

20 | INTEGRATED
23 | REPORT

for the year ended 30 September 2023

RESET REFOCUS RESTART



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Navigation

Our Six Capitals



Financial Capital



Intellectual Capital



Natural Capital



Human Capital



Social and Relationship Capital



Manufactured Capital

UN SDGs applicable to Astral



Stakeholders



Employees



Customers



Shareholders



Industry



Regulators



Communities



Suppliers

Other



Website



Page reference



Abbreviations and definitions

The abbreviations and definitions used throughout this Integrated Report are detailed on [pages 203 to 205](#).

Other documents available on the website:

- Notice of AGM
- ESG Sustainability Summary Table
- King IV™ Compliance Report
- B-BBEE Certificate

Our Business

Profile

Astral is one of South Africa's leading integrated poultry producers. Astral was established and listed in April 2001 on the JSE after Tiger Brands Ltd unbundled its agricultural operations.

For the year ended 30 September 2023, Astral employed 12 311 (2022: 12 417) people across its operations. As at 30 September 2023, the Company had 4 851 shareholders and a market capitalisation of R5.9 billion (2022: R8.3 billion).

Astral's integrated operations include:



Feed

Astral produced **1 484 594** tons of feed for 2023

Astral has **8** feed mills



Poultry Agriculture

Astral has, at any given time, approximately **34 000 000** broilers under its management

Astral production on **178** agricultural sites



Poultry Commercial

Astral processed approximately **4 900 000** broilers per week and processed **539 591** tons of poultry product for 2023

Astral has **4** broiler processing plants

Astral owns a number of trademarks registered in various classes in Africa, South America and Europe that enables us to produce and brand our products.

Our strategic focus

To be the best cost integrated poultry producer in selected African countries.



Report Overview

Astral presents its Integrated Report for the financial year ended 30 September 2023.

Scope

Astral's Integrated Report covers the economic, environmental and social activities of the Group and its consequences for stakeholders for the year ended 30 September 2023. It provides a transparent and holistic view of the Group's financial and non-financial performance and how value is created for a broad range of stakeholders. This Integrated Report also deals with the opportunities, risks and material issues faced by the Group in the normal course of business.

Any forecast financial information in this report has not been reviewed and reported on by the Company's external auditor.

Content

Astral continues to enhance the Integrated Report and, with respect to comparability, all significant items are reported in a consistent manner with the previous financial year.

This Report also addresses the operational responsibility and accountability for business sustainability and covers the operations of the Group and major subsidiaries for the financial year ended 30 September 2023.

Reporting frameworks

This Integrated Report was prepared in accordance with IFRS, the requirements of the Companies Act, the Listings Requirements, the principles of King IV™ and the International Integrated Reporting Framework of the International Integrated Reporting Council.

To guide and inform Astral's decisions during the preparation of this Report, we applied the principles and requirements contained within various regulations, codes and standards as set out in the table below.

	Integrated Report	Annual Financial Statements
IIRC's International <IR> Framework	✓	✓
Listings Requirements	✓	✓
Companies Act	✓	✓
IFRS	✓	✓
King IV™	✓	✓
UN SDGs	✓	–
JSE Sustainability Disclosure Guidance June 2022	✓	–

While our approach to reporting has not changed, Astral continues to seek enhanced alignment with most recent developments in global reporting standards. The IFRS Foundation formally

announced the creation of the International Sustainability Standards Board (ISSB) at the end of 2022, which will sit parallel to the International Accounting Standards Board under the IFRS Foundation. This is the most significant development in ESG sustainability reporting for some time and is a major step towards convergence of the currently fragmented reporting landscape. The IFRS Foundation had already indicated that it would build on the work of the Task Force on Climate Related Disclosures (TCFD) when developing its first climate standard. The IFRS ESG Reporting Standard is expected to be effective for the 2025 financial year.

In line with the various recommendations, we are satisfied that this Integrated Report (incorporating our ESG Sustainability Report) details our most significant impacts. We are, however, committed to an on-going journey in terms of ESG disclosure as both global and local standards continue to coalesce and evolve, and as South Africa's corporates embrace and enhance ESG reporting.

We will also work to seek alignment with the specific targets as set for each of the relevant UN SDGs that we have identified as having an impact on.

The purpose of Astral's ESG Committee, as part of the Group's governance structure, is to support our on-going commitment to sustainability, with specific emphasis on environmental stewardship, corporate governance and accountable social engagement.

Where applicable, the Six Capitals and the UN SDG icons have been used throughout the document for ease of reference.

Materiality and material matters

The Integrated Report is intended to provide insight into issues identified as the most relevant and material to Astral and its stakeholder groups that could potentially impact the Group as a going concern. Comprehensive information, pertaining to stakeholder engagement and material issues relevant to the various stakeholder groups, are disclosed in the Integrated Report.

The principle of materiality formed the basis of the preparation of this Integrated Report. A matter is considered material if it can substantively affect the Group's ability to create and sustain value over the short, medium or long term. The Board and management are of the view that the material matters published in this Report offer a balanced mix of information, allowing readers to assess the Group's performance and prospects. These material matters were identified through various processes, which is disclosed under the Stakeholder Engagement section. Matters raised through stakeholder engagement have been assessed in terms of the stakeholder's influence, legitimacy and urgency. This emphasis seeks to improve the quality of information available to providers

Report Overview (continued)

of financial capital to enable a more efficient and productive allocation of capital.

