RFG

2021

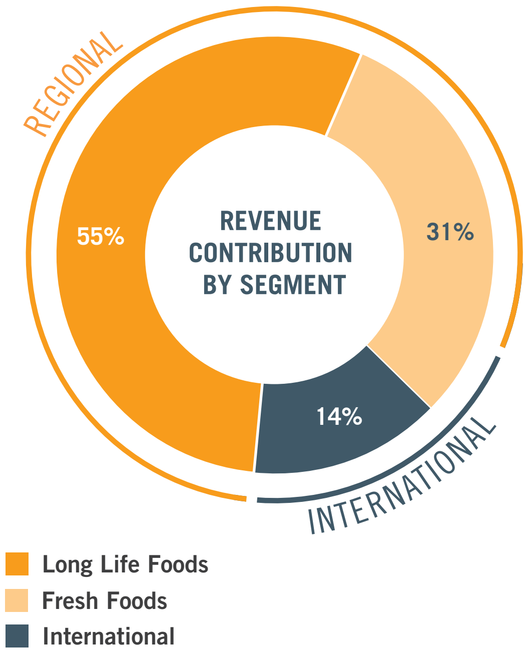
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

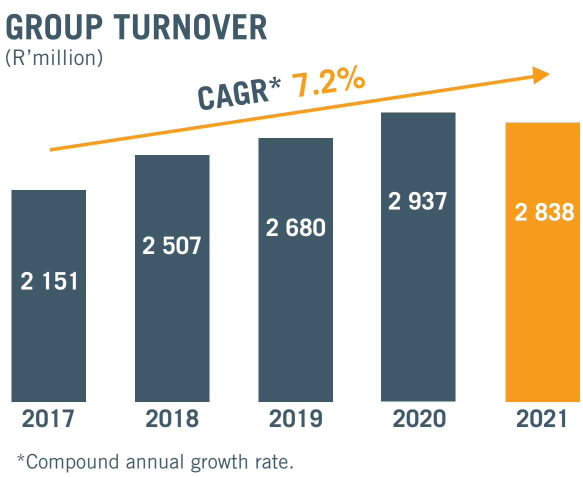
For the six months ended 28 March

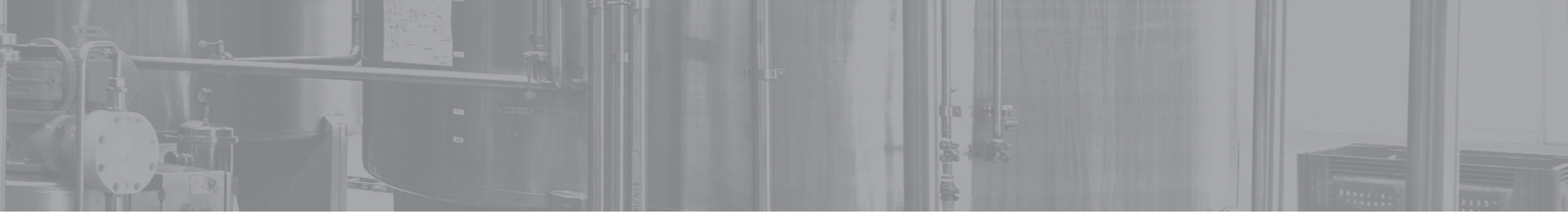
KEY FEATURES

Group turnover -3.4%	**Operating profit** +14.9%	**Operating profit margin** +100 basis points **to** 6.5%
Adjusted operating profit margin* +210 basis points **to** 7.6%	**EBITDA** +12.1%	**EBITDA margin expanded from** 9.3% **to** 10.8%
Diluted headline earnings per share +46.3%	**Cash generated from operations** +29.1%	**Net debt: equity ratio improved from** 55.0% **to** 47.5%

** Excluding once-off restructuring and impairment costs in the reporting period.*







COMMENTARY

PROFILE

RFG is a leading producer of fresh, frozen and long life convenience meal solutions for customers and consumers across South Africa, sub-Saharan Africa and in major global markets. The portfolio of market leading brands, which includes Rhodes, Bull Brand, Magpie, Squish, Bisto, Hinds and Pakco, is complemented by private label product ranges packed for all major South African retailers and international customers.

TRADING AND FINANCIAL PERFORMANCE

The Group reported a resilient operational performance in the Covid-19 impacted trading environment in the six months to March 2021. The results benefited from net foreign exchange gains of R19.6 million (2020: net losses of R47.6 million) as well as lower interest payments. This was moderated by lower sales and once-off costs related to the centralisation of the Group's pies and pastries business and related property impairments.

Group turnover declined by 3.4% to R2.8 billion owing to the impact of the Covid-19 restrictions on two of the Group's largest product categories of fruit juice and pies, the base effect of the exceptionally strong regional sales performance ahead of the national lockdown in March 2020 and slower international volumes owing to shipping and logistical challenges.

Turnover in the regional segment (South Africa and the rest of Africa) was 1.7% lower, reflecting the impact of the additional Covid-19 restrictions imposed during the second wave of the pandemic over the festive season.

- After increasing by 3.2% for the first five months of the reporting period, long life foods turnover reduced by 0.5% for the six months as volumes declined by 8.7%. The slowdown was due to sales for March 2021 declining by 13.4% over March 2020 when sales were driven by strong customer demand and panic buying ahead of the national lockdown.

  Dry foods performed well following the successful relaunch of the Hinds spices range. This growth was offset by the slowdown in fruit juice sales owing to restrictions on entertainment and leisure activities during the summer holidays season as well as the delayed start of the school year in 2021.

