QUANTUM FOODS

ANNUAL FINANCIAL STATEMENTS 2024

for the year ended 30 September

SALIENT FEATURES

	FY2024	FY2023
Revenue	**R6 332 million**	R6 953 million
Operating profit/(loss)	**R231 million**	(R36 million)
Operating profit/(loss) (before items of a capital nature)* – Adjusted operating profit/(loss)	**R232 million**	(R35 million)
Headline earnings/(loss)	**R161 million**	(R35 million)
Earnings/(loss) per share	**80.0 cents**	(17.8 cents)
Headline earnings/(loss) per share ("HEPS")	**80.4 cents**	(17.4 cents)
Total dividend per share	**Nil**	Nil

* *Income or expenditure of a capital nature in the statement of comprehensive income, i.e. all profit or loss items that are excluded in the calculation of headline earnings per share. The principal items excluded under this measurement are profit or loss on disposal of property, plant and equipment.*

Where narrative within the report relates to a specific financial year, these years are referenced as FY2023, FY2024, etc. All years not specified as a financial period refer to the calendar year.

COMMENTARY

CEO'S REPORT

FY2024 will be remembered for the severe impact of highly pathogenic avian influenza ("HPAI") on our layer farming and egg businesses, the Malmesbury feed mill explosion, leadership changes and dramatic fluctuation in our share price on the back of shareholder activity.

The Group recovered well from these events and delivered better performance than anticipated, especially in the broiler business and other Africa operations. Revenue decreased by 8.9% to R6.3 billion but HEPS increased from a loss per share of 17.4 cents in FY2023 to a profit of 80.4 cents.

Performance at a glance

- Avian influenza was prevalent in South Africa until the first quarter of 2024, with most affected operations only starting up again from June 2024
- Layer livestock and egg volumes were significantly impacted by HPAI leading to lower volumes and higher selling prices
- The lower volumes resulted in under-recovery of cost and weaker efficiency achieved
- Grain prices declined compared to FY2023, supporting margin improvement
- The broiler business performed very well despite not achieving target capacity at the expanded Hartbeespoort hatchery
- Satisfactory profits were achieved
- Cash flow was impacted by capital projects and layer flock recovery
- Significant reduction in load shedding and related costs
- Strong results from other African countries
- Malmesbury feed mill expansion commenced to increase capacity for more specialised feeds

Our response to HPAI

Quantum Foods lost layer value chain birds to the value of R37 million due to HPAI outbreaks this year. This was in addition to the R155 million loss of FY2023. The bird value loss is but one aspect of the impact on our business. Facilities were closed or mothballed, people retrenched or put on layoff, the animal feeds business suffered volume declines and market share was lost due to egg shortages.

In the absence of vaccination, HPAI will remain a key risk with limited mitigation options, resulting in major uncertainty for Quantum Foods, which could severely impact earnings. Although government has published protocols for voluntary vaccination against HPAI, we are not aware of any producers in South Africa who have successfully applied for vaccination.

Multiple engagements with owners of poultry farming assets in South Africa ensured access to additional facilities in areas with a lower inherent HPAI risk. As such, we could start rebuilding the layer breeder flock, delivering hatching eggs for layer rearing and commercial egg production.

ANIMAL FEEDS

Revenue	Adjusted operating profit	Total volumes
R3 139 million	R94 million	8.7% down
-6.6% from FY2023	(FY2023: R104 million)	from FY2023

Highlights

- Favourable raw material price position
- Good price-volume-management
- Costs well controlled
- External volume recovery towards the end of FY2024
- Malmesbury new factory construction commenced

Areas of concern/improvement

- HPAI and foot-and-mouth disease impacting volumes
- Significantly lower volumes in Pretoria leading to a factory being temporarily mothballed
- Product mix impact on cost and efficiencies
- Explosion at Malmesbury raw material intake
- Malmesbury, George and Paterson at capacity

The animal feed business performed well in a difficult environment. Key feed raw material costs were lower than the previous year, mainly due to reduced international selling prices. These costs were partially offset by the Rand weakening against the US Dollar.

External volumes decreased by 0.5%, muted by HPAI and foot-and-mouth disease. Lower orders in the north, compounded by a drop in internal volumes, resulted in the temporary closure of one of the Pretoria feed mill factories. We implemented contingency plans, including adjusting logistics, not filling vacancies and not allowing overtime.

We also adjusted raw material imports and deliveries by rolling contracts forward to mitigate HPAI-related impacts on feed volumes.

Due to HPAI, our focus was on margins rather than volumes, with astute procurement assisting in protecting profitability.

We nevertheless achieved two record levels in the animal feed business this year. May saw the highest-ever volume of external feed sold, which supported the highest-ever monthly contribution to the business.

We also increased our active engagement with the Quantum Foods broiler and layers farms to ensure we deliver the same level of technical advice and management input as for external customers. This included appointing a technical advisor exclusively for internal customers. This has already assisted in delivering record cycles for the broiler business as we share information and expertise to the Group's advantage.

Malmesbury feed mill incident and new factory construction

Quantum Foods experienced an explosion at the Malmesbury feed mill on 10 June 2024, which regretfully led to one fatality and two serious injuries.

The explosion caused physical damage to offloading equipment at the raw material intake area and weighbridge. Operating activities outside the affected area continued using raw material stored in on-site silos until the Department of Labour approved a temporary raw material intake procedure.

Although operations could continue and order volumes could be met, the incident resulted in a slower production rate and lower efficiencies, which increased costs.

We also delayed commencing the construction of the new factory due to the physical complexity of running multiple operations while doing repairs. The explosion increased our focus on potential risks in the design and construction of the new factory. We also appointed an external consultant to focus on health and safety as a priority.

Construction for the new factory commenced end July 2024, with estimated completion in December 2025 and full production from February 2026.

FARMING

Revenue
R1 866 million
+2.1% from FY2023

Adjusted operating loss
R11 million
(FY2023: R80 million loss)
that includes a HPAI biological asset write-off of R37 million (FY2023: R155 million)

Day-old pullet volumes
18.6% down

Day-old broiler chick volumes
4.0% up

Highlights

Broiler farming
- 13.9% increase in day-old-chicks produced per hen housed
- Achieved Aviagen Silver award
- *Bellevue Chix* is a trusted brand in the northern regions
- New customers in northern regions

Layer farming
- Implementation and execution of HPAI recovery plan
- Hatching eggs imported
- Current breeder flock is disease-free
- Maintained key customer relationships
- Financial recovery post-HPAI
- Improvement of layer farm efficiencies outside HPAI-affected areas
- External producers contracted and capacity sharing
- Quarantine lifted on rearing and layer farms

Areas of concern/improvement

Broiler farming
- Increased mortalities at breeder level in the southern region
- Shortage of hatching eggs
- High cost of imported hatching eggs
- Above target feed conversion ratio at broiler farms
- Inconsistent broiler performance in northern regions

Layer farming
- Loss of 90% of breeder flock by end of Q1 of FY2024
- Day-old chicks and point-of-lay availability and production
- Under-recovery of costs on farms
- South African HPAI status concerning exports
- Extended layoffs at farms
- Increased security threats at farms
- Management and costs of dormant farms

Broiler farming

Broiler farming revenue increased by 3.5% to R1 699 million. This followed more than three years of executing the transition from Cobb 500 to Ross 308 genetics, which was fully implemented and completed this year. We experienced significant flock management benefits and improved performance.

We also won our first Aviagen[1] silver award, an important performance benchmark to ensure we optimise the genetic potential of our flocks and apply excellence in animal husbandry.

The upgraded *Bellevue Chix* Hartbeespoort hatchery under-performed as the shortage of eggs due to HPAI resulted in lower capacity utilisation and efficiencies. We also experienced higher mortalities in the Western Cape at breeder level, impacted by bird health.

We started the year with very high performance at our broiler farms. Despite having a winter production plan, the efficiency of the broilers weakened with the onset of colder weather. This led to lower daily growth rates, higher feed conversion rates, lower slaughter weights and lower profitability. Various additional measures were implemented to reverse the lower performance. What was positive, however, is that despite weaker production performance in the winter period of 2024, results were still significantly better than the performance achieved in the winter period of 2023.

HPAI impacted one broiler breeder farm in the northern regions, but due to quarantine regulations, the hatchery on the same property also had to close for a period. When the hatchery reopened, we could absorb farm employees there, avoiding employee retrenchments. To supplement reduced local supply, we imported hatching eggs from Brazil and Spain. This was a costly venture with quality issues, complex handling and logistics challenges.

On top of this, we had to absorb significant costs related to laboratory testing, additional veterinary surveillance services, and transportation costs for chicken samples. Chickens from imported eggs had to be managed separately on the farm to ensure traceability.

Due to temporary shortages in the day-old chick market, customers were willing to pay higher prices. However, this did not match the effort and cost to secure supply. For this reason, we stopped imports in February, settling for lower volumes but much better quality.

Total day-old chick production increased by 4.0% and live broiler volumes supplied increased by 4.4%.

Layer farming

Layer farming revenue decreased by 10.4% to R168 million in one of the most difficult years ever for this business.

HPAI resulted in 90% of our parent flock being culled and all breeder and northern rearing farms being quarantined for a minimum of three to four months. This caused major disruptions to the normal bird placement and depopulation cycles. The HPAI outbreak was devastating for the *Bergvlei Chicks* business, which relies on the northern region for more than 80% of production.

We converted our hatchery to meet import status requirements and obtained the necessary permits. Hatching eggs were imported from international sources to augment the severely restricted local supply, but imports turned out to be of lower quality in addition to being significantly more expensive. As per regulations, the imported hatching eggs had to be incubated separately from local eggs. This was a very costly process, but it ensured some supply of day-old chicks for placement on rearing farms and ultimate supply for the egg packing stations, which suffered from an extreme shortage of eggs.

We implemented a robust recovery plan to ensure a pipeline of day-old pullets and to start new flock placement at our own and contracted farms. By the end of FY2024, the *Bergvlei Chicks* business was self-sufficient in terms of locally produced hatching eggs. We also had sufficient layer breeder birds to supply day-old chicks to rebuild our layer flock and increase livestock sales to customers. Smaller, geographically spread flocks negatively impacted the cost of hatching egg production but reduced the risk of disease interruption.

Customers were very supportive this year. However, the exceptional growth in the day-old chick export business we started building last year had to be put on hold due to HPAI-related border closures.

Egg production volumes for FY2024 were approximately 64% lower than the previous year, leading to significant cost under-recovery on the layer farms.

To enable us to scale volumes in line with market demand while our own farms were under quarantine, day-old chicks and point-of-lay hens were placed on contractor farms for rearing and commercial egg production.

We expect the commercial layer flock recovery in South Africa to be slow and egg prices to remain above average well into 2025. Our intent is to place fewer birds than previously at the Gauteng/North West farms in the next year, applying a phased approach.

The Western Cape had a lower HPAI impact this year. Mitigation for lower egg production included keeping birds at farms in the Western and Eastern Cape in production for extended periods despite lower performance and higher feed conversion rates.

[1] *Aviagen owns the Ross broiler brand. https://aviagen.com/#*

EGGS

Revenue
R859 million
-35.0% from FY2023

Adjusted operating profit
R140 million
(FY2023: R42 million loss)

Total volumes
54.5% down
from FY2023

Highlights

- Sales channel and egg realisation management
- Improvement in packing station efficiencies
- Exit Free State market in line with strategic intent

Areas of concern/improvement

- Extended layoffs at packing stations
- Loss of key personnel at Sova and Pinetown packing stations
- Financial performance of Sova and Pinetown packing stations
- Lower sales to a large liquid egg customer

HPAI significantly impacted the egg business as we lost our total commercial layer flock in Gauteng/North West. The permanent closure of the Bloemfontein egg packing station was already planned for FY2024. However, we negotiated to exit the rental contract earlier due to the impact of HPAI.

The Pinetown egg packing station was mothballed as 100% of egg volumes were from Gauteng/North West, with no eggs available from September 2023. This egg packing station started operations again in August 2024, following flock placements at our biggest farm in Gauteng. Due to good relationships with our anchor customers, we started clawing back market share, albeit at reduced prices.

The Sova egg packing station in Gauteng continued operating with limited volumes. Eggs were transported from Gqeberha and the Western Cape, enabling us to continue serving customers in the formal retail and informal markets. To mitigate our egg supply challenge, we contracted with external producers to place a limited number of our own birds on their farms. As a new mitigation measure, this gave us access to supply in lower-risk areas closer to our operations.

OTHER AFRICAN COUNTRIES

Revenue
R468 million
+5.7% from FY2023

Adjusted operating profit
R45 million
(FY2023: R1 million loss)

Egg volumes
0.7% down

Day-old chick volumes
56.7% up

Highlights

- Commercial egg production in Zambia and Mozambique
- Egg sales and realisation in Zambia and Mozambique
- Completion of the Lusaka feed mill project
- Improvement in Uganda broiler breeder production
- Day-old chick sales in Uganda (also from own Sasso parents)
- Established day-old chick export channels from Uganda

Areas of concern/improvement

- Lusaka broiler breeder production
- Very high raw material costs in Zambia
- Very low demand for feed sales in Zambia
- Very high levels of load shedding in Zambia
- Uganda commercial layer production
- Uganda breeder flocks spread over four locations
- Interruption of point-of-lay placement in Mozambique

Zambia

Trading conditions in Zambia were impacted mainly by the weakening Zambian Kwacha, a significant increase in maize costs, higher inflation and increasing levels of load shedding. This negatively impacted margins in the egg business and the demand for feed.

The weak Kwacha resulted in much higher costs, as management salaries, vaccination expenses, soya meal, water treatment and spare parts are mostly paid in foreign currency.

Day-old chick sales volumes improved from very low volumes in FY2023 despite the negative impact of higher feed costs on the demand for day-old chicks. The commercial egg business continued to be the core strength of the Zambian business.

Extended load shedding caused generator breakdowns, whereas the completion of the Lusaka feed mill expansion made a limited contribution due to raw material cost increases that significantly affected demand.

Uganda

Trading conditions in Uganda improved due to lower feed raw material costs, which stimulated demand for day-old chick volumes and feed. Disease outbreaks continued on one of our Kampala farms, while both farms in the city are becoming problematic due to urban sprawl. To meet lively market demand, we rented an additional farm and started planning for additional facilities on the existing layer breeder farm while considering our options for buying and selling property.

Uganda's newly appointed managing director created a new sales structure with agents in Kenya and new clients in Tanzania. This will enable us to ramp up exports as soon as we have geared our supply pipeline. We obtained access to Sasso genetics, imported hatching eggs and started selling our first own-produced Sasso day-old chicks in May 2024.

The Sasso breed of chickens and layers have been specially bred for efficiency in an informal husbandry environment. They are strong, robust and can thrive in harsh African climate conditions while providing high performance and a balance of traits, such as rusticity[1], good meat quality and easy management.

We have been able to effectively manage a mix of breeds in our hen houses and hatcheries despite the associated operational complexities.

Feed sales volumes showed a good improvement, albeit from a low base.

Mozambique

In Mozambique, egg selling prices increased significantly due to HPAI-reduced supply restrictions from South Africa. Feed costs declined compared to the previous year.

Egg sales declined over the year due to lower hen numbers and older flocks. Point-of-lay hen replacement was challenging due to border closures, but we eventually obtained a permit to import hens from South Africa and Swaziland by road.

The *Galovos* egg brand remained strong in the retail market in southern Mozambique.

AD van der Merwe
Chief executive officer

[1] *The natural resistance of a breed to disease and its ability to adapt to different climates and farming conditions.*

CFO REPORT

Financial performance stabilised at healthy levels of profitability towards the end of the financial year as volumes recovered following the HPAI outbreaks. Results improved significantly compared to the previous year based on lower raw material prices, higher broiler efficiencies, higher egg prices, lower energy costs and strong performance from operations in Africa.

Salient features

- Revenue decreased by 8.9% to R6 332 million
- Cost of sales decreased by 11.5% to R5 107 million with feed cost declining, improved broiler efficiencies and lower volumes produced
- Biological assets of R37 million were written off due to HPAI compared to R155 million in FY2023
- Operating profit increased to R231 million from a loss of R36 million in FY2023
- Headline earnings per share increased to 80.4 cents
- Animal feeds decreased revenue by 6.6% and adjusted operating profit decreased by 9.5%
- Broiler and layer farming increased revenue by 2.1% and recorded an adjusted operating loss of R11 million
- The eggs business decreased revenue by 35.0% but recorded an adjusted operating profit of R140 million
- Other African countries increased revenue by 5.7% and recorded an adjusted operating profit of R45 million

Revenue growth impacted by HPAI

Group revenue decreased by 8.9% to R6.3 billion (FY2023: R7.0 billion) in a year characterised by:

- A 6.6% decrease in revenue from the animal feed business, including a 0.5% drop in sales volumes, mostly due to HPAI and a 6.2% decrease in average selling prices following adjustment for lower raw material costs.
- A 2.1% increase in revenue from the farming segment, with live broiler sales volumes increasing by 4.4% and selling prices reducing by 5.1% on the back of lower production costs. Layer farming volumes impacted by HPAI, resulted in lower revenue from this business.
- A 35.0% decrease in revenue from the egg segment with a 54.5% decrease in sales volumes, partially offset by elevated egg prices in South Africa, resulting from the shortage of eggs following the 2023 HPAI outbreaks.
- Revenue from Zambia decreased mainly due to lower feed sales and the weakening of the Kwacha.
- Day-old chick volume increases in Uganda and higher egg prices in Mozambique were the main drivers of revenue growth in these countries.

Revenue for South African operations decreased by 9.9% to R5 864 million (FY2023: R6 510 million).

Revenue from other African operations increased by 5.7% to R468 million (FY2023: R443 million). Revenue from other African operations contributed 7.4% to total revenue, up from 6.4% in 2023.

Disciplined cost management

Cost of sales decreased by 11.5% to R5.1 billion (FY2023: R5.8 billion) and cash operating expenses increased by 3.1% to R1 088 million (FY2023: R1 055 million) and included:

- Lower raw material costs related to reduced international selling prices leading to lower operational costs:
  - The average price of yellow maize on SAFEX decreased by 5.2%
  - The average landed price of soya meal decreased by 11.0%
  - The weighted average cost of layer and broiler feed decreased by 7.9% and 8.5%, respectively
- Lower costs resulting from HPAI outbreaks, which included R37 million for biological assets written off compared to R155 million for FY2023.
- No load shedding since March 2024 with lower fuel cost offset against rising electricity prices. Generator fuel expenses decreased by R38 million from FY2023.
- Manpower and distribution costs were lower, mostly due to HPAI volume impacts.
- Higher head office cost resulted from professional fees pertaining to certain shareholder-related and legal matters.
- A R27.2 million provision for short term incentive bonus (FY2023: R4.6 million).

A return to profitability

Operating profit before items of a capital nature was R232 million compared to a loss of R35 million in the previous year.

South African operations recorded an operating profit of R224 million (FY2023: loss of R19 million) at a margin of 3.8% (FY2023: -0.3%). Other African countries recorded an operating profit of R45 million (FY2023: loss of R1 million) at a margin of 9.7% (FY2023: -0.3%).

The realised fair value adjustments for the current reporting period amounted to a profit of R172 million (FY2023: loss of R64 million), which included a R37 million (FY2023: R155 million) biological asset write-off due to birds being infected with HPAI. The change in the fair value adjustment from a loss to a profit is primarily due to the increased margin on eggs produced. Gross profit, excluding the fair value adjustments, increased by R278 million to R1 396 million (FY2023: R1 119 million) at a margin of 22.1% (FY2023: 16.1%).

Profit from the animal feed segment decreased by R10 million. The lower profit includes a charge of R10 million related to additional costs incurred following the explosion at the Malmesbury feed mill. Any insurance recovery will only be accounted for in FY2025.

The significant increase in egg selling prices in South Africa contributed mostly to the eggs segment's profit increasing by R182 million compared to the previous year.

The farming segment reported a loss of R11 million compared to a loss of R80 million in FY2023. Profit from the broiler farming business improved from FY2023 while the layer farming business earnings remained severely impacted by the continuing impact of the HPAI outbreaks that started in FY2023. Layer farming earnings was negatively impacted, especially in the first half of FY2024, by costs incurred to cull infected birds, clean and prepare farms for future placement, cost under recovery due to very low production volumes and weaker efficiencies caused by disruption to the normal bird placement cycle.

Profits from Uganda and Mozambique were much improved from FY2023. In Uganda day old chick demand improved on the back of lower feed raw material costs and in Mozambique the business benefited from significantly increased egg prices. Zambia reported lower earnings, impacted by challenging trading conditions due to high raw material costs, weak demand for feed and day-old chicks, high levels of load shedding and a weakening currency.

Head office costs increased from R15 million in FY2023 to R37 million in FY2024, due to higher expenditure on corporate matters.

Headline earnings per share increased to a profit of 80.4 cents from a loss of 17.4 cents in FY2023.

Healthy cash flows evident

Cash flow from operating activities amounted to R264 million (FY2023: R276 million) and included an increased investment in working capital of R110 million (FY2023: decrease of R53 million).

The increase in the investment in working capital for FY2024 included:

- The partial rebuilding of the layer flock. The write-off of biological assets was a non-cash flow item.
- Total inventory on hand decreased to R362 million (FY2023: R416 million).
- Total trade and other receivables increased by R31 million to R721 million.
- Total trade and other payables increased by R69 million to R697 million.

Cash flow from investing activities includes capital expenditure on property, plant and equipment and intangible assets amounting to R153 million (FY2023: R143 million).

In addition to maintenance capital, the main projects were the expansion of the Malmesbury feed mill and the construction of new layer rearing houses.

Cash flow from financing activities amounted to an inflow of R61 million (FY2023: outflow of R50 million). This includes the borrowings of R100 million raised following the conclusion and draw down of the term loan facility. Covenants for the working capital facility and the term loan facility were maintained with significant headroom.

Cash and cash equivalents improved from R71 million at 30 September 2023 to R246 million, with Quantum Foods also having a term debt of R99 million at 30 September 2024.

