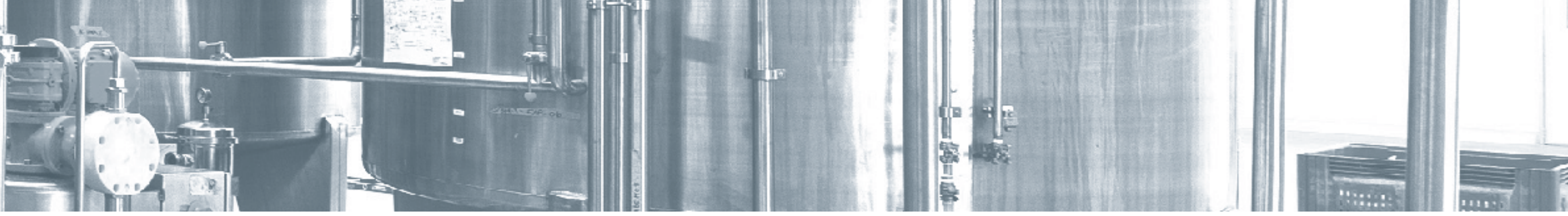
[1] *Settled by purchase of shares in the open market.*

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 2 October 2022

	Notes	2022 R'000	2021 R'000
Cash flows from operating activities			
Cash generated from operations	30.1	**672 696**	511 355
Interest paid		**(90 503)**	(73 338)
Interest received		**749**	172
Taxation paid	30.2	**(155 577)**	(90 528)
Net cash inflow from operating activities		**427 365**	347 661
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(259 863)**	(221 517)
Purchase of intangible assets	7	**(141)**	(296)
Proceeds on disposal of property, plant and equipment		**8 168**	19 688
Proceeds on disposal of assets held for sale		**–**	8 915
Acquisition of business	35	**(53 726)**	–
Loans and other receivables advanced		**(5 296)**	(7 150)
Loans and other receivables repaid		**3 308**	2 716
Net cash outflow from investing activities		**(307 550)**	(197 644)
Cash flows from financing activities			
Equity-settled employee benefits settlement[1]		**(4 895)**	(5 359)
Acquisition of treasury shares		**(8 258)**	–
Long-term loans raised	16.1	**150 000**	75 000
Long-term loans repaid		**(91 900)**	(192 466)
Principal portion of lease liabilities repaid		**(35 419)**	(53 322)
Dividend paid	34	**(76 138)**	(75 351)
Net movement in bank overdraft	30.4	**(46 224)**	98 491
Net cash outflow from financing activities		**(112 834)**	(153 008)
Net increase/(decrease) in cash and cash equivalents		**6 981**	(2 991)
Cash and cash equivalents at beginning of the year		**3 386**	6 377
Cash and cash equivalents at end of the year	30.3	**10 367**	3 386

[1] *Settled by purchase of shares in the open market.*



CONSOLIDATED SEGMENTAL REPORT

for the year ended 2 October 2022

PRODUCTS AND SERVICES FROM WHICH REPORTABLE SEGMENTS DERIVE THEIR REVENUE

Information reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the ''regional'' and ''international'' operations, the information is further analysed based on the different classes of customers. The chief operating decision-maker of the Group has chosen to organise the Group around the difference in geographical areas and operate the business on that basis.

Specifically, the Group's reportable segments under IFRS 8: Operating segments, are as follows:

- Regional
- International

SEGMENT REVENUE AND RESULTS

The Group's revenue and results by reportable segment are analysed and incorporate disaggregation of revenue.

	Notes	2022 R'000	2021 R'000
		Segment revenue	
Regional			
Fresh products sales		**2 095 228**	1 748 064
Long life products sales		**3 367 311**	3 063 314
		5 462 539	4 811 378
International			
Long life products sales		**1 792 611**	1 138 645
Total	20	**7 255 150**	5 950 023
		Segment profit	
Regional		**323 410**	412 364
International		**209 108**	6 922
Adjusted operating profit[1]		**532 518**	419 285
Impairment loss	5	**(1 348)**	(15 976)
Acquisition costs		**(146)**	(3 523)
Insurance claim proceeds[2]		**43 400**	–
Adjustment for incorrect electricity expenses in prior years[3]		**–**	(27 046)
Interest income		**749**	172
Interest cost	23	**(89 214)**	(73 136)
Profit before taxation		**485 959**	299 777

[1] *Adjusted operating profit excludes items that do not occur in the normal course of the Group's operating activities.*

[2] *Insurance claim proceeds relate to an insurance settlement for loss of profits during the Covid-19 lockdown in 2020. This amount relates to the regional segment and is recognised in other income in the statement of profit or loss and other comprehensive income.*

[3] *Refers to an adjustment for incorrect electricity billings amounting to R27.046 million which has been recognised in the prior year. Of this amount, R17.177 million relates to the 2020 financial year and R9.869 million to the 2019 financial year.*

	Notes	2022 R'000	2021 R'000
		Segment depreciation	
Regional		**172 827**	160 607
International		**58 332**	66 561
		231 159	227 168
		Segment amortisation	
Regional		**12 404**	12 235
International		**266**	377
	7	**12 670**	12 612
		Share of profit of associate	
Regional		**1 323**	462

CONSOLIDATED SEGMENTAL REPORT CONTINUED

for the year ended 2 October 2022

SEGMENT REVENUE AND RESULTS CONTINUED

Segment revenue reported above represents revenue generated from external customers. Intercompany sales in the regional long life segment amounted to R425.229 million (2021: R416.037 million), which have been eliminated upon consolidation.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit before tax earned by each segment without allocation of impairment losses, acquisition costs, interest received and interest paid. This is the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

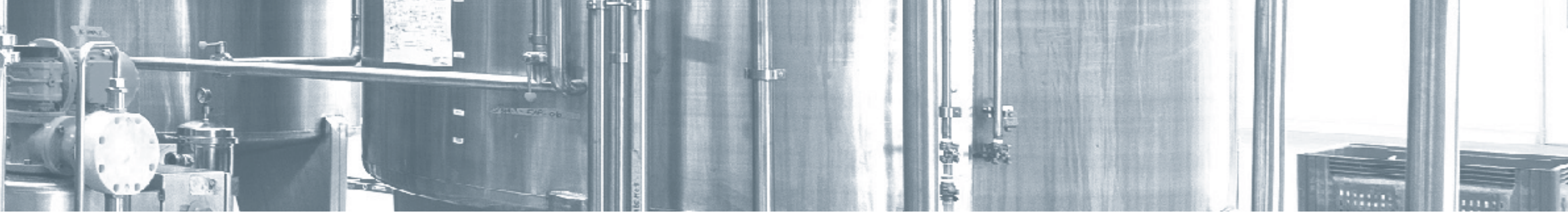
GEOGRAPHICAL INFORMATION

The Group's non-current assets by location of operations (excluding goodwill and deferred taxation asset) and revenue are detailed below. The chief operating decision maker does not evaluate the Group's assets or liabilities on a segmental basis for decision-making purposes.

	2022 R'000	2021 R'000
	Non-current assets	
South Africa	**1 986 613**	1 968 094
Eswatini	**225 906**	194 678
	2 212 519	2 162 772
	Revenue	
South Africa	**7 009 756**	5 779 433
Eswatini	**245 394**	170 590
	7 255 150	5 950 023

INFORMATION REGARDING MAJOR CUSTOMERS

Two customers (2021: two customers) individually contributed 10% or more of the Group's revenue arising from both regional and international sources.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 2 October 2022

1. GENERAL INFORMATION

RFG Holdings Limited is a company domiciled in South Africa. These annual consolidated financial statements ("financial statements") as at and for the financial year ended 2 October 2022 comprise the company and its subsidiaries (together referred to as the "Group"). The main business of the Group is the manufacturing and marketing of convenience meal solutions. These include ready meals, pies and other pastry-based products, dairy products, fruit juices, fruit purees and concentrates and long life meals including jams, fruits, salads, vegetables, meat and dry packed foods. There were no major changes in the nature of the business of the Group during the year ended 2 October 2022.

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

Management has considered all standards, interpretations and amendments that are in issue but not yet effective. The Group has not early adopted the following standards, interpretations and amendments which are relevant to the Group but which are not expected to have a material impact on the Group's financial statements:

2.1 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE IN THE CURRENT YEAR

2.1.1 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 annual periods beginning on or after 1 January 2023.

2.1.2 *Amendments to IAS 12, Deferred Tax relating to Assets and Liabilities arising from a single transaction*

Amendments to IAS 12 Income Taxes which narrow the scope of the initial recognition exception under IAS 12, to the effect that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments are effective for annual periods beginning on or after 1 January 2023.

2.1.3 Amendments to IAS 16, Property, Plant and Equipment: Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendments are effective for annual periods beginning on or after 1 January 2022.

2.1.4 Amendments to IFRS 3, Reference to the Conceptual Framework

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation Note 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The amendments are effective for annual periods beginning on or after 1 January 2022.

2.2 STANDARDS AND INTERPRETATIONS ISSUED AND EFFECTIVE IN THE CURRENT YEAR

The Group has not identified any standards, interpretations or amendments issued and effective in the current year which had a material impact on the Group's financial statements.

3. ACCOUNTING POLICIES

3.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the JSE Listings Requirements, IFRS, containing the information required by the Companies Act as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and are consistent with those applied for the year ended 26 September 2021.

3.2 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis except for certain financial instruments and biological assets that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

3. ACCOUNTING POLICIES CONTINUED

3.2 BASIS OF PREPARATION CONTINUED

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. These are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 BASIS OF CONSOLIDATION

The financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All subsidiaries in the Group have a September year end.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's interest in equity thereof. Non-controlling interest consists of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Non-controlling interests are not material to the Group.

3.4 REVENUE

The Group earns revenue from the sale of perishable, fruit and grocery products to customers across South Africa, sub-Saharan Africa and in major global markets.

Revenue is measured at the agreed selling prices with customers, net of value-added tax, sugary beverages levy and internal revenue. Revenue is reduced for estimated customer claims, rebates, discounts and other similar allowances.

Rebates, including distribution and warehouse allowances, discounts and other similar allowances, are calculated on a monthly basis for all sales which took place during that month. Calculations are based on trading terms contained in signed agreements with customers, along with the value of sales which took place during the month. These allowances so calculated are recognised in revenue and trade receivables at the end of the month. Consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment is in exchange for a distinct good or service that the customer transfers to the Group.

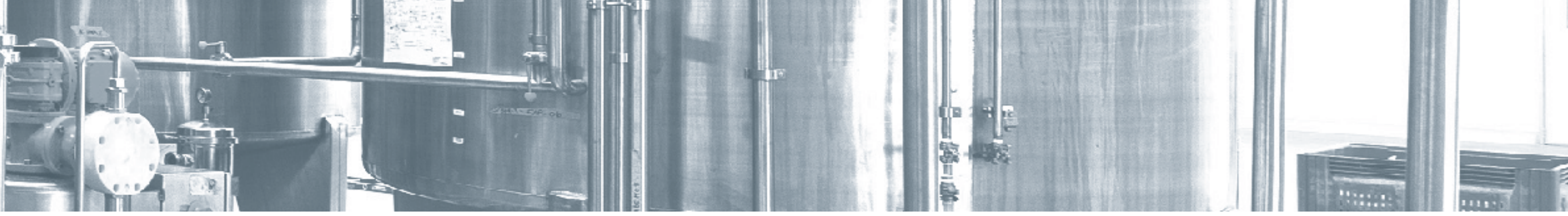
Customer claims are estimated by applying historical claim percentages to the value of sales during the period. The value of estimated claims is deducted from revenue and a provision for estimated claims is included in current liabilities.

3.4.1 *Sale of goods*

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring the goods to the customer. The performance obligation for Regional sales is satisfied upon physical delivery of goods to the customer. For International sales, the performance obligation is satisfied upon the shipment of the goods but consideration is given to the terms of the export transaction.

There are no significant financing components expected as payment terms granted to customers do not exceed 90 days and accordingly the practical expedient in IFRS 15 has been applied.

Revenue recognised from contracts with customers has been disaggregated into categories based on product classification and geographical region.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

3. ACCOUNTING POLICIES CONTINUED

3.5 COST OF SALES

Cost of sales comprise the cost of acquiring or manufacturing finished goods for onward selling by the Group. The costs included in the measure are those that directly relate to the acquiring or manufacturing of finished goods.

Manufacturing costs include:

- The cost of raw and packaging materials purchased, inclusive of import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport and handling costs directly attributable to the acquisition of the raw and packaging materials;
- Costs of conversion/manufacture and other costs incurred in bringing the inventories to a position where they are saleable, including labour and other direct operational operating costs attributable to the manufacturing process; and
- An allocation of indirect operational operating costs.

Cost of sales does not include any selling and distribution costs (other than those that qualify for capitalisation to inventory in terms of IAS 2 "Inventories") which are disclosed separately on the face of the statement of profit and loss and other comprehensive income.

3.6 INTEREST EXPENSE

Interest expense includes interest on loans, bank accounts and lease liabilities, which is expensed as incurred.

Interest is capitalised to qualifying assets where the period to bring the assets into use exceeds 12 months.

3.7 FOREIGN CURRENCIES

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Rands, which is the functional currency of the Group, and presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items, are included in other income within profit or loss for the year.

The Group does not apply hedge accounting.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) and the income and expense items (including comparatives) are not required to be translated as the exchange rate from the functional currency of the Eswatini operations to the Rand is 1:1.

3.8 TAXATION

Income tax expense represents the sum of current taxation and deferred taxation.

The current taxation is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

3. ACCOUNTING POLICIES CONTINUED

3.8 TAXATION CONTINUED

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be realised.

Deferred taxation is calculated at the tax rates that are expected to apply for the year when the asset is realised or the liability is settled. Deferred taxation is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.9 PROPERTY, PLANT AND EQUIPMENT

3.9.1 ***Capital work in progress***

The cost of property, plant and equipment is recognised as capital work in progress until the property, plant and equipment have been commissioned. Capital work in progress is not depreciated.

3.9.2 ***Other property, plant and equipment***

Other property, plant and equipment are stated at cost less accumulated depreciation. The estimated useful lives, depreciation method and residual values of the assets are reviewed annually with the effect of any changes accounted for on a prospective basis. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets less their residual value as follows:

Buildings, improvements and leasehold improvements	Range from 5 to 50 years
Plant and machinery	Range from 2 to 40 years
Motor vehicles	Range from 4 to 15 years
Office equipment	Range from 3 to 10 years
Furniture and fittings	Range from 3 to 10 years
Bearer plants	Range from 3 to 5 years

Land is not depreciated.

The gain or loss on the disposal, retirement or impairment of an item of property, plant and equipment is recognised in profit or loss.

3.10 BIOLOGICAL ASSETS

Biological assets comprise livestock (herd of cows) and pineapple crops which are measured at fair value less estimated cost to sell.

The fair value of livestock is determined based on market prices of livestock of a similar age, breed and genetic merit.

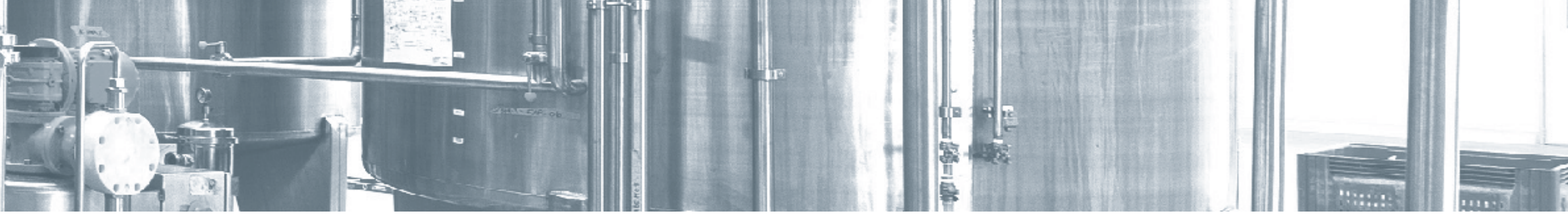
The fair value of pineapple crops is determined based on current market prices less delivery costs and cost of harvesting.

3.11 INTANGIBLE ASSETS

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with definite useful lives, acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses and at cost less accumulated impairment losses in the case of such assets with indefinite useful lives. Amortisation is charged on a straight-line basis over the assets' estimated useful lives and is recognised in operating costs in profit or loss. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Trademarks which have not been assigned indefinite useful lives are amortised over a period of one to ten years. All customer lists have been established to have estimated useful lives of ten years. Factors considered include, (i) the history of the trademarks; (ii) current market share; (iii) development strategy; and (iv) expected future benefits to be derived from the assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

3. ACCOUNTING POLICIES CONTINUED

3.12 GOODWILL

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses at the end of each reporting period.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually in September, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year.