When identifying relevant matters, Astral considers topics or issues that:

- Could substantively affect value creation.
- Link to strategy, governance, performance or prospects.
- Are important to key stakeholders.
- Form the basis of boardroom discussions.
- May intensify or lead to opportunity loss if left unchecked.

When evaluating the importance of relevant matters, we consider:

- Quantitative and qualitative effects.
- The nature, area and time frame of effects.
- The magnitude of effects and likelihood of occurrence.

Assurance

This Integrated Report, as a whole, has not been independently assured. As a result of there not being an approved standard on assurance, the Group has decided not to assure this report as a whole until such standard exists.

Astral applies a combined assurance model, which seeks to optimise the assurance obtained from management and internal and external assurance providers.

Management provides the Board with assurance that it has implemented and monitored the Group's risk management plan, and that it is integrated into day-to-day activities of all the business units. Management is responsible for monitoring and implementing the necessary internal controls.

The sub-committees of the Board, namely the Audit and Risk Management, the Human Resources, Remuneration and Nominations, the Social and Ethics and the ESG Committees, all report to the Board in line with their respective mandate and terms of reference.

The Internal Audit function, overseen by the Group's Audit and Risk Management Committee, assesses the effectiveness of the Group's system of internal control and risk management. Astral receives external assurance on certain aspects of the business. Our External Auditor, PricewaterhouseCoopers Inc., provides an opinion on the fair presentation of the Group's Annual Financial Statements in accordance with IFRS and the requirements of the Companies Act. Astral's Board has endorsed the recommendation by its Audit and Risk Management Committee, following a comprehensive tender process, to appoint Deloitte as the External Auditor of Astral, with effect from the financial year commencing 1 October 2023.

Astral's Audit and Risk Management Committee ensures that the combined assurance model is applied to provide a coordinated approach to all assurance activities and addresses all significant risks facing the Group. This committee monitors the relationship between the external service providers and the Group.

Statement by the Board

The Board acknowledges its responsibility to ensure the integrity of this Integrated Report, which in the Board's opinion, addresses all material issues and presents fairly the Group's integrated performance. The Board applied its judgement regarding the disclosure of Astral's strategic plans, and has ensured that these disclosures do not place the Group at a competitive disadvantage. The Audit and Risk Management Committee recommended the approval of the 2023 Audited Annual Financial Statements and the Integrated Report on 15 November 2023.

Theuns Eloff
Chairman

Diederik Fouché
*Chairman: Audit and Risk
Management Committee*

Chris Schutte
Chief Executive Officer

Dries Ferreira
Chief Financial Officer

29 November 2023

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A black and white photograph of a large indoor poultry farm. The facility is filled with rows of cages, each containing numerous birds. The ceiling is high with a complex network of pipes and lights. The overall scene is one of a large-scale industrial agricultural operation.

01

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Our Group Activities

Astral is one of South Africa’s leading integrated poultry producers.

Key activities comprise manufacturing of animal feeds, broiler genetics, production and sale of day old chicks and hatching eggs, breeder and broiler production, abattoir and further processing operations and sales and distribution of various key poultry brands.



What we do



Integrated broiler operations

We have four fully integrated broiler production, processing, distribution, sales and marketing operations with a combined processing capacity of 6 200 000 broilers per week made up as follows:

County Fair	1 670 000	Festive	2 340 000
Goldi	2 000 000	Mountain Valley	190 000

County Fair (Western Cape), Festive (Olifantsfontein) and Mountain Valley (Camperdown) market and distribute a full range of fresh and frozen poultry products whereas Goldi (Standerton) primarily manufactures IQF products.

County Fair, Goldi and Mountain Valley market and distribute a full range of value-added products comprising frozen reformed crumbed and ready-to-eat poultry products.



Broiler genetics

Ross Poultry Breeders, situated in KwaZulu-Natal and Gauteng, is the sole distributor and supplier of the Ross 308 parent breeding stock to the South African broiler industry. The Company has a technical agreement with Aviagen, a multi-national company that holds the worldwide proprietary rights to the “Ross” brand. The Company has entered into an agreement with Aviagen for the exclusive South African rights to the International Ross 308 broiler/breeder that is world renowned for its superior broiler and breeder performance.



Laboratory services

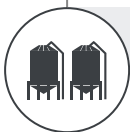
Central Analytical Laboratories (CAL) analyses animal feed and feed ingredients, tests water samples, conducts tissue residue analysis and performs diagnostic identification (serology) of antibodies in the serum of Avian blood for our own requirements and the agricultural sector in South Africa.



Day old broiler and hatching egg supplier

National Chicks has operations in KwaZulu-Natal and Gauteng and conducts business as a day old chick and hatching egg supplier to our integrated broiler operations and the independent non-integrated broiler producers in South Africa. National Chicks supplies small hatcheries in Africa with fertile eggs and has a technical team servicing its customer base.

Tiger Chicks is a breeder farm and hatchery producing broiler hatching eggs and day old broiler chicks for the Zambian and regional export markets.



Animal feeds

The South African operations consist of mills located in Standerton, Randfontein, Delmas, Paarl, Port Elizabeth, Pietermaritzburg and Ladismith.

These seven strategically placed feed mills are well equipped to produce and distribute a wide range of specialised products for all commercially farmed animal species.

Astral has a feed mill operation in Zambia known as Tiger Animal Feeds.