  Long life foods sales into the rest of Africa grew by a strong 11.1%, driven mainly by the dry foods and canned meat categories.
- Fresh foods sales declined by 3.6%, with price inflation of 2.2% and volume decline of 5.7%. The pie and bakery categories were adversely impacted by the reduced travel over the festive season which resulted in a slowdown in convenience and forecourt traffic.

International turnover was 12.6% lower. Export volumes declined by 20.7% due to global logistical challenges and particularly congestion at the Cape Town harbour which had a significantly adverse impact on exports in March. However, customer demand remains strong and management is confident that volumes will recover in the second half despite the ongoing port congestion.

Net foreign exchange gains of R19.6 million were recorded for the first half of 2021 compared to net foreign exchange losses of R47.6 million in the first half of 2020. The Group incurred once-off retrenchment and closure costs of R14.9 million and an impairment of properties of R16.8 million relating to the consolidation of the KwaZulu-Natal (KZN) pies and pastries operation (formerly Ma Baker) into the Group's Gauteng pie and bakery facilities.

Excluding these once-off costs and foreign exchange movements, other operating costs for the half year reduced by 2.7% due mainly to lower travel during the pandemic and savings realised from the restructuring of the pie operations.

The Group's operating profit increased by 14.9% to R184.6 million and the operating profit margin improved from 5.5% to 6.5%. The regional operating profit margin, excluding the once-off and impairment costs, increased to 8.9% (2020: 8.3%). After reporting a loss of R44 million for the first half of 2020, the international segment recovered to break even for the reporting period.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 12.1% to R307 million, while the EBITDA margin was higher at 10.8% (H1 2020: 9.3%).

Net interest paid reduced by R18.8 million to R35.1 million owing to the 300 basis points reduction in the repo rate of the SA Reserve Bank relative to the prior period and the Group's lower debt levels.

Profit after tax increased by 36.4% to R106.1 million. Headline earnings rose by 46.4% to R119.4 million, with diluted headline earnings per share increasing by 46.3% to 45.5 cents.

The net working capital to turnover ratio increased to 55.0% from 53.7% owing mainly to the lower turnover in the current year.

Cash generated from operations increased by 29.1% to R177.9 million. Capital expenditure for the six months increased by R51 million to R138 million. Capital projects include the installation of an additional fruit juice line and the upgrade of the bakery facility in Gauteng for the integration of the pies and pastries volumes following the closure of the KZN operations.

Net debt of R1 255 million, including lease liabilities, reduced by R101 million and the net debt to equity ratio improved from 55.0% to 47.5%.

COMMENTARY CONTINUED

OUTLOOK

While the consumer spending environment is expected to remain constrained in the short to medium term, the lifting of lockdown restrictions from 1 March 2021 and the normalisation of school attendance has contributed to a steady recovery in fruit juice and pie sales into the second half of the year. The Group expects to increase brand share and maintain the growth momentum in the dry foods category.

However, the rising Covid-19 infection rate in the country, together with the slow pace of the vaccination roll-out programme, increases the potential for a third wave of infections in the weeks and months ahead. This heightens the risk of the country reverting to lockdown regulations which could adversely impact the group's sales and profitability.

Following the completion of the restructuring and centralisation of the pie operations the Group expects to realise annual savings of R26 million, with savings of R13 million anticipated for the second half of the 2021 financial year. The sale of the KZN properties is expected to realise approximately R25 million cash in the second half.

The strong growth in sales into the rest of Africa is expected to be maintained into the second half.

Management is focused on growing brand shares and expanding margins towards the 10% regional margin target.

Demand for the Group's canned fruit products remains strong across all of its international markets and volumes are expected to recover as the shipping backlog reduces. The volume of product canned in the recently completed deciduous fruit season was higher than 2020.

The international performance will be negatively impacted if the Rand continues to trade at current levels relative to the average US Dollar/Rand exchange rate of R17.33 for the second half of the 2020 financial year. This will be partially offset by the increased natural hedge within the Group where the pricing of key packaging materials is directly linked to currency movements.

Management does not expect any significant reduction in interest payments in the second half in the current stable interest rate environment.

Capital expenditure of R250 million is planned for the full financial year, including the completion of the additional fruit juice line and the bakery upgrade as well as building of a new warehouse at the fruit juice facility in Wellington.

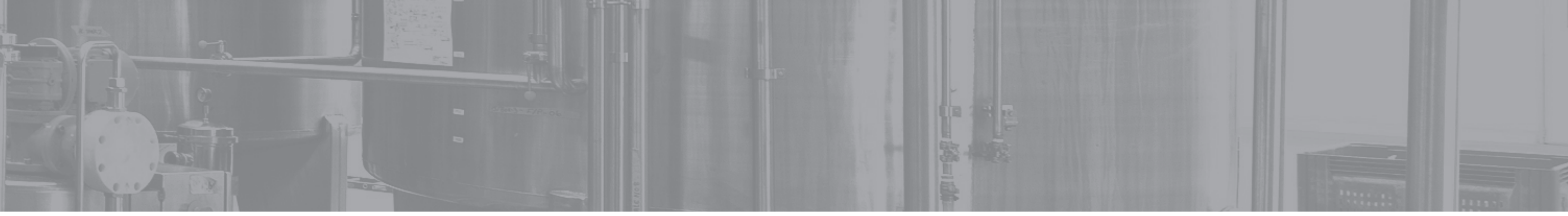
Management continues to evaluate opportunities for strategic, bolt-on acquisitions which are aligned to the Group's core product categories.