The Rand value of the Group's investment in the other African countries segment decreased by R90 million from 30 September 2023, primarily due to the devaluation of the Zambian Kwacha to the Rand.

Dividend declaration

The Board resolved not to declare a final dividend for FY2024.

A Muller
Chief financial officer

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DIRECTORS' RESPONSIBILITY

In accordance with the requirements of the Companies Act, No. 71 of 2008, as amended ("Companies Act"), the board of directors ("Board") is responsible for the preparation of the annual financial statements, which includes the Company financial statements of Quantum Foods Holdings Ltd ("Quantum Foods" or the "Company") and the consolidated financial statements of Quantum Foods and its subsidiaries (the "Group"). These conform to International Financial Reporting Standards ("IFRS Accounting Standards") and fairly present the financial position, changes in equity, results of operations and cash flows of the Group at the reporting date.

It is the responsibility of the independent external auditors to report on the fair presentation of the financial statements.

The Board is ultimately responsible for the internal control processes of the Group. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of financial records and the financial statements, as well as to adequately safeguard, verify and maintain accountability for the Group's assets. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities, effective accounting procedures and adequate segregation of duties.

Based on the information and assurances given by management and the internal auditors, the Board is of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the financial statements and maintaining accountability for the Group's assets and liabilities.

The directors confirm that the Company is in compliance with the provisions of the Companies Act, specifically relating to its incorporation, and operates in compliance with its Memorandum of Incorporation.

Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss, has occurred during the financial year and up to the date of this report. The Board has a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

A copy of the annual financial statements of the Group is available on the Company's website. The directors are responsible for the maintenance and integrity, including implementing controls and security, of statutory and audited information on the Company's website.

The annual financial statements which appear on pages 3 to 80 and the supplementary information set out on pages 81 to 82 were approved by the Board on 26 November 2024 and are signed on its behalf by:

WA Hanekom
Chairman

AD van der Merwe
Chief Executive Officer

RESPONSIBILITY STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

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

- the annual financial statements set out on pages 3 to 80 fairly present in all material respects the financial position, financial performance and cash flows of the Company and the Group in terms of IFRS Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the Issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies; and
- we are not aware of any fraud involving directors.

AD van der Merwe
Chief Executive Officer

AH Muller
Chief Financial Officer

COMPANY SECRETARY CERTIFICATE

In accordance with section 88(2)(e) of the Companies Act, for the year ended 30 September 2024, it is hereby certified that the Company has lodged with the Companies and Intellectual Property Commission all such returns and notices that are required of a public company in terms of the Companies Act and that such returns and notices are true, correct and up to date.

ZP Wakashe
Company Secretary

AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee ("ARC" or "the committee") is constituted in terms of a charter which outlines the statutory duties in terms of the relevant provisions of the Companies Act, the JSE Ltd Listings Requirements ("JSE Listings Requirements") and responsibilities highlighted in the King IV Report on Corporate Governance™ for South Africa, 2016[1] ("King IV").

Audit and risk committee charter

The committee is guided by formal terms of reference. An annual work plan serves as a guideline for the committee in the execution of its mandate. Both the charter and work plan are reviewed annually and amended as necessary.

The committee's role and responsibilities outlined in the charter include both the statutory duties and responsibilities as required by the relevant provisions of the Companies Act, JSE Listings Requirements as well as those highlighted in King IV.

Members of the audit and risk committee

As at 30 September 2024, the committee comprised three independent non-executive directors, namely Mr GG Fortuin, Mr LW Riddle and Mr PFT Burger.

These members will retire and avail themselves for election at the 11th annual general meeting ("AGM") of the Company in terms of section 94(2) of the Companies Act. All members are required to act objectively and independently, as described in the Companies Act and in King IV.

The chairman of the Board, chief executive officer and the chief financial officer are permanent invitees to committee meetings and every other member of the Board is entitled to attend unless conflicted. In addition, relevant senior managers and external service providers are invited to attend meetings from time to time. The company secretary is the statutory secretary of the committee. The internal and external auditors attend the relevant meetings of the committee.

[1] Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

Meetings

The committee held three meetings during the year. Attendance of the meetings was as follows:

Name	Status	Number of meetings
GG Fortuin	Committee chairman	3/3
LW Riddle	Member	3/3
PFT Burger*	Member	2/3
TJA Golden**	Member	1/3

* *Appointed 29 July 2024*
** *Resigned 31 May 2024*

WA Hanekom and AH Muller attended all three ARC meetings as invitees. AD van der Merwe attended 2 of the 3 meetings as invitee, since being appointed chief executive officer (appointed 1 April 2024). HA Lourens (resigned 31 May 2024) attended 1 of the 3 meetings as invitee.

The internal and external auditors attended the committee meetings in their capacity as assurance providers.

Functions and responsibilities of the committee

During the period under review, the committee was able to discharge the following functions outlined in its charter and ascribed to it in terms of the Companies Act, JSE Listings Requirements and King IV:

- Reviewed the interim and summary results as well as the annual financial statements, culminating in a recommendation to the Board for approval. In the course of its review, the committee:
  - Reviewed the adequacy and effectiveness of the financial reporting process and the systems of internal control.
  - Ensured that appropriate financial reporting procedures exist and that those procedures are operating, which included consideration of all entities included in the consolidated annual financial statements, to ensure that it had access to all the financial information of the Company to allow the Company to effectively prepare and report on the financial statements of the Group.

- Considered and, when appropriate, made recommendations on internal financial controls.
  - Took the necessary steps to ensure that the financial statements are prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act.
  - Ensured that a process is in place to be informed of any reportable irregularities (as per the Auditing Profession Act, No. 26 of 2005) identified and reported by the external auditor; and relating to the accounting practices and internal audit of the Group, the content of the financial statements, the internal financial controls of the Group or any related matter during the financial year. No such material concerns and/or complaints were raised during the financial year.
  - Considered the solvency and liquidity requirement of the Companies Act in recommending proposed dividends to the Board.
- Reviewed the external audit reports on the consolidated annual financial statements.
- Reviewed the reports issued by the JSE on the proactive monitoring of financial statements.
- Oversaw the integrated reporting process. The committee considered the Group's information pertaining to its non-financial performance as disclosed in the integrated report and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements.
- Reviewed and confirmed that no non-audit services were provided by the external auditor requiring pre-approval. In terms of the non-audit services policy of the Group, any permissible non-audit services to be performed, which in the aggregate exceed R500 000 per financial year, must be approved by the committee.
- Reviewed and confirmed the suitability and independence of Ernst & Young Inc. ("EY") as the audit firm and PG du Plessis as the designated auditor of the Group as contemplated in paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 of the JSE Listings Requirements.
- Recommended the re-appointment of EY as the external auditor and PG du Plessis as the designated auditor, after satisfying itself through enquiry that EY is independent as defined in section 94(8) of the Companies Act. The financial year ending 30 September 2025 will be PG du Plessis' second year as designated auditor of the Company. The re-appointment of EY as the recommended external auditor (with PG du Plessis as the designated auditor) will be presented and included as a resolution at the AGM.
- Approved the external auditor's fees and terms of engagement.
- Confirmed and approved the internal audit charter and annual risk-based internal audit plan.
- Reviewed the internal audit risk reports and fraud hotline reports.
- Reviewed and approved the risk management policy and plan.
- Reviewed business continuity capability, disaster management plans and insurance cover.
- Provided oversight over the IT governance of the Group.
- Provided oversight over the combined assurance arrangements, including the external and internal auditors and satisfied itself of the effectiveness of the combined assurance model implemented by the Group.
- Reviewed the effectiveness of the internal audit function and the head of internal audit.

The committee is satisfied that sufficient time was dedicated to risk management and that it discharged its responsibilities as set out in the charter and work plan for the period under review.

The committee is satisfied with the assurance of the internal and external auditors, provided on the effectiveness of the design and implementation of internal financial controls. No findings have been reported to the ARC to indicate that any material breakdown in internal controls occurred during the past financial year.

Internal audit

The internal audit function is a key element of the combined assurance structure. The Group outsourced its internal audit function to Deloitte & Touche. The committee was satisfied that the internal audit function fulfilled its roles and responsibilities, as outlined in the charter.

Chief financial officer and finance function

The committee considered and satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements with the appropriateness of the expertise and experience of AH Muller as chief financial officer.

In addition, the committee considered and has satisfied itself with the appropriateness of the expertise and adequacy of resources of the finance function and experience of senior members of management responsible for the finance function.

The committee has ensured that the Group has established appropriate financial reporting procedures and that those procedures are operating satisfactorily. These annual financial statements have been prepared under the supervision of AH Muller, CA(SA), chief financial officer.

Significant audit matters and quality of external audit

The committee considered and resolved that the key audit matter reported on by the external auditor is the only significant matter required for consideration of the annual financial statements. The committee is satisfied that the key audit matter reported on by the external auditor has been appropriately addressed. The committee was satisfied with the quality of the external audit.

Going concern

The committee has considered and reviewed a documented assessment, including key assumptions, as prepared by management of the going concern status of the Group and Company and has made recommendations to the Board accordingly. The Board's statement regarding the going concern status of the Group and Company, as supported by the committee, is included in the directors' responsibility statement on page 1.

GG Fortuin
Chairman: audit and risk committee

Wellington
26 November 2024

DIRECTORS' REPORT

for the year ended 30 September 2024

1. Principal activities and business review

Quantum Foods Holdings Ltd (incorporated in South Africa) and its subsidiaries is a diversified feeds and poultry business providing quality animal protein to selected South African and other African markets.

Registered office – 11 Main Road, Wellington, 7655, South Africa.

2. Financial results

The annual financial statements on pages 10 to 80 set out fully the Group's financial position, financial performance and the cash flows for the year ended 30 September 2024.

3. Share capital

The authorised share capital consists of 400 000 000 (2023: 400 000 000) ordinary no par value shares. At year-end 201 198 152 (2023: 200 024 716) ordinary shares were in issue.

During the current and prior reporting period no ordinary shares were repurchased and cancelled by the Company.

A subsidiary held 91 855 (2023: 91 855) ordinary shares at year-end. During the reporting period 1 173 436 (2023: 822 303) treasury shares were utilised to settle obligations in terms of the share appreciation rights scheme of the Group. 1 173 436 additional treasury shares were acquired by subsidiaries in the current reporting period (2023: 500 000).

4. Dividends

No cash dividend per ordinary share was declared during the financial year (2023: nil cents).

5. Directors

The directors of the Company are responsible for the activities and reports related to the Group. The Board comprises:

- Wouter André Hanekom (chairman)
- Geoffrey George Fortuin (lead independent director)
- Hendrik Albertus Lourens (resigned 31 May 2024)
- Adel Deidré van der Merwe (appointed 1 April 2024)
- André Hugo Muller
- Tanya Justine Annalene Golden (resigned 31 May 2024)
- Larry Wilson Riddle
- Gary Vaughan-Smith
- Pieter Francois Theron Burger (appointed 29 July 2024)

Ms Ziyanda Patience Wakashe is the company secretary of Quantum Foods.

6. Litigation statement

No litigation matters with potentially material consequences exist at the reporting date. Refer to note 34 (contingent liabilities) of the consolidated financial statements.

7. Events after the reporting period

Other than the matters raised in note 42 to the consolidated financial statements, no other events occurred after the reporting date that may have a material effect on the Group.

8. Material risks

Proactive risk management is essential for the effective implementation of the Group's strategy and to ensure Quantum Foods remains a competitive and sustainable business. Risk management improves operational effectiveness and enables improved value creation. The strategic risks identified by the Group can be viewed on https://quantumfoods.co.za/downloads/company-documents/material-risks.pdf.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Quantum Foods Holdings Ltd

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Quantum Foods Holdings Ltd and its subsidiaries ('the Group') and Company set out on pages 10 to 80, which comprise of the consolidated and separate statements of financial position as at 30 September 2024, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company 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 Company 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 Company 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.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule) we report:

Final Materiality

The ISAs recognise that:

- misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- judgements about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- judgements about matters that are material to users of the financial statements consider users as a group rather than as specific individual users, whose needs may vary greatly.

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgement. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

Group Final Materiality

We determined final materiality for the Group to be R 13.4 million, which is based on 5% of earnings before interest and tax ('EBIT'). We have identified EBIT as the most appropriate basis as we typically believe that profit companies are evaluated by users on their ability to generate earnings. In using the earnings-based measure we did believe it was necessary to adjust the base. In adjusting the base, we adjusted for once off losses incurred related to highly pathogenic avian influenza outbreak of R37 million during the period.

Company Final Materiality

We determined final materiality for the stand-alone Company to be R 31.8 million, which is based on 2% of Equity. We have identified a capital-based measure was the most appropriate basis because Quantum Foods Holdings Ltd is an investment vehicle and not a trading company and the shareholders are interested in the net residual value of the Company.

Group Audit Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account the size and risk profile of the components in the Group. In addition, we further consider the organisation of the Group and effectiveness of Group wide controls, changes in the business environment, and recent Internal audit results when assessing the level of work to be performed at each component of the Group. Our process focuses on identifying and assessing the risk of material misstatements of the Group financial statements as a whole including, with respect to the consolidation process.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors under our instruction.

In selecting components, we perform risk assessment activities across the Group and its components to identify risks of material misstatement. We then identify how the nature and size of the account balances at the components contribute to those risks and thus determine which account balances require an audit response. We then consider for each component the degree of risk identified (whether pervasive or not) and the number of accounts requiring audit responses to assign either a full or specific scope (including specified procedures) to each component.

In our assessment of the residual account balances not covered by the audit procedures, we considered whether these could give rise to a risk of material misstatement of the Group financial statements. This assessment included performing overall analytical procedures at Group level.

Of the 3 components selected, we identified:

- 2 components ("full scope components") which were selected based on the pervasiveness of risk in those components and for which we therefore performed procedures on what we considered to be the entire financial information of the component.
- 1 component ("specific scope component") where our procedures were more focussed or limited to specific accounts which we considered had the potential for the greatest impact on the significant accounts in the financial statements given the specific risks identified.

At a Group level, we tested the consolidation process and performed analytical review procedures over components not in scope.

The reporting components where we performed audit procedures accounted for 89% of the Group's EBIT, 96% of the Group's Revenue, and 90% of the Group's Total assets.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate 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 and Separate 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 and separate 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 and separate financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

The key audit matter applies to the audit of the consolidated financial statements. There was no key audit matter applicable to the separate financial statements.

Key audit mater description	How the matter was addressed in the audit
Valuation of biological assets	
As at 30 September 2024, biological assets were valued at R460.1 million making up approximately 14.3% of the Group's total assets. A fair value adjustment of R8.2 million was recognised in profit and loss per Note 22 of the Annual Financial Statements. Biological assets consist of poultry livestock which includes broiler and layer stock that are measured at fair value less costs to sell per note 7 of the Accounting Policies. Broiler stock includes breeding stock, day-old-chicks, broilers and hatching eggs. Layer stock includes breeding stock, point-of-lay hens, day-old-chicks and hatching eggs. The valuation model employed by management is complex requiring the application of significant judgements and assumptions including the use of unobservable inputs. The most significant being: • The use of market prices of day-old chicks, point of laying hens and culls for layer birds as this is the only selling points for their lifecycle; • The use of market prices of day-old chicks and live birds at slaughter age for broiler livestock as these are the only selling point in their lifecycle; and • The determination of age of both layer and broiler birds at different stages in their lifecycle. We identified the audit of the valuation of biological assets as a key audit matter which required significant audit effort when considering the following: • The significance of the balance in relation to the consolidated financial statements as a whole and consequent audit effort required; and • Significant judgement and assumptions applied in determining the fair value less costs to sell. Management determination of fair value of biological assets which includes the Fair Value Level 3 hierarchy, and the unobservable inputs applied are disclosed in Note 39 of the Annual Financial Statements.	Our audit procedures included, among others, the following: We obtained management's valuation of poultry livestock which included the quantities and values of all livestock and tested the mathematical accuracy of the valuation. We determined the accuracy of the quantities of poultry livestock included by management in the valuation through the performance the following procedures: • Physical verification counts on the livestock (broiler stock and layer stock) were conducted on a sample basis to establish the existence of the livestock used in the valuation; and • Agreement of a sample of sales invoices relating to the period subsequent to year-end to gain assurance over the year-end quantities of livestock. We assessed the reasonableness of the significant judgements and assumptions (including the unobservable inputs) applied by management in the valuation through the performance of the following procedures: • Agreement of the market prices of day-old chicks, point-of-lay hens, culls, hatching eggs and broiler live birds at slaughter age to external sales invoices at market close at year-end; and • Recalculation of the age of livestock, at the different stages in the life cycle, at year-end on a sample basis with reference to age per invoices at purchase date and age per internal transfer document. We assessed the appropriateness of the Group's disclosures relating to biological assets and fair values in the financial statements against the requirements of IAS 41: Agriculture and IFRS 13: Fair value Measurement.
Key Observations	
Based on the procedures performed over the valuation of biological assets, we did not identify any significant matters requiring further consideration in concluding on our procedures.	

Other Matter

The consolidated and separate financial statements of Quantum Foods Holdings Ltd for the year ended 30 September 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 29 November 2023.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 82-page document titled "Quantum Foods Holdings Ltd Annual Financial Statements for the year ended 30 September 2024", which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of the report, and the Integrated Report, which is expected to be made available to us after that date. The other information also includes the Commentary, the Directors' responsibility and the Responsibility statement of chief executive officer and chief financial officer. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 and separate 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 and separate 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 and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company'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 and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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 and Company'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 and Company'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 and separate 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 and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the Group, as a basis for forming an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 and separate 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 Quantum Foods Holdings Ltd for 1 year.

Ernst & Young Inc.

Ernst & Young Inc
Director: Pierre du Plessis
Registered Auditor
Chartered Accountant (SA)

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

Cape Town
26 November 2024

ACCOUNTING POLICIES
for the year ended 30 September 2024

1. Basis of preparation

The material accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The annual financial statements of the Group have been prepared in accordance with, and comply with, IFRS Accounting Standards and IFRS Interpretations Committee interpretations issued and effective at the time of preparing these financial statements, the Listings Requirements of the JSE Ltd and the requirements of the Companies Act. These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The annual financial statements are prepared on the historic cost convention, except for biological assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2 to the consolidated annual financial statements.

1.1 New and amended accounting standards adopted by the Group

The Group has not adopted any revised accounting standards for the first time for the current reporting period beginning on 1 October 2023.

1.2 New and amended accounting standards and interpretations that are not yet effective and have not been early adopted by the Group

The following new accounting standards are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

- *IFRS 18 – Presentation and Disclosures in Financial Statements (1 January 2027)*
- *IFRS 19 – Subsidiaries without Public Accountability: Disclosures (1 January 2027)*

1. Basis of preparation (continued)

1.2 New and amended accounting standards and interpretations that are not yet effective and have not been early adopted by the Group (continued)

The following amendments are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

- *Amendment to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current; Non-current liabilities with covenants (1 January 2024)*
- *Amendment to IAS 7 – Cash flow statements – and IFRS 7 – Financial instruments: Disclosures – Supplier finance (1 January 2024)*
- *Amendments to IAS 21 – Foreign currencies – Lack of Exchangeability (1 January 2025)*
- *Amendments to IFRS 9 – Financial instruments and IFRS 7 – Financial instruments: Disclosures – Classification and measurement of financial instruments (1 January 2026)*
- *Amendment to IFRS 16 – Leases – Lease Liability in a Sale and Leaseback (1 January 2024)*

Impact of the above amendments on the Group's financial statements

The Group has considered all standards, interpretations and amendments that are in issue but not yet effective. Management has concluded that these standards are not expected to have a significant impact on the Group's financial statements.

2. Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvements with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date in profit or loss or other comprehensive income, as appropriate.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intergroup transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the stand-alone financial statements of the holding company, the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

Interest-free loans to subsidiaries, with no specific terms of repayment and with a definite intent not to demand repayment, are considered to be capital distributions to the subsidiary and are included in the carrying amount of the investment.

Associates

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

If the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2. Basis of consolidation (continued)

Associates (continued)

An increase in the Group's interest in an existing associate, where the Group continues to have significant influence, is accounted for using a cost accumulation approach. The cost of acquiring the additional stake, including any directly attributable costs, is added to the carrying value of the associate. The notional fair value for the additional stake (including notional goodwill arising on the purchase of the additional stake) is calculated using fair value information at the date when the additional interest is acquired. No step up or remeasurement of the previously held interest is performed, since the status of the investment does not change.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate is equal to or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as part of the "share of profit of associate company" in profit or loss.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising in investments in associates are recognised in profit or loss. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

3. Property, plant and equipment

Land and buildings mainly comprise factories, farms, poultry houses, offices and silos. All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Land is not depreciated. Depreciation on buildings, poultry houses, machinery, vehicles, furniture and equipment are calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives. Assets under construction are defined as assets still in the construction phase and not yet available for use. These assets are carried at initial cost and are not depreciated. Depreciation on these assets commences when they become available for use and depreciation periods are based on management's assessment of their useful lives. An asset is considered available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The expected useful lives are as follows:

- Buildings 20 – 25 years
- Poultry houses 20 – 25 years
- Plant, machinery and equipment 3 – 30 years
- Vehicles 3 – 20 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. Residual values and useful lives are based on industry knowledge and past experience with similar assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amounts. These are included within other gains/(losses) – net in profit or loss.

4. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of the acquisition. Goodwill arising from a business combination is included in intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

4. Intangible assets (continued)

Trademarks

Trademarks are shown at historical cost. Subsequently, these intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Trademarks have finite useful lives.

Trademarks with finite useful lives are amortised over their useful lives of between 5 and 25 years and assessed for impairment when there is an indication that the assets may be impaired.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Subsequently, these intangible assets are carried at cost less any accumulated amortisation. Computer software is amortised over the estimated useful lives of the assets of between two and five years on a straight-line basis.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when all the following criteria are met:

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

Other development expenditure that does not meet the criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

5. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets, other than goodwill, that have suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

The Group's market capitalisation exceeded its net asset value at the end of the current year. Consequently, management has not identified any impairment losses to be included in the Group's consolidated financial statements in the current financial year.