3.13 IMPAIRMENT

At each reporting date, the Group reviews the carrying amount of tangible and intangible assets to determine whether there is an indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Impairment losses are recognised in operating costs in profit or loss in the year in which they arise.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its fair value in use.

3.14 INVENTORY

Inventory is stated at the lower of cost or net realisable value. Cost is determined on the following basis:

- Raw materials are valued at cost on a first-in, first-out basis.
- Finished goods and work in progress are valued at average actual cost of production.
- Obsolete and slow moving inventories are identified and written down based on their estimated economic and realisable value.

3.15 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held on call with banks, all of which are available for use by the Group unless otherwise stated.

3.16 RETIREMENT FUNDING

3.16.1 *Defined contribution plans*

The Group provides retirement benefits to employees through a defined contribution pension fund and defined contribution provident funds. Contributions to these retirement funds are charged against income as incurred.

3.16.2 *Defined benefit plans*

The retirement pay obligation is valuated by independent actuaries when there is evidence of a significant change in assumptions. Valuations are performed using the projected unit credit method. Under this method, the present value of retirement benefits that have accrued in respect of past service is calculated, allowing for estimated future salary increases, future retrenchments, withdrawals and mortalities. Actuarial gains and losses which arise are recognised through Other Comprehensive Income ("OCI").

3.17 FINANCIAL INSTRUMENTS

Initial recognition

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

Equity instruments

The Group recognises equity only where there is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Treasury shares

When shares recognised as equity are purchased by Group companies in their holding company, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

3. ACCOUNTING POLICIES CONTINUED

3.17 FINANCIAL INSTRUMENTS CONTINUED

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis.

3.17.1 ***Loans receivable, accounts receivable and bank balances and cash on hand***

These financial assets are classified as subsequently measured at amortised cost since the assets are held only for collection of principal and interest payments in terms of the Group's business model. These financial assets are initially measured at their fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequent movements are accounted for as follows:

- Interest income is included in interest received in profit or loss using the effective interest rate method.
- Impairment losses and gains or losses on derecognition are recognised in profit or loss.

3.17.2 ***Loans payable, accounts payable and accruals and bank overdraft***

These are financial liabilities that are not held for trading and have not been designated as at fair value through profit or loss. The financial liabilities have therefore been classified as measured at amortised cost. Initial measurement is at fair value net of directly attributable transaction costs. Subsequent movements are accounted for as follows:

- Interest income is included in interest received in profit or loss using the effective interest rate method.
- Gains or losses on derecognition are recognised in operating costs in profit or loss.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including transaction costs and other premiums or discounts) through the expected life of the financial asset to the net carrying amount of the financial asset or financial liability.

Impairment of financial assets

A forward looking allowance for expected credit losses is recognised for all financial assets not at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows and the cash flows the Group expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

For financial assets other than trade receivables, the Group assesses at reporting date whether there has been a significant increase in credit risk since initial recognition. A lifetime expected credit loss is recognised if there has been a significant increase in credit risk, otherwise a 12-month expected credit loss is recognised. A significant increase in credit risk is presumed if the loan recipient is more than 30 days past due with its contractual payments.

The Group reviews its trade receivables at year end for evidence of default, such as financial difficulty of the issuer or default in receiving payments when due. A specific credit loss allowance is recognised for impairments identified. For trade receivables not considered impaired, a simplified approach is applied to calculate lifetime expected credit losses. Lifetime expected credit losses are estimated using a provision matrix and historical credit loss experience.

Write-off policy

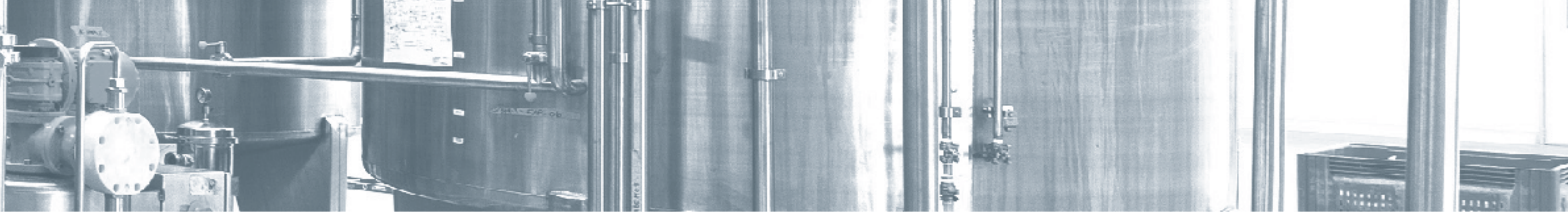
The Group writes off debtors as bad debt only when there is objective evidence that a debtor will not be able to pay its debt as a result of severe financial difficulties.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it is transferred and the transfer qualifies for derecognition. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of investments classified as at fair value through other comprehensive income.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

3. ACCOUNTING POLICIES CONTINUED

3.18 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases land, buildings, plant and equipment and vehicles. Rental contracts are typically entered into for fixed periods, but may sometimes have extension options. Lease terms are negotiated on an individual basis by the underlying business components and contain a range of terms and conditions. The Group's lease periods are generally:

- Land and buildings: 2 to 10 years
- Office equipment: 3 to 5 years
- Plant and machinery: 3 to 20 years
- Motor vehicles: 5 years

Although none of the lease agreements impose any covenants, leased assets may not be used as security for borrowing purposes.

Definition of a lease

Under IFRS 16, a contract is, or contains a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Recognition and measurement principles

The right-of-use asset is measured at cost initially, which will equal the amount of the lease liability and any applicable initial costs and dismantling liabilities. The Group excluded any initial direct costs from the measurement of the right-of-use assets at the date of initial application, as allowed under the practical expedients of IFRS 16. Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements in the lease liability. Depreciation of the right-of-use asset is determined using the straight-line method, over the lease term or the useful life of the underlying leased asset, whichever is shorter. In addition, the right-of-use asset is tested for impairment when there are indicators of impairment and periodically reduced by impairment losses, if required.

The lease term is determined to be the non-cancellable period of a lease, together with periods covered by any options for the lessee to either extend or terminate a lease, where the lessee is reasonably certain to exercise these options.

The lease liability is measured initially at the present value of the lease payments not paid at commencement date, discounted using the implicit rate in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The lease liability is subsequently increased by interest costs and decreased for lease payments made. It is only remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

In accordance with the practical expedients of IFRS 16, lease payments associated with leases of low value assets are expensed. The expense is presented within other operating costs in profit or loss. Low value assets are assets that, when new, have a value of R100,000 or less.

Significant judgements and areas of estimation

For most leases in the Group, the interest rate implicit in the lease cannot be readily determined, and the lessee's incremental borrowing rate is used as the discount rate. A single discount rate was applied to a portfolio of leases with reasonably similar characteristics within the Group, as allowed under the practical expedients of IFRS 16.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in the management of contracts. The Group has applied judgement to determine the lease term for some of the lease contracts, in which it is a lessee, that include renewal options. The Group applied hindsight in determining the lease terms for contracts that contain extension and termination options, as allowed by the practical expediency of IFRS 16.

3.19 GOVERNMENT GRANTS

On application to the Department of Trade and Industry, the Group receives grants from the government to promote capital investment.

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions relating to the grant and the grant will be received. Government grants relating to assets are presented in the statement of financial position by deducting the grant arriving at the cost of the relevant assets.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Therefore the grants are recognised over the useful lives of the related assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

3. ACCOUNTING POLICIES CONTINUED

3.20 SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The Group revises its estimate of the number of equity instruments expected to vest at the end of each financial year. The impact of the revision of the original estimates is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

3.21 INVESTMENT IN ASSOCIATE

An associate is an entity over which the company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The investment in associate is accounted for using the equity method of accounting. Goodwill relating to an associate is included in the carrying amount of the investment and is not tested separately for impairment.

The Group's share of the associate's profit or loss is disclosed separately on the consolidated statement of profit or loss and other comprehensive income.

After application of the equity method, the investment is assessed for indicators of impairment. If applicable, the impairment is calculated as the difference between the carrying value and the higher of its value in use or fair value less cost of disposal. Impairment losses are recognised in profit or loss in the consolidated statement of profit and loss and other comprehensive income.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

4.1 SIGNIFICANT JUDGEMENTS INCLUDE:

4.1.1 ***Impairment of goodwill and intangible assets with indefinite useful lives***

Determining whether goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets with indefinite useful lives has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. In management's assessment of impairment, the assumption was made that the Group would continue to make profits for the foreseeable future. The determination of some of these assumptions requires the use of judgement by management. No impairment loss has been recognised in the current or prior years. Refer to note 8 for further detail on the assumptions used.

4.2 OTHER JUDGEMENTS INCLUDE:

4.2.1 ***Valuation of biological assets***

Pineapple crops
Pineapple crops are measured at their fair value less estimated costs to sell and cost of harvesting. The fair value of pineapple crops is determined based on current market prices. Changes in fair value are recognised in profit or loss.

The inputs consist of estimated tonnes delivered nine months subsequent to year-end based on the period from flowering of the bearer plant to the harvesting of the fruit. Costs to sell include all costs that would be necessary to sell the fruit, including all costs necessary to get the fruit to its saleable state and to get it to the market.

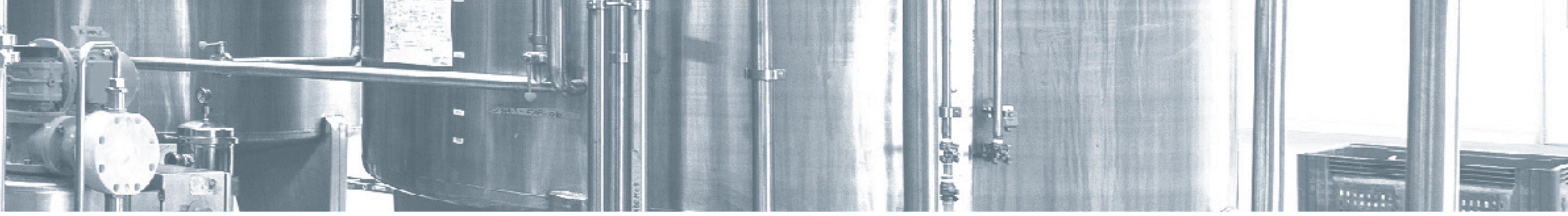
The valuation of the pineapple crops requires the use of judgement by management.

Livestock
The value of the livestock is calculated based on herd prices obtained from an independent industry specialist. Refer to note 10 for further details.

4.3 SOURCES OF ESTIMATION UNCERTAINTY INCLUDE:

4.3.1 ***Useful lives and residual values of property, plant and equipment***

The useful lives and residual values placed on assets were estimated by using management's knowledge and experience of the industry. These are used to calculate the depreciation charge. Refer to note 5 for further detail.



4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY CONTINUED

4.3 SOURCES OF ESTIMATION UNCERTAINTY INCLUDE: CONTINUED

4.3.2 *Impairment of property, plant and equipment*

When any internal or external indicators of impairment are identified, management estimates the recoverable amount of the property, plant and equipment to establish whether any permanent impairment of the asset exists. The recoverable amount is estimated with reference to the lower of fair value less cost to sell and the value in use. Judgement is required in estimating the recoverable amount. Refer to note 5 for further detail on assumptions used.

4.3.3 *Useful life of intangible assets*

Trademarks and other intangibles that are acquired through acquisition are capitalised on the statement of financial position. These trademarks and other intangibles are valued on acquisition using a discounted cash flow methodology, assumptions and estimates regarding future revenue growth; prices; marketing costs; and economic factors. The assumptions reflect management's best estimates, but these estimates involve inherent uncertainties, which may not be controlled by management. The cost of these trademarks and other intangibles with a finite life is amortised using a methodology that matches management's estimate of how the benefit of the assets will be extinguished.

Each year the remaining useful lives of the trademarks and other intangibles are re-evaluated. If the estimate of the remaining useful life changes, the remaining carrying value is amortised prospectively over that revised remaining useful life. Indefinite useful lives are allocated to intangible assets if there is no foreseeable limit to the period over which the entity expects to consume the future economic benefits embodied in the intangible asset. In making this assessment management follows the guidance in IAS 38. Indefinite useful life assets are assessed annually for impairment. Refer to note 7 for further detail.

5. PROPERTY, PLANT AND EQUIPMENT

2022	Opening balance R'000	Acquisition of business R'000	Additions R'000	Disposals R'000	Transfers R'000	Closing balance R'000
COST						
Land	74 490	–	–	–	–	74 490
Buildings and leasehold improvements	710 771	–	–	(601)	64 416	774 586
Plant and machinery	1 550 818	11 500	–	(32 519)	134 865	1 664 664
Motor vehicles	35 076	–	–	(1 005)	7 943	42 014
Office equipment	80 669	–	–	(15 315)	6 903	72 257
Furniture and fittings	3 133	–	–	(157)	191	3 167
Bearer plants	56 357	–	39 431	(16 183)	–	79 605
Capital work-in-progress	72 013	–	220 432	–	(214 318)	78 127
	2 583 327	11 500	259 863	(65 780)	–	2 788 910

2022	Opening balance R'000	Depreciation R'000	Disposals R'000	Impairment R'000	Closing balance R'000
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
Buildings and leasehold improvements	177 648	32 899	(401)	–	210 146
Plant and machinery	543 763	123 246	(23 860)	1 348	644 497
Motor vehicles	6 730	4 771	(959)	–	10 542
Office equipment	61 716	8 093	(15 262)	–	54 547
Furniture and fittings	1 798	167	(157)	–	1 808
Bearer plants	18 054	20 375	(16 183)	–	22 246
	809 709	189 551	(56 822)	1 348	943 786
Net book value	1 773 618				1 845 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

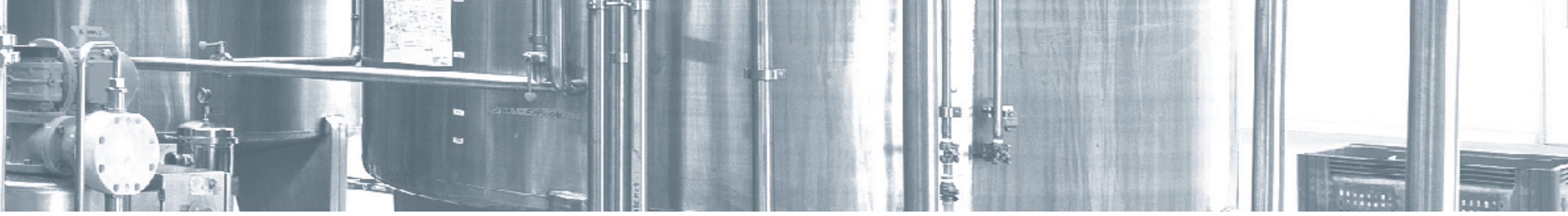
for the year ended 2 October 2022

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

2021	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Closing balance R'000
COST					
Land	74 490	–	–	–	74 490
Buildings and leasehold improvements	730 641	–	(40 023)	20 153	710 771
Plant and machinery	1 437 243	–	(20 063)	133 638	1 550 818
Motor vehicles	33 767	–	(5 084)	6 393	35 076
Office equipment	72 748	–	(1 978)	9 899	80 669
Furniture and fittings	3 155	–	(237)	215	3 133
Bearer plants	61 144	18 036	(22 823)	–	56 357
Capital work-in-progress	38 830	203 481	–	(170 298)	72 013
	2 452 018	221 517	(90 208)	–	2 583 327

2021	Opening balance R'000	Depreciation R'000	Disposals R'000	Impairment R'000	Closing balance R'000
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
Buildings and leasehold improvements	152 797	31 493	(22 618)	15 976	177 648
Plant and machinery	442 457	119 166	(17 860)	–	543 763
Motor vehicles	5 509	4 412	(3 191)	–	6 730
Office equipment	55 545	8 118	(1 947)	–	61 716
Furniture and fittings	1 694	240	(136)	–	1 798
Bearer plants	22 322	18 405	(22 673)	–	18 054
	680 324	181 834	(68 425)	15 976	809 709
Net book value	1 771 694				1 773 618

Impairment of property, plant and equipment during the year amounted to a loss of R1.348 million (2021: loss of R15.976 million). These impairment losses were recognised in other operating costs in the consolidated statement of profit or loss and other comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Property, plant and equipment are encumbered as follows:

RFG Foods Proprietary Limited

A first covering mortgage bond for R81.4 million, registered in favour of Nedbank Limited, over:
- Erf 2, Aeroton, 149 Samuels Road, Johannesburg, Gauteng

A first covering mortgage bond for R294.2 million, registered in favour of Nedbank Limited, over:
- Portion 1 of Farm 1631, Paarl, Western Cape
- Portion 4 of Farm 1631, Paarl, Western Cape
- Portion 1 of Farm 1632, Paarl, Western Cape
- Portion 37 of Farm Straatskerk 190, Tulbagh, Western Cape
- Portion 40 of Farm Straatskerk 190, Tulbagh, Western Cape
- Remaining extent of Farm Bellevue 191, Tulbagh, Western Cape
- Portion 1 of Farm Bellevue 191, Tulbagh, Western Cape
- Remaining extent of portion 1 of Farm Groote Vallei 223, Tulbagh, Western Cape
- Remaining extent of portion 5 of Farm Groote Vallei 223, Tulbagh, Western Cape
- Portion 1 of the Farm 378, Tulbagh, Western Cape
- Remaining extent of the Farm 378, Tulbagh, Western Cape

A first covering mortgage bond for R70 million, registered in favour of Nedbank Limited, over:
- Portion 226 of the Farm Luipaardsvlei No. 246, Krugersdorp, Gauteng

A first covering mortgage bond of R20 million, registered in favour of Nedbank Limited, over:
- Erf 2218, Erf 656 and Erf 1379 in Makhado, a township in the Dzanani district, Limpopo.