How we are structured to create value

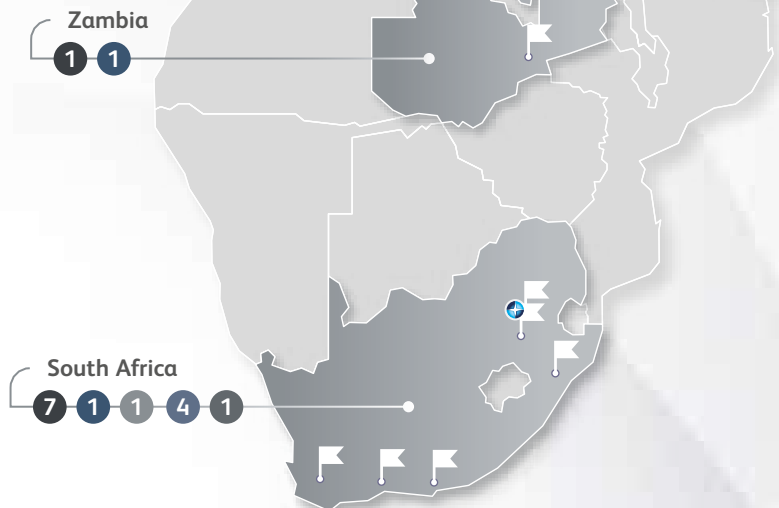


Astral Foods Limited



Where we create value

- Feed mill
- Breeding/Hatchery operation
- Day old chick and hatching egg supplier
- Integrated broiler operations
- Laboratory
- Corporate and Divisional Office (Lanseria)



Financial Summary

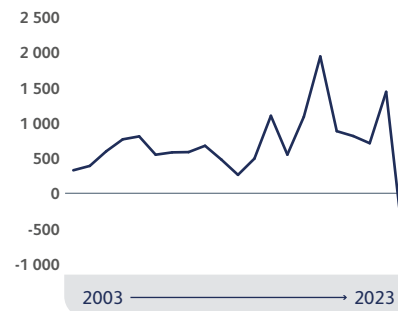
Revenue (Rm)

▼ (0.4%)



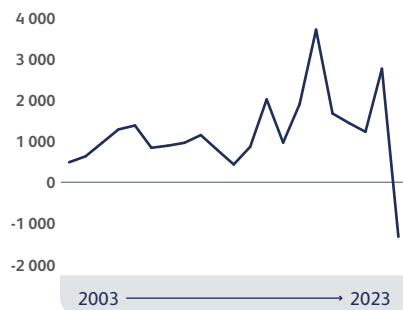
Operating profit/(loss) (Rm)

▼ (143.1%)



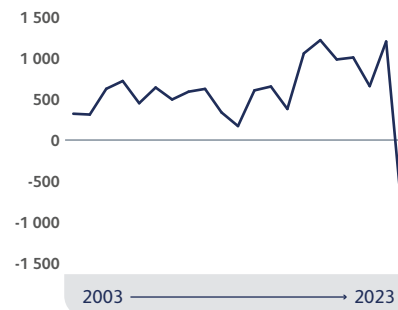
HEPS (cents)

▼ (147.9%)



Cash generated from operating activities (Rm)

▼ (181.1%)



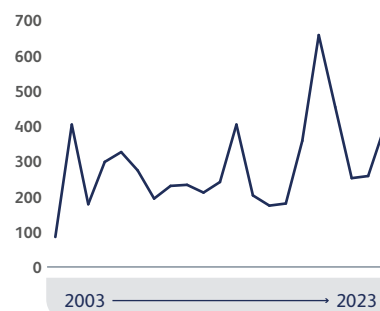
Total assets (Rm)

▲ 8.6%



Capital investment (Rm)

▲ 54.3%



ESG Summary



CSI spend **R4.8 million** 14.3%

Total training spend
R13.7 million

17.1%

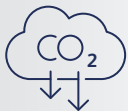
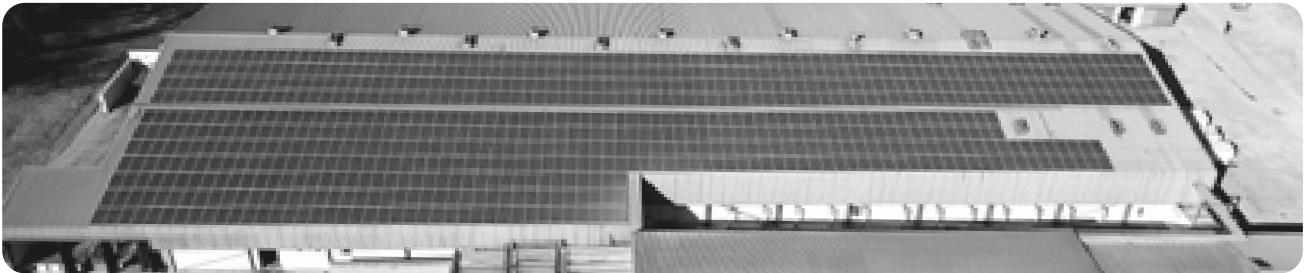


11 225 employees participated in
Astral's Winter Wellness Programme



0% increase in
Non-Executive Directors' fees
and CEO's salary for 2024

100%
Board and sub-committee
attendance



9%
46 542 tons less
carbon emissions



15%
170 298 GJ'000
less electricity used



72%
1.5 billion litres
water recycled



7%
31 080 tons
waste produced

Chairman's Statement



“This has been, without a doubt, Astral’s most challenging year on record. Load shedding has had a detrimental impact on the Group’s results, wiping out profits and placing tremendous strain on our operations. Adding to this, the poultry industry is grappling with the worst outbreak of Avian Influenza in the history of South Africa.