6. Financial assets

6.1 Classification

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

- Those to be measured subsequently at fair value through profit or loss ("FVPL")
- Those to be measured at amortised cost

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

6.2 Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

6.3 Measurement

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

6. Financial assets (continued)

6.3 Measurement (continued)

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

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

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

6.4 Impairment

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

For trade receivables, the Group applies the general approach to measure the expected credit losses for national customers as well as the balance of receivables covered by insurance. The Group applies the simplified approach to measuring the expected credit losses of all other balances, which uses the expected lifetime losses to be recognised from initial recognition of the receivables.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 9 and note 38.1(b) to the consolidated financial statements.

7. Biological assets

Biological assets consist of livestock. The presentation of biological assets as current or non-current assets depends on the nature of the biological assets. Livestock is a consumable asset and is presented as current assets. Biological assets of the Group include biological assets held at contract producers, as the Group retains ownership of these assets. Biological assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. All directly related costs incurred in acquiring and establishing biological assets are capitalised to the cost of the biological assets. Changes in the measurement of fair value less cost to sell are included within other gains/(losses) – net in profit or loss for the period in which they arise.

All costs incurred in maintaining the assets are included in profit or loss for the period in which the biological assets are realised or included in agricultural produce. Fair values of livestock held for breeding, laying hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.

Agricultural produce is the harvested product of the entity's biological assets and is measured at its fair value less cost to sell at the point of harvest. Such measurement is the cost at that date when transferring the harvested produce to inventory. Agricultural produce of the Group includes eggs from laying hens.

8. Inventories

Inventories are valued at the lower of cost or net realisable value. Cost in each category is determined as follows:

- Raw material at actual cost on a weighted average cost basis
- Own manufactured products at direct raw material and labour cost plus an appropriate portion of production overheads, on a weighted average cost basis
- Consumables, packaging and trading stock at actual cost on a weighted average cost basis
- Eggs purchased are valued at actual cost on a weighted average cost basis

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost of inventories include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw materials. Spare parts included in inventory relate to small parts of manufacturing equipment regularly and continuously used within 12 months.

9. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, trade receivables are classified as current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 9 and note 38.1(b) to the consolidated financial statements.

Other receivables consist mainly of prepayments, value-added tax receivable and other debtors. Other debtors' amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

10. Cash and cash equivalents

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

Deposits held at call with banks and other short-term highly liquid investments are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These deposits are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

11. Share capital

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

When any Group company purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the parent. The Group values treasury shares on the weighted average cost basis.

12. Financial liabilities

12.1 Classification

The Group has financial liabilities in the form of borrowings, provisions, trade and other payables, financial guarantees and lease liabilities. These financial liabilities are classified as financial liabilities at amortised cost (with the exception of lease liabilities which are measured under IFRS 16).

12.2 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the year-end reporting date.

12.3 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs in profit or loss.

12.4 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

12.5 Financial guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 – Financial Instruments; and
- the amount initially recognised less the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The fair value is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Refer to note 16 of the accounting policy for lease liabilities.

12.6 Derecognition of financial liabilities

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

13. Current and deferred income tax

The income tax expense or credit for the period comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

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

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group considers right-of-use assets and lease liabilities separately in respect of the deferred tax consequences of leases within the scope of IFRS 16. At the inception of a lease, deferred taxes are recognised for temporary differences that arise between the tax base and carrying amount of right-of-use assets and lease liabilities. Subsequent to initial recognition, deferred taxes are recognised when temporary differences arise.

14. Revenue recognition

Revenue comprises the transaction price of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after elimination of sales within the Group.

Income is recognised as follows:

Sale of goods

Sales of goods comprise the sale of animal feed, livestock and agricultural produce (eggs). Contracts with the Group's customers contain a single performance obligation to deliver the goods ordered by the customer. The sale of goods is the only income included in revenue in profit or loss.

Sales of goods are recognised when control of the products have transferred, being when a Group entity has delivered products to the customer, the customer has accepted the inventory risk related to the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Revenue from sales is based on the price specified in the sales contracts, net of value-added tax, estimated rebates and discounts and an adjustment for expected returns at the time of sale. Some products (mostly eggs) sold often include a growth incentive rebate that is based on aggregate sales over a 12-month period, which is considered to represent variable consideration. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated growth incentive rebate. Contract terms and accumulated experience are used to estimate and provide for the discounts and rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected growth incentive rebates payable to customers in relation to sales made until the end of the reporting period. No significant financing component is deemed present as sales are made with credit terms (0 to 45 days).

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional since only the passage of time is required before the payment is due. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

14. Revenue recognition (continued)

Sale of goods (continued)

The Group currently accepts returns from customers for damaged goods as well as returns for sell by date goods from certain customers. Contract terms and accumulated experience are used to estimate and provide for the returns at the time of sale. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated value of returns are re-assessed at each reporting date. This allowance for credit notes provision is recorded within trade and other receivables, unless a separate obligation to settle the customer exist, in which case the liability is recorded within trade and other payables.

15. Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in profit or loss within other gains and losses – net.

Group entities

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

- Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the reporting date
- Income and expenditure included in profit or loss for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenditure are translated at the exchange rates prevailing at the dates of the transactions)
- All resulting exchange differences are recognised as a separate component of other comprehensive income

Exchange differences arising from the translation of the net investment in foreign entities, and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

16. Accounting for leases: Group company is the lessee

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

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leases are recognised as a right-of-use asset and a corresponding liability at commencement date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. No assets were assessed to have a useful life shorter than the lease term.

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

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

16. Accounting for leases: Group company is the lessee (continued)

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

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g., term and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Payments associated with short-term leases, variable lease payments not based on an index or a rate in (i) below, and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly IT equipment.

(i) Variable lease payments

Estimation uncertainty arising from variable lease payments

Variable lease payments relate to the lease of equipment and vehicles whereby the rental payments are entirely linked to the hours used, as well as the lease of solar panels whereby the rental payments are entirely based on the energy generated by the solar panels. These variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(ii) Extension and termination options

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

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers factors including historical lease durations and the costs and business disruption required to replace the leased asset. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

17. Accounting for leases: Group company is the lessor

Operating leases

Operating lease assets are included in property, plant and equipment in the statement of financial position. These assets are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the period of the lease and included in other income in profit or loss.

18. Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as part of trade and other payables in the statement of financial position.

Retirement scheme arrangements

The policy of the Group is to provide retirement benefits for all its South African employees in the form of a defined contribution plan. The defined contribution plan is a retirement scheme under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the retirement benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered retirement schemes on a mandatory, contractual or voluntary basis. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

18. Employee benefits (continued)

Other long-term employee benefits (long-service awards)

The Group provides for long-service awards that accrue to employees. Employees receive a long-service bonus equal to one month's salary for every completed 10 years of service. Independent actuaries calculate the liability recognised in the statement of financial position in respect of long-service awards. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised within other operating expenses in profit or loss.

Other long-term employee benefits (long-term incentive)

The Group established a long-term incentive scheme that provides a cash award to key employees based on the growth in enterprise value and certain performance conditions being achieved over a 4 year performance measurement period. Independent actuaries calculated the liability recognised in the statement of financial position in respect of long-term incentive awards. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised within other operating expenses in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Benefits falling due more than 12 months after the year-end reporting date are discounted to present value using the effective interest rate method.

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders, as well as other financial and non-financial performance measures, after certain adjustments. The Group recognises a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Leave pay

Annual leave entitlement is provided for over the period that the leave accrues. In terms of the Group's policy, employees are entitled to accumulate vested leave benefits not taken to a cap of 36 days. Any leave days vesting in excess of the cap are not payable and are not included in the leave entitlement provision.

Leave may not be converted to cash except at termination of employment.

19. Share-based payments

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of share appreciation rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share appreciation rights granted, excluding the impact of any non-market vesting conditions (for example, profitability targets). Non-market vesting conditions are included in assumptions about the number of share appreciation rights that are expected to become exercisable. At each reporting date, the Group revises its estimates of the number of share appreciation rights that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

20. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either cash flow or fair value hedges.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes and detail on movements in the hedging reserve are disclosed in note 10 to the consolidated annual financial statements. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months after the reporting date and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months from this date. Trading derivatives are classified as current assets or liabilities.

20. Derivative financial instruments and hedging activities (continued)

Cash flow hedges that qualify for hedge accounting

Cash flow hedges cover the exposure to variability in cash flows that are attributable to a particular risk associated with:

- a recognised asset or liability;
- a highly probable forecast transaction; or
- the foreign currency risk in an unrecognised firm commitment.

Cash flow hedging instruments are mainly used to manage operational exposure to foreign exchange and commodity price risks. Financial instruments designated as cash flow hedges include commodity futures and foreign exchange contracts. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve within other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately within other gains or losses – net in profit or loss.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item (aligned forward element) is recognised within other gains or losses – net in profit or loss.

Amounts accumulated in other comprehensive income are recycled to profit or loss in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses in other comprehensive income, are transferred from other comprehensive income and included within the initial cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in profit or loss in the case of inventory or in depreciation in profit or loss in the case of property, plant and equipment, as the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecasted transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred immediately to other gains or losses – net in profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss within other gains or losses – net.

21. Dividend distribution

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

22. Segment reporting

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses. Distinct financial information is available for an operating segment, and its operating results are regularly reviewed by the Group's chief operating decision-maker ("CODM"), this being the chief executive officer and chief financial officer of the Group, in order to allocate resources and assess performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The operating segments were identified and grouped together based mainly on the nature of their activities and the products offered by them. The Group's segment reporting is disclosed in note 40 to the consolidated financial statements.

23. Amortised costs

Finance costs and investment income are recognised on a time-proportion basis using the effective interest rate method. When determining the amortised cost amount of financial assets and liabilities, the Group reduces the carrying amount to the amount recoverable or payable, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and it continues unwinding the discount as accretions of discount. These accretions or unwinding of discount on financial assets and liabilities carried at amortised cost are included in "finance costs" or "investment income" in profit or loss.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2024

	Notes	2024 R'000	2023 R'000
ASSETS			
Non-current assets		**1 429 050**	1 420 267
Property, plant and equipment	3	**1 368 237**	1 353 253
Right-of-use assets	4	**36 755**	34 519
Intangible assets	5	**9 014**	12 268
Investment in associate	6	**11 924**	11 200
Trade and other receivables	9	**2 657**	2 827
Deferred income tax	17	**463**	6 200
Current assets		**1 786 375**	1 513 361
Inventories	7	**361 857**	415 630
Biological assets	8	**460 093**	338 380
Trade and other receivables	9	**718 573**	687 761
Current income tax	31	**24**	225
Cash and cash equivalents	11	**245 828**	71 365
Total assets		**3 215 425**	2 933 628
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent		**2 094 715**	2 015 936
Share capital	12	**1 473 619**	1 465 069
Treasury shares	12	**(429)**	(429)
Other reserves	14	**(114 949)**	(29 676)
Retained earnings		**736 474**	580 972
Total equity		**2 094 715**	2 015 936
Non-current liabilities		**383 203**	265 610
Borrowings	15	**79 400**	–
Lease liabilities	16	**27 261**	21 907
Deferred income tax	17	**264 254**	234 621
Provisions for other liabilities and charges	18	**12 288**	9 082
Current liabilities		**737 507**	652 082
Trade and other payables	19	**696 531**	627 870
Derivative financial instruments	10	**487**	58
Current income tax	31	**2 651**	1 774
Borrowings	15	**20 000**	–
Lease liabilities	16	**15 824**	21 299
Provisions for other liabilities and charges	18	**2 014**	1 081
Total liabilities		**1 120 710**	917 692
Total equity and liabilities		**3 215 425**	2 933 628

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2024

	Notes	2024 R'000	2023 R'000
Revenue	20	**6 332 075**	6 952 575
Cost of sales	23	**(5 107 263)**	(5 769 663)
Gross profit		**1 224 812**	1 182 912
Other income	21	**16 186**	18 853
Other gains/(losses) – net	22	**185 243**	(66 389)
Sales and distribution costs	23	**(249 273)**	(287 386)
Marketing costs	23	**(10 639)**	(12 572)
Administrative expenses	23	**(183 814)**	(154 987)
Net impairment losses on trade and other receivables	9	**(2 068)**	(5 941)
Other operating expenses	23	**(749 527)**	(710 413)
Operating profit/(loss)		**230 920**	(35 923)
Investment income	24	**8 032**	5 477
Finance costs	25	**(19 818)**	(23 585)
Share of profit of associate company	6	**724**	1 070
Profit/(loss) before income tax		**219 858**	(52 961)
Income tax (expense)/credit	26	**(59 454)**	17 387
Profit/(loss) for the year		**160 404**	(35 574)
Other comprehensive income for the year			
Items that may subsequently be reclassified to profit or loss:			
Fair value adjustments to cash flow hedging reserve		**(5 750)**	(3 000)
For the year		**15 357**	(39 378)
Income tax effect		**(4 146)**	10 632
Realised to profit or loss		**(23 233)**	35 269
Income tax effect		**6 272**	(9 523)
Movement in foreign currency translation reserve			
Currency translation differences	14	**(89 755)**	(50 333)
Total comprehensive income/(loss) for the year		**64 899**	(88 907)
Profit/(loss) for the year attributable to owners of the parent		**160 404**	(35 574)
Total comprehensive income/(loss) for the year attributable to owners of the parent		**64 899**	(88 907)
Earnings per ordinary share (cents)	27	**80.0**	(17.8)
Diluted earnings per ordinary share (cents)	27	**78.8**	(17.8)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2024

	Share capital R'000	Treasury shares R'000	Hedging reserve R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Other reserves: Total R'000	Retained earnings R'000	Total R'000
Balance as at 1 October 2023	1 465 069	(429)	10 859	(68 190)	27 655	(29 676)	580 972	2 015 936
Total comprehensive income for the period:								
Profit for the year	–	–	–	–	–	–	160 404	160 404
Other comprehensive income for the year	–	–	(5 750)	(89 755)	–	(95 505)	–	(95 505)
Movement in foreign currency translation reserve	–	–	–	(89 755)	–	(89 755)	–	(89 755)
Cash flow hedging								
Fair value adjustments to cash flow hedging reserve								
For the year	–	–	15 357	–	–	15 357	–	15 357
Income tax effect	–	–	(4 146)	–	–	(4 146)	–	(4 146)
Realised to profit or loss	–	–	(23 233)	–	–	(23 233)	–	(23 233)
Income tax effect	–	–	6 272	–	–	6 272	–	6 272
Recognition of share-based payments	–	–	–	–	5 168	5 168	–	5 168
Deferred income tax on share-based payments	–	–	–	–	8 712	8 712	–	8 712
Ordinary shares issued/transferred – share appreciation rights	8 550	–	–	–	(3 648)	(3 648)	(4 902)	–
Balance as at 30 September 2024	1 473 619	(429)	5 109	(157 945)	37 887	(114 949)	736 474	2 094 715
Notes	12	12				14		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2024

	Share capital R'000	Treasury shares R'000	Hedging reserve R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Other reserves: Total R'000	Retained earnings R'000	Total R'000
Balance as at 1 October 2022	1 465 069	(1 390)	13 859	(17 857)	24 960	20 962	616 147	2 100 788
Total comprehensive income for the period:								
Loss for the year	–	–	–	–	–	–	(35 574)	(35 574)
Other comprehensive income for the year	–	–	(3 000)	(50 333)	–	(53 333)	–	(53 333)
Movement in foreign currency translation reserve	–	–	–	(50 333)	–	(50 333)	–	(50 333)
Cash flow hedging								
Fair value adjustments to cash flow hedging reserve								
For the year	–	–	(39 378)	–	–	(39 378)	–	(39 378)
Income tax effect	–	–	10 632	–	–	10 632	–	10 632
Realised to profit or loss	–	–	35 269	–	–	35 269	–	35 269
Income tax effect	–	–	(9 523)	–	–	(9 523)	–	(9 523)
Recognition of share-based payments	–	–	–	–	5 312	5 312	–	5 312
Deferred income tax on share-based payments	–	–	–	–	1 079	1 079	–	1 079
Ordinary shares acquired by subsidiary	–	(2 336)	–	–	–	–	–	(2 336)
Ordinary shares transferred – share appreciation rights	–	3 297	–	–	(3 696)	(3 696)	399	–
Balance as at 30 September 2023	1 465 069	(429)	10 859	(68 190)	27 655	(29 676)	580 972	2 015 936
Notes	12	12				14		

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2024

	Notes	2024 R'000	2023 R'000
Cash flow from operating activities		**264 268**	276 410
Cash profit from operating activities	28	**384 934**	232 158
Working capital changes	29	**(110 149)**	52 522
Cash effect of hedging activities		**–**	(4 030)
Cash generated from operations		**274 785**	280 650
Income tax paid	31	**(10 517)**	(4 240)
Cash flow from investing activities		**(140 457)**	(135 888)
Additions to property, plant and equipment	3	**(153 354)**	(138 475)
Additions to intangible assets	5	**(58)**	(4 059)
Proceeds on disposal of property, plant and equipment	32	**4 720**	663
Repayment of loan included in other debtors	9	**708**	687
Interest received	24	**7 527**	5 296
Cash surplus		**123 811**	140 522
Cash flow from financing activities		**60 924**	(49 662)
Principal elements of lease payments	16	**(19 919)**	(24 935)
Borrowings raised	15	**100 000**	–
Shares issued	12	**8 550**	–
Treasury shares acquired by subsidiary	12	**(8 550)**	(2 336)
Interest paid	33	**(19 148)**	(22 335)
Dividends paid to ordinary shareholders	30	**(9)**	(56)
Increase in cash and cash equivalents		**184 735**	90 860
Effects of exchange rate changes		**(10 272)**	(8 432)
Cash and cash equivalents at beginning of year		**71 365**	(11 063)
Cash and cash equivalents at end of year	11	**245 828**	71 365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2024

1. Accounting policies

The principal accounting policies incorporated in the preparation of this historical financial information are set out on pages 10 to 20.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value measurement of biological assets

In measuring fair value of biological assets, management estimates and judgements are required for determination of fair value. Refer to note 39 for key assumptions used.

Assessment of control over contract producers

The Group utilises contract producers for the growing of broilers or rearing and keeping of layer livestock in exchange for a fee. Goods delivered to contract producers are not recognised as revenue as the Group retains ownership of the goods. These goods are recognised as biological assets and inventories held at third parties.

The Group assesses whether it exercises control over contract producers based on an analysis of the activities of these entities, the Group's decision-making powers, its ability to obtain benefits from these entities and the residual risks regarding these entities that are retained by the Group. Based on this analysis, the Group concluded that it does not control the activities of any contract producer, as it does not have any decision-making powers and that these businesses are managed independently. Furthermore, these businesses retain the residual risk associated with production.

The Group assesses whether the arrangement with the contract producers contains a lease in terms of IFRS 16. Based on this analysis, the Group concluded that the arrangement does not contain a lease, as the Group does not have the right to direct the use of the identified asset throughout the period of use.

Impairment of financial assets

The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement the Group evaluates, among other factors, the expected loss rates based on historical information and adjusted to reflect current and forward-looking information and macro-economic factors. Refer to note 9.

3. Property, plant and equipment

	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Assets under construction R'000	Total R'000
At 1 October 2022					
Cost	485 791	1 662 545	68 018	57 254	2 273 608
Accumulated depreciation and impairment	(144 537)	(758 174)	(48 197)	–	(950 908)
Net book value	341 254	904 371	19 821	57 254	1 322 700
Year ended 30 September 2023					
Opening net book value	341 254	904 371	19 821	57 254	1 322 700
Additions	4 503	61 049	8 010	64 913	138 475
Transfers	39 431	34 246	902	(74 579)	–
Foreign exchange adjustment	(5 277)	(13 906)	(710)	(2 647)	(22 540)
Disposals	(917)	(733)	(220)	–	(1 870)
Depreciation charge	(9 667)	(68 304)	(5 541)	–	(83 512)
Closing net book value	369 327	916 723	22 262	44 941	1 353 253
At 30 September 2023					
Cost	519 749	1 736 086	70 244	44 941	2 371 020
Accumulated depreciation and impairment	(150 422)	(819 363)	(47 982)	–	(1 017 767)
Net book value	369 327	916 723	22 262	44 941	1 353 253
Year ended 30 September 2024					
Opening net book value	**369 327**	**916 723**	**22 262**	**44 941**	**1 353 253**
Additions	**6 765**	**30 163**	**6 906**	**109 520**	**153 354**
Transfers	**16 911**	**67 378**	**654**	**(84 943)**	**–**
Foreign exchange adjustment	**(11 113)**	**(31 377)**	**(1 683)**	**(4 596)**	**(48 769)**
Disposals	**(1 496)**	**(4 090)**	**(457)**	**–**	**(6 043)**
Depreciation charge	**(10 265)**	**(68 194)**	**(5 099)**	**–**	**(83 558)**
Closing net book value	**370 129**	**910 603**	**22 583**	**64 922**	**1 368 237**
At 30 September 2024					
Cost	**525 180**	**1 768 102**	**68 975**	**64 922**	**2 427 179**
Accumulated depreciation and impairment	**(155 051)**	**(857 499)**	**(46 392)**	**–**	**(1 058 942)**
Net book value	**370 129**	**910 603**	**22 583**	**64 922**	**1 368 237**

3. Property, plant and equipment (continued)

Transfers from assets under construction to other asset classes includes R22.4 million for assets related to the new layer rearing houses built on Fransrug farm as well as R28.6 million for assets related to the Lusaka feed mill expansion, which was completed in the current year and became ready to use. The assets under construction balance at the end of the reporting period includes R50.6 million related to the Malmesbury feed mill expansion project.

A register with full details of assets is available at the Group's registered office. Refer to note 35.2 for capital commitments for property, plant and equipment.

Certain property, plant and equipment has been encumbered as security for interest bearing borrowings (refer to note 15).