Any reference to future performance included in this announcement has not been reviewed or reported on by the Group's independent auditor.

Bruce Henderson
Chief Executive Officer

Tiaan Schoombie
Chief Financial Officer

Groot Drakenstein
14 May 2021



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

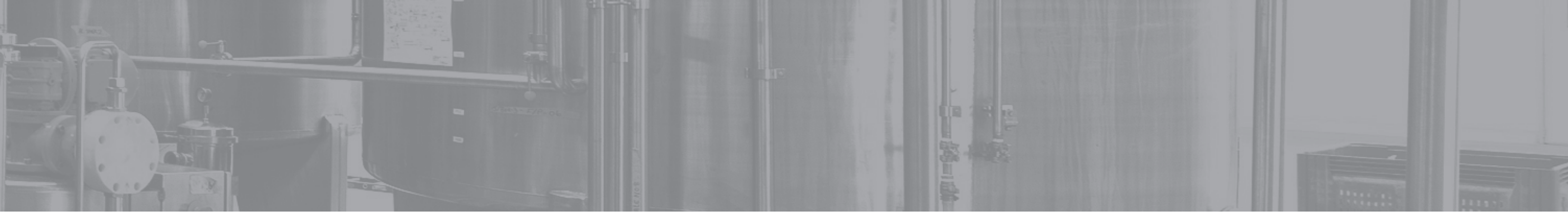
as at 28 March 2021

	Notes	Reviewed Six-month period ended 28 March 2021 R'000	Reviewed Six-month period ended 29 March 2020 R'000	Audited year ended 27 September 2020 R'000
ASSETS				
Non-current assets		**2 613 056**	2 594 542	2 618 323
Property, plant and equipment	3	**1 781 344**	1 817 232	1 771 694
Right-of-use assets	4	**162 673**	81 853	169 456
Intangible assets		**197 441**	210 047	203 744
Goodwill		**444 857**	444 857	444 857
Investment in associate		**5 745**	5 680	5 599
Biological assets		**11 201**	13 461	12 169
Deferred taxation asset		**552**	11 134	385
Loans receivable		**9 243**	10 278	10 419
Current assets		**2 668 832**	2 653 829	2 269 190
Inventory	5	**1 585 286**	1 405 128	1 221 586
Accounts receivable		**1 009 191**	1 201 879	1 001 387
Biological assets		**42 511**	29 629	32 758
Loans receivable		**5 694**	5 838	7 064
Taxation receivable		**83**	10	18
Foreign exchange contract asset	6	**4 370**	–	–
Bank balances and cash on hand		**21 697**	11 345	6 377
Assets classified as held for sale	7	**25 212**	–	10 148
Total assets		**5 307 100**	5 248 371	4 897 661
EQUITY AND LIABILITIES				
Capital and reserves		**2 642 854**	2 467 146	2 610 840
Share capital		**1 562 509**	1 562 509	1 562 509
Equity-settled employee benefits reserve		**16 236**	13 768	15 425
Accumulated profit		**1 056 233**	883 696	1 024 730
Equity attributable to owners of the company		**2 634 978**	2 459 973	2 602 664
Non-controlling interest		**7 876**	7 173	8 176
Non-current liabilities		**915 731**	1 017 902	972 528
Long-term loans		**518 659**	679 735	558 513
Long-term lease liabilities		**134 028**	80 858	155 162
Deferred taxation liability		**250 865**	242 700	247 285
Employee benefit liability		**12 179**	14 609	11 568
Current liabilities		**1 748 515**	1 763 323	1 312 001
Accounts payable and accruals		**1 034 408**	1 030 407	760 481
Employee benefits accrual		**48 392**	35 358	73 637
Taxation payable		**42 053**	36 190	58 297
Current portion of long-term loans		**162 235**	185 935	195 067
Current portion of lease liabilities		**35 567**	25 764	42 322
Foreign exchange contract liability	6	**–**	54 626	3 323
Bank overdraft		**425 860**	395 043	178 874
Liabilities directly associated with assets classified as held for sale	7	**–**	–	2 292
Total equity and liabilities		**5 307 100**	5 248 371	4 897 661

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six-month period ended 28 March 2021

	Notes	Reviewed Six-month period ended 28 March 2021 R'000	Reviewed Six-month period ended 29 March 2020 Restated R'000	Audited year ended 27 September 2020 R'000
Revenue	11	**2 837 612**	2 937 157	5 864 452
Direct manufacturing costs	5.2	**(1 868 627)**	(1 920 340)	(3 839 529)
Manufacturing operating costs	5.2	**(319 375)**	(332 301)	(627 693)
Selling and distribution costs		**(194 071)**	(208 448)	(420 751)
Other operating costs	13.1	**(279 462)**	(322 927)	(597 721)
Other income		**8 408**	7 564	13 200
Operating profit before associate profit		**184 484**	160 705	391 958
Associate profit		**143**	–	27
Profit before interest and taxation		**184 627**	160 705	391 985
Interest paid		**(35 213)**	(54 398)	(95 808)
Interest received		**102**	444	598
Profit before taxation		**149 516**	106 751	296 775
Taxation		**(43 409)**	(28 988)	(80 626)
Profit for the period		**106 107**	77 763	216 149
Profit attributable to:				
Owners of the company		**106 407**	78 948	216 331
Non-controlling interest		**(300)**	(1 185)	(182)
		106 107	77 763	216 149
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss		**–**	–	2 855
Remeasurement of employee benefit liability		**–**	–	3 938
Deferred taxation effect		**–**	–	(1 083)
Total comprehensive income for the period		**106 107**	77 763	219 004
Total comprehensive income attributable to:				
Owners of the company		**106 407**	78 948	219 186
Non-controlling interest		**(300)**	(1 185)	(182)
		106 107	77 763	219 004
Earnings per share (cents)		**40.7**	30.2	82.7
Diluted earnings per share (cents)		**40.5**	30.1	82.5