A general notarial mortgage bond, for R900 million, registered in favour of Nedbank Limited, over all moveable property, including intellectual property, plant and equipment, biological assets and receivables, but excluding inventory.

RFG Eswatini Proprietary Limited

In favour of Nedbank (Eswatini) Limited:
- First, second and third mortgage bond for R15 million, R11 million and R25 million respectively over certain of the company's land
- A first mortgage bond of R1.5 million over portion 4 of Farm 670 and portion 2 of Farm 45
- A deed of hypothecation for R35 million over inventory, accounts receivable, plant and equipment and moveable assets
- A negative deed of pledge over moveable and immovable assets

In favour of Standard Bank (Eswatini) Limited:
- A first mortgage bond for R16 million over portion A of Farm number 286 and remaining extent of Farm number 695.

Pacmar Properties Proprietary Limited

A first covering mortgage bond for R44 million, registered in favour of Nedbank Limited, over:
- Erf 15503 Wellington

The net book value of property, plant and equipment, serving as security, is as follows:

	2022 R'000	2021 R'000
Nedbank Limited	**1 587 149**	1 551 128
Standard Bank (Eswatini) Limited (plant and equipment held under finance leases)	**7 182**	2 090

A register of particulars of the freehold land and buildings is maintained at the Group's registered office and is available for inspection.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

6. RIGHT-OF-USE ASSETS

The Group leases various buildings, plant and machinery and vehicles. Rental contracts are typically entered into for fixed periods, but may sometimes have extension options. Lease terms are negotiated on an individual basis by the underlying business components and contain a range of terms and conditions. Leases of plant and machinery and vehicles are generally limited to a lease term of nineteen years (2021: twenty years). Leases of property generally have a lease term ranging from five to ten years.

Set out below are the carrying amounts of right-of-use assets recognised in the statement of financial position and the movements during the year:

2022	Opening balance R'000	Additions R'000	Terminations R'000	Depreciation R'000	Remeasurements[1] R'000	Closing balance R'000
Land and buildings	61 591	13 242	(15)	(15 239)	16 272	75 851
Plant and machinery	91 609	1 216	(202)	(26 146)	3 700	70 177
Vehicles	380	–	–	(223)	–	157
Net book value	153 580	14 458	(217)	(41 608)	19 972	146 185

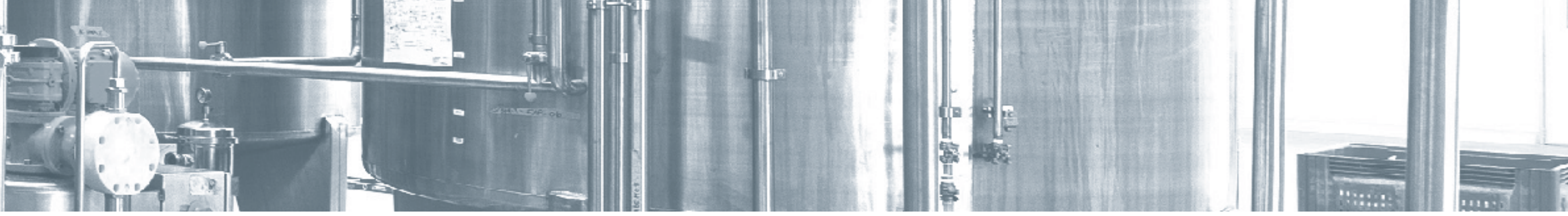
2021	Opening balance R'000	Additions R'000	Terminations R'000	Depreciation R'000	Remeasurements[1] R'000	Closing balance R'000
Land and buildings	72 276	3 762	–	(14 447)	–	61 591
Plant and machinery	96 210	27 313	–	(30 297)	(1 617)	91 609
Vehicles	970	–	–	(590)	–	380
Net book value	169 456	31 075	–	(45 334)	(1 617)	153 580

[1] *Lease remeasurements relate to lease liabilities where the options to extend the lease terms were exercised during the year under review and the prior year.*

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position:

	Range of remaining term	Number of leases with variable payment linked to an index	Number of leases with extension options	Number of leases with options to purchase
2022				
Land and buildings	1 – 10 years	–	3	–
Plant and machinery	1 – 19 years	24	1	–
Vehicles	1 year	–	–	–

	Range of remaining term	Number of leases with variable payment linked to an index	Number of leases with extension options	Number of leases with options to purchase
2021				
Land and buildings	1 – 8 years	–	3	–
Plant and machinery	1 – 20 years	19	–	–
Vehicles	1 – 2 years	1	–	–



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

7. INTANGIBLE ASSETS

2022	Opening balance R'000	Additions R'000	Closing balance R'000
COST			
Trademarks	**143 401**	**–**	**143 401**
Export quota	**100**	**–**	**100**
Customer lists	**115 307**	**–**	**115 307**
Software applications	**296**	**141**	**437**
	259 104	**141**	**259 245**

2022	Opening balance R'000	Amortisation R'000	Closing balance R'000
ACCUMULATED AMORTISATION			
Trademarks	**6 018**	**1 075**	**7 093**
Customer lists	**51 002**	**11 531**	**62 533**
Software applications	**5**	**64**	**69**
	57 025	**12 670**	**69 695**
Net book value	**202 079**		**189 550**

2021	Opening balance R'000	Transfers R'000	Additions R'000	Closing balance R'000
COST				
Trademarks	132 751	10 650	–	143 401
Export quota	100	–	–	100
Customer lists	115 307	–	–	115 307
Software applications	–	–	296	296
	248 158	10 650	296	259 104

2021	Opening balance R'000	Transfers R'000	Amortisation R'000	Closing balance R'000
ACCUMULATED AMORTISATION				
Trademarks	12 099	(7 156)	1 075	6 018
Customer lists	32 315	7 156	11 531	51 002
Software applications	–	–	5	5
	44 414	–	12 611	57 025
Net book value	203 744			202 079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

7. INTANGIBLE ASSETS CONTINUED

The cash-generating units (CGUs) to which indefinite useful life intangible assets have been allocated are as follows:

	2022 R'000	2021 R'000
Dry Foods	**35 779**	35 779
Fruit Products	**31 051**	31 051
Meat Products	**20 000**	20 000
Pies and Pastries	**46 067**	46 067
	132 897	132 897

Refer to note 8 for the assessment of impairment and key assumptions used to test whether impairment of the intangibles assets with indefinite useful lives is required. No impairment was recognised in the current year (2021: Rnil).

8. GOODWILL

	2022 R'000	2021 R'000
Cost	**444 857**	444 857

The cash-generating units (CGUs) to which goodwill has been allocated are as follows:

	2022 R'000	2021 R'000
Dairy Products	**10 265**	10 265
Dry Foods[1]	**85 600**	96 494
Fruit Products[1]	**43 151**	23 335
Juice Products and Pulps and Purees	**130 325**	130 325
Pies and Pastries[1]	**88 335**	97 257
Ready Meals	**87 181**	87 181
	444 857	444 857

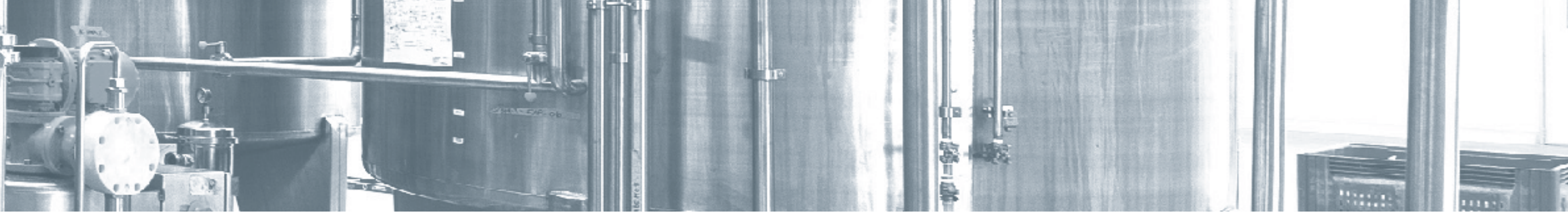
[1] *The carrying amounts changed from the prior year to the year under review due to a transfer of balances between CGUs.*

Impairment assessment of goodwill and intangible assets with indefinite useful lives

The recoverable amount of the CGUs is determined from value-in-use calculations. Cash flows are projected over a five-year period and a perpetual growth rate is applied for periods thereafter. The key assumptions for the value-in-use calculations are those regarding the discount rates and growth rates.

The value in use of the CGU is compared to the carrying amount of the CGU, including goodwill and intangible assets allocated. Where the carrying amount of the CGU exceeds the value in use an impairment loss is recognised in profit or loss.

No impairment was recognised in the current year (2021: Rnil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

8. GOODWILL CONTINUED

Key assumptions used in the current year value-in-use calculations

	Discount rate pre-tax %	Terminal growth rate %	Period Years
2022			
Dairy Products	**18.7**	**2.5**	**5**
Dry Foods	**18.4**	**4.0**	**5**
Fruit Products	**19.0**	**3.0**	**5**
Juice Products and Pulps and Purees	**17.8**	**4.0**	**5**
Meat Products	**19.0**	**3.8**	**5**
Pies and Pastries	**18.6**	**3.5**	**5**
Ready Meals	**18.2**	**2.5**	**5**
2021			
Dairy Products	18.7	2.5	5
Dry Foods	16.7	4.0	5
Fruit Products	17.5	3.0	5
Juice Products and Pulps and Purees	16.9	4.0	5
Meat Products	17.3	3.8	5
Pies and Pastries	17.0	3.5	5
Ready Meals	17.2	2.5	5

Terminal growth rates are in line with forecast long-term consumer inflation rates and GDP growth rates applicable to the countries in which the CGUs operate and do not exceed the long-term average growth rate for the areas in which the CGUs operate. The forecast inflation and GDP rates used are based on market data available at year end from external sources.

The average growth rates applied in the value in use calculations vary between -8.5% to 32.5% (2021: 4.5% to 28.8%)

Sensitivity analysis
Sensitivity analysis of assumptions used in the indefinite life intangible assets and goodwill impairment test:

The impairment below would relate to the entire carrying value of the CGU and not only to the value of the indefinite life intangible assets and goodwill.

	Discount rate		Terminal growth rate	
	Movement (%)	Impairment (Rm)	Movement (%)	Impairment (Rm)
2022				
Dairy Products	**+1.0**	**Nil**	**(1.0)**	**Nil**
Dry Foods	**+1.0**	**Nil**	**(1.0)**	**Nil**
Fruit Products	**+1.0**	**Nil**	**(1.0)**	**Nil**
Juice Products and Pulps and Purees	**+1.0**	**Nil**	**(1.0)**	**Nil**
Meat Products	**+1.0**	**Nil**	**(1.0)**	**Nil**
Pies and Pastries	**+1.0**	**Nil**	**(1.0)**	**Nil**
Ready Meals	**+1.0**	**Nil**	**(1.0)**	**Nil**
2021				
Dairy Products	+1.0	Nil	(1.0)	Nil
Dry Foods	+1.0	Nil	(1.0)	Nil
Fruit Products	+1.0	Nil	(1.0)	Nil
Juice Products and Pulps and Purees	+1.0	Nil	(1.0)	Nil
Meat Products	+1.0	Nil	(1.0)	Nil
Pies and Pastries	+1.0	Nil	(1.0)	Nil
Ready Meals	+1.0	Nil	(1.0)	Nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

9. INVESTMENT IN ASSOCIATE

	2022 R'000	2021 R'000
Ma Baker Xpress Proprietary Limited	**7 384**	6 061
Reconciliation of changes in carrying value of the investment in associate		
Carrying value at the beginning of the year	**6 061**	5 599
Share of profit of associate for the year	**1 323**	462
Carrying value at the end of the year	**7 384**	6 061

The Group holds a 49.17% (2021: 49.17%) shareholding in Ma Baker Xpress Proprietary Limited and the associate is not material to the Group.

10. BIOLOGICAL ASSETS

	2022 R'000	2021 R'000
Livestock	**14 857**	14 951
Pineapple crops	**27 655**	33 952
Total biological assets	**42 512**	48 903
Less: Current portion	**(27 655)**	(33 952)
Total long-term biological assets	**14 857**	14 951
Reconciliation of changes in carrying value of biological assets		
Carrying value at the beginning of the year	**48 903**	44 927
Value of crops harvested	**(7 607)**	(9 607)
Gains included in profit or loss		
– price changes	**2 707**	405
– physical changes	**(1 491)**	13 178
Carrying value at the end of the year	**42 512**	48 903

A general notarial bond is registered over biological assets of RFG Foods Proprietary Limited, as disclosed in note 5.

10.1 LIVESTOCK

Method of valuation
The value of the livestock is calculated based on the classification, quantum of the herd and the herd prices. The herd prices are obtained from an independent industry expert.

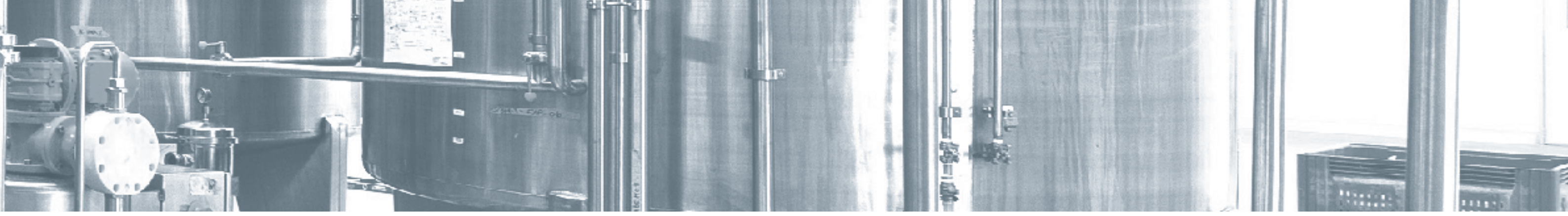
Nature of activities
The Group produces dairy products from the milk produced by the herd. The Group owns and manages a herd of 970 (2021: 1 137) dairy cows which produced 5 505 294 litres of milk during the period under review (2021: 5 052 911 litres).

Financial risk management strategies
The Group is exposed to the following risks relating to its agricultural activities:

Regulatory and environmental risks
The Group is subject to the laws and regulations applicable to agricultural activities in South Africa. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Climate and other risks
Other risks include theft and diseases. Controls in place are property security, identification marks on all livestock, vaccinating and dipping of livestock and sustainable management practices.

Measurement of fair value
The fair values of the livestock have been categorised as level 3 fair values based on the inputs to valuation techniques used. The valuation technique is based on the fair value less estimated point-of-sale costs where applicable of which the unobservable inputs consist of premiums on the classification of livestock and premiums for quality depending on the physical attributes of the livestock.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

10. BIOLOGICAL ASSETS CONTINUED

10.1 LIVESTOCK CONTINUED

The estimated fair values would increase/(decrease) if:

- More/(less) livestock were classified as breeders;
- Livestock prices increased/(decreased); or
- Weight and quantity premiums increased/(decreased).

10.2 PINEAPPLE CROPS

Method of valuation
Pineapple crops are measured at fair value less estimated costs to sell and harvesting costs.

