RFG

Condensed Consolidated Financial Statements

for the six months ended 2 April 2023

KEY FEATURES

Group revenue
+ 10.2%
to R3.8 billion

Regional revenue
+ 9.5%
to R3.1 billion

International revenue
+ 13.2%
to R0.7 billion

Group operating profit
+ 43.2%
to R346 million

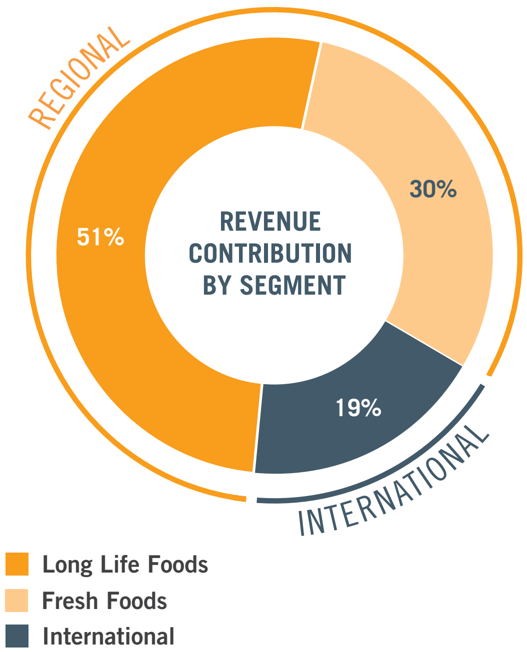
Group operating margin
up 220 bps to
9.2%

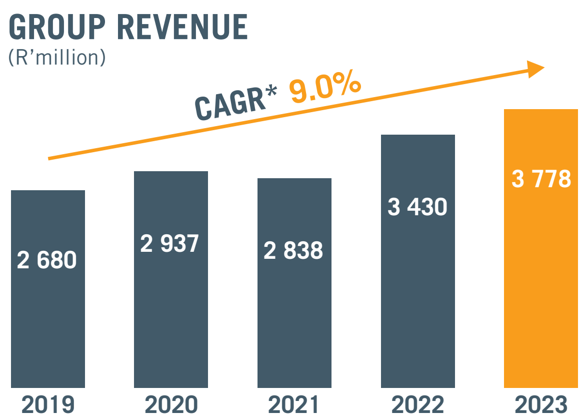
Regional operating margin
up 260 bps to
8.9%

International operating margin
up 700 bps to
10.4%

Headline earnings
+ 37.1%
to R217 million

Diluted headline earnings per share
+ 37.5%
to 82.9 cents





*Compound annual growth rate.

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 major global markets. RFG's balanced portfolio of market leading brands, which includes Rhodes, Bull Brand, Magpie, Squish, Hinds and Today, is complemented by private label product ranges packed for all major South African retailers and international customers.

TRADING AND FINANCIAL PERFORMANCE

Group revenue increased by 10.2% to R3.8 billion in the 26 weeks to 2 April 2023 (the period) (H1 2022: 27 weeks (the prior period)). Growth was driven by price inflation of 14.8% and strong trading performances by both the regional and in particular the international business in March.

Slower consumer spending and a competitive environment resulted in volume pressure in certain product categories, with total Group volumes declining by 8.5% and negative mix changes of 0.8% for the six months. This was partially offset by foreign exchange gains which contributed 2.7% to revenue growth and acquisitive growth of 2.0% from the Today acquisition.

Revenue (% change)	Increase	Price	Volume	Mix	Acquisition	Forex
Regional segment	**9.5**	**16.3**	**(8.0)**	**(1.2)**	**2.4**	**–**
International segment	**13.2**	**7.8**	**(10.4)**	**0.9**	**–**	**14.9**
Total Group	**10.2**	**14.8**	**(8.5)**	**(0.8)**	**2.0**	**2.7**

In the regional segment (South Africa and the rest of Africa), the primary focus has been on improving the operating margin through an effective balance of price and volume, while being conscious of price increases negatively impacting volumes due to the financial pressure facing consumers. Negative volume growth is currently being experienced in all major categories in the regional business. However, the rate of volume decline of RFG products was slower than the market in comparable categories over the three months to end March 2023.