Although Astral’s strategy remains robust, the Group struggled to deal with all the severe external conditions during the year under review.”

Theuns Eloff | Chairman

The year in perspective

During the 2023 financial year, Astral was faced with many headwinds, with load shedding throughout the year and the outbreak of the new Avian Influenza strain during the latter part of the financial year being the most notable. The impact of load shedding and the outbreak of the Highly Pathogenic Avian Influenza (HPAI/bird flu) virus not only impact food security in South Africa, but comes at a tremendous cost to the Group, collectively amounting to R2.1 billion for the year ended 30 September 2023. This had a severe knock-on effect on the results.

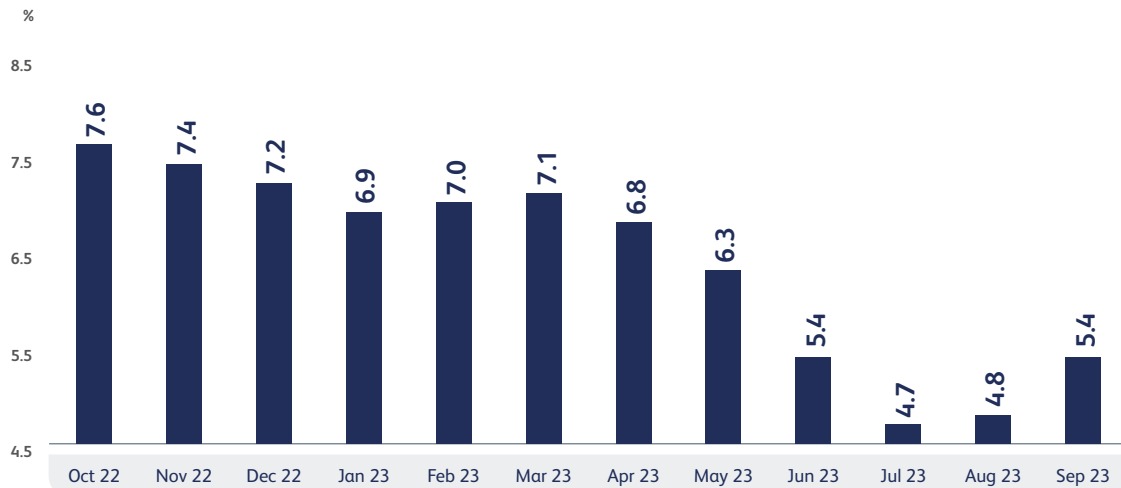
The South African economy continues to stagnate, with high inflationary pressures and interest rates, soaring unemployment rates, deteriorating consumer spend and a weak currency all proving detrimental to any real growth. Although commodity prices have declined, the weak Rand has kept raw material input costs at

above average prices. All these macroeconomic factors, outside of management’s control, make for a bleak outlook. We expect that the socio-political instability in South Africa will continue until the National Election in 2024, and possibly beyond that.

Poultry remains an affordable source of protein for the consumer, but with high stages of load shedding and the devastating impact of the bird flu outbreak, all available spend is channelled towards alternative sources of energy, especially over the winter months, and ensuring that the potential shortage of poultry is curbed. The consumer is also faced with an overall Consumer Food Price Inflation (CPI) rate of 5.4% as at September 2023. Although the CPI rate has reduced to under 6%, it is still at high levels compared to last year. Exacerbating the consumer pressures is the unemployment rate of 32.6% (Second Quarter 2023 report, Statistics South Africa).



Consumer Price Inflation



Source: [TRADINGECONOMICS.COM/Statistics South Africa](https://tradingeconomics.com/statistics/south-africa)

As is well documented, in February 2023 the Financial Action Task Force (FATF) placed South Africa on its grey list. This global body oversees compliance with anti-money laundering and counter-terrorism financing measures, and the greylisting of certain countries are global attempts to prevent illicit funds from being channelled towards terrorism. It also indicates the risk that the rest of the world attaches to a country's companies and individuals as counterparties to transactions, which has added to our country's woes.

In terms of the poultry sector, the Minister of Trade, Industry and Competition, Minister Ebrahim Patel, opted to suspend the anti-dumping duties on chicken imported from five countries for 12 months last year. On 8 August 2023, the Anti-Dumping Duties recommended by the International Trade Administration Commission (ITAC) in 2022, were promulgated, with ITAC finding factual evidence of dumping, supporting the implementation of duties. It further found that extreme financial harm had been done to the local industry as a result of the dumping of poultry products. The implementation of these duties against Brazil, Denmark, Spain, Poland and the Netherlands is a positive move towards ending dumping and unfair trade practices, and further supports the implementation of trade measures endorsed and supported by all signatories to the Poultry Sector Master Plan. However, with the outbreak of Avian Influenza, it appears that Minister Patel wants to back track on this arrangement.

On 2 October 2023, a notice was published in the Government Gazette in which Minister Patel has directed ITAC to consider the

creation of a temporary rebate provision on poultry meat and edible offal (fresh, chilled or frozen), for the duration of the shortage of chicken as a result of the outbreak of HPAI in South Africa. He has tasked ITAC to consider whether the temporary rebate should only be applicable to ordinary customs duties or whether rebating anti-dumping duties should also be included. It is too early to predict the outcome of the ITAC investigation. We believe that Minister Patel is over-reacting to a possible shortage of poultry meat. The industry has contingency plans in place to negate shortages of poultry meat, such as importing broiler hatching eggs amongst other measures.