	2024 R'000
Carrying value of assets pledged as security	
Land and buildings	**16 481**
Plant, machinery and equipment	**63 793**
Total	**80 274**

4. Right-of-use assets

	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Total R'000
At 1 October 2022				
Cost	22 323	19 363	80 512	122 198
Accumulated depreciation and impairment	(10 998)	(10 602)	(32 997)	(54 597)
Net book value	11 325	8 761	47 515	67 601
Year ended 30 September 2023				
Opening net book value	11 325	8 761	47 515	67 601
Reassessments and modifications*	(4 094)	(3 526)	(2 515)	(10 135)
Depreciation charge	(3 334)	(3 714)	(15 899)	(22 947)
Closing net book value	3 897	1 521	29 101	34 519
At 30 September 2023				
Cost	12 216	11 722	76 198	100 136
Accumulated depreciation and impairment	(8 319)	(10 201)	(47 097)	(65 617)
Net book value	3 897	1 521	29 101	34 519
Year ended 30 September 2024				
Opening net book value	**3 897**	**1 521**	**29 101**	**34 519**
Additions	**972**	**1 681**	**2 651**	**5 304**
Reassessments and modifications*	**15 297**	**22**	**(423)**	**14 896**
Depreciation charge	**(3 432)**	**(1 666)**	**(12 803)**	**(17 901)**
Foreign exchange adjustment	**–**	**(63)**	**–**	**(63)**
Closing net book value	**16 734**	**1 495**	**18 526**	**36 755**
At 30 September 2024				
Cost	**29 174**	**2 661**	**55 662**	**87 497**
Accumulated depreciation and impairment	**(12 440)**	**(1 166)**	**(37 136)**	**(50 742)**
Net book value	**16 734**	**1 495**	**18 526**	**36 755**

* *Refer to note 16 for details on the reassessments and modifications.*

5. Intangible assets

	Computer software R'000	Goodwill R'000	Trademarks R'000	Total R'000
At 1 October 2022				
Cost	26 396	5 428	24 544	56 368
Accumulated depreciation and impairment	(14 763)	(5 428)	(24 544)	(44 735)
Net book value	11 633	–	–	11 633
Year ended 30 September 2023				
Opening net book value	11 633	–	–	11 633
Additions	4 059	–	–	4 059
Amortisation for the year*	(3 424)	–	–	(3 424)
Closing net book value	12 268	–	–	12 268
At 30 September 2023				
Cost	30 455	–	–	30 455
Accumulated depreciation and impairment	(18 187)	–	–	(18 187)
Net book value	12 268	–	–	12 268
Year ended 30 September 2024				
Opening net book value	**12 268**	**–**	**–**	**12 268**
Additions	**58**	**–**	**–**	**58**
Amortisation for the year*	**(3 312)**	**–**	**–**	**(3 312)**
Closing net book value	**9 014**	**–**	**–**	**9 014**
At 30 September 2024				
Cost	**30 513**	**–**	**–**	**30 513**
Accumulated depreciation and impairment	**(21 499)**	**–**	**–**	**(21 499)**
Net book value	**9 014**	**–**	**–**	**9 014**

* *Amortisation expenses are included in other operating expenses.*

The prior year computer software additions relate to the acquisition of Sage X3 software licences, and related cost to bring this to use.

During the prior year various trademarks were derecognised since no future economic benefits are expected from its use or disposal.

The goodwill was derecognised in the prior year, following the impairment in the 2022 financial year.

6. Investment in associate

	2024 R'000	2023 R'000
Unlisted shares at cost	**10 251**	10 251
Interest in retained earnings and reserves	**1 673**	949
Balance beginning of year	**949**	(121)
Share of total comprehensive income of associate company	**724**	1 070
	11 924	11 200
Cost of shares		
Klipvlei Broilers (Pty) Ltd	**10 251**	10 251
Effective interest 40% (2023: 40%)		
The following is the summarised statement of financial position of the above-mentioned associate company:		
Non-current assets	**18 234**	17 857
Current assets	**8 323**	405
Total assets	**26 557**	18 262
Non-current liabilities	**16 027**	10 372
Current liabilities	**8 437**	7 608
Total liabilities	**24 464**	17 980
Capital and reserves	**2 093**	282
Total equity and liabilities	**26 557**	18 262

	2024 R'000	2023 R'000
The following is the summarised statement of comprehensive income of the associated company for the year:		
Revenue	**38 082**	33 595
Operating profit	**4 043**	5 147
Net profit after income tax	**1 810**	2 676
Total comprehensive income	**1 810**	2 676

Klipvlei Broilers (Pty) Ltd is a private company and there is no quoted market price available for its shares. The company operates in the poultry industry in the Western Cape, South Africa, and supplies the Group with live broilers. During the current and prior year Klipvlei Broilers (Pty) Ltd was not impacted by HPAI. Management has concluded that there are no indicators of impairment.

7. Inventories

	2024 R'000	2023 R'000
Raw material	**228 843**	300 506
Manufactured products	**62 264**	45 034
Packing materials and consumables	**70 750**	70 090
	361 857	415 630
Inventory carried at net realisable value	**161**	291
Inventory at year-end includes spare parts of R16.0 million (2023: R9.9 million).		
Amounts recognised in profit or loss:		
Inventories recognised as an expense during the year in cost of sales	**3 711 892**	4 217 036
Inventory written-off during the year in cost of sales	**11 034**	6 794

8. Biological assets

	2024 R'000	2023 R'000
Livestock – poultry	**460 093**	338 380

Poultry includes broiler and layer stock. Broiler stock includes breeding stock, day-old chicks, broilers and hatching eggs. Layer stock includes breeding stock, point-of-lay hens, day-old chicks and hatching eggs.

Fair values of livestock held for breeding, lay-hens, broilers and hatching eggs that are not infected by HPAI are determined with reference to market prices of livestock of similar age, breed and genetic material. The fair value of poultry infected by HPAI is written off. For the current financial year, livestock to the value of R37.2 million (2023: R155.3 million) was written off as a result of being infected by HPAI.

	Broiler stock R'000	Layer stock R'000	Total R'000
Fair value less cost to sell at 1 October 2023	**168 126**	**170 254**	**338 380**
Increase due to establishment cost	**1 335 602**	**884 932**	**2 220 534**
Decrease due to harvest	**(113 459)**	**(596 571)**	**(710 030)**
Decrease due to sales	**(1 198 522)**	**(148 643)**	**(1 347 165)**
Livestock written off	**–**	**(37 172)**	**(37 172)**
Fair value adjustment recognised in profit and loss	**(2 629)**	**10 823**	**8 194**
Fair value adjustment recognised in other gains/(losses) – net	**39 346**	**(7 415)**	**31 931**
Fair value adjustment realised in cost of sales	**(41 975)**	**18 238**	**(23 737)**
Foreign exchange adjustment	**(2 858)**	**(9 790)**	**(12 648)**
Fair value less cost to sell at 30 September 2024	**186 260**	**273 833**	**460 093**
Fair value less cost to sell at 1 October 2022	146 026	287 884	433 910
Increase due to establishment cost	1 360 429	1 404 420	2 764 849
Decrease due to harvest	(156 041)	(1 160 784)	(1 316 825)
Decrease due to sales	(1 177 314)	(213 240)	(1 390 554)
Livestock written off	(8 162)	(147 117)	(155 279)
Fair value adjustment recognised in profit and loss	3 532	5 315	8 847
Fair value adjustment recognised in other gains/(losses) – net	38 302	(105 681)	(67 379)
Fair value adjustment realised in cost of sales	(34 770)	110 996	76 226
Foreign exchange adjustment	(344)	(6 224)	(6 568)
Fair value less cost to sell at 30 September 2023	168 126	170 254	338 380

8. Biological assets (continued)

	2024 R'000	2023 R'000
Biological assets at fair value less cost to sell consist of the following:		
Chickens – grandparents and other breeding stock	**79 008**	52 475
Hatching eggs	**42 766**	35 438
Chickens – broilers	**62 277**	62 630
Chickens – laying	**275 862**	187 179
Game	**180**	658
	460 093	338 380

	2024 Quantity	2023 Quantity
At 30 September, the Group held the following biological assets:		
Chickens – grandparents	**9 929**	3 428
Hatching eggs	**9 141 976**	7 209 968
Chickens – broilers	**3 324 095**	3 089 832
Chickens – layers 39 weeks and younger	**3 454 584**	2 386 616
Chickens – layers older than 39 weeks	**1 249 906**	829 159
Game	**68**	400
The Group produced the following agricultural produce for the year ended 30 September:		
Eggs (dozens)	**41 047 210**	77 269 908
Live birds (kg)	**65 629 020**	62 836 065
Number of day-old chicks	**81 607 430**	77 338 682
Number of point-of-lay hens	**3 276 735**	4 774 693
Number of culls	**1 356 007**	2 949 414

The Group is a fully integrated poultry operation. The agricultural produce indicates quantities produced by the Group and includes quantities transferred from one phase in the integrated value chain to another.

9. Trade and other receivables

	2024 R'000	2023 R'000
Trade receivables	**676 248**	646 773
Allowance for outstanding credit notes	**(1 441)**	(1 399)
Loss allowance	**(17 022)**	(17 379)
Trade receivables – net	**657 785**	627 995
Prepayments	**22 498**	23 874
Other debtors	**8 733**	5 532
Receiver of revenue – VAT	**32 214**	33 187
	721 230	690 588
For the purposes of the statement of financial position trade and other receivables are presented as follows:		
Non-current assets	**2 657**	2 827
Current assets	**718 573**	687 761
	721 230	690 588

The carrying value of trade and other receivables approximates their fair value at the reporting date.

An allowance for outstanding credit notes is accounted for based on past experience.

The Group applies the IFRS 9 general approach to measure the ECL for national customers as well as the balance of receivables covered by insurance. The Group applies the IFRS 9 simplified approach to measuring the ECL which uses a lifetime expected loss allowance for all other trade receivables as well as other debtors balances.

To measure the ECL, trade receivables have been grouped on shared characteristics and the days past due. Shared characteristics refer to type of product sold to the customer (similar to disaggregation of revenue note for these product lines – refer to note 20).

9. Trade and other receivables (continued)

The expected loss rates applied are based on the payment profiles of sales over a period of 48 months and the corresponding historical credit losses experienced within this period. The historical credit loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. Forward-looking information includes expected economic growth, employment rates, inflation, interest rates and the potential impact thereof on the Group's customers. The impact of the 2023 HPAI outbreak in South Africa was also considered as part of the forward-looking information for the current period. The expected economic growth rate, unemployment rate, lower levels of inflation, lower levels of interest rates, the fact that no HPAI outbreaks occurred in South Africa since February 2024 as well as some relief from power supply interruptions were noted in the combined assessment of the above, resulting in an adjustment of 18% (2023: 25%) to the calculated loss rates due to forward-looking factors.

	2024 R'000	2023 R'000
Trade receivables	**676 248**	646 773
Excluding:		
– Balances of national customers*	**(274 386)**	(272 654)
– Receivables specifically provided for	**(16 535)**	(16 126)
– Receivables with balances covered by insurance^	**(289 144)**	(240 730)
Remaining trade receivables balance subject to loss allowance based on matrix approach	**96 183**	117 263

* *Balances of national customers (customers with a limited risk profile and with a national geographical representation) with no history of default and long history of trading with the Group. These customers have no long outstanding amounts, nor has there been any indication that these customers will default. The Group calculates the ECL on national customers with reference to the probability of default model using external credit ratings in determining the default risk of counterparties. The expected credit rating range used was between BB and BB+ (for emerging markets). The Group used a loss given default rate of 45%. The forward-looking assessment for national customers includes specific economic growth, unemployment rates, the relief from power supply interruptions that occurred and the fact that no HPAI outbreaks occurred in South Africa since February 2024. Based on a combined assessment of the above, the calculated loss rates were adjusted upwards by a forward-looking factor of 18% (2023: 25%). The calculated ECL on these balances was not considered to be material.*

^ *Balances covered by the Group's credit insurance with Credit Guarantee Insurance after deducting the co-payment as per insurance policy of 20% (2023: 30%). The risk of default on these customers is considered part of the risk of default of the insurer, which risk was assessed as low due to past claims payment history. The ECL of balances insured was calculated using the same expected credit rating, loss given default rate and forward-looking information as national customers. The calculated ECL on these balances was not considered to be material.*

ECL allowance	**Expected loss rate %**	**Gross carrying amount R'000**	**Loss allowance R'000**
30 September 2024			
Current	**0.31**	**87 694**	**269**
30 days	**1.80**	**6 101**	**110**
60 days	**3.86**	**389**	**15**
More than 90 days	**4.65**	**1 999**	**93**
Total ECL allowance		**96 183**	**487**
Specific provision for losses			**16 535**
Total loss allowance			**17 022**
30 September 2023			
Current	0.94	102 249	962
30 days	1.05	7 332	77
60 days	2.02	1 685	34
More than 90 days	3.00	5 997	180
Total ECL allowance		117 263	1 253
Specific provision for losses			16 126
Total loss allowance			17 379

The decrease in the ECL of the current year is due to a decrease in trade receivable balances (subject to the loss allowance based on matrix approach) as well as the improvement in days outstanding. The forward-looking adjustment is lower than prior year due to a combination of lower inflation and interest rates for the medium term future, as well as relief from power interruptions. The ECL estimation technique was applied consistently in the current and prior reporting period.

9. Trade and other receivables (continued)

	2024 R'000	2023 R'000
Movements on the Group's loss allowance are as follows:		
At 1 October	**17 379**	23 475
(Decrease)/increase in general loss allowance recognised in profit or loss during the year	**(725)**	468
Increase in specific loss allowance recognised in profit or loss during the year	**3 109**	8 982
Receivables written off during the year as uncollectible	**(627)**	(11 545)
Unused amounts reversed	**(316)**	(3 509)
Foreign exchange translation adjustment	**(1 798)**	(492)
At 30 September	**17 022**	17 379

Refer to note 38.1(b) for the Group's policy on when a trade receivable balance is included in the specific loss allowance, and when the Group considers a trade receivable balance as uncollectible.

	2024 R'000	2023 R'000
During the year, the following amounts were recognised in profit or loss in relation to impaired trade and other receivables:		
(Decrease)/increase in general loss allowance	**(725)**	468
Increase in specific loss allowance	**3 109**	8 982
Unused amounts reversed	**(316)**	(3 509)
Net impairment losses on trade and other receivables	**2 068**	5 941

The ECL of other debtors were calculated as for trade receivables (refer above). The calculated ECL on these balances was not considered to be material.

Specifically provided receivables comprise of a number of customers for whom there is objective evidence that the Group will not be able to collect all amounts due. The following trade receivables were specifically provided for at year-end:

	2024 R'000	2023 R'000
Other customers	**16 535**	16 126

	2024 R'000	2023 R'000
A summary of the Group's trade receivables covered by insurance or secured by collateral is as follows:		
Trade receivable balances covered by Credit Guarantee Insurance (excluding specifically provided debtors balances)	**339 974**	306 665
Notarial bonds – registered value	**7 595**	7 595
Bank guarantees – actual value	**2 000**	2 000
The carrying amount of the Group's trade receivables are denominated in the following currencies:		
US dollar	**380**	–
Zambian kwacha*	**7 877**	9 357
Ugandan shilling*	**952**	27
Mozambican metical*	**9 790**	10 462
South African rand	**657 249**	626 927
Total	**676 248**	646 773

* *Functional currencies of the relevant subsidiaries*

Other receivables are largely denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

9. Trade and other receivables (continued)

Loan to broad-based black economic empowerment supplier ("B-BBEE supplier")

The Group granted a long-term loan to a B-BBEE supplier during the 2019 reporting period. The loan was provided to increase the B-BBEE supplier's layer hen capacity through capital improvements. The loan is unsecured, interest free and repayable in monthly instalments over 10 years, starting from the date the capital improvements were ready for use.

	2024 R'000	2023 R'000
Loan to broad-based black economic empowerment supplier ("B-BBEE supplier")		
Loan at the start of the year	**3 490**	3 996
Loan repaid during the year	**(708)**	(687)
Discounting of loan	**506**	181
Loan at the end of year – included in other debtors balance	**3 288**	3 490
Current portion of loan	**631**	663
Non-current portion of loan	**2 657**	2 827

The loan balance is not past due, nor has there been any indication that the B-BBEE supplier will default. The credit risk of the Group's loan has been assessed using the general approach of IFRS 9 by taking into account the B-BBEE supplier's risk of default and its capacity to meet the contractual cash flow obligations as they become due, as well as current and forward-looking information on macro-economic factors affecting the B-BBEE supplier's ability to settle its debt. Forward-looking information includes expected economic growth, employment rates, inflation, interest rates and the potential impact thereof on the B-BBEE supplier. Due to the risk of default being assessed as low, the loan receivable is considered to be fully performing (Stage 1). The calculated ECL of the loan receivable was not considered to be material.

10. Derivative financial instruments

	2024 R'000	2023 R'000
Foreign exchange contracts – cash flow hedges	**(487)**	(58)
For the purposes of the statement of financial position, derivative financial instruments are presented as follows:		
Current liabilities	**(487)**	(58)

Trading derivatives are classified as a current asset or liability. The carrying values of derivative financial instruments are measured at their fair values at the reporting date. Refer to note 20 of the accounting policies for the measurement principles of derivative financial instruments.

The purchase of foreign exchange contracts are for the import of raw materials used for production, or capital expenses.

Refer to note 38 for the Group's exposure to financial risks and how these risks are managed.

10. Derivative financial instruments (continued)

10.1 Derivative instruments earmarked for hedging (cash flow hedges)

Currency forward contracts	Change in fair value used for measuring ineffectiveness for the period '000	Notional Foreign amount '000	Notional Rand amount R'000	Carrying amount R'000
30 September 2024				
Purchases of foreign exchange contracts				**(487)**
Euro	**64**	**628**	**12 106**	**(487)**
30 September 2023				
Purchases of foreign exchange contracts				(58)
Euro	1 808	234	4 677	(58)

Cash flow hedges are expected to realise in profit or loss in the next financial year.

11. Cash and cash equivalents

	2024 R'000	2023 R'000
Cash at bank and on hand	**245 828**	71 365

For the purposes of the statement of cash flows, the year-end cash and cash equivalents consist of cash at bank, on hand, restricted balances and bank overdrafts.

The carrying amounts of the Group's cash at bank and on hand are denominated in the following currencies:

	2024 R'000	2023 R'000
South African rand	**200 263**	19 702
US dollar	**1 757**	2 848
Zambian kwacha (functional currency of a subsidiary)	**5 180**	31 110
Ugandan shilling (functional currency of a subsidiary)	**25 501**	13 217
Mozambican metical (functional currency of a subsidiary)	**13 127**	4 488
Total	**245 828**	71 365

The carrying amounts of cash and cash equivalents approximate their fair values at the reporting date.

11. Cash and cash equivalents (continued)

Restricted balances

Cash and cash equivalents include restricted balances of R1.3 million (2023: R3.0 million). Restricted cash balances consist of initial margin balances with the JSE which serve as collateral for derivative positions held at year-end. This cash is accessible by the Group when the related derivative positions are closed.

12. Share capital

	2024 R'000	2023 R'000
Authorised – ordinary shares		
400 000 000 (2023: 400 000 000) ordinary no par value shares		
Issued and fully paid – ordinary shares		
201 198 152 (2023: 200 024 716) ordinary no par value shares	**1 473 619**	1 465 069
Reconciliation of movement in issued shares		
Opening balance	**1 465 069**	1 465 069
Additional share capital raised: 1 173 436 issued at a price of R7.29 per share (2023: nil)*	**8 550**	–
	1 473 619	1 465 069

* Shares issued by the Company under the Quantum Foods Holdings Limited Equity Settled Phantom Share Plan to certain participants who exercised Phantom Share Rights.

	2024 R'000	2023 R'000
Treasury shares held by subsidiary		
At the beginning of the year: 91 855 (2023: 414 158) ordinary shares	**429**	1 390
1 173 436 (2023: 500 000) ordinary shares acquired by subsidiaries during the year at an average price of R7.29 per share (2023: R4.67 per share)	**8 550**	2 336
Issued to management in terms of share appreciation rights scheme: 1 173 436 (2023: 822 303) ordinary shares	**(8 550)**	(3 297)
At the end of the year: 91 855 (2023: 91 855) ordinary shares	**429**	429

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of shares held.

13. Share-based payments

Management share appreciation rights scheme (equity-settled)

The Group operates a share appreciation rights scheme for qualifying management.

The exercise of vested share appreciation rights entitles the employee to ordinary shares in the Company. This number of ordinary shares is calculated by dividing the amount by which the exercise price, relating to the exercised share appreciation rights, appreciated from grant date to exercise date, by the phantom share right price at the exercise date. Phantom share right price is an amount equal to the volume weighted average price per share for the preceding three trading days. Special dividends declared during the period between the grant date and the vesting date are included in the exercise price of the share appreciation rights.

	2024 Number '000	2023 Number '000
Number of share appreciation rights made available		
Number at beginning of year	**22 544**	22 803
New allocation at R4.74 per share	**–**	6 411
Redeemed/exercised	**(2 866)**	(3 335)
Expired/forfeited	**(4 725)**	(3 335)
Number at end of year	**14 953**	22 544
Number of share appreciation rights		
At R4.25 per share, exercisable up to 11 February 2025	**–**	2 016
At R3.57 per share, exercisable up to 17 February 2026	**1 250**	5 001
At R6.09 per share, exercisable up to 15 February 2027	**1 824**	3 648
At R5.39 per share, exercisable up to 21 February 2028	**5 468**	5 468
At R4.74 per share, exercisable up to 21 February 2029	**6 411**	6 411
	14 953	22 544

The performance-based criteria are measured over three-, four – and five-year performance periods respectively. The hurdle for any vesting is based on a target compound annual growth in headline earnings per share.

The net estimated weighted average fair value at grant date per share appreciation right for share appreciation rights outstanding at 30 September 2024 is R1.63 (2023: R1.45). The fair value per share appreciation right was used to calculate the total cost of the scheme in terms of IFRS 2 – Share-based payment. The cost accounted for in the current year amounts to R5.2 million (2023: R5.3 million).