Revenue in the regional segment increased by 9.5%, with fresh foods revenue increasing by 11.8% and long life foods by 8.2%.

The pie category recovered from the sales and margin pressure in the prior period and delivered a strong all-round performance. The recovery was supported by the successful integration and turnaround in the Today business where price increases have brought the margin in line with the rest of the pie category.

Fruit juice, the largest long life category, was the main driver of revenue growth through market share gains. The dry foods and meat categories achieved good revenue growth despite significant price increases during the period.

Volumes in the canned fruit and vegetable categories remain under pressure from weak consumer demand, sustained cost pressures from high raw material and packaging costs as well as the competitive environment.

International revenue grew by 13.2% as the positive impact of strong international selling prices and the benefit of the weakening Rand were offset by a 10.4% decline in volumes. In the prior period, the Group increased production volumes to meet the higher global demand following the failure of the Greek peach crop in 2021. The 14.4% weakening in the Rand against the basket of trading currencies contributed R92.0 million to international revenue.

The Group's operating profit increased by 43.2% to R345.8 million with the operating profit margin improving by 220 basis points to 9.2%. The prior period included once-off costs of R23.6 million relating to the Today acquisition and insurance claim proceeds of R43.4 million for loss of profits during the Covid-19 lockdown.

Load shedding continues to impact production output and costs. The Group has invested extensively in back-up generators over the past seven years and operational management teams have performed well in difficult circumstances to limit the impact of load shedding on factory efficiencies. Diesel costs to operate generators totalled R37.8 million for the six-month period. At the current levels of load shedding the average weekly diesel cost to operate generators amounts to approximately R2 million.

Regional operating profit increased by 54.2% to R272.9 million as the operating margin expanded from 6.3% to 8.9% through the recovery of higher input costs from customers in most product categories, particularly fruit juice, ready meals, dry foods and meat as well as the recovery in the pie category.

The operating profit for the international segment increased from R21.3 million to R72.9 million as the operating margin recovered from 3.4% to 10.4% which is in line with the targeted operating margin for the Group. Profitability was supported by good export pricing in trading currencies across the product portfolio and the weakening of the Rand against the US dollar during the period.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 34.3% to R482.0 million, while the EBITDA margin strengthened by 230 basis points to 12.8%.

The Group's interest expense increased by R9.6 million to R46.2 million owing to the 350 basis points increase in the prime lending rate over the past year.

COMMENTARY CONTINUED

Headline earnings increased by 37.1% to R216.8 million, with diluted headline earnings per share 37.5% higher at 82.9 cents.

Net working capital increased by 13.7% to R2 239 million owing mainly to increased inventory levels and higher debtor days following the strong sales in the final month of the period. Inventory levels traditionally peak at the half year following the completion of the bulk of the deciduous fruit canning production and are expected to normalise over the balance of the financial year.

The Group's net debt decreased by R19 million to R1 464 million and the debt-to-equity ratio reduced from 52.3% to 46.7%. The Group repaid long-term loans of R188.6 million during the six-month period (H1 2022: repaid loans of R38.7 million).

Capital expenditure of R143.5 million (H1 2022: R147.4 million) included expansion and replacement of pineapple plantations in Eswatini of R30.3 million.