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

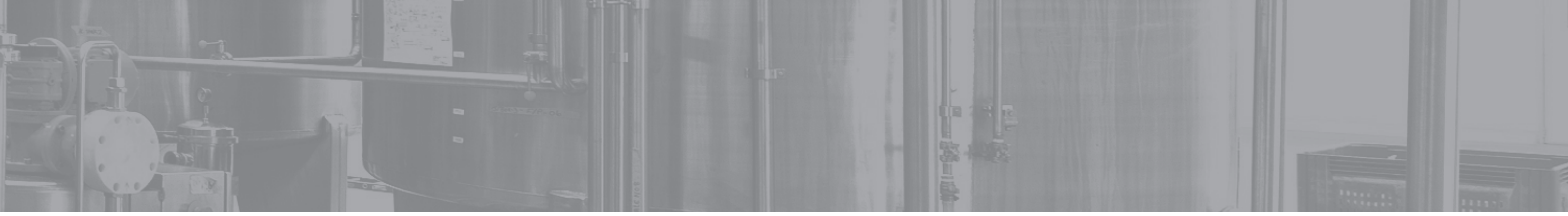
for the six-month period ended 28 March 2021

	Note	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 29 September 2019 – audited		1 562 509	13 747	892 969	8 358	2 477 583
IFRS 16 transition adjustment to retained earnings at beginning of year		–	–	(17 937)	–	(17 937)
Total comprehensive income for the period		–	–	78 948	(1 185)	77 763
Equity-settled employee benefits expense recognised		–	4 892	–	–	4 892
Share-based payment settlement		–	(4 871)	2 712	–	(2 159)
Dividend paid		–	–	(72 996)	–	(72 996)
Balance at 29 March 2020 – reviewed		1 562 509	13 768	883 696	7 173	2 467 146
Total comprehensive income for the period		–	–	140 238	1 003	141 241
Adjustment from the adoption of IFRS 16		–	–	714	–	714
Equity-settled employee benefits expense recognised		–	1 897	82	–	1 979
Share-based payment settlement		–	(240)	–	–	(240)
Balance at 27 September 2020 – audited		1 562 509	15 425	1 024 730	8 176	2 610 840
Total comprehensive income for the period		–	–	106 407	(300)	106 107
Equity-settled employee benefits expense recognised		–	6 154	–	–	6 154
Share-based payment settlement		–	(5 343)	447	–	(4 896)
Dividend paid	12	–	–	(75 351)	–	(75 351)
Balance at 29 March 2021 – reviewed		**1 562 509**	**16 236**	**1 056 233**	**7 876**	**2 642 854**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six-month period ended 28 March 2021

	Notes	Reviewed Six-month period ended 28 March 2021 R'000	Reviewed Six-month period ended 29 March 2020 Restated R'000	Audited year ended 27 September 2020 Restated R'000
Cash flows from operating activities				
Cash generated from operations		**177 933**	137 800	601 978
Interest paid		**(34 931)**	(53 765)	(95 750)
Interest received		**5**	444	598
Taxation (paid)/refunded		**(57 176)**	3 904	(9 575)
Net cash inflow from operating activities		**85 831**	88 383	497 251
Cash flows from investing activities				
Purchase of property, plant and equipment		**(138 268)**	(87 175)	(159 604)
Proceeds on disposal of property, plant and equipment		**1 836**	4 766	7 297
Proceeds on disposal of asset classified as held for sale		**1 415**	–	–
Loans receivable advanced		**–**	(4 641)	(4 855)
Loans receivable repaid		**2 546**	1 852	713
Treasury shares dividend received		**–**	314	–
Net cash outflow from investing activities		**(132 471)**	(84 884)	(156 449)
Cash flows from financing activities				
Share-based payment settlement		**(4 896)**	(2 159)	(2 310)
Dividends paid	12	**(75 351)**	(73 310)	(73 003)
Long-term loans repaid		**(72 589)**	(121 830)	(233 920)
Lease liability payments		**(32 190)**	(13 255)	(27 423)
Movement in bank overdraft	13.2	**246 986**	211 339	(4 830)
Net cash inflow/(outflow) from financing activities		**61 960**	785	(341 486)
Net increase/(decrease) in cash and cash equivalents		**15 320**	4 284	(684)
Cash and cash equivalents at beginning of the period		**6 377**	7 061	7 061
Cash and cash equivalents at end of the period		**21 697**	11 345	6 377



CONDENSED CONSOLIDATED SEGMENTAL REPORT

for the six-month period ended 28 March 2021

PRODUCTS AND SERVICES FROM WHICH REPORTABLE SEGMENTS DERIVE THEIR REVENUES

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 REVENUES AND RESULTS

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

	Reviewed Six-month period ended 28 March 2021 R'000	Reviewed Six-month period ended 29 March 2020 R'000	Audited Year ended 27 September 2020 R'000
		Segment revenue	
Regional			
Fresh products sales	**887 656**	920 598	1 708 600
Long life products sales	**1 545 742**	1 553 860	2 914 824
	2 433 399	2 474 458	4 623 424
International			
Long life products sales	**404 213**	462 699	1 241 028
Total	**2 837 612**	2 937 157	5 864 452
		Segment profit	
Regional	**201 287**	204 663	365 186
International	**120**	(43 958)	36 602
Total	**201 407**	160 705	401 788
Impairment loss	**(16 780)**	–	(9 803)
Interest received	**102**	444	598
Interest paid	**(35 213)**	(54 398)	(95 808)
Profit before taxation	**149 516**	106 751	296 775
		Segment depreciation	
Regional	**87 492**	74 196	169 869
International	**28 301**	18 616	49 712
Total	**115 793**	92 812	219 581
		Segment amortisation	
Regional	**6 186**	6 990	13 272
International	**116**	118	139
Total	**6 303**	7 108	13 411
		Share of profit of associate	
Regional	**143**	108	27
International	**–**	–	–
Total	**143**	108	27