Nature of activities
The Group owns and manages 602 (2021: 602) hectares of pineapple crops. The Group manages a further 1 665 (2021: 1 752) hectares of pineapple crops on leasehold land. The Group is engaged in the planting, management and harvesting of pineapples, which are supplied to the Group's cannery operation which converts fruit to canned products and juice concentrates. A minor quantity of fruit is sold as fresh produce. Fields are managed on a sustainable basis, which comprise a 42-month crop rotation cycle.

Financial risk management strategies
The Group is exposed to the following risks relating to its agricultural activities:

Regulatory and environmental risks
The Group is subject to the applicable laws and regulations in Eswatini. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Climate and other risks
The Group's pineapple crops are exposed to the risk of damage from climatic changes, diseases, and other natural forces. The Group follows prudent industry accepted care practices with respect to the use of fertilisers, insecticides and herbicides to control diseases and insect infestation. The Group does not insure pineapple crops.

Measurement of fair value
The fair value of the pineapple crops has been categorised as level 3 fair values based on the inputs to valuation techniques used. The valuation technique is based on the fair value (which approximates market value) less estimated point-of-sale costs and cost of harvesting. The unobservable inputs consist of estimated 13 600 tonnes delivered nine months subsequent to year-end (2021: 16 394) based on the period from flowering of the bearer plant to the harvesting of the fruit and estimated price of R2 427 per ton delivered (2021: R2 427) of pineapples harvested.

The estimated fair values would increase/(decrease) if:

- Pineapple volumes increased/(decreased);
- Pineapple prices increased/(decreased); or
- Costs of harvesting (increased)/decreased.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

11. LOANS AND OTHER RECEIVABLES

	2022 R'000	2021 R'000
MBX Pies Proprietary Limited	**5 847**	6 147
Constitution Road Wine Growers Proprietary Limited	**5 453**	4 321
Nicosia Trade Proprietary Limited	**2 266**	2 869
Other loans	**10 458**	8 699
	24 024	22 036
Less: lifetime expected credit loss allowance	**(2 635)**	(1 466)
Net loans and other receivables	**21 389**	20 570
Less: Current portion	**(11 970)**	(8 087)
Non-current loans and other receivables	**9 419**	12 483

The loan to MBX Pies Proprietary Limited is unsecured, bears no interest and is repayable in equal monthly installments of R35 000.

The loan to Constitution Road Wine Growers Proprietary Limited is unsecured, bears no interest and is repayable from future purchases of apricots and grapes harvested from the relevant orchards. It is further repayable from future rental payments for a warehouse the Group rents from the abovementioned entity.

The loan to Nicosia Trade Proprietary Limited is unsecured, bear no interest and is repayable in two annual installments in 2023 and 2024.

Other loans are unsecured, bear no interest and repayment terms range from 12 months to three years from 2023 to 2025.

	2022 R'000	2021 R'000
Lifetime expected credit loss allowance		
Individually assessed credit impaired allowance	**2 491**	1 403
Collectively assessed simplified approach allowance	**144**	63
Total lifetime expected credit loss allowance	**2 635**	1 466

The simplified approach to estimate lifetime expected credit loss allowance has been applied to other loans as follows:

2022	Current	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Total
Loans and other receivables							
Expected loss rate	**0.10%**	**0.16%**	**0.69%**	**4.19%**	**13.95%**	**100.00%**	
Gross carrying amount (R'000)	**16 539**	**5 848**	**1 275**	**236**	**22**	**104**	**24 024**

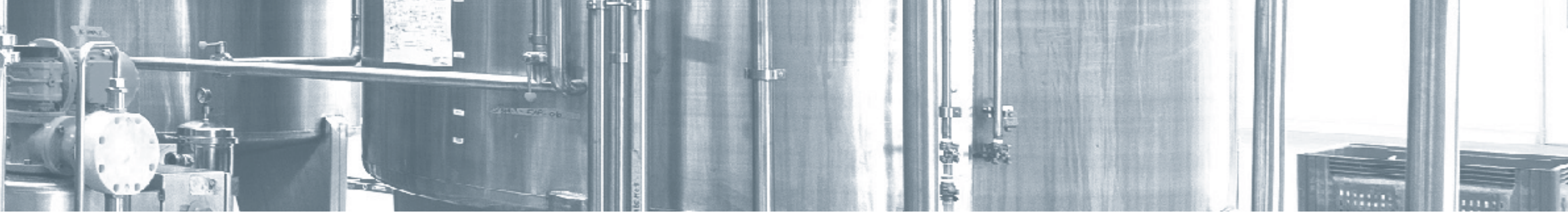
2021	Current	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Total
Loans and other receivables							
Expected loss rate	0.13%	0.16%	0.92%	7.91%	26.86%	32.15%	
Gross carrying amount (R'000)	12 473	8 219	1 086	238	8	12	22 036

12. INVENTORY

12.1 INVENTORY

	2022 R'000	2021 R'000
Finished goods	**1 000 603**	927 146
Work-in-progress	**30 376**	15 571
Raw materials	**526 156**	420 003
	1 557 135	1 362 720
Provision for obsolete stock	**(13 176)**	(6 656)
	1 543 959	1 356 064

The value of the finished goods disclosed at net realisable value is R44.068 million (2021: R79.048 million).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

12. INVENTORY CONTINUED

12.2 COST OF SALES

	2022 R'000	2021 R'000
Direct manufacturing costs	**4 889 047**	4 014 695
Manufacturing operating costs	**725 314**	646 902
	5 614 361	4 661 597

Cost of sales consists of direct manufacturing costs and an allocation of manufacturing operating costs.

13. ACCOUNTS RECEIVABLE

	2022 R'000	2021 R'000
Trade receivables	**1 141 675**	1 081 497
Less: Lifetime expected credit loss allowance	**(5 076)**	(8 935)
Net trade receivables	**1 136 599**	1 072 562
Other receivables	**14 336**	8 413
Prepayments	**15 121**	20 065
Deposits	**5 769**	5 541
VAT receivable	**143**	2 664
	1 171 968	1 109 245

Refer to note 5 for details of encumbrances.

Trade receivables

The average credit period on sale of goods is 57 days (2021: 63 days) for the Group. No interest is charged on trade receivables with amounts outstanding longer than the credit period.

Where agreements between the Group and customers allow the customers to deduct rebates, discounts and other similar allowances from their payments to the Group, the Group net off the liabilities against trade receivables at year end. At year end these liabilities amounted to R101.071 million (2021: R87.756 million).

Of the trade receivables balance at year end, R288.892 million (2021: R270.410 million) is outstanding from two (2021: two) customers who represent more than 10% of the total balance of the Group's trade receivables.

	2022 R'000	2021 R'000
Customer A	**127 440**	110 872
Customer B	**161 452**	159 538
	288 892	270 410
Lifetime expected credit loss allowance		
Individually assessed credit impaired allowance	**702**	6 764
Collectively assessed simplified approach allowance	**4 374**	2 171
Total lifetime expected credit loss allowance	**5 076**	8 935

The Group reviewed its trade receivables at year end and raised a specific credit loss allowance against individual debtors that are considered credit impaired. In the assessment for credit impairment, the Group considers a range of indicators such as:

- Significant financial difficulty of the customer
- Default or delinquency in principal payments
- It becoming probable that the customer will enter bankruptcy or financial re-organisation.

Customer's risk rating was determined by applying the following criteria:

- Historical data spanning two years which include payment history and behavioural trends
- Economic environment that has a significant impact on each customer
- Geographical location of the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

13. ACCOUNTS RECEIVABLE CONTINUED

The percentage used to calculate the estimated credit losses for each risk segment was determined by:

- Past two years specific impairment provisions
- Past two years specific bad debts written off
- Management's forward-looking analysis
- An unbiased approach that involves evaluating a range of possible outcomes based on current economic trends.

The simplified approach to estimate lifetime expected credit loss allowance has been applied to the remaining trade receivables as follows:

2022	**Current**	**1 – 30 days**	**31 – 60 days**	**61 – 90 days**	**91 – 120 days**	**>120 days**	**Total**
Corporate trade receivables							
Expected loss rate[1]	**0.03%**	**0.04%**	**0.17%**	**1.05%**	**3.49%**	**25.57%**	
Carrying amount (R'000)	**452 766**	**105 934**	**30 840**	**866**	**257**	**921**	**591 584**
Non-corporate trade receivables							
Expected loss rate[1]	**0.10%**	**0.16%**	**0.69%**	**4.19%**	**13.95%**	**100.00%**	
Carrying amount (R'000)	**370 736**	**138 458**	**32 049**	**5 138**	**529**	**3 181**	**550 091**
	823 502	**244 392**	**62 889**	**6 004**	**786**	**4 102**	**1 141 675**

2021	Current	1 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	>120 days	Total
Corporate trade receivables							
Expected loss rate[1]	0.03%	0.04%	0.23%	1.98%	6.71%	8.04%	
Gross carrying amount (R'000)[2]	329 793	222 966	22 717	8 014	173	845	584 508
Non-corporate trade receivables							
Expected loss rate[1]	0.13%	0.16%	0.92%	7.91%	26.86%	32.15%	
Carrying amount (R'000)[2]	265 048	195 063	26 238	4 670	182	5 788	496 989
	594 841	418 029	48 955	12 684	355	6 633	1 081 497

[1] *The expected loss rates are based on the historical credit losses as a percentage of sales. Management has reviewed externally available macro-economic forecast data in order to assess the potential impact on expected future loss rates. Management evaluated each corporate trade receivable individually and applied the simplified approach to the corporate trade receivables. Based on the good payment history of customers during the year under review, management reduced the historical loss rate by a forward looking factor of 2.279% (2021: 2.633%).*

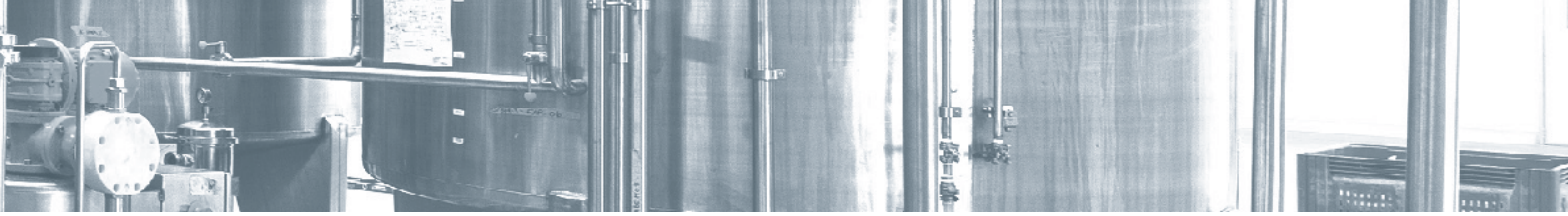
[2] *The prior year balances were adjusted to reflect the trade receivable balance after the rebates, discounts and other similar allowances were net off against the trade receivable balance.*

Customers are categorised according to their risk profiles following an appropriate and consistent credit risk assessment by the Group. The credit risk categories are as follows:

- Corporate trade receivables comprise major South African, international retail and wholesale customers.
- Non-corporate trade receivables comprise a wide array of South African and international customers.

Before extending credit to any new customers, the Group assesses the potential customer's credit risk based on information obtained from credit bureaus and sets appropriate credit limits accordingly.

	2022 R'000	2021 R'000
Movement in lifetime expected credit loss allowance		
Balance at the beginning of the year	**8 935**	10 114
Allowance raised during the year	**101**	2 916
Allowance reversed during the year	**(3 960)**	(4 096)
Balance at the end of the year	**5 076**	8 935



14. SHARE CAPITAL

	Number of shares	2022 R'000	2021 R'000
Authorised			
1 800 000 000 ordinary shares			
Issued ordinary shares of no par value			
Balance at the beginning of the year	**262 762 018**	**1 563 446**	1 563 446
Treasury shares		**(9 195)**	(937)
Total treasury shares	**262 762 018**	**1 554 251**	1 562 509
Reconciliation of movement in treasury shares:			
Treasury shares in terms of share incentive schemes			
Balance at the beginning of the year	**–**	**–**	–
Purchases in open market during the year[1]			
• RFG 2015 Share Plan	**99 866**	**(1 102)**	–
• RFG Holdings Limited 2021 Share Plan	**648 729**	**(7 156)**	–
Balance at the end of the year	**748 595**	**(8 258)**	–
Treasury shares other			
Balance at the beginning and end of the year	**1 125 000**	**(937)**	(937)
Total treasury shares	**1 873 595**	**(9 195)**	(937)

[1] *The average price of RFG ordinary shares purchased in the open market during the year under review was R11.03.*

Refer to notes 15.1 and 15.2 for the dilution limits allowed by the two share incentive schemes.

15. EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE

	2022 R'000	2021 R'000
RFG 2015 Share Plan	**10 066**	15 470
RFG Holdings Limited 2021 Share Plan	**5 928**	–
	15 994	15 470

15.1 RFG 2015 SHARE PLAN ("THE 2015 PLAN")

The 2015 Plan is a long term (share based) incentive scheme for executives and qualifying senior managers of the company and its subsidiaries. The employee benefits are accounted for as equity settled. The 2015 Plan rules give the directors the discretion to determine whether to settle in cash or equity and they have decided to settle any vested benefits in terms of the 2015 Plan by purchasing shares in the open market and transferring those to the relevant executives and managers.

In March 2022 the 2015 Plan was replaced by the RFG Holdings Limited 2021 Share Plan (the 2021 Plan). From this date all new offers to qualifying senior managers will be made in terms of the rules of the 2021 Plan. Unvested offers made before March 2022 will continue to vest in terms of the rules of the 2015 Plan.

Under the 2015 Plan the maximum aggregate number of RFG shares which may be issued to settle grants, if so decided by the directors, is 2 210 000 (2021: 2 210 000), with a maximum of 525 500 (2021: 525 500) to an individual participant. However, the directors have decided to settle grants by buying RFG shares in the open market and transferring those to the participants.

The offers consist of a weighted combination of the following types of equity-settled benefits:

Share Appreciation Rights
Options were granted annually until December 2020. Outstanding options will vest over three to five years and can be exercised until their 7th anniversary and options that have not been exercised will be forfeited upon expiry or termination of employment, other than on death, retrenchment or retirement. Vesting is dependent on the Group achieving a compound annual growth in diluted headline earnings per share equal to or greater than CPI plus GDP growth plus a premium over the vesting period.

The Binomial Tree Model has been used to value the Share Appreciation Rights.

15. EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE CONTINUED

15.1 RFG 2015 SHARE PLAN CONTINUED

Conditional awards of (full value) Performance Shares

Performance shares were granted annually until December 2020. Outstanding Performance Shares awards will vest after three years. Vesting depends on the performance relative to prescribed targets. The offers must be exercised on vesting. Performance is measured in terms of a weighted combination of the target return on invested capital and comparative total shareholder return ("TSR").

The Monte Carlo Model has been used to value the Performance Shares. The model runs a large number of simulations which track the share price, TSR price movements, as well as the vesting percentage from the valuation date to expiry dates. The average of the simulated expected values of the awards is discounted by the risk free rate to obtain the fair value.

Grants of (full value) Restricted Shares

Restricted shares were granted annually until December 2020.The remaining Restricted Shares will vest after three years. Annual grants are made to qualifying senior managers and the value of the restricted shares granted is to match a percentage of their annual guaranteed remuneration.

The Restricted Shares have been valued using the share price at grant date, less the present value of estimated dividends paid prior to the time of exercise.

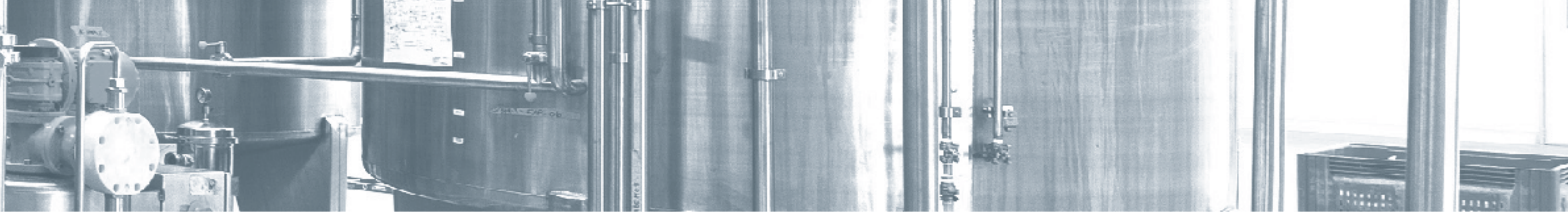
	Number of share options 2022	**VWAP Rand 2022**	Number of share options 2021	VWAP Rand 2021
Reconciliation of the movement in share appreciation rights during the financial year:				
Outstanding at the beginning of the year	**2 022 847**	**15.29**	1 548 216	18.10
Granted during the year	**–**	**–**	818 889	12.44
Forfeited during the year	**(784 378)**	**(16.41)**	(344 258)	(21.07)
Exercised during the year	**–**	**–**	–	–
Outstanding at the end of the year	**1 238 469**	**14.59**	2 022 847	15.29
Reconciliation of the movement in performance shares during the financial year:				
Outstanding at the beginning of the year	**1 104 037**	**14.45**	831 253	16.78
Granted during the year	**–**	**–**	494 624	12.44
Forfeited during the year	**(368 060)**	**(14.63)**	(13 643)	(18.69)
Exercised during the year	**(234 612)**	**(14.73)**	(208 197)	(18.69)
Outstanding at the end of the year	**501 365**	**14.45**	1 104 037	14.45
Reconciliation of the movement in restricted shares during the financial year:				
Outstanding at the beginning of the year	**595 374**	**14.29**	501 955	16.79
Granted during the year	**–**	**–**	307 199	12.44
Forfeited during the year	**(29 273)**	**(14.12)**	–	–
Exercised during the year	**(141 993)**	**(15.08)**	(213 780)	(17.51)
Outstanding at the end of the year	**424 108**	**14.04**	595 374	14.29

VWAP in the above tables refers to the 10 day volume weighted average share price of the Group which was used to determine the strike price for the share appreciation rights.