The performance for the six months has ensured that the Group continues to make good progress in delivering on its medium-term financial targets:

Metric	Medium-term target	Achieved in H1 2023
Revenue growth	**CPI + GDP[1] + 2.0%** (7.1% + 1.1% + 2.0% = 10.2%)	**10.2%**
Operating profit margin	**10.0%**	**9.2%** (+220 bps over H1 2022)
Return on equity	**WACC + 2.0%** (14.0% + 2.0% = 16.0%)	**14.1%[2]** (H1 2022: 9.9%[2])

[1] *SA National Treasury GDP forecast for 2023*
[2] *Rolling 12-month period*

OUTLOOK

Volumes in the regional business are expected to remain under pressure in the second half of the financial year due to the weak consumer spending environment.

While inflation has started to ease from the heights of the 2022 financial year, the Group is still experiencing pressure from high packaging and raw material costs. Management is committed to maintaining its intense focus on price and volume management to further strengthen margins in the regional segment.

Current international pricing and demand for RFG's canned fruit products are expected to be maintained. However, the business expects to ship lower volumes in the second half relative to last year as production volumes reduce to historical levels following the increased production levels in the prior year to meet the higher global demand.

The international business is managed on a 12-month cycle owing to the seasonality of orders and shipping. Volumes in the first half of the year were impacted by the shift in the timing of export orders and shipments, and management expects inventory levels to normalise over the remainder of the year.

Capital expenditure of R280 million is planned for the full financial year, including new and replacement of existing generators in response to load shedding, R46 million for expansion and replacement of pineapple plantations in Eswatini, capacity expansion at the Western Cape ready meals, fruit juice and Aeroton pies and pastries facilities, and replacement of canning equipment and capacity expansion at the meat products factory.

RFG's renewable energy programme has been accelerated in response to the sustained levels of load shedding currently being experienced in the country. Solar installations at a further four production facilities are due for completion in the second half of the financial year and a further three in the 2024 financial year.

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

Pieter Hanekom
Chief executive officer

Tiaan Schoombie
Chief financial officer

Groot Drakenstein
24 May 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 2 April 2023

	Notes	**Reviewed 26 week period ended 2 April 2023 R'000**	Reviewed 27 week period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
ASSETS				
Non-current assets		**2 677 452**	2 662 061	2 657 659
Property, plant and equipment	3	**1 886 528**	1 837 358	1 845 124
Right-of-use assets	4	**135 308**	152 338	146 185
Intangible assets		**178 572**	195 747	189 550
Goodwill		**444 857**	444 857	444 857
Investment in associate		**7 262**	6 545	7 384
Deferred taxation asset		**217**	230	283
Biological assets	5	**14 990**	13 480	14 857
Loans and other receivables		**9 718**	11 506	9 419
Current assets		**3 386 473**	3 113 984	2 765 945
Inventory	6	**2 103 139**	1 973 427	1 543 959
Accounts receivable		**1 216 823**	1 097 600	1 171 968
Biological assets	5	**52 850**	32 196	27 655
Loans and other receivables		**11 272**	7 070	11 970
Taxation receivable		**–**	138	26
Bank balances and cash on hand		**2 389**	3 553	10 367
Total assets		**6 063 925**	5 776 045	5 423 604
EQUITY AND LIABILITIES				
Capital and reserves		**3 133 223**	2 835 325	3 032 943
Share capital		**1 547 735**	1 562 509	1 554 251
Equity-settled employee benefits reserve		**22 023**	12 637	15 994
Accumulated profit		**1 552 964**	1 251 382	1 452 951
Equity attributable to owners of the group		**3 122 722**	2 826 528	3 023 196
Non-controlling interest		**10 501**	8 797	9 747
Non-current liabilities		**678 331**	774 655	877 284
Long-term loans		**293 501**	377 839	476 826
Long-term lease liabilities		**112 606**	123 351	137 197
Deferred taxation liability		**258 576**	260 573	250 086
Employee benefits liability		**13 648**	12 892	13 175
Current liabilities		**2 252 371**	2 166 065	1 513 377
Accounts payable and accruals		**1 080 932**	1 100 994	905 408
Employee benefits accrual		**72 511**	64 575	95 274
Taxation payable		**39 116**	15 349	18 827
Current portion of long-term loans		**212 150**	219 593	217 388
Current portion of lease liabilities		**49 414**	36 157	45 339
Bank overdraft		**798 248**	729 397	231 141
Total equity and liabilities		**6 063 925**	5 776 045	5 423 604