	2024	2023
These fair values were calculated using the actuarial binomial option pricing model.		
The principal assumptions were as follows:		
Weighted average share price at grant date (cents per share)	**498**	472
Expected volatility	**32.4% to 45.3%**	28.2% to 45.3%
Expected dividend yield	**3.0%**	3.0%
Risk-free rate	**5.2% to 9.1%**	5.2% to 9.1%
Expected life (years)	**3 to 5**	3 to 5

Expected volatility was determined by calculating the volatility of the share price of the Company.

The shareholders initially approved a maximum number of 14 500 000 ordinary shares that may be issued in terms of the management share appreciation rights scheme. At 30 September 2024, 2 991 531 ordinary shares (2023: 4 164 967) were still available for issue.

14. Other reserves

	2024 R'000	2023 R'000
Share-based payment reserve	37 887	27 655
Foreign currency translation reserve	(157 945)	(68 190)
Hedging reserve	5 109	10 859
	(114 949)	(29 676)

The fair value of share appreciation rights issued to qualifying management are accounted for in the share-based payment reserve over the respective vesting periods. The reserve is adjusted at each reporting date when the entity revises its estimates of the number of share appreciation rights that are expected to become exercisable. The impact of the revision of original estimates, if any, are recognised in profit or loss, with a corresponding adjustment to this reserve in equity for the equity-settled plan. Refer to note 13 for further detail.

The foreign currency translation reserve relates to exchange differences arising from translation of foreign subsidiaries' statements of comprehensive income at average exchange rates for the year and their statements of financial position at the ruling exchange rates at the reporting date if the functional currency differs.

The hedging reserve relates to the change in fair value of derivative financial instruments. These derivative financial instruments include futures as well as foreign exchange contracts – cash flow hedges.

15. Borrowings

	2024 R'000	2023 R'000
Interest-bearing term loan facility	99 400	–

In October 2023 the Group obtained a new term loan facility denominated in South African rand from Rand Merchant Bank. The loan provides the Group's South African businesses with additional liquidity for working capital investment and expansion projects. The total available amount under the loan was R100 million of which the full amount was drawn down as at 30 September 2024 (2023: Rnil). The loan is repayable in bi-annual instalments, commencing 31 March 2025.

The loan is recognised at amortised cost and bears interest at the three-month Jibar rate plus 2.3%, payable quarterly in arrears. Facility fees of R0.8 million were payable to the lender upon signing the facility agreement. These were debited as transaction cost to the loan account, and is amortised over the term of the loan as part of finance costs.

The loan is secured by a mortgage bond over land and buildings and a special notarial bond over plant and equipment for an amount of R300 million.

The movement in the facility during the period is as follows:

	2024 R'000
Opening balance	–
Borrowings raised	100 000
Repayment of capital	–
Repayment of finance cost	(8 748)
Facility fee prepaid	(600)
Interest paid in cash	(8 148)
Finance cost	8 148
	99 400
For the purposes of the statement of financial position, borrowings are presented as follows:	
Non-current	79 400
Current	20 000
	99 400

Covenants applicable to the term loan

The Group shall ensure that the following financial covenants will be met:

	Targets	Achieved
– The gross debt to equity shall not exceed target	30%	0%
– The equity shall be at least target (R'000)	1 800 000	2 094 715
– The current ratio shall be more than target (times)*	1.25	2.49
– Earnings before interest, taxation, depreciation and amortisation divided by gross senior interest shall not be less than target (times)**	4.50	25.17

* *Current ratio refers to the ratio of current assets divided by current liabilities.*

** *Gross senior interest refers to all interest accrued on the term loan or other facilities whether paid, payable or capitalised.*

None of the covenants were breached during the year ended 30 September 2024.

16. Leases

	2024 R'000	2023 R'000
This note provides information for leases where the Group is a lessee.		
Reconciliation of carrying values		
Balance at beginning of year	**43 206**	81 619
New leases	**5 304**	–
Reassessments and modifications	**14 639**	(13 478)
Lease termination	**(79)**	–
Lease payments (principal portion)	**(19 919)**	(24 935)
Total lease payments	**(24 486)**	(31 885)
Interest expense	**4 567**	6 950
Foreign exchange adjustment	**(66)**	–
	43 085	43 206
Lease liabilities		
Non-current	**27 261**	21 907
Current	**15 824**	21 299
	43 085	43 206

The Group's leasing activities and accounting thereof are disclosed in note 16 of the accounting policies.

Right-of-use assets recognised in the statement of financial position in relation to the Group's lease liabilities are disclosed in note 4.

The statement of comprehensive income includes the following amounts relating to leases

	2024 R'000	2023 R'000
Depreciation charge of right-of-use assets (note 4)	**17 901**	22 947
Interest expense (included in finance cost note 25)	**4 567**	6 950
Gain on reassessment of leases (included in other income note 21)	**(338)**	(3 342)
Expense relating to short-term leases (included in sales and distribution costs and other operating expenses)	**11 620**	8 179
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	**5 513**	5 820
Expense relating to variable lease payments not included in lease liabilities (included in sales and distribution costs and other operating expenses)	**783**	662

The total cash outflows for leases amounted to R42.4 million (2023: R46.5 million) of which R19.9 million (2023: R24.9 million) relates to the principal elements of lease payments.

Impact of critical judgements in determining the lease term

Reassessments and modifications include leases of which the lease term was revised to reflect the effect of exercising termination options, leases of which the scope was increased or decreased due to the addition or removal of one or more leased assets, as well as leases of which the lease payments changed due to existing terms included in the lease agreement. The financial effect of the most significant reassessments and modifications comprise the revising of lease terms to reflect the effect of exercising extension and termination options, which was an increase in recognised lease liabilities of R14.6 million (2023: decrease of R13.6 million) and right-of-use assets of R14.9 million (2023: decrease of R10.2 million). The gain on reassessments and modifications of R0.3 million (2023: R3.3 million) was recognised as part of other income. During the current year, the lease term of the Pinetown egg packing station was extended for a further five years (2023: lease term of the Bloemfontein egg packing station reduced due to the closure of the plant), which impact was the largest contributor to the revised lease term financial effect. None of the lease payments made in the current reporting period were optional. R39.3 million of potential future cash outflows (2023: Rnil) have not been included in the lease liability as it is not reasonably certain that the leases will be extended (or not terminated).

17. Deferred income tax

	2024 R'000	2023 R'000
Balance at beginning of year	**228 421**	255 614
Charge in profit or loss	**49 860**	(22 612)
Change in tax rate	**–**	267
Foreign exchange translation adjustment	**(1 651)**	(2 660)
Deferred income tax on hedging reserve charged to equity	**(4 127)**	(1 109)
Deferred income tax on share-based payment reserve	**(8 712)**	(1 079)
	263 791	228 421
Due to the following temporary differences:		
Capital allowances	**215 174**	213 013
Inventories	**12 486**	11 840
Biological assets	**96 992**	63 285
Assessed loss recognised	**(13 635)**	(26 337)
Prepaid expenses	**4 650**	4 598
Provision for long-service awards	**(3 073)**	(2 744)
Provision for long-term incentive	**(788)**	–
Leave accrual	**(7 651)**	(7 886)
Bonus accrual	**(7 474)**	(1 453)
Provision for impairment losses on trade receivables	**(2 397)**	(2 186)
Rebates, growth incentives and settlement discount accruals	**(3 126)**	(3 074)
Allowance for credit notes	**(389)**	(378)
Deferred income	**(2 360)**	(1 090)
Derivative financial instruments	**(253)**	(1 893)
Share-based payments	**(20 325)**	(12 526)
Accruals staff costs	**(1 869)**	(2 051)
Other*	**(2 171)**	(2 697)
	263 791	228 421

* *Other includes temporary differences on right-of-use assets and the discounting of a loan.*

Assessed losses recognised relate mainly to assessed losses arising in the prior financial year in Quantum Foods Uganda Ltd, whose forecasts support the utilisation of the loss in the next financial year.

For the purposes of the statement of financial position, deferred income tax is presented as follows:

	2024 R'000	2023 R'000
Non-current assets	**(463)**	(6 200)
Non-current liabilities	**264 254**	234 621
	263 791	228 421

During the year, deferred income tax assets of R0.5 million (2023: R6.2 million) have been recognised of which the utilisation thereof depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. These deferred tax assets relate to assessed losses of Group entities that suffered losses in the preceding years. The losses suffered in the previous period arose from identifiable causes that are unlikely to recur. These entities have a strong earnings potential, and future profitability is expected against which unrecognised tax losses can be utilised.

18. Provisions for other liabilities and charges

	2024 R'000	2023 R'000
Long-service awards	**11 382**	10 163
Long-term incentive	**2 920**	–
	14 302	10 163

18.1 Long-service awards

	2024 R'000	2023 R'000
Balance at beginning of year	**10 163**	10 116
Interest	**1 013**	949
Actuarial profit	**(29)**	(1 049)
Current service costs	**1 349**	1 407
Payments	**(1 114)**	(1 260)
	11 382	10 163
The amount recognised in the statement of financial position was determined as follows:		
Present value of unfunded obligations	**11 382**	10 163
Existing provisions are based on the following important assumptions:		
Discount rate (per annum)	**9.0%**	10.5%
Salary increases (per annum)	**5.7%**	7.1%
Normal retirement age	**60 years**	60 years
The date of the most recent actuarial valuation is:	**30 September 2024**	30 September 2023

18.2 Long-term incentive

	2024 R'000	2023 R'000
Balance at beginning of year	**–**	
Interest	**136**	
Actuarial loss	**1 229**	
Current service costs	**1 555**	
Payments	**–**	
	2 920	
The amount recognised in the statement of financial position was determined as follows:		
Present value of unfunded obligations	**2 920**	
Existing provisions are based on the following important assumptions:		
Discount rate (per annum)	**8.4%**	
Salary increases (per annum)	**4.9%**	
The date of the most recent actuarial valuation is:	**30 September 2024**	
For the purposes of the statement of financial position, provisions for other liabilities and charges are presented as follows:		
Non-current liabilities	**12 288**	9 082
Current liabilities	**2 014**	1 081
	14 302	10 163

19. Trade and other payables

	2024 R'000	2023 R'000
Trade payables	**533 996**	519 742
Accrued expenses	**52 900**	27 454
Related parties (refer to note 36)	**6 584**	–
Accrued leave pay	**28 957**	30 000
Accrued 13th cheque	**9 243**	9 354
Accrued short-term incentive bonus	**27 205**	5 036
Value-added tax	**36**	27
Dividends payable	**412**	421
Other payables*	**25 813**	25 370
Refund liability	**11 385**	10 466
	696 531	627 870

* *Other payables include trade and other receivables with credit balances reclassified as trade and other payables of R12.9 million (2023: R10.7 million), and employee taxes payable amounting to R4.8 million (2023: R6.2 million).*

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

The refund liability is recognised for growth incentive rebates payable to certain customers (refer to note 14 of the accounting policies).

The carrying amount of the Group's trade payables are denominated in the following currencies:

	2024 R'000	2023 R'000
Uncovered:	**533 996**	519 742
Euro	**4**	760
US dollar	**3 635**	2 122
Zambian kwacha (functional currency of a subsidiary)	**1 960**	3 495
Ugandan shilling (functional currency of a subsidiary)	**3 470**	590
Mozambican metical (functional currency of a subsidiary)	**1 599**	3 466
South African rand	**523 328**	509 309
Total	**533 996**	519 742

Other payables are mostly denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

20. Revenue from contracts with customers

	2024 R'000	2023 R'000
Disaggregation of revenue from contracts with customers	**6 332 075**	6 952 575
The Group derives revenue from the transfer of goods at a point in time.		
Eggs	**1 174 064**	1 627 094
– included in eggs segment	**858 980**	1 322 275
– included in other African countries segment	**315 084**	304 819
Layer farming*	**213 503**	221 376
– included in farming segment	**167 665**	187 154
– included in other African countries segment	**45 838**	34 222
Broiler farming**	**1 773 068**	1 689 484
– included in farming segment	**1 698 734**	1 641 471
– included in other African countries segment	**74 334**	48 013
Animal feeds	**3 171 440**	3 414 621
– included in animal feeds segment	**3 138 813**	3 358 828
– included in other African countries segment	**32 627**	55 793
	6 332 075	6 952 575

* *Layer farming sales includes the sale of day-old pullets and point-of-lay hens.*
** *Broiler farming sales includes the sale of day-old broilers and live birds.*

Information regarding major customers

During the period under review, revenue from the Group's top three customers was as follows:

	2024 R'000	2023 R'000
Customer A	**1 307 743**	1 319 846
Customer B	**427 133**	548 975
Customer C	**355 700**	481 374

Revenue from these customers is reported within all operating segments except other African countries.

21. Other income

	2024 R'000	2023 R'000
Administration fees received	–	5
Rental income	**5 858**	6 217
Sundry income	**5 371**	6 077
Discount received	**4 656**	5 452
Insurance claims	**301**	1 102
	16 186	18 853

Sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of services provided as a proportion of the total services to be provided. The sale of services is included in other income in profit or loss. Sale of services includes rental income received. Sundry income includes a gain on reassessments and modifications of lease liabilities amounting to R0.3 million (2023: R3.3 million).

22. Other gains/(losses) – net

	2024 R'000	2023 R'000
Biological assets fair value adjustment	**31 931**	(67 379)
Unrealised – reflected in carrying amount of biological assets	**8 194**	8 847
Realised – reflected in cost of goods sold	**23 737**	(76 226)
Agricultural produce fair value adjustment	**150 684**	13 814
Unrealised – reflected in carrying amount of inventory	**2 790**	1 608
Realised – reflected in cost of goods sold	**147 894**	12 206
Foreign exchange differences	**(3 071)**	218
Financial instruments fair value adjustments	–	7
Foreign exchange contract cash flow hedging ineffective loss	**(475)**	(63)
Futures contract cash flow hedging ineffective gain/(loss)	**7 497**	(11 779)
Loss on disposal of property, plant and equipment	**(1 323)**	(1 207)
	185 243	(66 389)

Biological assets fair value adjustment

The adjustment of biological assets from cost to fair value includes a realised and unrealised component. The unrealised portion is reflected in the carrying amount of biological assets in the statement of financial position, and the realised portion is reflected in cost of goods sold in profit and loss.

23. Operating costs

23.1 Expenses by function

	2024 R'000	2023 R'000
Cost of sales[1]	**5 107 263**	5 769 663
Sales and distribution costs[2]	**249 273**	287 386
Marketing costs[3]	**10 639**	12 572
Administrative expenses[4]	**183 814**	154 987
Net impairment losses on trade and other receivables[5]	**2 068**	5 941
Other operating expenses[6]	**749 527**	710 413
	6 302 584	6 940 962

23. Operating costs (continued)

23.2 Expenses by nature

	2024 R'000	2023 R'000
Cost of raw materials including fair value adjustments realised on biological assets and agricultural produce[1]	4 725 499	5 239 185
Livestock written off[1]	37 172	155 278
Inventory written off[1]	11 034	6 794
Research and laboratory costs[1, 3, 6]	18 425	19 952
Staff costs[1, 2, 4, 6]	548 616	539 387
Wages and salaries	472 177	466 363
Termination benefits	1 171	1 330
Other staff costs	39 453	35 958
Retirement fund contributions	30 647	30 424
Share-based payments expense (refer to note 13)	5 168	5 312
Non-executive directors' remuneration[6]	2 274	2 285
Consulting and legal fees[4]	37 131	15 805
Auditors' remuneration[4]	5 993	5 498
Audit – current year	5 847	5 410
Tax-related services	146	88
Internal audit fees[4]	2 179	2 297
Rental of premises, machinery and vehicles[2, 4, 6]	17 916	14 661
Travel and entertainment[4]	10 042	10 021
Energy costs[1, 6]	198 592	211 964
Maintenance[1, 6]	128 119	113 945
Depreciation and amortisation[1, 6]	104 771	109 883
Insurance[4]	35 429	31 962
Cleaning[1, 6]	62 814	59 884
Office expenses[4]	63 802	59 535
Marketing costs[3]	9 002	10 479
Security[1, 6]	38 441	38 455
Change in loss allowance for trade receivables[5]	1 441	(5 604)
Change in allowance for credit notes[6]	42	(404)
Bad debts[6]	511	11 405
Transport and distribution costs[1, 2]	241 911	287 294
B-BBEE socio-economic and enterprise development[4]	1 428	1 001
Total cost of sales, sales and distribution costs, marketing, administrative and other operating expenses	**6 302 584**	6 940 962

Total expenses by nature are disclosed in note 23.2 with a numeral that indicated the expense by function as in note 23.1.

[1] *Cost of sales*
[2] *Sales and distribution costs*
[3] *Marketing costs*
[4] *Administrative expenses*
[5] *Net impairment losses on trade and other receivables*
[6] *Other operating expenses*

In the previous reporting period, legal fees were disclosed as part of office expenses. To ensure consistency with the current year's figures, the prior disclosure has been updated, to include the legal fees as part of consulting and legal fees.

24. Investment income

	2024 R'000	2023 R'000
Interest income on financial assets		
– Call accounts and other	7 527	5 296
– Unwinding of discount on receivables	505	181
	8 032	5 477

Interest income is recognised on a time-proportion basis using the effective interest rate method. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as investment income in profit or loss where it is earned from financial assets that are held for cash management purposes.

25. Finance costs

	2024 R'000	2023 R'000
Interest expense on financial liabilities measured at amortised cost		
– Call loans and bank overdrafts	**5 833**	15 385
– Term loan	**8 148**	–
– Lease liability finance charges	**4 567**	6 950
– Provision for unwinding of discount	**1 270**	1 250
	19 818	23 585

26. Income tax expense/(credit)

	2024 R'000	2023 R'000
Current income tax	**9 594**	4 958
Current year	**9 594**	4 958
Deferred taxation	**49 860**	(22 345)
Current year	**49 860**	(22 805)
Overprovision previous years	**–**	193
Income tax rate change	**–**	267
	59 454	(17 387)

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the statutory rate as follows:

	2024 R'000	2023 R'000
Profit/(loss) before income tax	**219 858**	(52 961)
Tax at standard rate for companies: 27% (2023: 27%)	**59 362**	(14 299)
(Decrease)/increase in rate:		
Exempt income	**(211)**	(350)
Effect of assessed losses	**–**	237
Non-deductible expenditure	**9 462**	4 056
Other non-taxable income	**(41)**	(16)
Overprovision previous year	**–**	193
Effect of capital gains tax	**(7)**	(20)
Effect of different tax rates*	**(6 172)**	(4 909)
Effect of tax rate change	**–**	267
Other differences	**(2 939)**	(2 546)
Effective rate	**59 454**	(17 387)

* *The standard tax rate for foreign subsidiaries differs from the income tax rate of 27%. Quantum Foods Zambia Ltd's agricultural profits are taxed at 10% and other income and manufacturing activities (feed mill activities) are taxed at 30%. Quantum Foods Uganda Ltd's profits are taxed at 30%. Quantum Foods Mozambique, S.A. profits are taxed at 10%.*

Exempt income consists of amounts received in terms of the South African employment tax incentive scheme. Non-deductible expenditure consists mainly of depreciation on assets (e.g. poultry houses bought) and expenses relating to corporate action which are not deductible for tax.

	2024 R'000	2023 R'000
Gross calculated tax losses of certain subsidiaries at the end of the reporting period available for utilisation against future taxable income of those companies	**45 451**	93 088
Less: Utilised in reduction of deferred tax	**(43 936)**	(71 010)
	1 515	22 078

A current and deferred income tax credit of R2.1 million (2023: credit of R1.1 million) relating to fair value adjustments on the cash flow hedging reserve is recognised directly in other comprehensive income/(loss).

27. Earnings per ordinary share

Basic

The calculation of basic earnings per share is based on profit/(loss) for the year attributable to owners of the parent divided by the weighted average number of ordinary shares (net of treasury shares) in issue during the year:

	2024 R'000	2023 R'000
Profit/(loss) for the year	**160 404**	(35 574)
Weighted average number of ordinary shares in issue ('000)	**200 564**	199 553

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive contingent ordinary shares.

	2024 Number '000	2023 Number '000
Weighted average number of ordinary shares in issue used as the denominator in calculating basic earnings per share	**200 564**	199 553
Adjustment for calculation of diluted earnings per share – Share appreciation rights	**2 992**	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**203 556**	199 553

Share appreciation rights issued in terms of the share incentive scheme have a potential dilutive effect on earnings per ordinary share. Share appreciation rights issued in terms of the share incentive scheme were not included in the calculation of diluted basic and headline earnings per share for the year ended 30 September 2023 because they were anti-dilutive. Refer to note 13.