The Group purchased shares amounting to R4.9 million (2021: R5.3 million) during the year to settle offers that were exercised.

No grants of share appreciation rights, performance shares and restricted shares were made during the year under review. The fair value of grants during 2021 was as follows:

- The fair value of the share appreciation rights granted during 2021 was R4.38 per right.
- The fair value of the performance share awards granted during 2021 was R16.58 per award.
- The fair value of the restricted share grants granted during 2021 was R11.36 per grant.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

15. EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE CONTINUED

15.1 RFG 2015 SHARE PLAN CONTINUED

The exercise prices for the share appreciation rights outstanding at the end of the year are as follows:

	Grant date	Vesting date	Strike price	**2022 Number of share options**	2021 Number of share options
Exercisable until end December 2023	1-Dec-16	1-Dec-21	26.58	**–**	71 140
Exercisable until end December 2024	1-Dec-17	1-Dec-21	18.69	**–**	112 060
Exercisable until end December 2024	1-Dec-17	1-Dec-22	18.69	**83 780**	112 067
Exercisable until end December 2025	3-Dec-18	3-Dec-21	15.08	**–**	143 154
Exercisable until end December 2025	3-Dec-18	3-Dec-22	15.08	**108 703**	143 165
Exercisable until end December 2025	3-Dec-18	3-Dec-23	15.08	**108 710**	143 173
Exercisable until end December 2026	2-Dec-19	2-Dec-22	16.96	**115 341**	164 580
Exercisable until end December 2026	2-Dec-19	2-Dec-23	16.96	**115 350**	164 590
Exercisable until end December 2026	2-Dec-19	2-Dec-24	16.96	**115 362**	164 605
Exercisable until end December 2027	1-Dec-20	1-Dec-23	12.44	**197 065**	268 094
Exercisable until end December 2027	1-Dec-20	1-Dec-24	12.44	**197 074**	268 104
Exercisable until end December 2027	1-Dec-20	1-Dec-25	12.44	**197 084**	268 115
				1 238 469	2 022 847

15.2 RFG HOLDINGS LIMITED 2021 SHARE PLAN ("THE 2021 PLAN")

Shareholders approved the 2021 Plan at the annual general meeting of the company held on 16 March 2022. The 2021 Plan replaces the 2015 Plan with effect from 16 March 2022 and any new offers from that date are made in terms of the 2021 Plan rules.

The 2021 Plan is a long term (share based) incentive scheme for executives and qualifying senior managers of the company and its subsidiaries. The employee benefits are accounted for as equity settled. The Plan rules give the directors the discretion to determine whether to settle in cash or equity and they have decided to settle any vested benefits in terms of the plan by purchasing shares in the open market and transferring those to the relevant executives and managers.

Under the 2021 Plan the maximum aggregate number of RFG shares which may be issued to settle grants, if so decided by the directors, is 13 138 101, with a maximum of 1 313 810 to an individual participant. However, the directors have decided to settle grants by buying RFG shares in the open market and transferring those to the participants.

The offers consist of a weighted combination of the following types of equity-settled benefits:

Conditional awards of (full value) Performance Shares
Performance shares are granted annually and vest after three years and must be exercised on vesting. Vesting depends on the performance relative to prescribed targets as well as the participant remaining employed by the company or its subsidiaries for a specific period. Performance is measured in terms of a weighted combination of the target cashflow return on invested capital (30%), comparative total shareholder return ("TSR") (30%) and headline earnings per share growth (40%).

The board may also direct the payment of dividend equivalents, in shares, on the vesting date. The dividend equivalent shares are based on the value of the dividends paid by the company from the award date to the settlement date, but only vest to the extent that the performance conditions relating to the underlying performance shares are met.

The Monte Carlo Model has been used to value the Performance Shares. The model runs a large number of simulations which track the share price, TSR price movements, as well as the vesting percentage from the valuation date to expiry dates. The average of the simulated expected values of the awards is discounted by the risk free rate to obtain the fair value.

Grants of (full value) forfeitable Restricted Shares
Forfeitable restricted shares are granted annually to qualifying senior managers and vest after three years. No grants of restricted shares are made to executives. Grants of restricted shares vest in the name of the participants if they are employed by the company or any of its subsidiaries for a specific period.

The Group must settle the grant of forfeitable restricted shares within 30 days of the grant date through buying a corresponding number of RFG shares in the open market. The RFG shares will be held in escrow by an escrow agent on behalf of the participants until the vesting date of the forfeitable restricted shares. Forfeitable restricted shares will rank *pari passu* with the RFG shares and participants will have voting and dividend rights, but will not be entitled to trade and/or encumber the RFG shares until the vesting date of the forfeitable restricted shares.

The forfeitable restricted shares have been valued using the share price at grant date, less the present value of estimated dividends paid prior to the time of exercise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

15. EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE CONTINUED

15.2 RFG HOLDINGS LIMITED 2021 SHARE PLAN CONTINUED

The fair value of offers granted in March 2022 was calculated on the date of each grant using the following assumptions:

	Performance Shares	Restricted Shares
Dividend yield	2.28%	2.28%
Expected volatility*	45.14%	n/a
Risk-free interest rate	6.30%	6.30%
Expected life of share offers	3 years	3 years
Forfeiture rate	4.00%	4.00%

** The expected volatility was determined using the equally weighted volatility method and a historical volatility commensurate with the term of the option.*

	Number of share options 2022	VWAP Rand 2022	Number of share options 2021	VWAP Rand 2021
Reconciliation of the movement in performance shares during the financial year:				
Outstanding at the beginning of the year	–	–	–	–
Granted during the year	1 831 822	11.40	–	–
Forfeited during the year	(15 960)	(11.40)	–	–
Exercised during the year	–	–	–	–
Outstanding at the end of the year	1 815 862	11.40	–	–
Reconciliation of the movement in restricted shares during the financial year:				
Outstanding at the beginning of the year	–	–	–	–
Granted during the year	648 725	11.40	–	–
Forfeited during the year	(15 960)	(11.40)	–	–
Exercised during the year	–	–	–	–
Outstanding at the end of the year	632 765	11.40	–	–

The fair value of the performance share awards granted during the year was R13.53 (2021: no grants) per award.

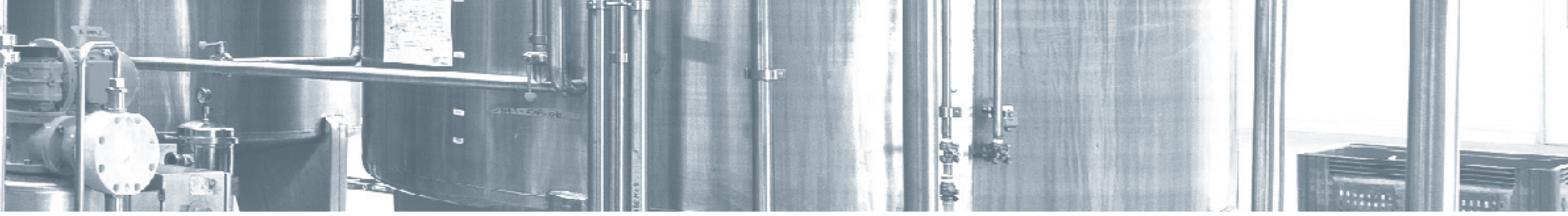
The fair value of the restricted share grants granted during the year was R11.99 (2021: no grants) per grant.

16. LONG-TERM LOANS

16.1 SECURED LONG-TERM LOANS AT AMORTISED COST

	2022 R'000	2021 R'000
Mortgage and term loans	694 214	636 114
Less: Current portion	(217 388)	(89 734)
Non-current loans	476 826	546 380
Reconciliation of the movement in long-term loans:		
Outstanding at the beginning of the year	636 114	753 580
Long term loans raised	150 000	75 000
Capital repayments	(91 900)	(192 466)
Outstanding at the end of the year	694 214	636 114

Refer to note 5 for details of encumbrances.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

16. LONG-TERM LOANS CONTINUED

16.2 INTEREST RATE ANALYSIS

Variable linked long-term loans	Range
Mortgage and term loans	
2022	SA prime interest rate minus 1.75% to SA prime interest rate minus 1.15% and Eswatini prime interest rate minus 1.50%.
2021	SA prime interest rate minus 1.75% to SA prime interest rate minus 1.15% and Eswatini prime interest rate minus 3.00% to Eswatini prime interest rate minus 1.40%.

17. LEASE LIABILITIES

The Group enters into leases for land and buildings, plant and machinery and vehicles. With the exception of short-term leases and leases with low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or an interest rate are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to property, plant and machinery and vehicles (refer to note 6).

Leases of plant and machinery and vehicles are generally limited to a lease term of nineteen years (2021: twenty years). Leases of property generally have a lease term ranging from five years to ten years. Lease payments are generally fixed however the Group has a limited number of leases where rentals are linked to annual changes in an index (either CPI or the prime interest rate).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure the property, plant and machinery and vehicles and maintain such items in accordance with the terms and conditions of the lease agreements.

Lease liabilities
Lease liabilities are presented in the statement of financial position as follows:

	2022 R'000	2021 R'000
Lease liabilities	**182 536**	173 570
Less: Current portion	**(45 339)**	(35 421)
Non-current lease liabilities	**137 197**	138 149
Reconciliation of the movement of lease liabilities:		
Outstanding at the beginning of the year	**173 570**	197 484
New leases entered into during the year	**14 458**	31 075
Lease terminations	**(217)**	–
Lease liability reassessments/modifications	**19 972**	(1 617)
Interest raised	**11 170**	12 957
Lease payments	**(46 589)**	(66 279)
Lease cancellation gain	**(869)**	(50)
Foreign exchange loss on conversion of foreign currency denominated lease liabilities	**11 041**	–
Outstanding at the end of the year	**182 536**	173 570

At 2 October 2022 the Group had not committed to any leases which had not yet commenced. The total future cash outflows for leases that had not yet commenced were as follows:

	2022 R'000	2021 R'000
Type of asset		
Plant and machinery	**–**	1 634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

17. LEASE LIABILITIES CONTINUED

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities is as follows:

	Future minimum lease payments R'000	Future finance charges on lease liabilities R'000	Present value of minimum lease liabilities R'000
2022			
Due within one year	**55 607**	**(10 268)**	**45 339**
Due within two to five years	**143 992**	**(16 833)**	**127 159**
Due after five years	**14 416**	**(4 378)**	**10 038**
Net present value	**214 015**	**(31 479)**	**182 536**
2021			
Due within one year	45 732	(10 311)	35 421
Due within two to five years	146 644	(21 807)	124 837
Due after five years	18 266	(4 954)	13 312
Net present value	210 642	(37 072)	173 570

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain leases with variable payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

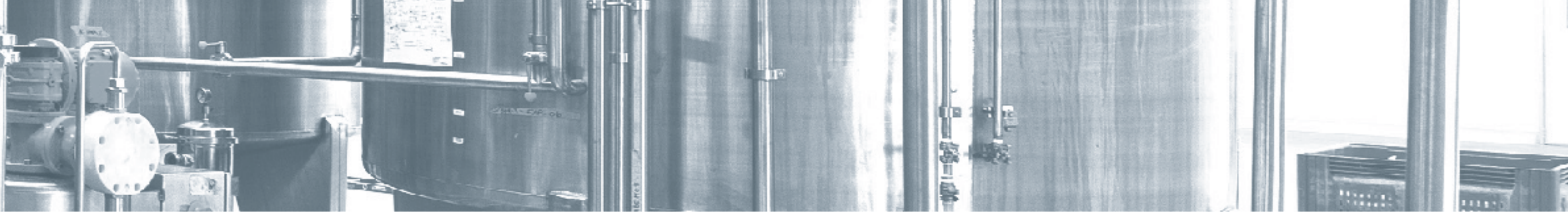
	2022 R'000	2021 R'000
Short-term leases	**6 723**	7 731
Leases of low value assets	**3 814**	2 993
Variable lease payments	**8 095**	9 815
	18 632	20 539

At 2 October 2022, the Group had committed to short term leases amounting to R0.847 million (2021: R0.480 million).

Variable lease payments not recognised in the related lease liability are expensed as incurred and include usage rentals based on machine hours, quantity of product produced and excess use charges on plant and machinery.

17.1 INTEREST RATE ANALYSIS

Variable linked lease liabilities	Range
Liabilities capitalised under leases	
2022	SA prime interest rate and SA and USA consumer price index. Eswatini prime interest rate minus 3.00% to prime interest rate less 1.00%.
2021	SA prime interest rate minus 4.00% to SA prime interest rate plus 1.60%. Eswatini prime interest rate minus 3.00%.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

18. DEFERRED TAXATION

In February 2022 the South African corporate income tax rate was adjusted to 27.0% from 28.0%. This will affect all companies with a year end on or after 31 March 2023 onwards. Management have considered the period in which these temporary differences will be realised and have recognised a credit to profit or loss and other comprehensive income amounting to R8.677 million.

The major components of the deferred taxation balances, together with movements during the year are as follows:

2022	Opening balance R'000	Charge (credit) to profit or loss for the year R'000	Closing balance R'000
Deferred taxation asset			
Tax effect of:			
Excess tax allowance over depreciation charges for property, plant and equipment	(74)	(35)	(109)
Excess tax allowances over amortisation of intangible assets	(113)	10	(103)
Provisions	(105)	(9)	(114)
Difference between tax and accounting treatment of:			
– Inventory	42	1	43
	(250)	(33)	(283)
Deferred taxation liability			
Tax effect of:			
Excess tax allowance over depreciation charges for property, plant and equipment	255 606	(3 131)	252 475
Excess tax allowances over amortisation of intangible assets	46 010	(4 950)	41 060
Estimated tax losses	(23 411)	5 675	(17 736)
Deferred capital gains tax on adoption of IFRS deemed cost of land and buildings	1 910	(197)	1 713
Provisions	(26 308)	(7 781)	(34 089)
Income received in advance	(1)	(192)	(193)
Difference between tax and accounting treatment of:			
– Biological assets	13 517	(1 906)	11 611
– Prepayments	1 385	929	2 314
– Inventory	3 913	(1 344)	2 569
– Employee benefit liability	238	12	250
– Employee benefit reserve	–	(1 738)	(1 738)
– IFRS16 leases	(4 523)	(3 627)	(8 150)
	268 336	(18 250)	250 086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

18. DEFERRED TAXATION CONTINUED

2021	Opening balance R'000	Charge (credit) to profit or loss for the year R'000	Closing balance R'000
Deferred taxation asset			
Tax effect of:			
Excess tax allowance over depreciation charges for property, plant and equipment	(44)	(30)	(74)
Excess tax allowances over amortisation of intangible assets	(31)	(82)	(113)
Estimated tax losses	(194)	194	–
Provisions	(116)	11	(105)
Difference between tax and accounting treatment of:			
– Inventory	–	42	42
	(385)	135	(250)

2021	Opening balance R'000	Charge (credit) to income for the year R'000	Closing balance R'000
Deferred taxation liability			
Tax effect of:			
Excess tax allowance over depreciation charges for property, plant and equipment	240 969	14 637	255 606
Excess tax allowances over amortisation of intangible assets	46 467	(457)	46 010
Estimated tax losses	(21 007)	(2 404)	(23 411)
Deferred capital gains tax on adoption of IFRS deemed cost of land and buildings	2 044	(134)	1 910
Provisions	(29 353)	3 045	(26 308)
Income received in advance	(229)	228	(1)
Difference between tax and accounting treatment of:			
– Biological assets	12 407	1 110	13 517
– Prepayments	2 358	(973)	1 385
– Inventory	1 483	2 430	3 913
– Foreign exchange contracts	(580)	580	–
– Employee benefit liability	–	238	238
– IFRS16 leases	(7 274)	2 751	(4 523)
	247 285	21 051	268 336

In recognising the deferred taxation asset, the directors have assessed that sufficient future taxable profits are probable, based on estimated performance, against which the estimated tax losses can be utilised.