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six month period ended 2 April 2023

	Notes	**Reviewed 26 week period ended 2 April 2023 R'000**	Reviewed 27 week period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
Revenue	7	**3 778 435**	3 430 043	7 255 150
Direct manufacturing costs	6.2	**(2 470 881)**	(2 328 406)	(4 889 047)
Manufacturing operating costs	6.2	**(373 867)**	(345 238)	(725 314)
Selling and distribution costs		**(266 687)**	(257 431)	(559 067)
Other operating costs		**(333 401)**	(311 945)	(565 154)
Other income		**12 331**	54 003	56 533
Operating profit before associate profit		**345 930**	241 026	573 101
Associate (loss)/profit		**(121)**	484	1 323
Profit before interest and taxation		**345 809**	241 510	574 424
Interest expense		**(46 228)**	(36 637)	(89 214)
Interest income		**272**	296	749
Profit before taxation		**299 853**	205 169	485 959
Taxation		**(81 804)**	(45 702)	(124 036)
Profit for the period		**218 049**	159 467	361 923
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss		**–**	–	65
Remeasurement of employee benefit liability		**–**	–	77
Deferred taxation effect		**–**	–	(12)
Total comprehensive income for the period		**218 049**	159 467	361 988
Profit attributable to:				
Owners of the group		**217 295**	159 178	360 684
Non-controlling interest		**754**	289	1 239
		218 049	159 467	361 923
Total comprehensive income attributable to:				
Owners of the group		**217 295**	159 178	360 749
Non-controlling interest		**754**	289	1 239
		218 049	159 467	361 988
Earnings per share (cents)		**83.3**	60.8	137.9
Diluted earnings per share (cents)		**83.1**	60.7	137.3

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six month period ended 2 April 2023

	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 26 September 2021 – audited		1 562 509	15 470	1 166 065	8 508	2 752 552
Profit for the period		–	–	159 178	289	159 467
Other comprehensive income for the period		–	–	–	–	–
Equity-settled employee benefits expense recognised		–	4 337	–	–	4 337
Equity-settled employee benefits settlement[1]		–	(7 170)	2 275	–	(4 895)
Dividend paid		–	–	(76 138)	–	(76 138)
Balance at 3 April 2022 – reviewed		1 562 509	12 637	1 251 380	8 797	2 835 323
Profit for the period		–	–	201 506	950	202 456
Other comprehensive income for the period		–	–	65	–	65
Equity-settled employee benefits expense recognised		–	3 357	–	–	3 357
Equity-settled employee benefits settlement[1]		–	–	–	–	–
Acquisition of treasury shares		(8 258)	–	–	–	(8 258)
Balance at 2 October 2022 – audited		1 554 251	15 994	1 452 951	9 747	3 032 943
Profit for the period		–	–	217 295	754	218 049
Other comprehensive income for the period		–	–	–	–	–
Equity-settled employee benefits expense recognised		–	10 471	–	–	10 471
Equity-settled employee benefits settlement[1]		–	(4 442)	2 547	–	(1 895)
Acquisition of treasury shares		(6 516)	–	–	–	(6 516)
Dividend paid	13	–	–	(119 829)	–	(119 829)
Balance at 2 April 2023 – reviewed		**1 547 735**	**22 023**	**1 552 964**	**10 501**	**3 133 223**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six month period ended 2 April 2023