The calculation of diluted earnings per share is based on profit/(loss) for the year attributable to owners of the parent divided by the diluted weighted average number of ordinary shares (net of treasury shares) in issue during the period:

	2024 R'000	2023 R'000
Profit/(loss) for the year	**160 404**	(35 574)
Diluted weighted average number of ordinary shares in issue ('000)	**203 556**	199 553
Headline earnings is calculated in accordance with Circular 1/2023 issued by the South African Institute of Chartered Accountants.		
Reconciliation between profit/(loss) attributable to owners of the parent and headline earnings		
Profit/(loss) for the year	**160 404**	(35 574)
Remeasurement of items of a capital nature		
Loss on disposal of property, plant and equipment	**941**	812
Gross	**1 323**	1 207
Tax effect	**(382)**	(395)
Headline earnings for the year	**161 345**	(34 762)
Earnings per ordinary share (cents)	**80.0**	(17.8)
Diluted earnings per ordinary share (cents)	**78.8**	(17.8)
Headline earnings per ordinary share (cents)	**80.4**	(17.4)
Diluted headline earnings per ordinary share (cents)	**79.3**	(17.4)

28. Cash profit from operating activities

	2024 R'000	2023 R'000
Reconciliation of profit/(loss) before tax and cash profit from operating activities:		
Profit/(loss) before income tax	**219 858**	(52 961)
Adjustment for:		
Depreciation and amortisation	**104 771**	109 883
Biological assets fair value adjustment	**(8 194)**	(8 847)
Agricultural produce fair value adjustment	**(2 790)**	(1 608)
Livestock written off	**37 172**	155 278
Net loss on sale of property, plant and equipment	**1 323**	1 207
Unrealised losses/(gains) on FECs, foreign exchange and future contracts	**884**	(1 091)
Change in loss allowance for trade receivables	**1 441**	(5 604)
Change in provision for credit notes based on history	**42**	(404)
Inventory written off	**11 034**	6 794
Bad debts	**511**	11 405
Share-based payments expense	**5 168**	5 312
Changes in provisions for long-service awards	**206**	(902)
Changes in provisions for long-term incentive	**2 784**	–
Investment income	**(8 032)**	(5 477)
Finance costs	**19 818**	23 585
Share of profit of associate company	**(724)**	(1 070)
Gain on reassessment of leases included in other income	**(338)**	(3 342)
	384 934	232 158

29. Working capital changes

	2024 R'000	2023 R'000
Decrease in inventory	**21 088**	25 576
(Increase)/decrease in trade and other receivables	**(37 186)**	56 395
Increase in trade and other payables	**74 829**	25 302
Increase in current biological assets	**(160 549)**	(55 874)
Changes to derivative financial instruments	**(858)**	1 123
Cash effect of hedging activities	**(7 473)**	–
	(110 149)	52 522

30. Dividends paid

	2024 R'000	2023 R'000
Amounts unpaid at beginning of the year	**(421)**	(477)
Amounts unpaid at end of year	**412**	421
	(9)	(56)

31. Income tax paid

	2024 R'000	2023 R'000
Amounts unpaid at beginning of the year	**(1 549)**	(831)
Current tax charge in profit and loss	**(9 594)**	(4 958)
Hedging reserve – income tax current year	**(2 001)**	–
Amounts unpaid at end of the year	**2 627**	1 549
	(10 517)	(4 240)
For the purposes of the statement of financial position, current income tax (receivable)/payable are presented as follows:		
Current assets	**(24)**	(225)
Current liabilities	**2 651**	1 774
	2 627	1 549

32. Proceeds on disposal of property, plant and equipment

	2024 R'000	2023 R'000
Book value of property, plant and equipment disposed	**6 043**	1 870
Loss on disposal of property, plant and equipment	**(1 323)**	(1 207)
	4 720	663

33. Net debt reconciliation

	2024 R'000	2023 R'000
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.		
Net debt		
Cash and cash equivalents	**245 828**	71 365
Borrowings	**(99 400)**	–
Lease liabilities	**(43 085)**	(43 206)
	103 343	28 159

	Other assets: Cash/bank overdraft R'000	Liabilities from financing activities: Borrowings R'000	Lease liabilities R'000	Total R'000
Net debt as at 1 October 2022	(11 063)	–	(81 619)	(92 682)
Movement in lease liabilities	–	–	13 478	13 478
Cash flows	90 860	–	–	90 860
Financing cash flows	–	–	24 935	24 935
Other changes				
Interest expense	(15 385)	–	(6 950)	(22 335)
Interest payments	15 385	–	6 950	22 335
Foreign exchange adjustments	(8 432)	–	–	(8 432)
Net debt as at 30 September 2023	**71 365**	**–**	**(43 206)**	**28 159**
Movement in lease liabilities	**–**	**–**	**(19 864)**	**(19 864)**
Cash flows	**184 735**	**–**	**–**	**184 735**
Financing cash flows	**–**	**(100 000)**	**19 919**	**(80 081)**
Other changes				
Interest expense	**(5 833)**	**(8 148)**	**(4 567)**	**(18 548)**
Interest payments	**5 833**	**8 748**	**4 567**	**19 148**
Foreign exchange adjustments	**(10 272)**	**–**	**66**	**(10 206)**
Net debt as at 30 September 2024	**245 828**	**(99 400)**	**(43 085)**	**103 343**

34. Contingent liabilities

No litigation matters with potential material consequences exist as at the reporting date.

35. Commitments

35.1 Operating lease receivables

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	2024 R'000	2023 R'000
No later than one year	**120**	3 013
Later than one year, and no later than five years	**30**	120
Later than five years	**–**	30
	150	3 163

35.2 Capital commitments

	2024 R'000	2023 R'000
Contractually committed	**130 972**	31 638
Approved by the Board, but not yet contractually committed	**135 765**	291 403
– for the next financial year	**128 319**	223 129
– for the year following the next financial year	**7 446**	68 274
	266 737	323 041

The expenditure will be financed from operating income, cash reserves and borrowed funds, in accordance with a budget approved by the Board.

36. Related-party transactions

Quantum Foods Holdings Ltd is the ultimate holding company of the Quantum Foods group of companies. The Group consists of:

- Quantum Foods (Pty) Ltd
- Quantum Foods Uganda Ltd (incorporated in Uganda)
- Quantum Foods Zambia Ltd (incorporated in Zambia)
- Quantum Foods Mozambique, S.A. (incorporated in Mozambique)
- Klipvlei Broilers (Pty) Ltd – associate company (refer to note 6)

The Group holds a 100% (2023: 100%) interest in Quantum Foods (Pty) Ltd, and this entity holds a 100% (2023: 100%) interest in all the other subsidiaries listed above. The subsidiaries are incorporated in South Africa unless indicated otherwise.

During the reporting period the Company and its subsidiaries conducted the following transactions with its associate companies and key management personnel:

36.1 Purchase of goods/services

	2024 R'000	2023 R'000
Klipvlei Broilers (Pty) Ltd (grower fee paid)	**40 337**	36 050

36.2 Key management personnel compensation

	2024 R'000	2023 R'000
Salaries and other short-term employee benefits	**24 198**	22 200
Post-employment benefits	**2 524**	2 298
Short term bonuses and incentives	**17 911**	3 055
Other long-term benefits	**2 429**	249
Share-based payments	**4 550**	4 641
	51 612	32 443

Key management personnel include the executive directors of the Board and members of the Group's executive committee.

36.3 Year-end balances arising from sales/purchases of goods

	2024 R'000	2023 R'000
Payables to related parties		
Klipvlei Broilers (Pty) Ltd	**6 584**	–

37. Financial instruments by category

	Amortised cost R'000	Assets at fair value through profit and loss R'000	Total R'000
30 September 2024			
Assets as per statement of financial position			
Trade and other receivables[1]	**666 518**	**–**	**666 518**
Cash and cash equivalents	**245 828**	**–**	**245 828**
Total	**912 346**	**–**	**912 346**
30 September 2023			
Assets as per statement of financial position			
Trade and other receivables[1]	633 527	–	633 527
Cash and cash equivalents	71 365	–	71 365
Total	704 892	–	704 892

[1] *Financial assets do not include prepaid expenses and VAT amounts receivable.*

	Other financial liabilities at amortised cost R'000	Liabilities at fair value through profit and loss R'000	Total R'000
30 September 2024			
Liabilities as per statement of financial position			
Borrowings	**99 400**	**–**	**99 400**
Lease liabilities	**43 085**	**–**	**43 085**
Derivative financial instruments	**–**	**487**	**487**
Trade and other payables[2]	**631 090**	**–**	**631 090**
Total	**773 575**	**487**	**774 062**
30 September 2023			
Liabilities as per statement of financial position			
Lease liabilities	43 206	–	43 206
Derivative financial instruments	–	58	58
Trade and other payables[2]	583 453	–	583 453
Total	626 659	58	626 717

[2] *Financial liabilities do not include accruals for 13th cheque, leave, short-term incentive bonus and VAT amounts payable.*

38. Financial risk management

38.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information is included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	• Future commercial transactions • Recognised assets and liabilities denominated in foreign currency	• Cash flow forecasting • Sensitivity analysis	Forward foreign exchange contracts for future commercial transactions
Market risk – price risk	Fluctuations in prices of feed raw materials, mainly maize and soya bean meal	Sensitivity analysis	• Futures contracts • Contracting at fixed delivery prices
Market risk – interest rate	Deposits and bank overdraft at variable rates	Sensitivity analysis	• Treasury function based on a rolling cash flow forecast • Evaluation of interest rate swap agreements
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	• Ageing analysis • Credit ratings • Sensitivity analysis	• Deposits placed at banks with high credit ratings • Credit limits, credit control, letters of credit and insurance for trade receivables
Liquidity risk	Investment in working capital, capital expenses, changes in profitability	Rolling cash flow forecasts	• Committed working capital facility • Vendor payment terms • Term loan facility

38.1 Financial risk factors (continued)

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Board approved a broad decision-making framework in terms of which financial risks are evaluated, managed and hedged by executive management.

The Group is also exposed to risk arising from environmental and climatic changes. The geographical spread and number of farming operations provide the Group with some protection from the impact and scale of poultry disease outbreaks, as well as adverse climatic conditions such as droughts and floods. The Group has a comprehensive vaccination and flock health monitoring programme. Strict biosecurity management is enforced and was further expanded following the impact of the HPAI outbreaks in 2022 and 2023.

(a) Market risk

(i) Cash flow interest rate risk

The Group's interest rate risk arises from financial assets and financial liabilities.

Financial liabilities exposed to interest rate risk include interest-bearing short and long-term borrowings. In the current year, the Group has a new term loan facility denominated in South African rand from Rand Merchant Bank. The loan is recognised at amortised cost and bears interest at the three-month Jibar rate plus 2.3%, payable quarterly in arrears. In the prior year, the Group had a bank overdraft balance which exposed the Group to cash flow interest rate risk. The Group's lease liabilities has minimal exposure to variable interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. The Group assessed the concentration of risk with respect to its borrowings and concluded it to be low.

Financial assets exposed to cash flow interest rate risk include cash and short-term bank deposits. Changes in the prime interest rate will result in a minimal impact on profit after tax.

	2024 R'000	2023 R'000
Financial liabilities		
The interest rate profile as at 30 September is summarised as follows:		
Variable rate	**99 400**	–
Fixed rate	**–**	–
Total borrowings	**99 400**	–

	2024 %	2023 %
Percentage of total borrowings:		
Variable rate	**100**	100
Fixed rate	**–**	–
Total borrowings	**100**	100

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, British pound, US dollar, Zambian kwacha, Ugandan shilling and Mozambican metical. Foreign exchange risk arises from future commercial transactions denominated in foreign currencies, recognised assets and liabilities denominated in foreign currencies and derivative financial instruments. Apart from the Group's exposure to trade receivables and payables and cash denominated in foreign currencies, no other financial assets or liabilities expose the Group to significant foreign exchange risk.

Instruments used by Group

The Group manages short-term foreign exchange exposure relating to raw material imports (primarily US dollar based), in terms of formal hedging policies. Foreign exchange risk arising from capital imports is hedged in total. The Group either uses a foreign exchange forward contract ("FEC") to hedge its exposure to foreign currency risk or procures the relevant imported goods at a ZAR price which includes an FEC entered into on the Group's instruction. Only the spot component of forward contracts entered into by the Group is designated as a hedging instrument. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is the forward element, which is recognised in profit or loss.

38. Financial risk management (continued)

38.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

***Instruments used by Group** (continued)*

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's exposure to this risk is material. The Group's investments in foreign operations are not material with respect to the rest of its operations. Refer to note 14, as well as the consolidated statement of changes in equity, for movements in the foreign currency translation reserve during the period.

Refer to note 10 for material FECs. Refer to notes on trade and other receivables, trade payables for financial exposure to foreign currency risk.

Refer to note 22 – other gains/(losses) – net for foreign exchange-related amounts recognised in profit or loss for the year.

(iii) Price risk

The Group is exposed to commodity price risk. The risk arises from the Group's need to buy specific quantities and qualities of raw materials to meet its feeds business' requirements. These raw materials include maize and soya bean meal. The prices of these commodities used by the Group fluctuate widely and recovering an increasing material commodity price from customers is not always possible, which impacts the Group's profitability. Commodity price fluctuations are normally caused by factors such as supply conditions, weather, exchange rate fluctuations and other economic conditions which are outside the control of the Group.

The Group uses exchange-for-physical contracts to hedge itself against the price risk of the maize commodity acquired in South Africa. These contracts hedge the future purchase price of raw materials and the settlement of the physical contracts and local futures are effected by physical delivery. The commodity price risk arising from maize and soya bean meal imports are hedged by contracting at a fixed delivered price. This is done through an established process whereby the various conditions which influence commodity prices are monitored daily. Hedging against these risks are done through appropriate procurement decisions taken by executive management within Board approved mandates. Detailed statements of raw material contracts are prepared and submitted on a monthly basis to the Chief Executive Officer. The Group takes physical delivery of each procurement decision.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transaction, which includes the notional amount and expected payment date. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the dollar offset method and compares the changes in fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The impact of hedged items on the statement of financial position is, as follows:

	2024 Change in fair value used for measuring ineffectiveness R'000	**2024** Cash flow hedge reserve R'000	2023 Change in fair value used for measuring ineffectiveness R'000	2023 Cash flow hedge reserve R'000
Highly probable forecast purchases (foreign exchange contracts)	**(411)**	**(411)**	(8)	(8)
Maize purchases (commodity forward contracts)	**15 768**	**7 410**	(39 370)	14 884

Refer to note 10 for nominal amounts of FECs.

The commodity forward contracts (futures) consist of 358 yellow maize (2023: 72 yellow maize and 436 white maize) futures bought.

38.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk (continued)

The effect of cash flow hedging in the statement of profit or loss and other comprehensive income is, as follows:

	Highly probable forecast purchases (foreign exchange contracts) R'000	Maize purchases (commodity forward contracts) R'000
For the year ended 30 September 2024		
Total hedging gain/(loss) recognised in other comprehensive income	**(411)**	**15 768**
Ineffectiveness gain/(loss) recognised in profit or loss*	**(475)**	**7 497**
Line item in the statement of profit or loss	**Other gains/(losses) – net**	**Other gains/(losses) – net**
Amount reclassified from other comprehensive income to profit or loss	**8**	**(23 241)**
Line item in the statement of profit or loss	**Other gains/(losses) – net**	**Cost of sales**
For the year ended 30 September 2023		
Total hedging gain/(loss) recognised in other comprehensive income	(8)	(39 370)
Ineffectiveness gain/(loss) recognised in profit or loss*	(1 816)	(10 026)
Line item in the statement of profit or loss	Other gains/(losses) – net	Other gains/(losses) – net
Amount reclassified from other comprehensive income to profit or loss	(72)	35 341
Line item in the statement of profit or loss	Other gains/ (losses) – net	Cost of sales

* *The cost of hedging is recognised in other operating expenses in the statement of profit or loss.*

38. Financial risk management (continued)

38.1 Financial risk factors (continued)

(a) Market risk (continued)

(iv) Sensitivity analysis

The tables below summarises the impact on post-tax profit and equity of changes in market risks relating to the Group's financial instruments. There were no changes since the prior period in the methods and assumptions used to calculate the sensitivity analysis.

Change in foreign currency

The summary below reflects the results of a change in US dollar of 1% (2023: 1%), British pound of 2.5% (2023: 1%), Euro of 2% (2023: 1%), Zambian kwacha of 5% (2023: 5%), Ugandan shilling of 2% (2023: 4%) and Mozambique metical 4% (2023: 3%), with all other variables held constant. The change in foreign currency rates used in the sensitivity analysis are determined by considering the prevalent market expectation for exchange rate movements within the next 3 months. This analysis considers the impact of changes in foreign exchange rates on profit or loss, excluding foreign exchange translation differences resulting from the translation of Group entities that have a functional currency different from the presentation currency, into the Group's presentation currency (and recognised in the foreign currency translation reserve).

	2024 R'000	2023 R'000
Rand depreciates against foreign currencies		
– Increase/(decrease) in profit after income tax		
Trade receivables subject to exchange rate fluctuations	**723**	466
Cash and cash equivalents subject to exchange rate fluctuations	**1 078**	1 316
Trade payables subject to exchange rate fluctuations	**(231)**	(538)
– Increase in equity after income tax		
Derivative financial instruments earmarked for hedging (foreign exchange contracts)	**88**	34
	1 658	1 278

Change in interest rate

Interest rate risks are presented by way of sensitivity analysis in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expense and other income component. The Group measures sensitivity to interest rates as the effect of a change in the South African Reserve Bank ("SARB") prime rate or Johannesburg interbank average rate ("Jibar") on the profit after tax based on the Group's exposure at reporting date. The below summary reflects the effect of a 75 basis points (2023: 50 basis points) change in the SARB prime rate or Jibar, with all other variables held constant. The Group regards a 75 basis points change in these rates for the next 12 months as being reasonably possible at the end of the reporting periods presented.

	2024 R'000	2023 R'000
Interest rate increases		
– Increase/(decrease) in profit after income tax		
Call accounts and other	**1 304**	195
Interest-bearing liability	**(544)**	–
	760	195

Interest rates decrease

If the prime interest rate or Jibar decreases, the impact will be a decrease in the profit after tax of the same amount on financial instruments.

Change in commodity prices

Derivative financial instruments affected by changes in the commodity prices relate to futures. The summary below reflects the results of a change in the maize price of 5% (2023: 5%), with all other variables held constant, on the Group's open future positions.

Commodity price increase

	2024 R'000	2023 R'000
Increase in equity after income tax		
Derivative financial instruments earmarked for hedging	**622**	1 315

If these prices were to decrease it will result in a decrease in reserves of the same amount.

38.1 Financial risk factors (continued)

(b) Credit risk

Financial assets that potentially subject the Group to a concentration of credit risk consist principally of cash and cash equivalents and derivative financial instruments, as well as credit exposure to trade receivables, including outstanding receivables and committed transactions.

The Group's credit risk exposure relating to derivative financial instruments is managed on a Group level and are placed with a limited number of creditable financial institutions, the majority of which have Moody's short-term credit ratings of NP. The Group continually monitors its positions and the credit ratings of its counterparties.

The Group's credit risk exposure relating to trade receivables is managed centrally. Trade receivables are subject to credit limits, credit control and credit approval procedures. The credit quality of customers is assessed, taking into account their financial position, past experience with the customer and other factors when approving new customers and determining or revising individual credit limits. The utilisation of credit limits is regularly monitored.

The Group insures its South African debtors with Credit Guarantee Insurance. In 2024, 52% (2023: 49%) of the Group's total trade receivables that have not been specifically impaired are covered by credit insurance. National customers have a limited risk profile and a national geographical representation. The credit quality of the national customers is considered to be good based on historical default rates. These customers include large national customers in the formal retail sector. The large national customers and other listed companies are assessed as having a low risk of default, and are thus not insured. These customers amounted to approximately 42% (2023: 43%) of trade receivables – net at the reporting date. Other customers relate to customers that do not have a national geographical representation, of which 86% (2023: 86%) are insured. The risk of default on insured other customers is considered part of the risk of default of the insurer, which risk was assessed as low due to past claims payment history. Other customers that are not insured represent 6% (2023: 8%) of total trade receivables – net. Based on past payment history of customers in this group, the risk of default is considered to be medium. These customers are included in calculation of the expected credit losses.

Credit insurance premiums are paid on a monthly basis based on net invoiced sales. The credit policy requires each new customer to be analysed individually for credit worthiness before delivery and payment terms are offered. The Group's risk is limited to 20% (2023: 30%) of the net invoiced sales to insured debtors. The Group's review includes external ratings where available and, in some cases, bank references. Limits are established for each customer, which represents the maximum trading amount without requiring further approval. These limits are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a cash basis. Customers that default on payments are closely monitored and put on "stop supply" if required.

Concentration of credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different industries and geographical areas.

Other receivables consist mainly of prepayments, value-added tax receivable and other debtors. The risk of default is assessed as low.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The credit risk of trade receivables is as follows:

	Credit risk assessment	**2024 R'000**	2023 R'000
National customers	Low	**274 386**	272 654
Other customers – insured*	Low	**339 974**	306 665
Other customers – not insured	Medium	**45 353**	51 328
Other customers – specifically provided	High	**16 535**	16 126
Trade receivables		**676 248**	646 773

* *Other customers – insured represents the lower of customers' trade receivable balances and their credit insurance limit. The comparative amount has been updated to reflect the gross carrying amount which excludes any loss allowance.*

A specific provision for losses of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Financial assets are considered to be in default when contractual payments are 60 days past due. 60 days past due is considered to be an appropriate indicator of default when considered against the company's customer base, the trading terms for which are 0-45 days. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators of objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables and that the trade receivable is impaired.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

38. Financial risk management (continued)

38.1 Financial risk factors (continued)

(b) Credit risk (continued)

Indicators are incorporated such as the customer's internal and external credit rating where available, significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements and significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customers with similar risk profiles and changes in the operating results of the customer (where available). Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. In addition, a significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment.

The amount of the specific provision for losses, included in the loss allowance, is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. Trade receivables are written off as other operating expenses in profit or loss when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, a failure to make contractual payments for a period of greater than 120 days past due and/or when the legal process has not enabled recovery. Subsequent recoveries of amounts previously written off are credited against other operating expenses in profit or loss.

The Group deposits cash surpluses with financial institutions of high quality and standing. The table below shows the cash and cash equivalents allocated in terms of bank rating. These ratings are based on Moody's bank ratings.

	2024 R'000	2023 R'000
NP short-term credit rating	**245 499**	71 076
Not rated	**76**	7
Cash on hand	**253**	282
	245 828	71 365

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, payment terms agreed with suppliers and the ability to close out market positions. The increase in the working capital investment of the Group was mainly due to repopulation of the layer flock impacted by HPAI in the prior year. Net debt is calculated as the amount by which the bank overdraft, lease liabilities and borrowings exceed the cash and cash equivalents. The short-term commitments of the Group will be settled by cash realised from trade receivables and the utilisation of the borrowing facilities available. To improve liquidity the Group obtained a R100 million term loan facility on 25 October 2023. Refer to note 15 for further details on the term loan facility.

The Group manages its liquidity risk by using reasonable and retrospectively assessed assumptions to forecast the future cash-generating capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, committed borrowing facilities and other credit lines as appropriate. The Group's policy has been to maintain substantial unutilised banking facilities and reserve borrowing capacity. The Group therefore assessed the concentration risk with respect to liquidity and concluded it to be low.