The South African poultry industry, in both the table egg and broiler sectors, has seen significant losses as a new strain of bird flu (H7N6) has spread across both Gauteng and Mpumalanga at an alarming rate. As a consequence, additional costs have been incurred by Astral as well as other producers to cull broiler breeding stock in line with regulated disease control measures. The losses extend beyond the biological cost of the culled birds, but also include costs relating to measures taken for the safe disposal of these birds and biosecurity measures implemented aimed at curbing the spread of the disease. The bird flu has already caused short supplies of table eggs into the market. The bird flu outbreak is the worst that South Africa has witnessed and goes well beyond the impact felt by the H5N8 bird flu in 2017. As at 30 September 2023, the total cost associated with the current bird flu outbreak amounts to approximately R400 million.

Chairman's Statement (continued)

ESG-related matters

The ESG Committee, established late last year and forming part of the Group's governance structure, supports Astral's on-going commitment to sustainability, with specific emphasis on environmental stewardship, corporate governance and accountable social engagement.

We continue to enhance the ESG Sustainability Report by applying best practice. We also welcome the creation of the International Sustainability Standards Board (ISSB) at the end of 2022, which will sit parallel to the International Accounting Standards Board. The specific IFRS statement that will deal with the disclosure of ESG-related matters should set a good precedent for future disclosure.

Environment

Astral remains committed to being a responsible citizen in terms of our impact on the environment. The Group's sustainability strategy aims to ensure long-term business success by fostering a well-governed, well-managed and financially stable organisation. In line with this, Astral continues to launch and maintain new projects aimed at sustainable water and power supply. Please refer to □ pages 118 to 126 of this Report for further detail on the environment projects implemented by the Group.

Social

The "Astral Cares" initiative is one of the programmes launched by the Group to improve the wellbeing of employees, as well as to contribute to communities in which it operates and trades. One such contribution is the food distributed to both employees and other charities with the main focus being on feeding those who are among the poorest in society. Despite the severe decline in the

Group's profit, CSI spend for the year under review amounted to R4.8 million (2022: R5.6 million), a decline of 14.3%.

Please refer to □ pages 113 to 117 in this Integrated Report for comprehensive detail on the major CSI projects that Astral was involved in during the financial year.

Governance

Astral strives to create superior levels of performance for the benefit of all our stakeholders. We believe that our governance practices are sound and, in all material respects, conform to the Companies Act and the principles embodied within the King IV™ Report and the JSE Listings Requirements. We have frank and robust discussions with all our stakeholders on a regular basis on a range of matters, including those related to corporate governance.

Our annual performance assessments were also completed by each director of the Board, the Board committees, the Chairman, the CEO and the Group Company Secretary.

For more information on Astral's stakeholder engagements and material matters, please refer to □ pages 74 to 112 of this Integrated Report.

Conclusion and appreciation

The outlook for the coming financial year is, frankly, concerning, with raw material costs and other variable costs such as electricity and fuel likely to remain high. At this point, we expect consumer finances to continue their downward spiral, and can only hope that the South African Reserve Bank (SARB) takes this into account in light of any further increases in the interest rate.



Ngizweni Soup Kitchen

This does, however, seem unlikely as at the time of writing, the SARB itself had indicated its concern about the increasing weakness of the Rand and the risk this poses to the inflation outlook. It has made itself clear on several occasions that it will resume hiking interest rates if this risk materialises. The SARB is also concerned about electricity, which is feeding into underlying prices.

The lack of urgently needed Government action is becoming more and more frustrating, particularly in light of the deepening energy and water crisis. Despite numerous promises of action, very little evidence exists to support this.

It is therefore my sincere hope that 2024 will be a watershed year for this country, and one in which the inevitable political change would usher in a new phase for our democracy. Several surveys are indicating that the governing party's electoral support could fall below 50% and it is clear that we are entering a period of coalition politics. This makes it even more important that eligible voters should register and do their democratic duty and bring out their votes.

Another major concern is, of course, the weakening sentiment towards RSA Inc., with the latest industry indicators showing that business confidence continues to decline, weighed down by reduced export volumes, higher real financing costs and the weak Rand. For instance, on a month-on-month basis, all eight economic activity indicators in most recent South African Chamber of Commerce and Industry Business Confidence Index (BCI) fell, with the BCI down three index points compared to 2022.

However, despite the prevailing economic and political environment, I am pleased to say that the Group still has a

resilient balance sheet and remains focused on cash management. This, together with its proven strategy of being best low-cost producer of protein, will continue to ensure that Astral remains one of the leading poultry producers in South Africa.

In closing, I express my appreciation and gratitude towards Chris Schutte and the management team for their continued commitment and hard work during a year that was extremely challenging in many ways.

Thank you also to my fellow Non-Executive Directors for your contributions at Board and committee meetings. Your participation and insight are, as always, highly valued. I would like to further thank you and the CEO for your decision to decline the 1 October 2023 fee adjustment and salary increase offered, it attests to your commitment to Astral in these difficult financial times.

I would also like to thank our external stakeholders – including shareholders, customers, suppliers and industry regulators – who continue to support the Group despite the many challenges the Group faces.

And finally, to all Astral employees, our sincere gratitude and thanks for the hard work, resilience, dedication and concrete contributions you have made during the year.