	Notes	Reviewed 26 week period ended 2 April 2023 R'000	Reviewed 27 week period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
Cash flows from operating activities				
Cash generated from operations	9	**12 272**	2 034	672 696
Interest paid		**(46 018)**	(38 016)	(90 503)
Interest received		**272**	296	749
Taxation paid		**(52 933)**	(70 282)	(155 577)
Net cash (outflow)/inflow from operating activities		**(86 407)**	(105 968)	427 365
Cash flows from investing activities				
Purchase of property, plant and equipment		**(143 512)**	(147 398)	(259 863)
Purchase of intangible assets		**–**	–	(141)
Proceeds on disposal of property, plant and equipment		**258**	3 883	8 168
Acquisition of business		**–**	(53 726)	(53 726)
Loans and other receivables advanced		**–**	–	(5 296)
Loans and other receivables repaid		**488**	2 158	3 308
Net cash outflow from investing activities		**(142 766)**	(195 083)	(307 550)
Cash flows from financing activities				
Equity-settled employee benefits settlement[1]		**(1 895)**	(4 895)	(4 895)
Acquisition of treasury shares		**(6 516)**	–	(8 258)
Long-term loans raised		**–**	–	150 000
Long-term loans repaid		**(188 563)**	(38 682)	(91 900)
Principal portion of lease liabilities repaid		**(29 109)**	(31 100)	(35 419)
Dividends paid	13	**(119 829)**	(76 136)	(76 138)
Movement in bank overdraft		**567 107**	452 032	(46 224)
Net cash inflow/(outflow) from financing activities		**221 195**	301 219	(112 834)
Net (decrease)/increase in cash and cash equivalents		**(7 978)**	167	6 981
Cash and cash equivalents at beginning of the period		**10 367**	3 386	3 386
Cash and cash equivalents at end of the period		**2 389**	3 553	10 367

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

CONDENSED CONSOLIDATED SEGMENTAL REPORT

for the six month period ended 2 April 2023

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 and incorporate disaggregation of revenue.

	Reviewed 26 week period ended 2 April 2023 R'000	Reviewed 27 week period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
		Segment revenue	
Regional			
Fresh products sales	**1 133 160**	1 013 129	2 095 228
Long life products sales	**1 945 482**	1 798 566	3 367 311
	3 078 642	2 811 695	5 462 539
International			
Long life products sales	**699 793**	618 348	1 792 611
Total	**3 778 435**	3 430 043	7 255 150
		Segment profit	
Regional	**272 925**	176 962	323 410
International	**72 884**	21 293	209 108
Adjusted operating profit[1]	**345 809**	198 255	532 518
Impairment loss	**–**	–	(1 348)
Acquisition costs	**–**	(145)	(146)
Insurance claim proceeds[2]	**–**	43 400	43 400
Interest income	**272**	296	749
Interest cost	**(46 228)**	(36 637)	(89 214)
Profit before taxation	**299 853**	205 169	485 959

[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.*

		Segment depreciation	
Regional	**90 092**	80 225	172 827
International	**35 133**	30 956	58 332
Total	**125 225**	111 181	231 159

CONDENSED CONSOLIDATED SEGMENTAL REPORT CONTINUED

for the six month period ended 2 April 2023

	Reviewed 26 week period ended 2 April 2023 R'000	Reviewed 27 week period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
	Segment amortisation		
Regional	**10 795**	6 112	12 404
International	**210**	220	266
Total	**11 005**	6 332	12 670
	Share of (loss)/profit of associate		
Regional	**(121)**	484	1 323
International	**–**	–	–
Total	**(121)**	484	1 323

Segment revenue reported above represents revenue generated from external customers. Intercompany sales in the regional long life segment amounted to R242.120 million (six months ended 3 April 2022: R210.599 million, year ended 2 October 2022: R425.229 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 26 week period ended 2 April 2023 R'000	Reviewed 27 week period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
	Non-current assets		
South Africa	**1 987 617**	2 004 895	1 986 613
Eswatini	**244 761**	212 079	225 906
	2 232 378	2 216 974	2 212 519
	Revenue		
South Africa	**3 694 388**	3 315 441	7 009 756
Eswatini	**84 047**	114 602	245 394
	3 778 435	3 430 043	7 255 150

INFORMATION REGARDING MAJOR CUSTOMERS

Two customers (six months ended 3 April 2022: two, year ended 2 October 2022: two) individually contributed 10% or more of the Group's revenue arising from both regional and international sources.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six month period ended 2 April 2023

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 2 April 2023 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 for the Group during the periods ended 2 April 2023 and 3 April 2022.