Surplus cash held by Group treasury over and above the balance required for working capital management is invested in interest-bearing money market deposits with sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the Group held no short-term bank deposits.

At year-end the Group had a borrowing facility in the form of a debtors' finance facility at one of the major South African banks for the value of R424.2 million (2023: R426.9 million). Trade receivables, of which the balance is R657.2 million at year-end (2023: R626.9 million), is provided as security for the debt. The facility agreement determines that any positive cash balances available in the South African bank account of the Group can be offset against any amount drawn. The Group has a legally enforceable right to offset these amounts, and there is an intention to settle on a net basis. At year-end the Group also had an interest-bearing term loan facility at one of the major South African banks for the value of R99.4 million (2023: Rnil). Refer to note 15 for further details.

Reconciliation of borrowing facility utilisation	**2024 R'000**	2023 R'000
Positive cash balances	**47 926**	14 977
Amount drawn on facility agreement	**-**	(100)
Net balance of cash at bank/(bank overdraft)	**47 926**	14 877
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	**424 224**	426 762

38. Financial risk management (continued)

38.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed are the contractual undiscounted cash flows.

Maturity analysis of financial liabilities	Not later than 1 year R'000	Between 1 and 2 years R'000	More than 2 years R'000	Total R'000
30 September 2024				
Capital and interest – total				
Borrowings excluding bank overdrafts and call loans	**(30 206)**	**(28 057)**	**(69 679)**	**(127 942)**
Lease liabilities	**(19 989)**	**(14 831)**	**(17 489)**	**(52 309)**
Dividends payable	**(412)**	**–**	**–**	**(412)**
Trade and other payables	**(630 626)**	**–**	**–**	**(630 626)**
Other derivative financial instruments	**(487)**	**–**	**–**	**(487)**
Financial guarantees	**(15 687)**	**–**	**–**	**(15 687)**
	(697 407)	**(42 888)**	**(87 168)**	**(827 463)**
30 September 2023				
Capital and interest – total				
Lease liabilities	(24 586)	(15 569)	(7 728)	(47 883)
Dividends payable	(421)	–	–	(421)
Trade and other payables	(583 453)	–	–	(583 453)
Other derivative financial instruments	(58)	–	–	(58)
Financial guarantees	(13 244)	–	–	(13 244)
	(621 762)	(15 569)	(7 728)	(645 059)

38. Financial risk management (continued)

38.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

Note: Financial liabilities do not include provisions, accrual for 13th cheque and short term incentive bonus, deferred revenue, accrual for leave and VAT amounts payable.

The carrying value of financial liabilities are equal to the total contractual undiscounted cash flows as disclosed above, except for lease liabilities and financial guarantees. Lease liabilities have a carrying value of R43.1 million (2023: R43.2 million).

Financial guarantees relate to guarantee contracts in terms of loans by third parties to contracted service providers. The financial guarantee contracts are recognised initially at fair value. For subsequent measurement the financial guarantee contracts are measured at the higher of the amount determined in accordance with the expected credit loss model under IFRS 9 – Financial Instruments and the fair value initially recognised less amortisation. The expected credit losses of the financial guarantees were calculated using the general approach of IFRS 9 by taking into account the third parties' risk of default and its capacity to meet the contractual cash flow obligations as they become due, as well as current and forward-looking information on macro-economic factors affecting the third parties' ability to settle its debt. Forward-looking information includes expected economic growth, employment rates, inflation, interest rates and the potential impact thereof on the third parties. Due to there not being a significant increase in credit risk since initial recognition the amount determined in accordance with the expected credit loss model was not material. The value of the financial guarantee contracts is therefore equal to the initial recognition fair value, which is nil (2023: nil). The maximum possible exposure of the Group at 30 September 2024 is R15.7 million (2023: R13.2 million).

38.2 Capital risk management

The Board's policy is to maintain a strong capital base to ensure the Group continues as a going concern in order to provide returns for shareholders and benefits for other stakeholders. When allocating capital, the Group's target is to achieve a return on invested capital in excess of its weighted average cost of capital.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding within the Group to fund the Group's capital requirements. Funding includes cash and cash equivalents, interest-bearing loans and lease liabilities. The directors also consider the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back its own shares or reduce debt.

The Group is required, by means of covenants provided to financiers, to maintain certain solvency and profitability ratios which are monitored quarterly. Refer to note 15 for disclosure of the covenants on interest-bearing borrowings.

The Group monitors capital risk on the basis of the net debt to equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as disclosed in note 33. The Group's strategy is to maintain a net debt to equity ratio of below 20% in the long-term.

	2024 R'000	2023 R'000
Net debt*	**142 485**	43 206
Total equity (as shown in the statement of financial position)	**2 094 715**	2 015 936
	6.80%	2.14%

* *Cash and cash equivalents exceed borrowings. Cash and cash equivalents were not deducted for ratio calculation. Refer to note 33 for the net debt reconciliation.*

The main focus of the Group's capital management is to ensure liquidity, in the form of short-term borrowing facilities, in order to have sufficient available funding for the Group's working capital and replacement capital requirements. There were no changes in the Group's approach to capital management during the year.

39. Fair value measurement

All financial instruments measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement. The hierarchy is as follows:

Level 1:
Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities at the end of the reporting period.
No financial assets have been classified as level 1.

Level 2:
Fair value measurements derived from inputs other than quoted prices included within level 1 that are observable inputs, which reflect the market conditions, in their expectations of future cash flows for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:
Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

39. Fair value measurement (continued)

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

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
30 September 2024				
Assets measured at fair value				
Biological assets				
– Livestock	–	–	460 093	460 093
Total	–	–	460 093	460 093
Liabilities measured at fair value				
Derivative financial instruments				
– Foreign exchange contracts	–	487	–	487
Total	–	487	–	487
30 September 2023				
Assets measured at fair value				
Biological assets				
– Livestock	–	–	338 380	338 380
Total	–	–	338 380	338 380
Liabilities measured at fair value				
Derivative financial instruments				
– Foreign exchange contracts	–	58	–	58
Total	–	58	–	58

There were no transfers between any levels during the year, nor were there any significant changes to the valuation techniques and inputs used to determine fair values.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Group uses a variety of methods that make assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used for derivative financial instruments. The fair value of foreign exchange contracts is determined using quoted forward exchange rates at the reporting date.

Non-financial assets in level 3: Biological assets

The layer and broiler livestock and agricultural produce are measured at fair value less cost to sell, which is determined by using unobservable inputs and is categorised as level 3. Fair values of livestock held for breeding, layer-hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.

The fair value of the layer birds, which include rearing and layer livestock, is determined by the market prices of day-old chicks, point-of-lay hens and culls. These are the only selling points during the life cycle of the bird. The fair value of the layer birds is determined by their age at the different stages in the life cycle.

The fair value of broiler livestock is determined by the market prices of day-old chicks and live birds at slaughter age. These are the only selling points during the life cycle of the bird. The fair value of the broiler livestock is determined by their age at the different stages in the life cycle.

39. Fair value measurement (continued)

The market prices used in the valuation is based on actual selling prices realised by the Group. The fair value estimation of the Group's biological assets was impacted by the recent HPAI outbreak in South Africa. The fair value of poultry infected by HPAI is written off. Livestock written off during the year amounted to R37.2 million (2023: R155.3 million) as a result of being infected by HPAI.

Changes in the fair value are included in profit or loss, with a profit of R8.2 million (2023: profit of R8.8 million) being recognised as the unrealised fair value adjustment in profit or loss in the current period to adjust the biological asset livestock to fair value. Refer to note 8 for a reconciliation of the level 3 fair value measurements.

In measuring the fair value of biological assets, the following significant unobservable inputs were used:

Unobservable input	Range of unobservable inputs 2024	2023
Layer livestock		
Market price of day-old chicks	**R14.03 to R14.23**	R11.97 to R12.17
Market price of point-of-lay hens	**R91.97 to R102.79**	R85.96 to R92.33
Market price of culls	**R41.97 to R48.45**	R41.64 to R43.97
Broiler livestock		
Market price of day-old chicks	**R7.00 to R7.65**	R6.87 to R7.07
Market price of live birds	**R36.51 to R36.91**	R38.77 to R39.17

Sensitivity analysis

A sensitivity analysis of a 2% change in the market price, is shown for the significant unobservable inputs below:

Input	Sensitivity
Day-old chick market prices	A change in market price would result in a R0.9 million (2023: R0.5 million) change in the fair value of poultry livestock.
Point-of-lay hens market prices	A change in the market price would result in a R3.1 million (2023: R1.5 million) change in the fair value of laying hens.
Cull market prices	A change in the market price would result in a R0.7 million (2023: R0.3 million) change in the fair value of laying hens.
Live bird market prices	A change in the market price would result in a R1.1 million (2023: R1.4 million) change in the fair value of broiler livestock.

The effect of an increase in market prices will result in an increase in the fair value of the livestock.

The carrying amounts of cash and cash equivalents, trade and other receivables less provision for impairment, trade and other payables and short-term borrowings approximate their fair values due to the short-term maturity of these assets and liabilities.

40. Segment information

Management has determined the operating segments based on the reports reviewed on a regular basis by the CODM in order to make strategic decisions.

Reportable segments are divided into the following:

- Eggs
- Farming
- Animal feeds
- Other African countries
- Head office costs

Quantum Foods comprises eggs, broiler and layer farming and animal feeds in South Africa and the businesses of Quantum Foods Zambia Ltd, Quantum Foods Uganda Ltd and Quantum Foods Mozambique, S.A.

The egg business is the commercial egg business, which consists of the sale of ungraded eggs and the processing of eggs in the pack stations and distribution thereof, to the market.

The layer farming business includes the layer livestock and commercial layer farms. The broiler farming business includes the broiler livestock and commercial broiler farms. The broiler farming and layer farming operating segments are aggregated for segment reporting. Both operations have similar risk profiles, being the production risk inherent to live bird farming. The exposure of these operations to market risk is lower than the exposure to production risk.

The animal feeds business produces animal feed at its feed mills located in South Africa, and delivers the manufactured product to the market (its customers).

The nature of the Quantum Foods Zambia, Quantum Foods Uganda and Quantum Foods Mozambique businesses' operations are similar. They comprise predominantly the production and sale of animal feeds, commercial eggs and day-old chicks. Based on management's assessment these three entities are aggregated for segmental reporting due to the homogeneous nature of their economic characteristics, similarity in their risk profiles, the nature of their production processes as well as their customer and distribution profiles.

The segment results disclosed per segment below are the CODM's measure of each segment's operational performance. The measure represents operating profit as per the statement of comprehensive income.

External revenue and all other items of income, expenses, profits and losses reported in the segment report are measured in a manner consistent with that in the statement of comprehensive income.

40. Segment information (continued)

Segment assets consist of property, plant and equipment, intangible assets, inventories, biological assets, trade and other receivables and derivative financial instrument assets and exclude cash and cash equivalents, investment in associates and deferred and current income tax assets.

Segment liabilities consist of trade and other payables, provisions for other liabilities and charges, and derivative financial instrument liabilities, and exclude current and deferred income tax liabilities.

Segment capital expenditure consists of additions and replacements of property, plant, equipment and intangible assets.

	Eggs R'000	Farming R'000	Animal Feeds R'000	Other African countries R'000	Head office costs R'000	Total R'000
Material items included in the consolidated statement of comprehensive income						
For the year ended 30 September 2024						
Segment revenue	858 979	1 875 537	3 138 813	467 883	–	6 341 212
Less: Internal revenue	–	(9 137)	–	–	–	(9 137)
External revenue	**858 979**	**1 866 400**	**3 138 813**	**467 883**	**–**	**6 332 075**
Cost of raw materials including fair value adjustments realised on biological assets and agricultural produce[1]	485 843	1 379 187	2 601 829	258 640	–	4 725 499
Staff costs[1, 2, 4, 6]	95 926	223 571	172 010	57 109	–	548 616
Consulting and legal fees[4]	2 227	5 226	3 719	2 819	23 140	37 131
Energy costs[1, 6]	8 930	117 870	59 880	11 912	–	198 592
Maintenance[1, 6]	7 009	70 546	35 112	15 452	–	128 119
Depreciation and amortisation[1, 6]	14 701	41 012	24 939	24 119	–	104 771
Cleaning[1, 6]	2 800	50 888	3 580	5 546	–	62 814
Office expenses[4]	11 847	23 822	18 579	6 029	3 525	63 802
Transport and distribution costs[1, 2]	64 103	66 281	99 520	12 007	–	241 911
Livestock written off[1]	–	37 172	–	–	–	37 172
Items of a capital nature per segment included in other gains/(losses) – net	1 391	(2 567)	(297)	150	–	(1 323)
Segment results (operating profit/(loss))	**141 499**	**(13 203)**	**93 934**	**45 598**	**(36 908)**	**230 920**
Investment income	–	–	–	1 642	6 390	8 032
Finance costs	–	–	–	(421)	(19 397)	(19 818)
Share of profit of associate company	–	–	–	–	724	724
Profit/(loss) before income tax per statement of comprehensive income	**141 499**	**(13 203)**	**93 934**	**46 819**	**(49 191)**	**219 858**

Material expenses by nature included above are disclosed in note 23.2 with a numeral that indicated the expense by function as in note 23.1.

1 *Cost of sales*
2 *Sales and distribution costs*
3 *Marketing costs*
4 *Administrative expenses*
5 *Net impairment losses on trade and other receivables*
6 *Other operating expenses*

40. Segment information (continued)

	Eggs R'000	Farming R'000	Animal Feeds R'000	Other African countries R'000	Head office costs R'000	Total R'000
Material items included in the consolidated statement of comprehensive income						
For the year ended 30 September 2023						
Segment revenue	1 322 275	1 840 995	3 358 828	442 847	–	6 964 945
Less: Internal revenue	–	(12 370)	–	–	–	(12 370)
External revenue	1 322 275	1 828 625	3 358 828	442 847	–	6 952 575
Cost of raw materials including fair value adjustments realised on biological assets and agricultural produce[1]	1 058 256	1 073 757	2 823 082	284 090	–	5 239 185
Staff costs[1, 2, 4, 6]	112 768	216 931	155 684	54 004	–	539 387
Consulting and legal fees[4]	2 205	4 558	2 454	2 503	4 085	15 805
Energy costs[1, 6]	11 009	127 144	63 338	10 473	–	211 964
Maintenance[1, 6]	6 948	62 861	30 712	13 424	–	113 945
Depreciation and amortisation[1, 6]	19 195	41 768	24 601	24 319	–	109 883
Cleaning[1, 6]	3 485	46 485	3 230	6 684	–	59 884
Office expenses[4]	14 109	19 396	17 846	5 990	2 194	59 535
Transport and distribution costs[1, 2]	108 557	72 619	93 472	12 646	–	287 294
Livestock written off[1]	–	155 278	–	–	–	155 278
Items of a capital nature per segment included in other gains/(losses) – net	–	(1 055)	(658)	506	–	(1 207)
Segment results (operating (loss)/profit)	(42 367)	(81 365)	103 510	(863)	(14 838)	(35 923)
Investment income	–	–	–	2 918	2 559	5 477
Finance costs	–	–	–	(301)	(23 284)	(23 585)
Share of loss of associate company	–	–	–	–	1 070	1 070
(Loss)/profit before income tax per statement of comprehensive income	(42 367)	(81 365)	103 510	1 754	(34 493)	(52 961)

Material expenses by nature included above are disclosed in note 23.2 with a numeral that indicated the expense by function as in note 23.1.

[1] *Cost of sales*
[2] *Sales and distribution costs*
[3] *Marketing costs*
[4] *Administrative expenses*
[5] *Net impairment losses on trade and other receivables*
[6] *Other operating expenses*

To ensure consistency with the current year's figures, the following prior period disclosure has been updated. In the previous reporting period, legal fees were disclosed as part of office expenses, this is now included in the consulting and legal fees disclosure. To enhance disclosure, cost of raw materials including fair value adjustments realised on biological assets and agricultural produce has been disclosed per segment for the current and prior year.

40. Segment information (continued)

	2024 R'000	2023 R'000
Segment assets	**2 957 186**	2 844 638
– Eggs	**222 098**	223 276
– Farming	**1 426 483**	1 259 526
– Animal feeds	**866 398**	875 726
– Other African countries	**401 949**	445 241
– Head office costs	**40 258**	40 869
A reconciliation of the segments' assets to the Group's assets is provided below:		
Segment assets per segment report	**2 957 186**	2 844 638
Adjusted for:		
Investment in associate	**11 924**	11 200
Current and deferred income tax assets	**487**	6 425
Cash and cash equivalents	**245 828**	71 365
Total assets per statement of financial position	**3 215 425**	2 933 628
Segment liabilities	**853 805**	681 297
– Eggs	**86 181**	84 100
– Farming	**153 522**	120 196
– Animal feeds	**450 051**	433 908
– Other African countries	**21 913**	20 099
– Head office costs	**142 138**	22 994
A reconciliation of the segments' liabilities to the Group's liabilities is provided below:		
Segment liabilities per segment report	**853 805**	681 297
Adjusted for:		
Current and deferred income tax liabilities	**266 905**	236 395
Total liabilities per statement of financial position	**1 120 710**	917 692

	2024 R'000	2023 R'000
Total segment capital expenditure	**153 412**	142 534
– Eggs	**1 159**	2 350
– Farming	**63 929**	59 046
– Animal feeds	**65 409**	42 557
– Other African countries	**22 809**	34 455
– Head office costs	**106**	4 126

Geographical information

The Group mainly operates in South Africa. Other operations are located in other African countries. Due to the immaterial extent of operations in individual foreign countries in relation to South Africa, these foreign countries were grouped together as a single geographical segment.

Revenue derived by Group companies domiciled in South Africa is classified as revenue from South Africa. Revenue derived by Group companies domiciled in other countries is disclosed as foreign revenue. The same principles apply to segment assets and capital expenditure.

40. Segment information (continued)

Geographical information (continued)

	2024 R'000	2023 R'000
External revenue	**6 332 075**	6 952 575
South Africa	**5 864 192**	6 509 728
Other African countries	**467 883**	442 847
Total segment non-current assets	**1 429 050**	1 420 267
South Africa	**1 198 000**	1 135 021
Other African countries	**231 050**	285 246
Total segment capital expenditure	**153 412**	142 534
South Africa	**130 603**	108 079
Other African countries	**22 809**	34 455

41. Retirement benefits

The Group contributes to provident funds for all its South African employees which are administered by several service providers. These provident funds are defined contribution plans which are arranged and governed by the Pension Fund Act of 1956, and no actuarial valuation is required.

42. Events after the reporting period

Dividend

The Board has resolved not to declare a final dividend for the year ended 30 September 2024 (2023: nil cents).

No interim dividend per ordinary share was declared and paid during the year (2023: nil cents).

There have been no other events that may have a material effect on the Group that occurred after the end of the reporting period and up to the date of approval of the consolidated annual financial statements by the Board.

43. Going concern statement

The Board evaluated the going concern assumption as at 30 September 2024. As part of its assessment, the Board considered the following:

- the Group's cash flow forecasts for the next 12 months following year-end in terms of their current knowledge and expectations of ongoing developments;
- the Group's ability to settle its obligations as they become due and payable in the next 12 months;
- the solvency and liquidity ratios of the Group; and
- the current and forecasted debt utilisation of the Group.

The Board has a reasonable expectation that the Group and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

44. Impact of other events on the annual financial statements

The outbreak of HPAI in South Africa in 2023 significantly impacted numerous businesses within the poultry industry. This outbreak led to reduced profitability in the Group's farming and egg businesses during the prior year. The most recent HPAI outbreak in South Africa was reported in February 2024, with the Group's last HPAI case occurring in January 2024. The current financial year's outbreak, along with the culling and cleaning of birds infected in the prior period, resulted in substantial losses in the Group's layer farming business during the current period. The impact of the HPAI outbreak on the Group and its customers was considered throughout the annual financial statements, particularly in relation to the fair value measurement of biological assets and the calculation of expected credit losses in trade and other receivables. Refer to notes 8 and 9 of the consolidated financial statements.

Although there has been some relief from load shedding in South Africa since April 2024, load shedding continued to affect the profitability of the Group's South African businesses in the current reporting period, primarily due to diesel generator running costs. Despite these challenges, the Group's South African businesses maintained normal operations through the use of standby generators during periods of load shedding. The impact of load shedding on the Group's customers has been considered in the calculation of expected credit losses in trade and other receivables. Refer to note 9 of the consolidated financial statements.