Theuns Eloff
Chairman

15 November 2023



Mountain Valley processing plant

Board of Directors

Non-Executive Directors



Theunis Eloff (68)

BJur (Econ), ThB, ThM, ThD
Chairman

Appointed 8 May 2007, Chairman from June 2014

Experience: Theunis served as minister of religion in Pretoria from 1983 to 1989. He completed his Doctorate in theological ethics. Theunis left the ministry in 1989 and joined the Consultative Business Movement (CBM). He headed the administration of Codesa and was Deputy Director of the Transitional Executive Council before the 1994 elections. From 1995 he is the CEO of the National Business Initiative. He became Vice-Chancellor of Potchefstroom University for CHE in 2002 and headed the merged North West University (NWU) from 2004. He completed his second term at the NWU in May 2014. Theunis acted as CEO of the FW de Klerk Foundation until 31 May 2019.

External appointments: Chairman of Die Dagbreektrust, the Trust vir Afrikaanse Kuns, Kultuur en Erfenis, the Trust vir Afrikaanse Onderwys and Die MOS-Initiatief. Co-chairman of the Afrikaner-Africa Initiative, a joint initiative with the Thabo Mbeki Foundation.



Diederik Johannes Fouché (69)

MComm, CA(SA), H Dip Tax Law, H Dip Business Processing
Lead Independent Non-Executive Director

Appointed 12 November 2015

Experience: Diederik is a former PwC partner and head of PwC's Southern Africa Consumer, Industrial Products and Services industry practice (CIPS).

He served as a member of the PwC Africa Board and was chairman of the Finance and Risk Committee. He also represented the firm on the PwC Europe, Middle East and Africa CIPS Committee.

He has extensive experience in the consumer industrial products and services industry, which includes industries such as Agriculture, Retail Consumer, Automotive, Health Care, Manufacturing and Transport Logistics, and has engaged with companies, global experts and industry on various surveys, trends and strategic issues.

External appointments: A member of the Audit Committee of Thebe Investment Corporation (Pty) Ltd.



Tshupo Monica Shabangu (52)

BProc, LLB, LLM (Magna Cum Laude)
Independent Non-Executive Director

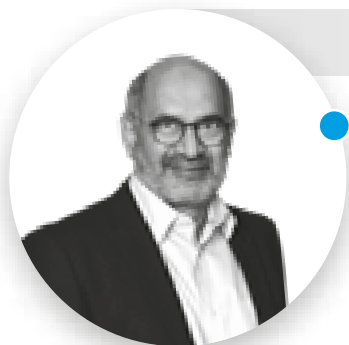
Appointed 1 July 2013

Experience: Tshupo is a legal professional with significant experience in managing the commercial and intellectual property portfolios of blue-chip companies, both locally and internationally. She also has extensive experience in corporate governance.

She was previously the Chairman of the Anglo Inyosi Coal Community Trust and a Director of Inyosi (Pty) Ltd, the B-BBEE partner of Anglo Coal Ltd. Tshupo sat as a Trustee of one of Royal Bafokeng's employee trusts. She is the past President of the South African Institute of Intellectual Property Law and sat as a Trustee of the Legal Resources Trust. She was previously a member of the Ethics Committee of the Law Society of South Africa and Company Law Committee of the Law Society of the Northern Provinces. She also sat as a Council Member of the now defunct Law Society of the Northern Provinces (LSNP), a statutory body which governed the attorneys profession.

She is a Council representative of the Law Society of South Africa at the International Bar Association (IBA). She is currently an Officer of the Bar Issues Commission and member of the Future of Legal Commission. She was selected as one of the World Intellectual Property Review (WIPR) Influential Women in Intellectual Property in 2019 and was awarded the WOZA Women in Law Award for Best Corporate Practising Lawyer, 2019. Tshupo was named Law Professional of the year 2019/2020 period by the SA Professional Services Academy (SAPSA). She was listed as one of the World Intellectual Property Review (WIPR) leaders in 2021-present, and included in the Best Lawyer Intellectual Property Law in South Africa list, from 2018-present.

External appointments: Partner and past Chairman of the law firm Spoor & Fisher.



Saleh Mayet (67)

BCom, BCompt (Hons), CA(SA)
Independent Non-Executive Director

Appointed 1 July 2019

Experience: Saleh is a Chartered Accountant with over 35 years' experience. After completing his articles in 1982, he joined Anglo American South Africa Ltd (AASA) and over the next number of years gained experience in all aspects of financial reporting with ultimate responsibility for a significant number of subsidiaries in the AASA group. Following Anglo American plc's London listing in 1999, he fulfilled various roles within the finance division in Johannesburg and London and in January 2008 became Head of Finance – AASA, a position he occupied until his retirement from AASA in March 2019.

He has held several listed and unlisted board positions in various industries and brings with him extensive experience across the full range of corporate activities.

External appointments: Non-Executive Director of Motus Holdings Ltd.



Willem Frederick Potgieter (66)

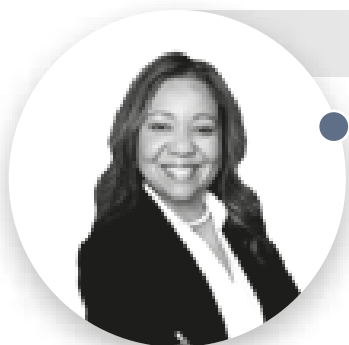
BEng (Hons); PR-Eng
Independent Non-Executive Director

Appointed 1 July 2019

Experience: Willie is a built environment professional (Civil Engineer) specialising in infrastructure and building developments as well as strategic management with more than 30 years' experience in implementation and management of engineering and related developments through all stages of the project life cycle. Willie's previous experience also includes the management of government regulatory processes such as environmental authorisations, water rights, water use licences, land acquisitions and land use planning.