The condensed consolidated financial statements are prepared in accordance with and contain the information required by IAS34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

The accounting policies and methods of computation applied in the preparation of the condensed consolidated financial statements comply with International Financial Reporting Standards (IFRS) and are consistent with those applied in the audited consolidated financial statements for the year ended 2 October 2022.

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 July. 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 2 April 2023 the following transactions accounted for the movement in the property, plant and equipment balance:

COST	Opening balance R'000	Acquisition of business R'000	Additions R'000	Disposals R'000	Closing balance R'000
2 April 2023	**2 788 910**	**–**	**143 512**	**(4 129)**	**2 928 293**
3 April 2022	2 583 327	11 500	147 398	(20 326)	2 721 899
2 October 2022	2 583 327	11 500	259 863	(65 780)	2 788 910

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Opening balance R'000	Depreciation R'000	Disposals R'000	Impairment R'000	Closing balance R'000
2 April 2023	**943 786**	**102 012**	**(4 033)**	**–**	**1 041 765**
3 April 2022	809 709	91 354	(16 522)	–	884 541
2 October 2022	809 709	189 551	(56 822)	1 348	943 786

NET BOOK VALUE	Opening balance R'000	Closing balance R'000
2 April 2023	**1 845 124**	**1 886 528**
3 April 2022	1 773 618	1 837 358
2 October 2022	1 773 618	1 845 124

The disposal of property, plant and equipment resulted in a profit of R0.162 million (six months ended 3 April 2022: profit of R0.079 million, year ended 2 October 2022: loss of R0.790 million). There was no impairment of property, plant and equipment during the six month period ended 2 April 2023 (six months ended 3 April 2022: Rnil, year ended 2 October 2022: loss of R1.348 million). These impairment losses were recognised as part of 'other 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 2 April 2023

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

During the six month period ended 2 April 2023, the Group contracted R65.875 million (six months ended 3 April 2022: R66.771 million, year ended 2 October 2022: R54.855 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. Leases of plant and machinery and vehicles are generally limited to a lease term of nineteen years (2022: nineteen 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 and the movements during the year:

NET BOOK VALUE	Opening balance R'000	Additions R'000	Terminations R'000	Depreciation R'000	Remeasurements R'000	Closing balance R'000
2 April 2023	**146 185**	**3 441**	**–**	**(23 213)**	**8 895**	**135 308**
3 April 2022	153 580	1 070	–	(19 827)	17 515	152 338
2 October 2022	153 580	14 458	(217)	(41 608)	19 972	146 185

5. BIOLOGICAL ASSETS

	Reviewed Six-month period ended 2 April 2023 R'000	Reviewed Six-month period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
Livestock	**14 990**	13 480	14 857
Pineapple crops	**52 850**	32 196	27 655
Total biological assets	**67 840**	45 676	42 512
Less: Current portion	**(52 850)**	(32 196)	(27 655)
Total long-term biological assets	**14 990**	13 480	14 857
Reconciliation of changes in carrying value of biological assets			
Carrying value at the beginning of the year	**42 512**	48 903	48 903
Value of crops harvested	**(24 163)**	(9 735)	(7 607)
Gains included in profit or loss			
– price changes	**480**	–	2 707
– physical changes	**49 011**	6 508	(1 491)
Carrying value at the end of the year	**67 840**	45 676	42 512

5.1 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 979 (six months ended 3 April 2022: 1 037, year ended 2 October 2022: 970) dairy cows which produced 2 309 072 litres of milk during the period under review (six months ended 3 April 2022: 3 151 062 litres, year ended 2 October 2022: 5 505 294 litres).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six month period ended 2 April 2023

5. BIOLOGICAL ASSETS CONTINUED

5.1 LIVESTOCK CONTINUED

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.