45. Remuneration of directors

	Basic salary R'000	Travel allowances R'000	Bonuses and incentives R'000	Retirement fund contributions R'000	Long-term incentives R'000	Directors' fees R'000	Total R'000
30 September 2024							
Executive directors							
HA Lourens*	**3 011**	**41**	**–**	**300**	**2 106**	**–**	**5 458**
AD van der Merwe**	**1 700**	**60**	**3 679**	**198**	**–**	**–**	**5 637**
AH Muller	**2 968**	**88**	**2 365**	**321**	**590**	**–**	**6 332**
Total executive directors	**7 679**	**189**	**6 044**	**819**	**2 696**	**–**	**17 427**
Non-executive directors							
WA Hanekom	**–**	**–**	**–**	**–**	**–**	**546**	**546**
GG Fortuin	**–**	**–**	**–**	**–**	**–**	**529**	**529**
TJA Golden*	**–**	**–**	**–**	**–**	**–**	**302**	**302**
LW Riddle	**–**	**–**	**–**	**–**	**–**	**453**	**453**
G Vaughan-Smith	**–**	**–**	**–**	**–**	**–**	**366**	**366**
PFT Burger***	**–**	**–**	**–**	**–**	**–**	**78**	**78**
Total non-executive directors	**–**	**–**	**–**	**–**	**–**	**2 274**	**2 274**
Total directors	**7 679**	**189**	**6 044**	**819**	**2 696**	**2 274**	**19 701**
30 September 2023							
Executive directors							
HA Lourens	3 940	62	694	426	1 113	–	6 235
AH Muller	2 573	88	594	283	321	–	3 859
Total executive directors	6 513	150	1 288	709	1 434	–	10 094
Non-executive directors							
WA Hanekom	–	–	–	–	–	532	532
GG Fortuin	–	–	–	–	–	515	515
TJA Golden	–	–	–	–	–	441	441
LW Riddle	–	–	–	–	–	441	441
G Vaughan-Smith	–	–	–	–	–	356	356
Total non-executive directors	–	–	–	–	–	2 285	2 285
Total directors	6 513	150	1 288	709	1 434	2 285	12 379

* *Resigned 31 May 2024*
** *Appointed 1 April 2024 – remuneration disclosed for the period 1 April 2024 – 30 September 2024.*
*** *Appointed 29 July 2024*

45. Remuneration of directors (continued)

Directors' share appreciation rights ("SARs")

	Number of SARs initially allocated	Date awarded	Exercisable up to date	Strike price Cents	Opening number of SARs not redeemed	Number of SARs exercised in current year	Number of SARs forfeited* in current year	Exercise price at date of redemption Cents	Value increase from strike price to price at redemption R'000	Number of SARs not redeemed
30 September 2024										
Executive directors										
HA Lourens#	1 912 728	2019/02/11	2025/02/11	425	637 576	318 788	318 788	739	1 001	–
	1 404 498	2020/02/17	2026/02/17	357	936 332	234 083	468 166	729	871	234 083
	1 168 730	2021/02/15	2027/02/15	609	1 168 730	194 788	389 576	729	234	584 366
	1 737 372	2022/02/21	2028/02/21	539	1 737 372	–	–	–	–	1 737 372
	1 891 234	2022/02/23	2029/02/21	474	1 891 234	–	–	–	–	1 891 234
AD van der Merwe^	470 618	2019/02/11	2025/02/11	425	156 874	78 437	78 437	739	246	–
	393 876	2020/02/17	2026/02/17	357	262 584	65 646	131 292	729	244	65 646
	290 508	2021/02/15	2027/02/15	609	290 508	48 418	96 836	729	58	145 254
	464 044	2022/02/21	2028/02/21	539	464 044	–	–	–	–	464 044
	515 928	2022/02/23	2029/02/21	474	515 928	–	–	–	–	515 928
AH Muller	497 266	2019/02/11	2025/02/11	425	165 758	82 879	82 879	739	260	–
	433 542	2020/02/17	2026/02/17	357	289 028	72 257	144 514	729	269	72 257
	307 084	2021/02/15	2027/02/15	609	307 084	51 180	102 360	729	61	153 544
	514 604	2022/02/21	2028/02/21	539	514 604	–	–	–	–	514 604
	544 220	2022/02/23	2029/02/21	474	544 220	–	–	–	–	544 220

Resigned 31 May 2024

^ *Appointed 1 April 2024*

* *These forfeitures are due to the performance conditions on the SARs not being fully met.*

45. Remuneration of directors (continued)

Directors' share appreciation rights ("SARs") (continued)

	Number of SARs initially allocated	Date awarded	Exercisable up to date	Strike price Cents	Fair value per SAR at grant date* Cents	Fair value of during the year R'000	Opening number of SARs not redeemed	Number of SARs exercised in current year	Number of SARs forfeited** in current year	Exercise price at date of redemption Cents	from strike price to price at redemption R'000	Number of SARs not redeemed
30 September 2023												
Executive directors												
HA Lourens	2 267 972	2018/02/22	2024/02/22	391	–	–	755 992	377 996	377 996	545	583	–
	1 912 728	2019/02/11	2025/02/11	425	–	–	1 275 152	318 788	318 788	496	227	637 576
	1 404 498	2020/02/17	2026/02/17	357	–	–	1 404 498	234 083	234 083	486	303	936 332
	1 168 730	2021/02/15	2027/02/15	609	–	–	1 168 730	–	–	–	–	1 168 730
	1 737 372	2022/02/21	2028/02/21	539	–	–	1 737 372	–	–	–	–	1 737 372
	1 891 234	2022/02/23	2029/02/21	474	170	3 215	1 891 234	–	–	–	–	1 891 234
AH Muller	656 978	2018/02/22	2024/02/22	391	–	–	218 994	109 497	109 497	545	169	–
	497 266	2019/02/11	2025/02/11	425	–	–	331 512	82 877	82 877	496	59	165 758
	433 542	2020/02/17	2026/02/17	357	–	–	433 542	72 257	72 257	486	93	289 028
	307 084	2021/02/15	2027/02/15	609	–	–	307 084	–	–	–	–	307 084
	514 604	2022/02/21	2028/02/21	539	–	–	514 604	–	–	–	–	514 604
	544 220	2022/02/23	2029/02/21	474	170	925	544 220	–	–	–	–	544 220

* *These fair values were calculated using the actuarial binomial option pricing model.*

** *These forfeitures are due to the performance conditions on the SARs not being fully met.*

46. Directors' interest in shares

The direct and indirect interest of the directors in the issued share capital of the Company are reflected in the table below:

	Number of shares# Direct	Indirect	Total	% of issued ordinary share capital
30 September 2024				
AD van der Merwe*	**423 149**	**130 786**	**553 935**	**0.275**
AH Muller	**693 853**	**–**	**693 853**	**0.345**
WA Hanekom	**–**	**11 679 620**	**11 679 620**	**5.805**
GG Fortuin	**–**	**–**	**–**	**–**
LW Riddle	**–**	**–**	**–**	**–**
G Vaughan-Smith^	**–**	**69 973 366**	**69 973 366**	**34.778**
PFT Burger**	**–**	**–**	**–**	**–**
	1 117 002	**81 783 772**	**82 900 774**	**41.204**

	Number of shares Direct	Indirect	Total	% of issued ordinary share capital
30 September 2023				
HA Lourens***	2 096 558	–	2 096 558	1.048
AH Muller	664 051	–	664 051	0.332
WA Hanekom	–	10 355 320	10 355 320	5.177
GG Fortuin	–	–	–	–
TJA Golden***	–	–	–	–
LW Riddle	–	–	–	–
G Vaughan-Smith^	–	68 488 366	68 488 366	34.240
	2 760 609	78 843 686	81 604 295	40.797

Notes:

* *Appointed 1 April 2024*

** *Appointed 29 July 2024*

*** *Resigned 31 May 2024*

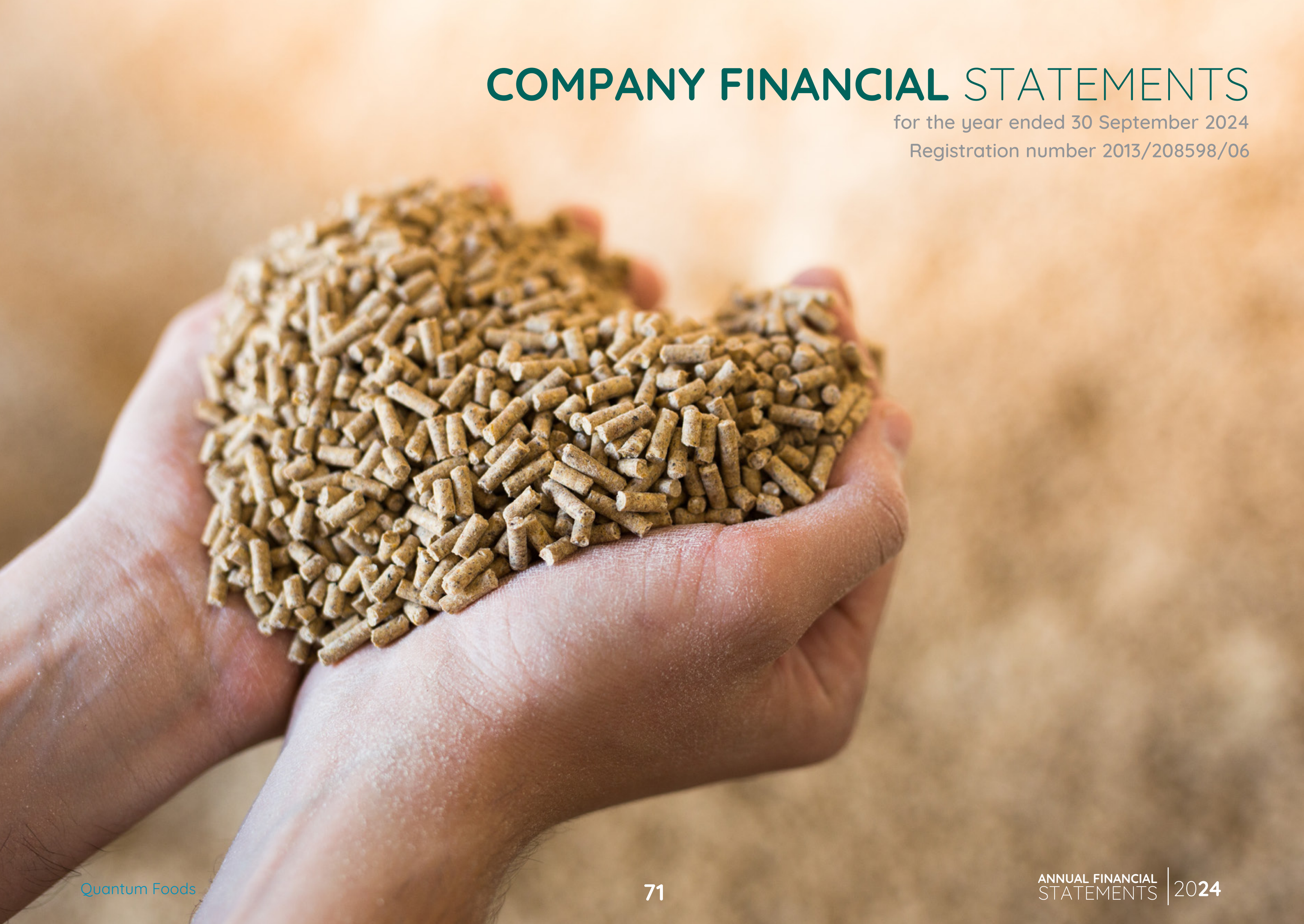
^ *This interest in shares is held by an associate of the director, Aristotle Africa S.à r.l.*

There has been no change in the directors' interest in shares from the end of the financial year to the date of the approval of the annual financial statements.
None of the shares held by directors are pledged as security.

COMPANY FINANCIAL STATEMENTS

for the year ended 30 September 2024

Registration number 2013/208598/06



COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 September 2024

	Notes	2024 R'000	2023 R'000
ASSETS			
Non-current assets		**1 585 386**	1 585 386
Investment in subsidiary	3	**1 585 386**	1 585 386
Current assets		**4 054**	1 061
Trade and other receivables		**234**	228
Loan receivable from related party	5	**–**	126
Cash and cash equivalents		**3 820**	707
Total assets		**1 589 440**	1 586 447
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent		**1 584 023**	1 585 851
Share capital	4	**1 473 619**	1 465 069
Retained earnings		**110 404**	120 782
Total equity		**1 584 023**	1 585 851
Current liabilities		**5 417**	596
Dividends payable		**412**	421
Trade and other payables		**4 167**	175
Borrowings from related party	5	**838**	–
Total liabilities		**5 417**	596
Total equity and liabilities		**1 589 440**	1 586 447

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2024

	Notes	2024 R'000	2023 R'000
Revenue	6	**16 000**	13 650
Other income	7	**1 819**	1 828
Administrative expenses		**(26 140)**	(5 575)
Other operating expenses		**(2 330)**	(2 336)
Operating (loss)/profit	8	**(10 651)**	7 567
Investment income	9	**273**	44
(Loss)/profit before income tax		**(10 378)**	7 611
Income tax expense	10	**–**	–
(Loss)/profit for the year		**(10 378)**	7 611
Other comprehensive income for the year		**–**	–
Total comprehensive (loss)/income for the year		**(10 378)**	7 611
(Loss)/profit for the year attributable to owners of the parent		**(10 378)**	7 611
Total comprehensive (loss)/income for the year attributable to owners of the parent		**(10 378)**	7 611

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2024

	Share capital R'000	Retained earnings R'000	Total R'000
Balance as at 1 October 2022	1 465 069	113 171	1 578 240
Total comprehensive income:			
Profit for the year	–	7 611	7 611
Balance as at 30 September 2023	1 465 069	120 782	1 585 851
Balance as at 1 October 2023	**1 465 069**	**120 782**	**1 585 851**
Ordinary shares issued	**8 550**	**–**	**8 550**
Total comprehensive income:			
Loss for the year	**–**	**(10 378)**	**(10 378)**
Balance as at 30 September 2024	**1 473 619**	**110 404**	**1 584 023**
Note	**4**		

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 September 2024

	Notes	2024 R'000	2023 R'000
Cash flow from operating activities		**(22 665)**	(13 331)
Cash loss from operating activities	12	**(26 651)**	(6 083)
Working capital changes	13	**3 986**	(7 248)
Cash flow from investing activities		**16 273**	13 694
Interest received	9	**273**	44
Dividends received	6	**16 000**	13 650
Cash (deficit)/surplus		**(6 392)**	363
Cash flow from financing activities		**9 505**	(369)
Loan received from related party	5	**24 885**	15 541
Loan repaid to related party	5	**(23 921)**	(15 854)
Shares issued	4	**8 550**	–
Dividends paid to ordinary shareholders	14	**(9)**	(56)
Increase/(decrease) in cash and cash equivalents		**3 113**	(6)
Cash and cash equivalents at beginning of year		**707**	713
Cash and cash equivalents at end of year		**3 820**	707

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 30 September 2024

	2024 R'000	2023 R'000
1. Accounting policies		
The Company applies the same principal accounting policies as the Group in the preparation of these financial statements. Refer to the accounting policies on page 12.		
2. Critical accounting estimates and judgements		
The Company applies the same accounting estimates and judgements as the Group. Refer to note 2 of the Group financial statements.		
3. Interest in subsidiary		
Cost of shares		
Quantum Foods (Pty) Ltd	**1 585 386**	1 585 386
The Company holds a 100% interest in the subsidiary listed above.		
The subsidiary is incorporated in South Africa.		
4. Share capital		
Authorised – ordinary shares		
400 000 000 (2023: 400 000 000) ordinary no par value shares		
Issued and fully paid – ordinary shares		
201 198 152 (2023: 200 024 716) ordinary no par value shares	**1 473 619**	1 465 069
Reconciliation of movement in issued shares		
Opening balance	**1 465 069**	1 465 069
Additional share capital raised: 1 173 436 issued at a price of R7.29 per share (2023: nil)	**8 550**	–
	1 473 619	1 465 069

	2024 R'000	2023 R'000

5. Borrowings from/(to) related party

Loan from/(to) Quantum Foods (Pty) Ltd		
Beginning of year	**(126)**	187
Loans advanced during the year	**24 885**	15 541
Loans repaid during the year	**(23 921)**	(15 854)
End of year	**838**	(126)

Unsecured interest-free loan with no fixed terms of repayment.

6. Revenue

Dividends received from Quantum Foods (Pty) Ltd	**16 000**	13 650

7. Other income

Administration fees received from Quantum Foods (Pty) Ltd	**1 819**	1 828

8. Operating profit

The operating profit is calculated after taking into account other income (refer to note 7), as well as the following:

Auditors' remuneration*	**91**	21
Consulting fees*	**10 540**	84
Legal fees*	**12 600**	4 001
Listing fees and shareholder communication*	**2 902**	1 465
Directors' remuneration** (refer to note 45 of the consolidated financial statements)	**2 274**	2 285

* *Included in administrative expenses in the statement of comprehensive income.*
** *Included in other operating expenses in the statement of comprehensive income.*

	2024 R'000	2023 R'000

9. Investment income

	2024 R'000	2023 R'000
Interest income on call accounts and other	**273**	44

10. Income tax expense

	2024 R'000	2023 R'000
Current income tax		
Current year	**–**	–

	%	%
Standard rate for companies	**27.0**	27.0
Exempt income*	**41.6**	(48.4)
Non-deductible expenditure	**(68.6)**	21.4
	–	–

* *Exempt income consists of R16.0 million (2023: R13.7 million) exempt local dividends received. Non-deductible expenses include the Company's total administrative expenses of R26.1 million (2023: R5.6 million) and other operating expenses of R2.3 million (2023: R2.3 million).*

11. Dividend per ordinary share

	2024 R'000	2023 R'000
Interim nil cents (2023: nil cents) per ordinary share	**–**	–
Final nil cents (2023: nil cents) per ordinary share	**–**	–
	–	–

Dividends payable are not accounted for until they have been declared by the Board.

12. Cash loss from operating activities

	2024 R'000	2023 R'000
Reconciliation of profit before tax and cash loss from operating activities:		
(Loss)/profit before income tax	**(10 378)**	7 611
Adjusted for:		
Dividends received	**(16 000)**	(13 650)
Interest received	**(273)**	(44)
	(26 651)	(6 083)

	2024 R'000	2023 R'000

13. Working capital changes

Increase in trade and other receivables	**(6)**	(30)
Increase/(decrease) in trade and other payables	**3 992**	(7 218)
	3 986	(7 248)

14. Dividends paid

Amounts unpaid at beginning of year	**(421)**	(477)
Amounts unpaid at end of year	**412**	421
	(9)	(56)

15. Financial instruments by category

Assets as per statement of financial position		
Cash and cash equivalents – at amortised cost	**3 820**	707
Loan receivable from related party – at amortised cost	**–**	126
	3 820	833
Liabilities as per statement of financial position		
Dividends payable – at amortised cost	**412**	421
Trade and other payables – at amortised cost	**4 167**	175
Borrowings from related party – at amortised cost	**838**	–
	5 417	596

The trade and other receivables consist of prepaid expenses, which are not included in financial instruments.

16. Financial risk management

16.1 Credit risk

Financial assets that potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents.

The Company deposits cash surpluses with financial institutions with a Moody's short-term credit rating of NP (2023: NP).

16.2 Liquidity risk

The disclosure in this note should be read together with the disclosure in note 38 of the consolidated financial statements, which includes a complete analyses of the liquidity risk of the Group and includes that of the Company.

At the end of the reporting period the Company had a loan payable of R0.8 million (2023: loan receivable of R0.1 million) to/from a wholly-owned subsidiary. The loan is repaid annually from dividends received from the wholly-owned subsidiary.

The Company has no other utilised or unutilised borrowing facilities from financial institutions.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	2024 **R'000**	2023 R'000
Maturity analysis of financial liabilities		
Not later than 1 year		
Capital and interest – total		
Dividends payable	**412**	421
Trade and other payables	**4 167**	175
Borrowings from related party	**838**	–
	5 417	596

17. Going concern

Quantum Foods Holdings Ltd is the holding company of the Group. The Board evaluated the going concern assumption as at 30 September 2024, taking into account the current financial position and their best estimate of the cash flow forecasts for the next 12 months following year-end.

Based on this assessment, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

SHAREHOLDER INFORMATION
for the year ended 30 September 2024

Shareholder distribution

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
Ordinary shares				
Individuals	3 556	94.3	8 777 969	4.4
Nominees and trusts	125	3.3	1 701 278	0.8
Investment companies and corporate bodies	89	2.4	190 718 905	94.8
	3 770	100.0	201 198 152	100.0

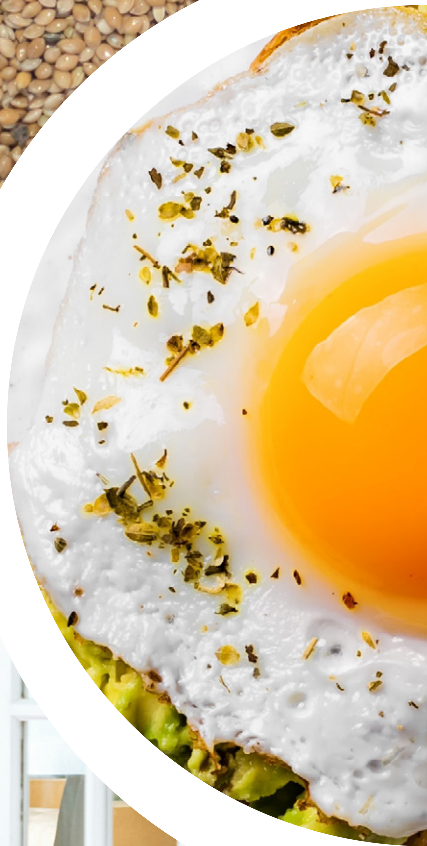
Shareholder spread

Pursuant to the JSE Listings Requirements and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 September 2024, is as follows:

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
Public shareholding				
Braemar Trading Limited	1	0.0	61 620 184	30.60
Country Bird Holdings (Pty) Ltd	1	0.0	34 569 197	17.20
Capitalworks Private Equity	1	0.0	12 551 278	6.20
Other shareholders	3 762	99.9	9 464 864	4.8
Non-public shareholding				
Aristotle Africa S.à r.l.*	1	0.0	69 973 366	34.80
Other shareholders				
Directors	3	0.1	12 927 408	6.4
WA Hanekom	1	0.0	11 679 620	5.8
Other directors	2	0.1	1 247 788	0.6
Quantum Foods (Pty) Ltd	1	0.0	91 855	0.0
	3 770	100.0	201 198 152	100.0

* *Aristotle Africa S.à r.l. is an associate of G Vaughan-Smith, a director of the Company.*

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
Major shareholders				
Analysis of shareholding and shareholders holding 5% or more – ordinary shares:				
Aristotle Africa S.à r.l.	1	0.0	69 973 366	34.8
Braemar Trading Limited	1	0.0	61 620 184	30.6
Country Bird Holdings (Pty) Ltd	1	0.0	34 569 197	17.2
Capitalworks Private Equity	1	0.0	12 551 278	6.2
WA Hanekom	1	0.0	11 679 620	5.8
Shareholder range				
Number of shares				
1 – 1 000 shares	3 035	80.5	415 896	0.2
1 001 – 10 000 shares	554	14.7	1 958 409	1.0
10 001 – 100 000 shares	161	4.3	3 951 939	2.0
100 001 – 1 000 000 shares	11	0.3	2 966 879	1.5
1 000 001 shares and over	9	0.2	191 905 029	95.3
	3 770	100.0	201 198 152	100.0



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