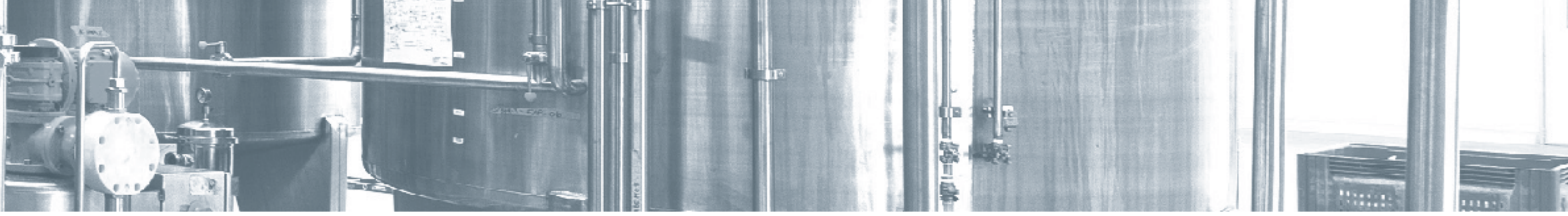
19. ACCOUNTS PAYABLE AND ACCRUALS

19.1 ACCOUNTS PAYABLE AND ACCRUALS

	2022 R'000	2021 R'000
Trade payables	**561 767**	615 992
VAT payable	**22 315**	21 076
Accruals	**321 326**	268 299
	905 408	905 367

The average credit period on purchases is 37 days (2021: 44 days) for the Group. The Group does not pay interest on trade payables within the credit period granted.

The Group has financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

19. ACCOUNTS PAYABLE AND ACCRUALS CONTINUED

19.2 EMPLOYEE BENEFITS ACCRUAL

The employee benefits accrual comprises the following amounts:

	2022 R'000	2021 R'000
Cash-settled short-term incentives	**62 056**	26 996
Accrued leave pay	**33 218**	33 183
	95 274	60 179

Executive directors and senior managers participate in an annual cash-settled short-term incentive scheme. The scheme rewards the achievement of targets per a balanced scorecard which are aligned to the Group's financial goals, including profitability, net working capital and ESG targets.

19.3 EMPLOYEE BENEFIT LIABILITY

	2022 R'000	2021 R'000
Total employee benefit liability per statement of financial position:		
RFG Eswatini Proprietary Limited	**12 248**	11 955
RFG Foods Proprietary Limited	**927**	1 127
	13 175	13 082

RFG Eswatini Proprietary Limited

All employees who terminate service by way of retirement, retrenchment or redundancy, are entitled to an allowance based on the number of years of service and remuneration at the time of termination.

An actuarial valuation of the liability was performed by Alexander Forbes Financial Services Proprietary Limited in September 2020.

The amount recognised in the statement of financial position is determined as follows:

	2022 R'000	2021 R'000
Liability recorded in the statement of financial position as part of "employee benefit liability"	**12 248**	11 955
Movement in liability		
Balance at the beginning of the year	**11 955**	10 250
Raised during the year	**2 048**	1 960
Payments made during the year	**(1 755)**	(255)
Actuarial gain on defined benefit obligation	**–**	–
Balance at the end of the year	**12 248**	11 955
The amounts recognised in profit or loss are as follows:		
Current service costs	**850**	813
Interest cost	**1 198**	1 147
	2 048	1 960
The amounts recognised in other comprehensive income are as follows:		
Actuarial gain	**–**	–
The principal actuarial assumptions used are as follows:		
	%	%
Discount rate	**10.60**	10.60
Inflation rate	**5.30**	5.30
Salary increase rate	**6.30**	6.30

19. ACCOUNTS PAYABLE AND ACCRUALS CONTINUED

19.3 EMPLOYEE BENEFIT LIABILITY CONTINUED

Sensitivity analysis based on the principal actuarial assumptions as per the 2020 actuarial valuation is as follows:

A 1% increase in the discount rate will impact the present value of the liabilities as follows:

	2020 R'000	% Change
Total liability	**9 404**	**(23.1)**

A 1% increase in the inflation rate will impact the present value of the liabilities as follows:

	2020 R'000	% Change
Total liability	**11 159**	**(8.9)**

RFG Foods Proprietary Limited

The Group is obliged to make contributions to the medical aid fund of Bull Brand retirees who retired before 1 August 2013.

Actuarial valuations were performed by Cadiant Partners Consultants & Actuaries in September 2022 and 2021 respectively.

The amount recognised in the statement of financial position is determined as follows:

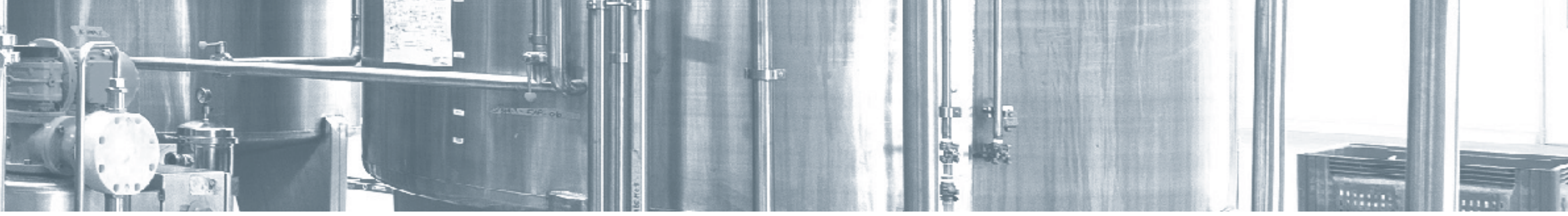
	2022 R'000	2021 R'000
Liability recorded in the statement of financial position as part of "employee benefit liability"	**927**	1 127
Movement in liability		
Balance at the beginning of the year	**1 127**	1 318
Raised during the year	**87**	102
Payments made during the year	**(210)**	(237)
Actuarial gain	**(77)**	(56)
Balance at the end of the year	**927**	1 127
The amounts recognised in profit or loss are as follows:		
Interest cost	**87**	102
The amounts recognised in other comprehensive income are as follows:		
Actuarial gain	**77**	56
The principal actuarial assumptions used are as follows:		
	%	%
Discount rate	**10.5**	8.50
Mortality rate	PA (90) with two-year adjustment	

A 1% decrease in the discount rate will impact the present value of the liabilities as follows:

	2022 R'000	% Change
Total liability	**965**	**4.00**
Service and interest cost	**74**	**4.50**

The impact of a change in mortality rate from the current PA (90) with a two-year adjustment to PA (90) with a four-year adjustment is as follows:

	2022 R'000	% Change
Total liability	**998**	**7.70**
Service and interest cost	**77**	**8.60**



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

20. REVENUE

The disaggregated revenue from sales contracts with customers is as follows:

	2022 R'000	2021 R'000
Regional		
Fresh products	**2 095 228**	1 748 064
Long life fruit products	**624 011**	586 576
Long life grocery products	**2 743 300**	2 476 738
	5 462 539	4 811 378
International		
Long life fruit products	**1 766 136**	1 111 669
Long life grocery products	**26 475**	26 976
	1 792 611	1 138 645
	7 255 150	5 950 023

The revenue categories consist of net sales of the following:

- Fresh products: Ready meals, pies, bakery and dairy products.
- Fruit products: Canned fruit and jam, fruit purees and fruit concentrates.
- Grocery products: Canned vegetables, canned meat, bottled salads & pickles, fruit juice, dry packaged foods and infant meals.

Refer to note 13 for the value of liabilities for refunds and claims deducted from trade and other receivables.

21. PROFIT BEFORE INTEREST AND TAXATION

Profit before interest and taxation is arrived at after taking the following items into account:

	2022 R'000	2021 R'000
Income		
Proceeds on insurance claims received	**45 616**	343
Expenses		
Auditors' remuneration	**4 065**	4 005
Audit fee		
– current year: Group auditor	**2 918**	3 055
– current year: component auditor	**946**	875
Other services		
– current year: Group auditor	**156**	–
– current year: component auditor	**45**	75
Depreciation	**189 551**	181 834
Depreciation of right-of-use assets	**41 608**	45 334
Amortisation of intangible assets	**12 670**	12 611
Impairment loss on property, plant and equipment	**1 348**	15 976
Management fee paid to Capitalworks[1]	**814**	829
Loss on disposal of property, plant and equipment	**790**	2 095
Loss on disposal of assets held for sale	**–**	1 149
Estimated credit loss allowance – accounts receivable loss/(gain)	**19**	(1 179)
Estimated credit loss allowance – loans and other receivables	**1 169**	1 346
Staff costs	**1 082 414**	987 789
Realised foreign exchange gains	**(28 386)**	(26 406)

[1] *Management fees paid to Capitalworks Private Equity Advisor Proprietary Limited include the remuneration paid for services rendered as non-executive directors by CL Smart and GJH Willis.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

22. REMUNERATION PAID TO DIRECTORS

Executive directors	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
	WP Hanekom[1,2] *Chief Executive Officer*		**BAS Henderson[3]** *Former Chief Executive Officer*		**CC Schoombie** *Chief Financial Officer*	
Fees for services as director						
Basic salary	**4 733**	2 924	**–**	4 431	**3 112**	3 102
Cash-settled short term incentive	**–**	997	**–**	–	**–**	–
Equity-settled long term incentive	**242**	362	**–**	895	**299**	475
Travel allowance	**396**	396	**–**	331	**161**	161
Contributions under medical scheme	**163**	156	**–**	316	**–**	–
Contributions under pension fund	**716**	450	**–**	691	**472**	475
Contributions under disability and funeral scheme	**43**	25	**–**	38	**26**	26
	6 293	5 310	**–**	6 702	**4 070**	4 239

[1] *Chief Executive Officer with effect from 1 October 2021.*
[2] *The prior year information is for the chief executive officer's appointment as deputy chief executive officer with effect from 8 July 2020.*
[3] *Retired on 30 September 2021.*

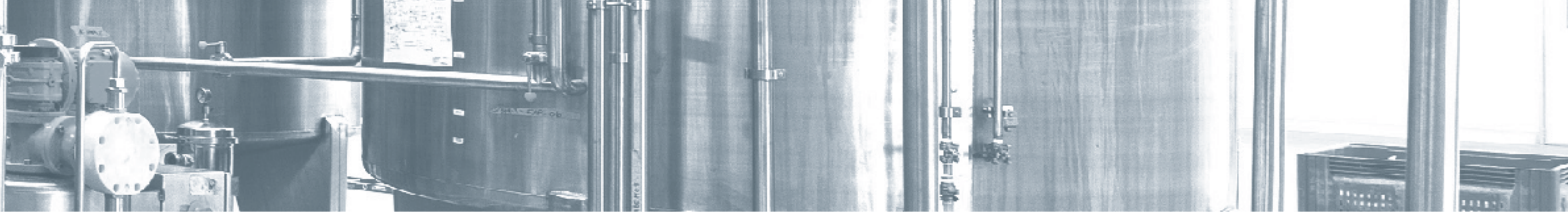
The remuneration of WP Hanekom and CC Schoombie is paid by RFG Foods Proprietary Limited for services rendered to the Group. There are no service contracts with directors of the Group with a notice period greater than one year and with compensation on termination greater than one year's salary.

Executive directors	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Direct shareholding	**WP Hanekom**		**BAS Henderson**		**CC Schoombie**	
Number of direct ordinary shares held	**47 761**	29 060	**–**	–	**–**	–
Value of direct ordinary shares held (R'000)	**526**	360	**–**	–	**–**	–
Beneficial shareholding	**Relta 38 Proprietary Limited**		**Bruce Henderson Trust**		**Schoombies Investments Proprietary Limited**	
Number of indirect beneficial ordinary shares held	**1 990 757**	1 988 377	**–**	16 815 191	**3 927 942**	3 903 526
Value of indirect beneficial ordinary shares held (R'000)	**21 918**	24 656	**–**	208 508	**43 247**	48 404

RFG 2015 Share Plan

The 2015 Plan is a long term (share based) incentive scheme for executives and qualifying senior managers of the company and its subsidiaries. The employee benefits are accounted for as equity settled. The 2015 Plan rules give the directors the discretion to determine whether to settle in cash or equity and they have decided to settle any vested benefits in terms of the 2015 Plan by purchasing RFG shares in the open market and transferring those to the relevant executives and managers.

In March 2022 the 2015 Plan was replaced by the RFG Holdings Limited 2021 Share Plan (the 2021 Plan). From this date all new offers to executives and managers will be made in terms of the rules of the 2021 Plan. Unvested offers made before March 2022 will continue to vest in terms of the rules of the 2015 Plan.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

22. REMUNERATION PAID TO DIRECTORS CONTINUED

Reconciliation of outstanding share appreciation rights and performance shares as at 2 October 2022:

Executive directors	Date of grant	Balance at 26 September 2021	Granted 2022	Exercised 2022	Forfeited 2022	**Balance at 2 October 2022**
BAS Henderson						
Performance shares	3-Dec-18	95 480	–	(43 572)	(51 908)	**–**
Performance shares	2-Dec-19	95 779	–	(43 709)	(52 070)	**–**
Performance shares	1-Dec-20	135 778	–	(61 962)	(73 816)	**–**
		327 037	–	(149 243)	(177 794)	**–**
WP Hanekom						
Share appreciation rights	1-Dec-16	7 478	–	–	(7 478)	**–**
Share appreciation rights	1-Dec-17	21 626	–	–	(10 813)	**10 813**
Share appreciation rights	3-Dec-18	42 932	–	–	(14 310)	**28 622**
Share appreciation rights	2-Dec-19	43 066	–	–	–	**43 066**
Share appreciation rights	1-Dec-20	83 946	–		–	**83 946**
		199 048	–	–	(32 601)	**166 447**
Performance shares	3-Dec-18	40 980	–	(18 701)	(22 279)	**–**
Performance shares	2-Dec-19	41 109	–	–	–	**41 109**
Performance shares	1-Dec-20	83 946	–	–	–	**83 946**
		166 035	–	(18 701)	(22 279)	**125 055**
CC Schoombie						
Share appreciation rights	1-Dec-16	9 760	–	–	(9 760)	**–**
Share appreciation rights	1-Dec-17	28 228	–	–	(14 114)	**14 114**
Share appreciation rights	3-Dec-18	52 764	–	–	(17 588)	**35 176**
Share appreciation rights	2-Dec-19	52 929	–	–	–	**52 929**
Share appreciation rights	1-Dec-20	75 033	–	–	–	**75 033**
		218 714	–	–	(41 462)	**177 252**
Performance shares	3-Dec-18	50 734	–	(23 152)	(27 582)	**–**
Performance shares	2-Dec-19	50 893	–	–	–	**50 893**
Performance shares	1-Dec-20	72 147	–	–	–	**72 147**
		173 774	–	(23 152)	(27 582)	**123 040**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

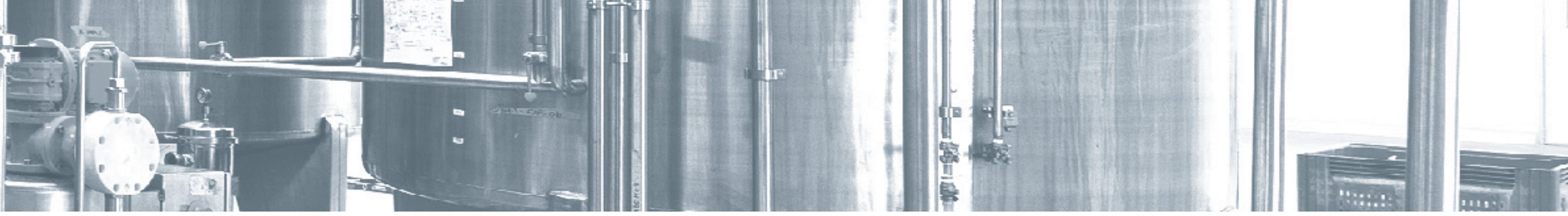
22. REMUNERATION PAID TO DIRECTORS CONTINUED

Reconciliation of outstanding share appreciation rights and performance shares as at 26 September 2021:

Executive directors	Date of grant	Balance at 27 September 2020	Granted 2021	Exercised 2021	Forfeited 2021	Balance at 26 September 2021
BAS Henderson						
Share appreciation rights	7-Dec-15	19 106	–	–	(19 106)	**–**
Share appreciation rights	1-Dec-16	36 501	–	–	(36 501)	**–**
Share appreciation rights	1-Dec-17	79 174	–	–	(79 174)	**–**
Share appreciation rights	3-Dec-18	98 663	–	–	(98 663)	**–**
Share appreciation rights	2-Dec-19	98 971	–	–	(98 971)	**–**
Share appreciation rights	1-Dec-20	–	140 304	–	(140 304)	**–**
		332 415	140 304	–	(472 719)	**–**
Performance shares	1-Dec-16	–	–	–	–	**–**
Performance shares	1-Dec-17	76 620	–	(71 908)	(4 712)	**–**
Performance shares	3-Dec-18	95 480	–	–	–	**95 480**
Performance shares	2-Dec-19	95 779	–	–	–	**95 779**
Performance shares	1-Dec-20	–	135 778	–	–	**135 778**
		267 879	135 778	(71 908)	(4 712)	**327 037**
WP Hanekom						
Share appreciation rights	7-Dec-15	7 558	–	–	(7 558)	**–**
Share appreciation rights	1-Dec-16	14 956	–	–	(7 478)	**7 478**
Share appreciation rights	1-Dec-17	32 439	–	–	(10 813)	**21 626**
Share appreciation rights	3-Dec-18	42 932	–	–	–	**42 932**
Share appreciation rights	2-Dec-19	43 066	–	–	–	**43 066**
Share appreciation rights	1-Dec-20	–	83 946	–	–	**83 946**
		140 951	83 946	–	(25 849)	**199 048**
Performance shares	1-Dec-17	30 964	–	(29 060)	(1 904)	**–**
Performance shares	3-Dec-18	40 980	–	–	–	**40 980**
Performance shares	2-Dec-19	41 109	–	–	–	**41 109**
Performance shares	1-Dec-20	–	83 946	–	–	**83 946**
		113 053	83 946	(29 060)	(1 904)	**166 035**
CC Schoombie						
Share appreciation rights	7-Dec-15	10 218	–	–	(10 218)	**–**
Share appreciation rights	1-Dec-16	19 520	–	–	(9 760)	**9 760**
Share appreciation rights	1-Dec-17	42 341	–	–	(14 113)	**28 228**
Share appreciation rights	3-Dec-18	52 764	–	–	–	**52 764**
Share appreciation rights	2-Dec-19	52 929	–	–	–	**52 929**
Share appreciation rights	1-Dec-20	–	75 033	–	–	**75 033**
		177 772	75 033	–	(34 091)	**218 714**
Performance shares	1-Dec-17	40 713	–	(38 209)	(2 504)	**–**
Performance shares	3-Dec-18	50 734	–	–	–	**50 734**
Performance shares	2-Dec-19	50 893	–	–	–	**50 893**
Performance shares	1-Dec-20	–	72 147	–	–	**72 147**
		142 340	72 147	(38 209)	(2 504)	**173 774**

RFG Holdings Limited 2021 Share Plan
Shareholders approved the 2021 Plan at the annual general meeting of the company held on 16 March 2022. The 2021 Plan replaces the 2015 Plan with effect from 16 March 2022 and any new grants from that date are made in terms of the 2021 Plan rules.

The 2021 Plan is a long term (share based) incentive scheme for executives and qualifying senior managers of the company and its subsidiaries. The employee benefits are accounted for as equity settled. The Plan rules give the directors the discretion to determine whether to settle in cash or equity and they have decided to settle any vested benefits in terms of the 2021 Plan by purchasing RFG shares in the open market and transferring those to the relevant executives and managers.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

22. REMUNERATION PAID TO DIRECTORS CONTINUED

Reconciliation of outstanding performance shares as at:

Executive directors	Date of grant	Balance at 26 September 2021	Granted 2022	Exercised 2022	Forfeited 2022	Balance at 2 October 2022
WP Hanekom						
Performance shares	16-Mar-22	–	370 492	–	–	**370 492**
CC Schoombie						
Performance shares	16-Mar-22	–	213 980	–	–	**213 980**

Independent non-executive directors Fees for services as director	2022 R'000	2021 R'000
Dr YG Muthien	**812**	815
MR Bower	**722**	724
TP Leeuw	**609**	610
S Maitisa	**548**	524
BN Njobe	**489**	488
LA Makenete (resigned 4 March 2021)	**–**	278
	3 180	3 439

Independent non-executive directors Number of direct ordinary shares held	2022	2021
Dr YG Muthien	**60 530**	55 460
MR Bower	**86 666**	86 666
TP Leeuw	**61 000**	61 000
BN Njobe	**7 200**	7 200
	215 396	210 326

Independent non-executive directors Value of direct ordinary shares held	2022 R'000	2021 R'000
Dr YG Muthien	**666**	688
MR Bower	**954**	1 075
TP Leeuw	**672**	756
BN Njobe	**79**	89
	2 371	2 608

Non-executive directors Fees for services as director	2022 R'000	2021 R'000
BAS Henderson	**432**	–
CL Smart	**362**	347
GJH Willis	**452**	482
	1 246	829

Fees for services rendered as non-executive directors by CL Smart and GJH Willis are paid as a management fee to Capitalworks Private Equity Advisor Proprietary Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

22. REMUNERATION PAID TO DIRECTORS CONTINUED

Non-executive directors Beneficial shareholding	2022	2021	2022	2021	2022	2021
	BAS Henderson		CL Smart		GJH Willis	
Number of indirect beneficial ordinary shares held	**16 815 824**	–	**4 117 654**	4 112 730	**353 012**	352 590
Value of indirect beneficial ordinary shares held (R'000)	**185 142**	–	**45 335**	50 998	**3 887**	4 372
Number of encumbered indirect beneficial shares[1]	**–**	–	**4 117 654**	4 112 730	**353 012**	352 590

[1] *The encumbered indirect beneficial ordinary shares serve as collateral for funding raised by Capitalworks RFG Partnership to acquire shares in RFG Holdings Limited.*

The above represents the aggregate shareholding of the directors as at 2 October 2022 and until the date of approval of the financial statements.

Other than as disclosed above, the shareholding of the directors is not subject to security, guarantee or any collateral.

No associate of the directors held any ordinary shares in the company at 2 October 2022 and until the date of the approval of the financial statements.

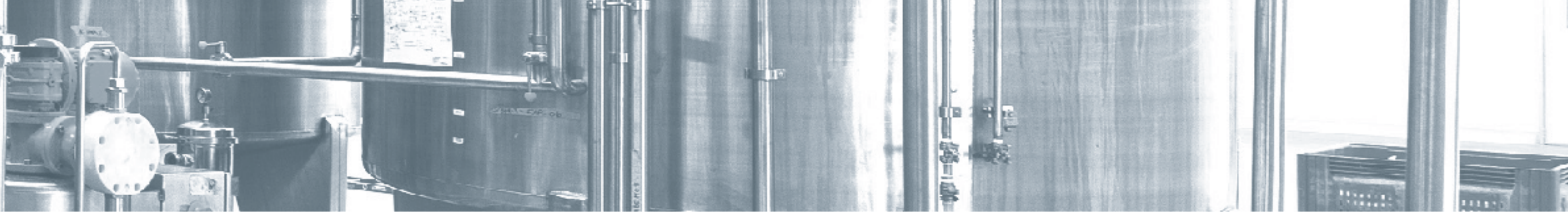
23. INTEREST EXPENSE

	2022 R'000	2021 R'000
Bank overdraft	**30 452**	20 130
Long-term loans	**45 473**	39 841
Lease liabilities	**11 170**	12 957
Other short-term loans	**2 119**	208
	89 214	73 136

24. TAXATION

24.1 TAXATION EXPENSE

	2022 R'000	2021 R'000
Taxation: South Africa		
Current taxation		
– current year	**141 155**	61 662
– prior year under provision	**–**	1 425
Deferred taxation		
– current year	**(28 341)**	13 997
– prior year under provision	**–**	2 143
Taxation: Eswatini		
Current taxation		
– current year	**1 164**	1 187
– prior year under provision	**–**	23
Deferred taxation		
– current year	**10 058**	2 771
– prior year under provision	**–**	92
	124 036	83 300
Deferred taxation recognised through other comprehensive income – remeasurement of defined benefit liability	**12**	16



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

24. TAXATION CONTINUED

24.2 TAX RATE RECONCILIATION

	2022 %	2021 %
Standard rate	**28.00**	28.00
Non-deductible expenses	**0.04**	0.48
Legal and professional fees	**0.03**	0.02
Acquisition costs	**0.01**	0.33
Expected credit loss on loans	**–**	0.13
Prior year overprovision	**–**	1.23
Other reconciling items	**(2.52)**	(1.91)
Learnership allowance	**(0.25)**	(0.97)
Tax rate differences	**(0.46)**	(0.74)
Tax rate differences due to statutory rate change	**(1.79)**	–
Other non-recurring reconciling items	**(0.02)**	(0.20)
Effective tax rate	**25.52**	27.79

25. HEADLINE EARNINGS PER SHARE

25.1 HEADLINE EARNINGS PER SHARE

	2022 R'000	2021 R'000
Reconciliation between profit attributable to owners of the parent and headline earnings:		
Profit attributable to owners of the parent	**360 684**	216 145
Adjustments to profit attributable to owners of the parent	**–**	13 838
Loss on disposal of property, plant and equipment	**790**	2 095
Impairment of property, plant and equipment	**1 348**	15 976
Insurance proceeds related to property, plant and equipment	**(2 138)**	–
Loss on disposal of asset held for sale	**–**	1 149
Taxation effect	**–**	(5 382)
Headline earnings	**360 684**	229 983
Headline earnings per share (cents)	**137.9**	87.9

25.2 DILUTED HEADLINE EARNINGS PER SHARE

	2022 R'000	2021 R'000
Headline earnings	**360 684**	229 983
Diluted headline earnings per share (cents)	**137.3**	87.3

25.3 WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE

	2022	2021
Weighted average number of shares in issue	**262 762 018**	262 762 018
Treasury shares	**(1 149 171)**	(1 125 000)
Weighted average number of shares in issue	**261 612 847**	261 637 018
Effect of share options	**1 141 990**	1 689 941
Weighted average number of dilutive shares in issue	**262 754 837**	263 326 959

26. COMMITMENTS FOR CAPITAL EXPENDITURE

The following capital expenditure commitments have been made by the Group:

	2022 R'000	2021 R'000
Approved but not yet contracted	**38 248**	37 315
Contracted for	**54 855**	57 447

Capital expenditure will be funded from existing cash resources and unutilised banking facilities.

27. CONTINGENT LIABILITIES

	2022 R'000	2021 R'000
Bank guarantees for import and operational activities	**15 111**	13 263
Suretyship for RFG Foods Proprietary Limited banking facilities with Nedbank Limited, issued by Pacmar Properties Proprietary Limited.	**44 000**	44 000
Suretyship for RFG Eswatini Proprietary Limited banking facility with Nedbank (Eswatini) Limited issued by RFG Foods Proprietary Limited	**75 000**	75 000
Cession of all amounts owing to RFG Foods Proprietary Limited by RFG Eswatini Proprietary Limited and Rhodes Foods Eswatini Proprietary Limited in favour of Nedbank Limited.	**Unlimited**	Unlimited
Suretyship including cession of loans receivable by Rhodes Foods Eswatini Proprietary Limited for RFG Eswatini Proprietary Limited banking facilities with Nedbank (Eswatini) Limited.	**Unlimited**	Unlimited

28. RETIREMENT BENEFITS

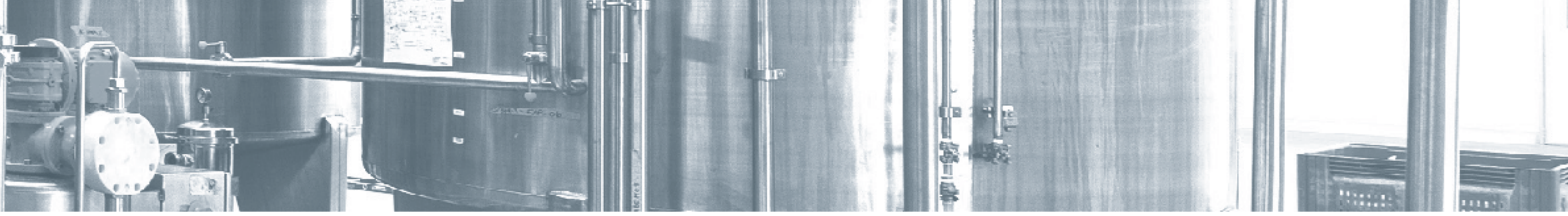
RFG Foods Proprietary Limited provides retirement benefits to its permanent employees through a defined contribution pension fund and defined contribution provident funds. The pension fund is administered by Alexander Forbes. The SACCAWU National Provident Fund is administered by Old Mutual, the RFG Proprietary Limited Provident Fund for weekly paid employees of our Dry Foods business is administered by Alexander Forbes and the RFG Proprietary Limited provident fund is administered by NBC Consultants. The retirement benefit plans are governed by the Pension Funds Act 1956 (Act 24 of 1956). All the funds are defined contribution plans; accordingly there is no requirement to have the funds actuarially valued.

RFG Eswatini Proprietary Limited provides retirement benefits to its permanent employees through a defined benefit provident fund. The Sibaya Provident Fund is administered by Swaziland Employee Benefit Consultants Proprietary Limited.

The total value of the contributions paid by the Group to the pension fund during the year was R39.272 million (2021: R38.248 million).

The total value of contributions paid by the Group to the provident funds during the year was R18.990 million (2021: R16.823 million).

The Group has 979 (2021: 1 096) employees who contribute to the pension fund, and 2 726 (2021: 2 849) employees who contribute to the provident funds.



29. FINANCIAL INSTRUMENTS

Financial instruments consist of loans, accounts receivable, bank balances and accounts payable and accruals resulting from normal business activities.

29.1 CAPITAL RISK MANAGEMENT

The capital structure of the Group consists of equity and net debt. Net debt consists of long-term loans, lease liabilities, bank overdrafts and cash and cash equivalents.

The Group manages its capital structure to ensure that it will be able to continue as a going concern. The Group's capital structure strategy has remained unchanged from the previous financial year.

The gearing ratio at the end of the year was as follows:

	2022 R'000	2021 R'000
Cash and cash equivalents	**(10 367)**	(3 386)
Bank overdraft	**231 141**	277 365
Long-term loans	**694 214**	636 114
Lease liabilities	**182 536**	173 570
Net debt	**1 097 524**	1 083 663
Total equity	**3 032 943**	2 752 552
Net debt to equity	**36.2%**	39.4%

The Group's debt package, including long-term loans and bank overdrafts, requires that the Group comply with the following financial covenants:

	2022	2021
Net debt : EBITDA	**< 2.85 : 1**	< 2.85 : 1
EBITDA : Senior interest	**> 4.00 : 1**	> 4.00 : 1

For the year under review and the prior year the Group did not breach any of the financial covenants.

29.2 FINANCIAL RISK MANAGEMENT OBJECTIVE

The Group seeks to minimise the effects of fair value interest rate risk and price risk through active and prudent management processes. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

29.3 FOREIGN CURRENCY RISK

The Group has transactional currency exposure arising from the purchase and sale of goods that are denominated in foreign currencies. The currencies in which the Group primarily deal are US Dollars, Great British Pounds, Euros, Canadian Dollars and Australian Dollars. The settlement of these transactions takes place within a normal business cycle. The risk of fluctuations in foreign currencies is economically partially hedged by a natural hedge. Purchase transactions that create foreign currency exposure form part of the natural hedge.

Details of uncovered foreign currency denominated amounts are included in note 33.

29.4 CREDIT RISK MANAGEMENT

Potential concentrations of credit risk consist principally of trade receivables and loans receivable.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. New customers are subjected to a credit application process where the creditworthiness of the customer is evaluated and appropriate credit limits are set to limit credit risk. All changes to credit limits are reviewed and authorised by management. Allowances for expected credit losses are raised based on the customer's cash status, long-outstanding debts and customers in liquidation, and are assessed by the directors on an ongoing basis. Refer to note 13 for further detail on credit risk relating to trade receivables.

Short-term cash investments are placed with banks with a high credit rating. Loans receivable are monitored and provision is made, where necessary, for any irrecoverable amounts. At the reporting date the directors deemed there not to be any significant credit risk, not provided for.