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).

5.2 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 (six months ended 3 April 2022: 602, year ended 2 October 2022: 602) hectares of pineapple crops. The Group manages a further 1 673 (six months ended 3 April 2022: 1 665, year ended 2 October 2022: 1 665) 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 31 683 tonnes delivered nine months subsequent to year-end (six months ended 3 April 2022: 15 800, year ended 2 October 2022: 13 600) based on the period from flowering of the bearer plant to the harvesting of the fruit and estimated price of R2 227 per ton delivered (six months ended 3 April 2022: R2 427, year ended 2 October 2022: 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six month period ended 2 April 2023

6. INVENTORY

6.1 INVENTORY

A provision of R8.974 million is included in the inventory balance as at 2 April 2023 (3 April 2022: R19.021 million, 2 October 2022: R13.176 million) in order to recognise inventory at the lower of cost or net realisable value.

6.2 COST OF SALES

	Reviewed Six-month period ended 2 April 2023 R'000	Reviewed Six-month period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
Direct manufacturing costs	**2 470 881**	2 328 406	4 889 047
Manufacturing operating costs	**373 867**	345 238	725 314
	2 844 748	2 673 644	5 614 361

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

7. REVENUE

The disaggregated revenue from contracts with customers is as follows:

	Reviewed Six-month period ended 2 April 2023 R'000	Reviewed Six-month period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
Regional			
Fresh products	**1 133 160**	1 013 129	2 095 228
Long life fruit products	**362 983**	344 658	624 011
Long life grocery products	**1 582 499**	1 453 908	2 743 300
	3 078 642	2 811 695	5 462 539
International			
Long life fruit products	**684 683**	601 643	1 766 136
Long life grocery products	**15 110**	16 705	26 475
	699 793	618 348	1 792 611
	3 778 435	3 430 043	7 255 150

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 and pickles, fruit juice, dry packaged foods and infant meals.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six month period ended 2 April 2023

8. HEADLINE EARNINGS PER SHARE

8.1 HEADLINE EARNINGS PER SHARE

Reconciliation between profit attributable to owners of the parent and headline earnings:

	Reviewed Six-month period ended 2 April 2023 R'000	Reviewed Six-month period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
Profit attributable to owners of the parent	**217 295**	159 178	360 684
Adjustments to profit attributable to owners of the parent	**(494)**	(1 023)	–
(Profit)/loss on disposal of property, plant and equipment	**(162)**	(79)	790
Impairment of property, plant and equipment	**–**	–	1 348
Insurance proceeds related to property, plant and equipment	**(514)**	(1 342)	(2 138)
Taxation effect	**182**	398	–
Headline earnings	**216 801**	158 155	360 684
Headline earnings per share (cents)	**83.2**	60.4	137.9

8.2 DILUTED HEADLINE EARNINGS PER SHARE

	Reviewed Six-month period ended 2 April 2023 R'000	Reviewed Six-month period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
Headline earnings	**216 801**	158 155	360 684
Diluted headline earnings per share (cents)	**82.9**	60.3	137.3

8.3 WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE

	Reviewed Six-month period ended 2 April 2023	Reviewed Six-month period ended 3 April 2022	Audited year ended 2 October 2022
Ordinary shares in issue at beginning of the period	**262 762 018**	262 762 018	262 762 018
Treasury shares	**(2 027 446)**	(1 125 000)	(1 149 171)
Weighted average number of shares in issue	**260 734 572**	261 637 018	261 612 847
Effect of share options	**842 552**	477 115	1 141 990
Weighted average number of dilutive shares in issue	**261 577 124**	262 114 133	262 754 837