His recent involvement includes the development of two newly established universities in South Africa.

External appointments: Director for Oubos-Groottvriev Nature Reserve (Pty) Ltd.



Anita Deline Cupido (53)

BA (HE); BA Hons; BB&A; MBA; MPhil Coaching (Cum Laude)
Independent Non-Executive Director

Appointed 10 November 2021

Experience: Anita is an accomplished People Professional with 15 years of corporate experience and 14 years of consulting and coaching experience. She has provided HR executive and Change Management services to blue chip and multinational companies such as Woolworths, SABMiller, Santam, and AVI. In addition, she has partnered with Oxford University Press, Pearson, University of Cape Town, the Foshini Group, Simba, ATNS, KWV, BUSBY, and Social Change Assistance Trust where she provided consulting services in Organisation Development, Team Effectiveness and Strategy Facilitation.

Some of her achievements include achieving Cum Laude for her MPhil Coaching. She led the Change Management effort on an ecommerce transformation programme, virtually. She successfully facilitated a large-scale restructuring in a global organisation, virtually. As HR Executive, she supported her Executive team through a six-company merger, including Board and Exco closure and preparation of Senior Management to lead Business Unit post-merger. She successfully led the change management effort for the implementation of a B2B portal across 4 000 broker businesses in the largest short term insurance business. She facilitated development of five-year strategy for non-profit organisation and shaped the client experience initiative for an insurance market leader, which included establishing a client excellence board.

She has spoken at conferences, written articles, participated in guest lecturing, served on boards and been involved in volunteer programmes that uplift communities on the periphery.

External appointments: Independent Human Capital Consultant, Facilitator and Executive Coach.

Board of Directors (continued)

Executive Directors



Christiaan Ernst Schutte (63)

Chief Executive Officer

Appointed 18 August 2005, CEO from 1 May 2009

Experience: Chris started his career in the Poultry Industry after a five-year contract with the South African Air Force. He joined Golden Lay Farms, a division of Tiger Oats in 1984 as an Assistant Farm Manager. Chris progressed through the ranks of Golden Lay a table egg producer, to emerge as the Sales Director before joining Astral Foods in 2002. At the time he was appointed as Retail Sales Manager for Meadow Feeds, then being promoted to National Sales Manager for the Feed Division. In 2004 Chris was appointed as Managing Director for Astral's Feed Division, and later appointed to Astral's Board in 2006. In 2009 Chris was appointed as Chief Executive Officer of Astral.

External appointments: None



Johan Andries Ignatius (Dries) Ferreira (45)

BCom, BCom (Hons), CA(SA)
Chief Financial Officer

Appointed 2023

Experience: Dries graduated from the University of Port Elizabeth (now NMU) and later qualified as a Chartered Accountant (SA) in 2004 after completing his articles with PricewaterhouseCoopers Inc. He was appointed Chief Financial Officer and executive director of Dawn Limited in 2007. Dries has extensive experience serving as Executive Director. He was the CEO of WellCapital (Pty) Ltd, providing C-suite solutions to African and European clients and also the CFO and Executive Director of Newpark Real Estate Investment Trust Limited, a listed South African-based REIT focused on investing in A-Grade properties in prime locations. He was appointed as CFO Designate from 10 January 2022 and on the retirement of Daan Ferreira, appointed to CFO effective 2023.

External appointments: None



Gary Desmond Arnold (51)

BSc Agric (Hons), MSc Agric, MBA, Pr.Sci.Nat.
Group Chief Operating Officer

Appointed 1 May 2012 as an Executive Director
Appointed 1 October 2021 as Group Chief Operating Officer

Experience: Gary started his career in 1997 as Animal Nutritionist for Meadow Feeds Delmas and Meadow Feeds Welkom. In 1998 he was appointed as the Technical Manager for Meadow Feeds Delmas and in 2001 he was appointed as the Technical Manager for Meadow Feeds northern region.

In 2004 he was appointed as the Managing Director of Provimi SSA (previously Nutec Southern Africa) and in 2006 he was appointed to the position of COO for Meadow Feeds in the Western Cape.

Gary was appointed as Director: Business Development of Astral Operations Ltd on 1 November 2010 and in October 2016 he was appointed to the position of Managing Director of Astral's Agriculture Division.

Effective 1 October 2021, Gary was appointed as Group COO of Astral.

External appointments: None



Frans Gerryts van Heerden (43)

BCom, BCompt (Hons), CA(SA), Diploma in National Auditing
Managing Director: Poultry Commercial

Appointed 1 November 2020 as Managing Director
Appointed 1 October 2021 as an Executive Director

Experience: Frans started his career with the Group 17 years ago when he joined Astral's Internal Audit Department. He was subsequently appointed to different Financial Manager positions within the Group, and on 1 June 2017 promoted to COO of the Poultry Commercial Division: Central Region. On 1 November 2020, he was appointed as the Managing Director of the Group's Poultry Commercial Division and effective 1 October 2021 to the Board as an Executive Director.