CONDENSED CONSOLIDATED SEGMENTAL REPORT CONTINUED

for the six-month period ended 28 March 2021

Segment revenue reported above represents revenue generated from external customers. Intercompany sales in the regional long life segment amounted to R188.339 million (six months ended 29 March 2020: R210.092 million, year ended 27 September 2020: R432.940 million).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit represents the profit before tax earned by each segment without allocation of impairment losses, 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.

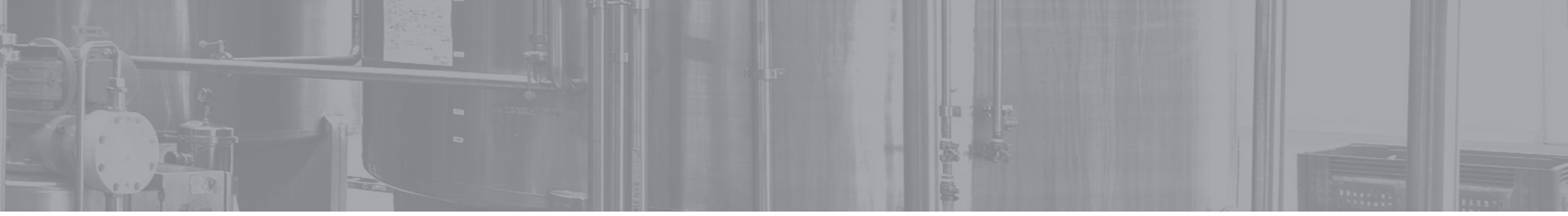
GEOGRAPHICAL INFORMATION

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

	Reviewed Six-month period ended 28 March 2021 R'000	Reviewed Six-month period ended 29 March 2020 R'000	Audited Year ended 27 September 2020 R'000
		Non-current assets	
South Africa	**1 974 929**	1 979 232	1 968 569
Eswatini	**192 718**	159 319	204 512
	2 167 647	2 138 551	2 173 081
		Revenue	
South Africa	**2 771 252**	2 858 372	5 651 071
Eswatini	**66 360**	78 785	213 381
	2 837 612	2 937 157	5 864 452

INFORMATION REGARDING MAJOR CUSTOMERS

Two customers (six months ended 29 March 2020: two, year ended 27 September 2020: two) individually contributed 10% or more of the Group's revenues arising from both regional and international sources.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six-month period ended 28 March 2021

1. BASIS OF PREPARATION

RFG Holdings Limited is a company domiciled in the Republic of South Africa. These condensed consolidated financial statements as at and for the six-month period ended 28 March 2021 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 fresh and frozen ready meals, pastry-based products, dairy products, juice and juice products, 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 for the Group during the periods ended 28 March 2021 and 29 March 2020.

The condensed consolidated financial statements are prepared in accordance with and contain the information required by IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listing Requirements.

The accounting policies and methods of computation applied in the preparation of the condensed consolidated financial statements are consistent with those applied in the audited consolidated financial statements for the year ended 27 September 2020.

These condensed consolidated financial statements were prepared under the supervision of CC Schoombie CA(SA), Chief Financial Officer.

2. SEASONALITY OF OPERATIONS

The Group's performance is subject to seasonal trends based on the seasonality of fruit crops which are processed annually from November to April and June to August. Due to the seasonal nature of fruit production, working capital is actively managed over an annual cycle.

3. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 28 March 2021 the following transactions accounted for the movement in the property, plant and equipment balance:

COST	Opening balance R'000	Additions R'000	Disposals R'000	Reclassified to assets held for sale R'000	Closing balance R'000
28 March 2021	**2 452 018**	**138 268**	**(17 257)**	**(36 695)**	**2 536 334**
29 March 2020	2 377 646	87 175	(22 189)	–	2 442 632
27 September 2020	2 377 646	159 604	(64 506)	(20 726)	2 452 018

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Opening balance R'000	Depreciation R'000	Disposals R'000	Impairment R'000	Reclassified to assets held for sale R'000	Closing balance R'000
28 March 2021	**680 324**	**92 151**	**(13 978)**	**15 976**	**(19 483)**	**754 990**
29 March 2020	546 376	92 812	(13 787)	–	–	625 400
27 September 2020	546 376	187 358	(52 551)	9 803	(10 662)	680 324

NET BOOK VALUE	Opening balance R'000	Closing balance R'000
28 March 2021	**1 771 694**	**1 781 344**
29 March 2020	1 831 270	1 817 232
27 September 2020	1 831 270	1 771 694

The disposal of property, plant and equipment resulted in a loss of R1.442 million (six months ended 29 March 2020: loss of R3.635 million, year ended 27 September 2020 loss of R4.658 million). There was an impairment of property, plant and equipment during the six-month period ended 28 March 2021 amounting to a loss of R15.976 million (six months ended 29 March 2020: no impairment, year ended 27 September 2020: loss of R9.803 million). These losses were recognised as part of "operating costs" in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six-month period ended 28 March 2021

During the six month period ended 28 March 2021, the Group contracted R51.753 million (six months ended 29 March 2020: R14.793 million, year ended 27 September 2020: R73.987 million) for future capital commitments. This will be financed through a combination of operating cash flows and available credit facilities.