29.5 LIQUIDITY AND INTEREST RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

29. FINANCIAL INSTRUMENTS CONTINUED

29.5 LIQUIDITY AND INTEREST RISK MANAGEMENT CONTINUED

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate assets and liabilities, the analysis is prepared assuming the amount of asset or liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year would decrease or increase by R9.150 million (2021: R9.100 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

29.6 LIQUIDITY AND INTEREST RISK TABLES

The Group's undiscounted cashflow exposure to interest rate risk and the effective rates on the financial instruments at the reporting date are as follows:

	Interest rate %	Year 1 R'000	Year 2 to 5 R'000	Over 5 years R'000	Total R'000
2022					
Assets					
Accounts receivable	Interest-free	**1 156 704**	**–**	**–**	**1 156 704**
Loans receivable	Variable	**11 947**	**5 382**	**3 974**	**21 303**
Loans receivable	6%	**23**	**63**	**–**	**86**
Bank balances and cash on hand	Variable	**10 367**	**–**	**–**	**10 367**
		1 179 041	**5 445**	**3 974**	**1 188 460**
Liabilities					
Accounts payable	Interest-free	**872 925**	**–**	**–**	**872 925**
Mortgage and term loans	Variable	**261 212**	**522 342**	**–**	**783 554**
Lease liabilities	Variable	**55 607**	**143 992**	**14 416**	**214 015**
Bank overdraft	Variable	**231 141**	**–**	**–**	**231 141**
		1 420 885	**666 334**	**14 416**	**2 101 635**
2021					
Assets					
Accounts receivable	Interest-free	1 086 516	–	–	1 086 516
Loans receivable	Variable	8 038	11 651	740	20 429
Loans receivable	6%	49	92	–	141
Bank balances and cash on hand	Variable	3 386	–	–	3 386
		1 097 989	11 743	740	1 110 472
Liabilities					
Accounts payable	Interest-free	874 123	–	–	874 123
Mortgage and term loans	Variable	146 132	645 165	–	791 297
Lease liabilities	Variable	42 732	164 644	18 266	210 642
Bank overdraft	Variable	277 365	–	–	277 365
		1 343 352	791 809	18 266	2 153 427

Repayments of financial liabilities will be made using a combination of operating cash flows and available working capital facilities as disclosed in note 30.3.

29.7 FAIR VALUE OF FINANCIAL INSTRUMENTS

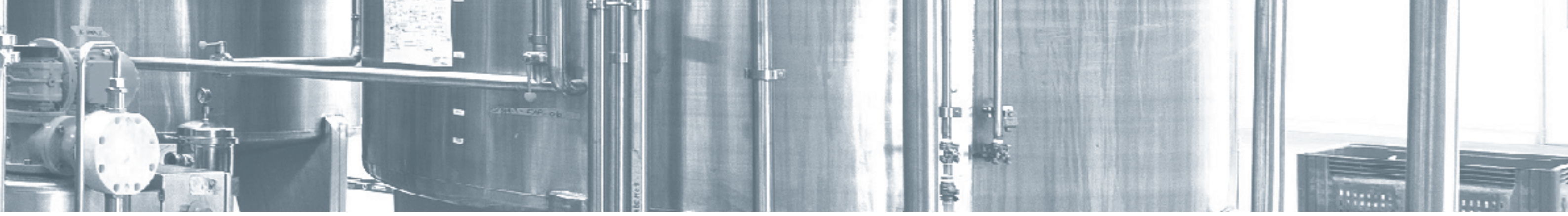
The carrying amounts of the financial assets and liabilities reported in the statement of financial position approximate fair values at the reporting date, except where noted otherwise in the notes.

29.8 BIOLOGICAL ASSETS FINANCIAL RISK MANAGEMENT

The Group does not hedge their exposure to changes in fair value of biological assets.

29.9 ANALYSIS PER CATEGORY OF FINANCIAL INSTRUMENTS

The financial instruments included in the liquidity and interest risk tables are categorised as "subsequently measured at amortised cost".



30. STATEMENT OF CASH FLOWS

30.1 CASH GENERATED FROM OPERATIONS

	2022 R'000	2021 R'000
Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	**485 959**	299 777
Adjusted for:		
Depreciation	**189 551**	181 834
Depreciation on right-of-use assets	**41 608**	45 334
Amortisation	**12 670**	12 611
Net interest paid	**88 465**	72 964
Adjustment to intangible assets	**–**	(10 650)
Loss on disposal of property, plant and equipment	**790**	2 095
Loss on disposal of assets held for sale	**–**	1 149
IFRS 16 lease cancellation gain	**(869)**	(50)
Foreign exchange loss on foreign currency denominated lease liabilities	**11 041**	–
Impairment of property, plant and equipment	**1 348**	15 976
Net profit of associate	**(1 323)**	(462)
Share-based payment expense recognised	**7 694**	5 906
Allowance for credit losses on loans	**1 169**	1 345
Net movement in biological assets[1]	**6 391**	(3 976)
Operating cash flows before working capital changes	**844 494**	623 853
Working capital changes	**(171 798)**	(112 498)
Increase in inventory	**(144 558)**	(134 478)
Increase in accounts receivable	**(62 723)**	(107 774)
Increase in accounts payable and accruals	**1 330**	144 964
Increase/(Decrease) in employee benefit liability accruals	**34 153**	(11 887)
Movement in foreign exchange contract liability	**–**	(3 323)
Cash generated from operations	**672 696**	511 355

[1] *Refer to note 10 for a breakdown of the net movement in biological assets.*

30.2 TAXATION PAID

	2022 R'000	2021 R'000
Net amount outstanding at the beginning of the year	**32 048**	58 279
Current taxation charged per the statement of profit or loss	**142 330**	64 297
Net amount outstanding at the end of the year	**(18 827)**	(32 060)
Net amount receivable at the end of the year	**26**	12
Taxation paid	**155 577**	90 528

30.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following amounts recorded in the statement of financial position:

	2022 R'000	2021 R'000
Bank balances and cash on hand at the end of the year	**10 367**	3 386

The Group's unutilised working capital facilities amount to R773.859 million (2021: R704.372 million). The SA prime interest rate less 1.50% is applicable to R750 million of the facility and Eswatini prime interest rate to the remainder.

The bank where the majority of the Group's banking is done has a Moody's credit rating of Ba2 (2021: Ba1).

30.4 BANK OVERDRAFT

	2022 R'000	2021 R'000
Opening balance	**277 365**	178 874
Net capital (repayments)/advances	**(46 224)**	98 491
Closing balance	**231 141**	277 365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

31. RELATED PARTY TRANSACTIONS

The Group, in the ordinary course of business, enters into various transactions with related parties.

2022 and 2021
Ma Baker Xpress Proprietary Limited is a related party as the Group holds 49.17% of its issued share capital.

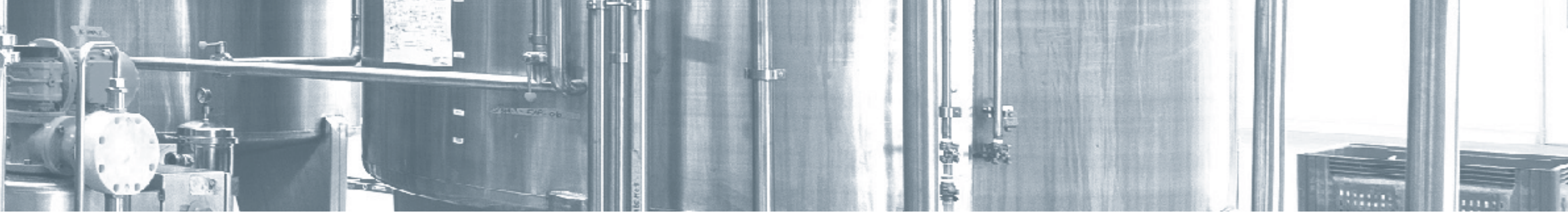
Peaty Mills Plc is a related party as C Peaty, a director of Peaty Mills Plc, is also a director of a material subsidiary.

Capitalworks Private Equity Advisor Proprietary Limited is a related party as it is the advisor to Capitalworks Rhodes Food Investment Partnership and RFG Holdings GP Partnership, both of whom are shareholders in the company.

During the year the Group entered into the following transactions with the related parties:

	2022 R'000	2021 R'000
Shareholder		
Expenses		
Capitalworks Private Equity Advisor Proprietary Limited		
Management fee in lieu of director's fees	**814**	829
Associate		
Income		
Ma Baker Xpress Proprietary Limited		
Rental income	**–**	67
Sale of finished goods	**–**	2 657
Other related party		
Income		
Peaty Mills PLC		
Sale of finished goods	**372 721**	229 742
At the reporting date the following amounts were receivable from other related parties		
Included in trade receivables		
Peaty Mills PLC	**69 379**	67 969
The amounts will be settled in cash. No provision was made for an estimated credit loss for any amounts owing by related parties during the year.		
Compensation of key management		
Executive management		
Short-term employee benefits	**27 325**	28 432
Share-based payment expense	**3 151**	2 590
	30 476	31 022

The executive directors of the Group and the executive management of the subsidiaries are considered key management. Refer to note 22 for detail of executive directors' remuneration.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

32. SUBSIDIARIES

Details of material subsidiaries are listed below.

32.1 DIRECT SUBSIDIARIES

32.1.1 **RFG Foods Proprietary Limited**

	2022	2021
Incorporated in South Africa (manufactures and markets convenience foods)		
Issued ordinary shares	**100 000**	100 000
Percentage holding	**100%**	100%

	R'000	R'000
The Group's interest in share capital	**132 000**	132 000
Loan to subsidiary	**886 417**	962 137
Subsidiary's net profit for the year	**322 061**	289 445

32.2 INDIRECT SUBSIDIARIES

32.2.1 **RFG Eswatini Proprietary Limited**

	2022	2021
Incorporated in Eswatini (manufactures and markets processed foods)		
Issued ordinary shares	**12 677 377**	12 677 377
Percentage holding	**95.3%**	95.3%

	R'000	R'000
The Group's interest in share capital	**49 721**	49 721
Subsidiary's net profit for the year	**26 372**	7 062

32.2.2 **Rhodes Foods Eswatini Proprietary Limited**

	2022	2021
Incorporated in Eswatini (manufactures and markets jam)		
Issued ordinary shares	**1 000**	1 000
Percentage holding	**100%**	100%

	R'000	R'000
The Group's interest in share capital	**25 000**	25 000
Subsidiary's net profit for the year	**10 177**	10 768

32.2.3 **Pakco Proprietary Limited**

	2022	2021
Incorporated in South Africa (manufactures and markets dry foods)		
Issued ordinary shares	**2 000**	2 000
Percentage holding	**100%**	100%

	R'000	R'000
The Group's interest in share capital	**1 635**	1 635
Subsidiary's net profit for the year	**3 929**	5 433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

32. SUBSIDIARIES CONTINUED

32.2 INDIRECT SUBSIDIARIES CONTINUED

32.2.4 Tradecor SA Proprietary Limited

	2022	2021
Incorporated in South-Africa (the main business of the company is acting as minority shareholder in Ma Baker Xpress Proprietary Limited.		
Issued ordinary shares	**100**	100
Percentage holding	**100%**	100%
The Group's interest in share capital	**R1**	R1

	R'000	R'000
Subsidiary's net profit for the year	**1 323**	462

32.2.5 Pacmar Properties Proprietary Limited

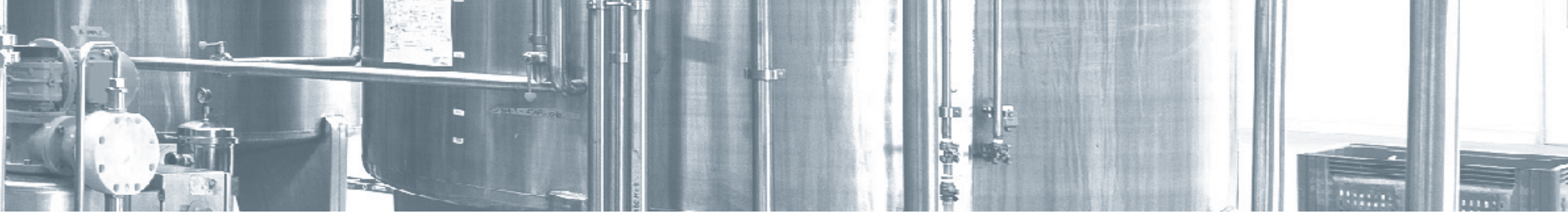
	2022	2021
Incorporated in South-Africa (the main business of the company is leasing of the property held by the company)		
Issued ordinary shares	**515**	515
Percentage holding	**100%**	100%

	R'000	R'000
The Group's interest in share capital	**24 079**	24 079
Subsidiary's net profit for the year	**7 412**	7 602

33. FOREIGN CURRENCY EXPOSURE

The following unhedged and uncovered foreign currency denominated liabilities, included in accounts payable, were in existence at the reporting date.

Foreign currency	Foreign currency amount '000	Exchange rate	Rand amount R'000
2022			
USD	**716**	**17.98**	**12 870**
EUR	**123**	**17.62**	**2 164**
			15 034
2021			
USD	1 440	14.95	21 524
GBP	6	20.43	123
EUR	171	17.52	2 987
			24 634



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

33. FOREIGN CURRENCY EXPOSURE CONTINUED

The following unhedged and uncovered foreign currency denominated assets, included in accounts receivable, were in existence at the reporting date.

Foreign currency	Foreign currency amount '000	Exchange rate	Rand amount R'000
2022			
USD	**15 106**	**17.98**	**271 610**
GBP	**1 665**	**20.07**	**33 411**
EUR	**2 393**	**17.62**	**42 169**
AUD	**1 121**	**11.57**	**12 973**
CAD	**3 085**	**13.09**	**40 376**
			400 539
2021			
USD	13 657	14.95	204 173
GBP	2 207	20.43	45 091
EUR	1 033	17.52	18 091
AUD	1 302	10.85	14 130
CAD	715	11.81	8 446
			289 931

The following unhedged and uncovered foreign currency denominated cash and cash equivalents and (bank overdrafts) were in existence at the reporting date.

Foreign currency	Foreign currency amount '000	Exchange rate	Rand amount R'000
2022			
USD	**(315)**	**17.98**	**(5 662)**
GBP	**(19)**	**20.07**	**(387)**
EUR	**(26)**	**17.62**	**(450)**
AUD	**(51)**	**11.57**	**(595)**
CAD	**(263)**	**13.09**	**(3 446)**
			(10 540)
2021			
USD	(182)	14.95	(2 718)
GBP	(36)	20.43	(732)
EUR	165	17.52	2 891
AUD	124	10.85	1 346
CAD	(40)	11.81	(476)
			311

The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 10% change in foreign currency exchange rates. A negative number below indicates a decrease in profit before taxation where the Rand strengthens 10% against the relevant currencies.

	2022 R'000	2021 R'000
USD	**25 308**	17 993
GBP	**3 302**	4 424
EUR	**3 956**	1 799
AUD	**1 238**	1 548
CAD	**3 693**	797
	37 497	26 561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

34. DIVIDENDS

On 24 January 2022, a dividend of 29.1 cents (2021: 28.8 cents) per share was paid amounting to a total dividend of R76.1 million (2021: R75.4 million).

35. ACQUISITION OF BUSINESS

On 1 February 2022 the Group acquired the frozen foods business of Pioneer Foods Wellington Proprietary Limited for R53.7 million. The business services South Africa's top end retail market with well-known brands Today, Mama's and Big Jack.

The pie category should benefit from improved operating leverage following the consolidation of the Today pie business into the Group's existing plants.

	2022 R'000
Assets and liabilities acquired	
Property, plant and equipment	**11 500**
Inventory	**43 337**
Employee liabilities	**(1 111)**
Purchase price – settled in cash	**53 726**

From the date of acquisition, the business contributed R147.2 million to Group revenue and an operating loss of R7.7 million to the profit before income tax of the Group. The operating loss includes once off costs of R25.7 million since the date of acquisition.

36. GOING CONCERN

The directors believe that the Group has adequate financial resources available within the Group to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on the going concern basis.

37. EVENTS SUBSEQUENT TO REPORTING DATE

The board of directors is not aware of any matter or circumstance of a material nature arising since the end of the year ended 2 October 2022, otherwise not dealt with in the condensed consolidated financial statements, which significantly affects the financial position of the Group or the results of its operations.

38. FINANCIAL YEAR-END

The Group's financial year ends on or about 30 September and as a result the reporting date will differ year on year. The current financial year includes an extra trading week and as a result the annual financial statements were prepared for the 53 week year ended 2 October 2022 (2021: 52 week year ended 26 September 2021).

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