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six month period ended 2 April 2023

9. CASH GENERATED FROM OPERATIONS

	Reviewed Six-month period ended 2 April 2023 R'000	Reviewed Six-month period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
Reconciliation of profit before taxation to cash generated from operations			
Profit before taxation	**299 853**	205 169	485 959
Adjusted for:			
Depreciation of property, plant and equipment	**102 012**	91 354	189 551
Depreciation on right-of-use assets	**23 213**	19 827	41 608
Amortisation of intangible assets	**10 978**	6 332	12 670
Net interest paid	**45 956**	36 341	88 465
(Profit)/loss on disposal of property, plant and equipment	**(162)**	(79)	790
IFRS 16 lease cancellation gain	**(2 561)**	(855)	(869)
Foreign exchange (gain)/loss on foreign currency denominated lease liabilities	**(1 181)**	(692)	11 041
Impairment of property, plant and equipment	**–**	–	1 348
Net loss/(profit) of associate	**121**	(484)	(1 323)
Share-based payment expense recognised	**10 471**	4 337	7 694
Allowance for credit losses on loans	**(89)**	(163)	1 169
Net movement in biological assets[1]	**(25 328)**	3 227	6 391
Operating cash flows before working capital changes	**463 283**	364 314	844 494
Working capital changes	**(451 011)**	(362 280)	(171 798)
Increase in inventory	**(559 180)**	(574 026)	(144 558)
(Increase)/Decrease in accounts receivable	**(44 855)**	11 645	(62 723)
Increase in accounts payable and accruals	**175 314**	197 006	1 330
(Decrease)/Increase in employee benefit liability accruals	**(22 290)**	3 095	34 153
Cash generated from operations	**12 272**	2 034	672 696

[1] *Refer to note 5 for a breakdown of the net movement in biological assets.*

10. CONTINGENT LIABILITIES

	Reviewed Six-month period ended 2 April 2023 R'000	Reviewed Six-month period ended 3 April 2022 R'000	Audited year ended 2 October 2022 R'000
Bank guarantees for import and operational activities	**15 111**	15 111	15 111
Suretyship for RFG Foods Proprietary Limited banking facilities with Nedbank Limited, issued by Pacmar Properties Proprietary Limited.	**44 000**	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	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	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	Unlimited

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six month period ended 2 April 2023

11. 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.

12. RELATED PARTY TRANSACTIONS

The Group sold goods to Peaty Mills Plc for R178.677 million (six months ended 3 April 2022: R159.843 million, year ended 2 October 2022: R372.721 million). Included in trade receivables are amounts due from Peaty Mills Plc for R104.117 million (six months ended 3 April 2022: R52.614 million, year ended 2 October 2022: R69.379 million).

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

13. DIVIDENDS

On 23 January 2023, a dividend of 45.8 cents (24 January 2022: 29.1 cents) per share was paid amounting to a total dividend of R119.8 million (2022: R76.1 million).

14. 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.

15. 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 six-month period ended 2 April 2023, 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.

16. SIX-MONTH PERIOD END

The Group's financial year ends on or about 30 September which reflects 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. The previous interim period included an extra trading week. The interim financial statements were prepared for the 26 week period ended 2 April 2023 (2022: 27 week period ended 3 April 2022). The previous financial year therefore included 53 weeks.

17. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved by the board of directors on 18 May 2023.

18. PREPARER OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

19. ASSURANCE

These reviewed interim condensed consolidated results have been reviewed by independent external auditors, Ernst & Young Inc. and their unmodified review report is available for inspection at the Company's registered office. The review was performed in accordance with ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's external auditors. The auditor's report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Group's registered office.

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 (Chief executive officer) BAS Henderson** (Retired 30 April 2023) TP Leeuw* S Maitisa* SV Naidoo* (Appointed 1 May 2023) 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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