There has been no major change in the nature of property, plant and equipment, the policy regarding the use thereof, or the encumbrances over the property, plant and equipment.

4. 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. The Group's lease periods for land and buildings are generally between two and ten years and for plant and machinery and vehicles generally between three and five years.

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

NET BOOK VALUE	Opening balance R'000	Adoption of IFRS 16 R'000	Additions R'000	Terminations R'000	Depreciation R'000	Remeasurements R'000	Closing balance R'000
28 March 2021	**169 456**	**–**	**18 476**	**–**	**(23 642)**	**(1 617)**	**162 673**
29 March 2020	–	95 908	–	–	(13 109)	(946)	81 853
27 September 2020	–	95 908	106 245	(594)	(32 223)	120	169 456

5. INVENTORY

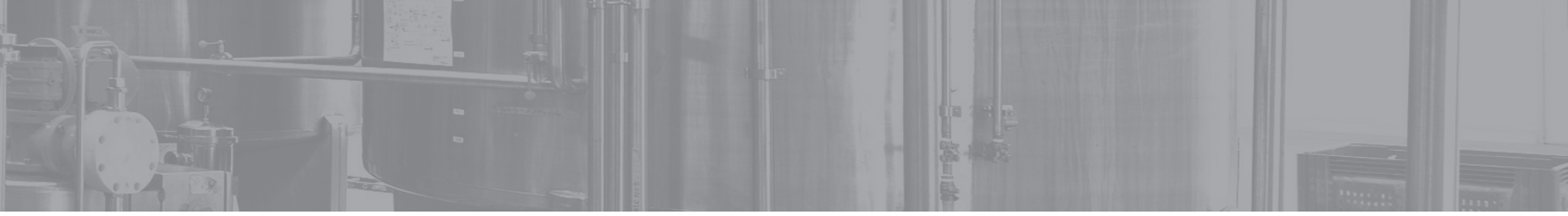
5.1 INVENTORY

A provision of R9.575 million is included in the inventory balance as at 28 March 2021 (29 March 2020: R27.662 million, 27 September 2020: R8.663 million) in order to recognise inventory at the lower of cost or net realisable value.

5.2 COST OF SALES

	Reviewed Six-month period ended 28 March 2021 R'000	Reviewed Six-month period ended 29 March 2020 R'000	Audited Year ended 27 September 2020 R'000
Direct manufacturing costs	**1 868 627**	1 920 340	3 839 529
Manufacturing operating costs	**319 375**	332 301	627 693
	2 188 003	2 252 641	4 467 222

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



6. FINANCIAL INSTRUMENT AT FAIR VALUE HELD THROUGH PROFIT OR LOSS

6.1 FOREIGN EXCHANGE CONTRACTS

The Group enters into forward exchange contracts (“FEC”) to buy and sell specified amounts of foreign currency in the future at a predetermined exchange rate. The contracts are entered into to manage the Group’s exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched by anticipated future cash flows in foreign currencies. The Group does not use forward exchange contracts for speculative purposes.

At the reporting date, the Group had entered into the following forward exchange contracts:

	Foreign amount ’000	Contract value R’000	Contract fair value R’000	Contract gain/(loss) R’000
28 March 2021				
FEC in respect of anticipated receipts from customers				
AUD	**250**	**3 039**	**2 879**	**160**
CAD	**300**	**1 639**	**1 498**	**141**
USD	**1 050**	**18 374**	**15 840**	**2 535**
GBP	**470**	**10 986**	**9 766**	**1 220**
EUR	**150**	**2 978**	**2 664**	**314**
		37 016	**32 646**	**4 370**
29 March 2020				
FEC in respect of anticipated receipts from customers				
AUD	2 150	22 822	23 322	(500)
CAD	1 500	17 052	19 033	(1 981)
USD	15 375	238 073	275 754	(37 682)
GBP	2 980	58 484	66 955	(8 471)
EUR	2 225	38 618	44 611	(5 992)
		375 049	429 675	(54 626)
27 September 2020				
FEC in respect of anticipated receipts from customers				
AUD	1 250	14 168	15 246	(1 078)
CAD	760	9 470	9 842	(372)
USD	6 900	117 962	119 188	(1 226)
GBP	1 850	40 786	40 828	(42)
EUR	925	18 020	18 625	(605)
		200 406	203 729	(3 323)

6.2 VALUATION OF FINANCIAL INSTRUMENT AT FAIR VALUE HELD THROUGH PROFIT OR LOSS

Financial instruments at fair value through profit or loss	Level	Valuation technique
Forward exchange contracts	Level 2	Mark to market rates by issuer of instrument

Forward exchange contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying index.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six-month period ended 28 March 2021

7. ASSETS CLASSIFIED AS HELD FOR SALE

The directors resolved to dispose of four of the Group's properties and negotiations with interested parties have subsequently taken place. The disposals are consistent with the Group's strategy to focus on its core activities. The properties, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position.

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	Reviewed Six-month period ended 28 March 2021 R'000	Reviewed Six-month period ended 29 March 2020 R'000	Audited Year ended 27 September 2020 R'000
Land and buildings	**25 212**	–	10 064
Accounts receivable	**–**	–	84
Total assets classified as held for sale	**25 212**	–	10 148
Accounts payable and accruals	**–**	–	(124)
Deferred taxation	**–**	–	(2 168)
Total liabilities associated with assets classified as held for sale	**–**	–	(2 292)
Net assets of disposal group	**25 212**	–	7 856

8. HEADLINE EARNINGS PER SHARE

8.1 HEADLINE EARNINGS PER SHARE

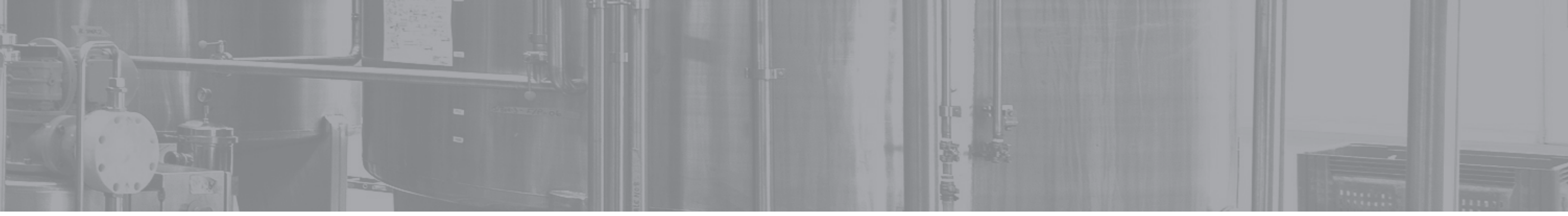
	Reviewed Six-month period ended 28 March 2021 R'000	Reviewed Six-month period ended 29 March 2020 R'000	Audited Year ended 27 September 2020 R'000
Reconciliation between profit attributable to owners of the parent and headline earnings:			
Profit attributable to owners of the parent	**106 407**	78 948	216 331
Adjustments to profit attributable to owners of the parent	**12 965**	2 617	10 412
Loss on disposal of property, plant and equipment	**1 442**	3 635	4 658
Profit on disposal of asset held for sale	**(155)**	–	–
Impairment of property, plant and equipment	**16 780**	–	9 803
Taxation effect	**(5 102)**	(1 018)	(4 049)
Headline earnings	**119 372**	81 565	226 743
Headline earnings per share (cents)	**45.6**	31.2	86.7

8.2 DILUTED HEADLINE EARNINGS PER SHARE

Headline earnings	**119 372**	81 565	226 743
Diluted headline earnings per share (cents)	**45.5**	31.1	86.4

8.3 WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE

Ordinary shares in issue at beginning of the period	**262 762 018**	262 762 018	262 762 018
Treasury shares	**(1 125 000)**	(1 125 000)	(1 125 000)
Weighted average number of shares in issue	**261 637 018**	261 637 018	261 637 018
Effect of share options	**961 248**	440 738	660 539
Weighted average number of dilutive shares in issue	**262 598 266**	262 077 756	262 297 557



9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and liabilities reported in the condensed consolidated statement of financial position approximate fair values at the reporting date. The net foreign exchange (loss)/gain recognised in the condensed consolidated statement of profit or loss and other comprehensive income includes an unrealised gain of R7.693 million (six months ended 29 March 2020: loss of R48.836 million, year ended 27 September 2020: gain of R2.467 million).

10. RELATED PARTY TRANSACTIONS

The Group sold goods to Peaty Mills Plc for R84.121 million (six months ended 29 March 2020: R116.189 million, year ended 27 September 2020: R299.221 million). Included in trade receivables are amounts due from Peaty Mills Plc for R38.829 million (six months ended 29 March 2020: R56.630 million, year ended 27 September 2020: R49.660 million).

The Group sold goods to Ma Baker Xpress Proprietary Limited for R4.140 million (six months ended 29 March 2020: R7.126 million, year ended 27 September 2020: R12.627 million). Included in trade receivables are amounts due from Ma Baker Xpress Proprietary Limited for R2.017 million (six months ended 29 March 2020: R5.714 million, year ended 27 September 2020: R6.195 million).

There were no other significant related party transactions during the period under review.

11. REVENUE

The disaggregated revenue from contracts with customers is as follows:

	Reviewed Six-month period ended 28 March 2021 R'000	Reviewed Six-month period ended 29 March 2020 R'000	Audited Year ended 27 September 2020 R'000
Perishable products	**887 656**	920 592	1 708 600
Fruit products	**707 460**	748 876	1 762 207
Grocery products	**1 242 496**	1 267 689	2 393 645
	2 837 612	2 937 157	5 864 452

The revenue categories consist of net sales of the following:

- Perishable 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.

12. DIVIDEND

On 25 January 2021, a dividend of 28.8 cents (20 January 2020: 27.9 cents) per share was paid amounting to a total dividend of R75.4 million (2020: R73.3 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six-month period ended 28 March 2021

13. RECLASSIFICATIONS MADE TO THE COMPARATIVE PERIOD PRESENTED

13.1 RECLASSIFICATION OF FOREIGN EXCHANGE DIFFERENCES RESULTING FROM CHANGE IN PRESENTATION

The Group elected to present foreign exchange differences as part of other operating costs in the Annual Financial Statements for the year ended 27 September 2020. In the interim results for the six month period ended 29 March 2020 foreign exchange differences were presented separately on the statement of profit or loss and other comprehensive income as net foreign exchange losses/gains. To present foreign exchange differences consistently with the Annual Financial Statements, the 29 March 2020 comparative was reclassified in the interim results for the six month period ended 28 March 2021 as follows:

	29 March 2020 R'000
Other operating costs	(47 601)
Net foreign exchange loss	47 601

13.2 RECLASSIFICATION OF BANK OVERDRAFT FROM CASH AND CASH EQUIVALENTS TO FINANCING ACTIVITIES

Following a review by management of their judgement in assessing the application of the requirements of IAS 7 regarding the cash management activities of the Group, the bank overdrafts have been reclassified from cash and cash equivalents to cash flows from financing activities in the statement of cash flows as it tended to remain overdrawn. Bank overdrafts were previously included in cash and cash equivalents. The movements in the bank overdrafts as presented in the statement of cash flows have been reclassified as financing activities. The reclassification impacted the following line items in the statement of cash flows:

- cash flows from financing activities
- net movement in cash and cash equivalents
- opening and closing balances of cash and cash equivalents

14. EVENTS SUBSEQUENT TO REPORTING DATE

The current Covid-19 infection rates, together with the slow pace of the vaccination programme in South Africa, increases the potential for a third wave of infections in the months ahead. This heightens the risk of the country reverting to stricter lockdown regulations, with the resultant slowdown in economic activity likely to further weaken consumer spending and adversely impact the Group's sales and profitability.

The board of directors is not aware of any matter or circumstance of a material nature arising since the end of the six-month period ended 28 March 2021, 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.

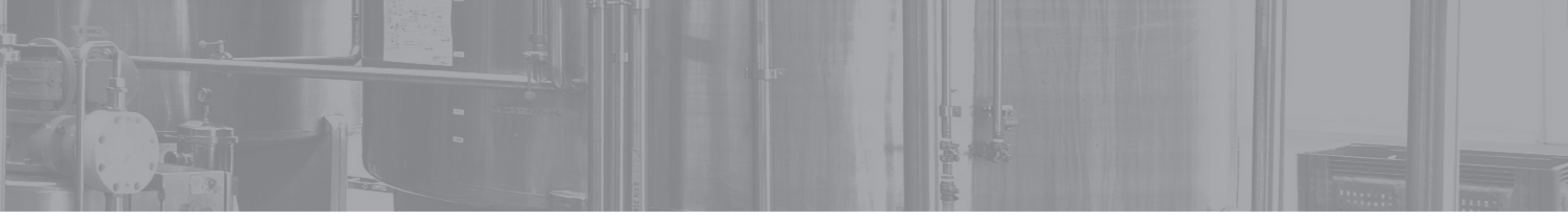
15. SIX-MONTH PERIOD END

The Group's financial year ends in September which reflects 52 weeks (2020: 52 weeks) of trading, and as a result the reporting date may differ year on year. References to an interim financial period are to the 26 weeks ended on or about 31 March. As a result the interim financial statements were prepared for the 26-week period ended 28 March 2021 (2020: 26 week period ended 29 March 2020).

16. REVIEW REPORT

The directors have elected to engage the Group's auditors, Ernst & Young Inc., to conduct a voluntary review of the condensed consolidated financial statements.

The Group's auditors have issued an unmodified review conclusion on the condensed consolidated financial statements. Any reference to the Group's outlook included in this announcement has not been reviewed or reported on by the Group's auditors.



17. INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF RFG HOLDINGS LIMITED

We have reviewed the condensed consolidated financial statements of RFG Holdings Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 28 March 2021 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of this interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council 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 interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of RFG Holdings Limited for the six-month period ended 28 March 2021 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34, Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

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

14 May 2021

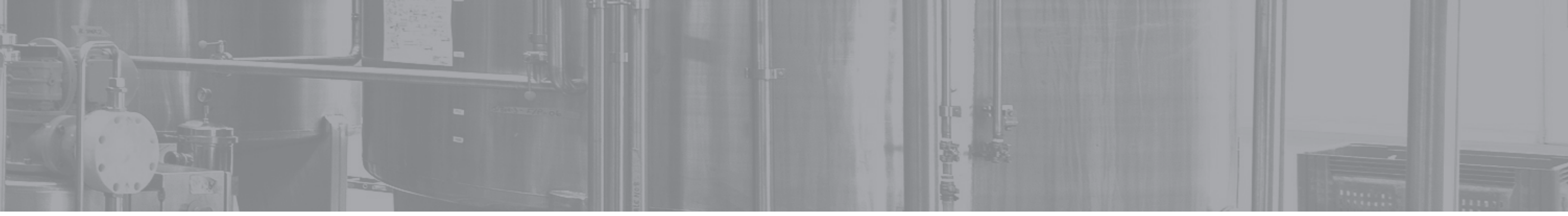
3rd Floor, Waterway House, 3 Dock Road, V&A Waterfront
PO Box 656, Cape Town 8000

CORPORATE INFORMATION

RFG HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 2012/074392/06
JSE share code: RFG
ISIN: ZAE000191979

Registered address	Pniel Road, Groot Drakenstein, 7680 Private Bag X3040, Paarl, 7620
Directors	Dr YG Muthien* (Chairperson) MR Bower* (Lead Independent Director) WP Hanekom (Deputy Chief executive Officer) BAS Henderson (Chief Executive Officer) TP Leeuw* S Maitisa* BN Njobe* CC Schoombie (Chief Financial Officer) CL Smart** GJH Willis** * *Independent non-executive* ** *Non-executive*
Company secretary	BM Lakey
Transfer secretaries	Computershare Investor Services Proprietary Limited
Sponsor	Rand Merchant Bank, a division of FirstRand Bank Limited
Auditors	Ernst & Young Inc.



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