External appointments: None

Board composition statistics

as at 15 November 2023

Executives and non-executives



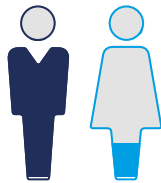
4 Executive 6 Non-Executive

Age



2 40 – 49 years 3 50 – 59 years 5 60 – 69 years

Gender



8 Male 2 Female

Tenure of Non-Executive Directors



3 0 – 5 years 1 6 – 10 years 1 11 – 15 years 1 >15 years

Ethnicity



7 White 3 African/Indian/Coloured

Skills of the Non-Executive Directors

6 Directorship	1 Engineering
6 Management	1 Human Resources
2 Finance	1 Legal

Chief Executive Officer's Report



“The Group has for the first time in its 23-year history reported a financial loss, with a devastating set of results reflecting the numerous headwinds faced during the year. Load shedding-related and bird flu costs decimated the Group’s earnings for 2023.”

Chris Schutte | CEO

The year in perspective

This is Astral’s 23rd Integrated Annual Report and provides an overview of the Group’s financial and operational performance for the year under review.

Introduction

The words of the 2022 CEO report are still fresh in my mind, where the Group triumphed on “benefiting from economies of scale following the expansion of its poultry processing capacity, and new production volumes assisted in reducing the fixed cost base of production and creating growth in profitable product categories”. On this basis, FY2022 was the second-best set of results posted by Astral in its short 23-year history. However, standing in stark contrast are the results for FY2023, reflecting Astral’s first ever financial loss on the back of a massive cost burden brought about by national load shedding at levels as high as stage 6, from September of last year.

Astral for the first time in its history had to release two voluntary trading updates to the market, providing an update on operating conditions, and the concomitant impact on the Group’s financial results due to events discussed in more detail below.

Load shedding

Astral at the time was slaughtering 6 million broilers per week, and our integrated broiler production systems were set to produce 6.2 million broilers per week by the beginning of April 2023. This would have taken the Group to full capacity, following an investment of close to R1 billion on additional capacity in 2020. Retail sector commitments for the chicken volumes were in place, and Astral’s integrated poultry production value chain was full. A more than two-year programme, starting with broiler breeding, followed by broiler rearing and finally broiler processing and distribution, exists.

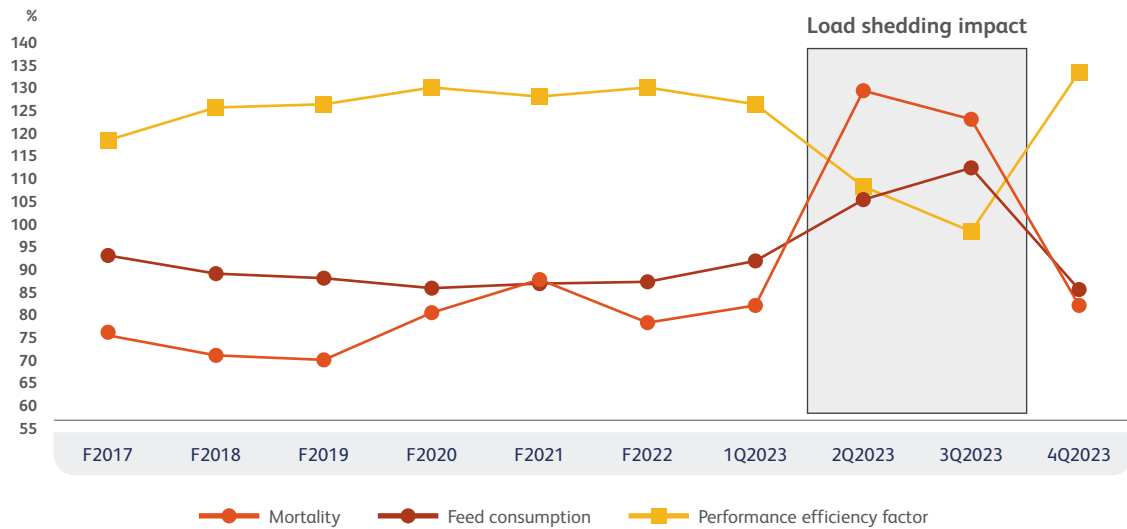
This allows ‘just-in-time’ production of Astral’s product range, and the nature of the integrated biological process cannot sustain prolonged interruptions, with any disruption to this agro-processing environment having costly implications.

Load shedding decimated any plans the Group had of benefiting from the major investment in additional production capacity over the past four years, and instead we endured months of extended load shedding where our ability to slaughter and process chicken was completely eroded. As the initial load shedding and lost processing capacity caused birds to back up on farm at a rapid rate, a backlog in the slaughter programme resulted. The birds grew older and gained weight on farm, leading to a situation where broilers well above the normal slaughter weight (at times double the normal live weight of approximately 1.85 kilograms) had to be processed, leading to further downtime in our poultry abattoirs.

This could only be negated at a great expense, by installing massive emergency power generation plants to run the abattoirs at a significant diesel cost, cutting back the placement of broilers to reduce slaughter numbers, introducing a maintenance feeding programme to control the weight gain of the broilers to prevent them growing at their optimised potential, and then adding processing shifts carrying significant overtime costs.

The cost of feeding the heavier birds well beyond the normal age (up to 50 days of age and above where the “normal” age would be 33 days) for slaughter was significant. Poor feed conversion rates were unavoidable as illustrated in the **graph below**, where birds were fed to control and maintain body weights to prevent excessively heavy birds (other than that experienced) which would have been impossible to process and could have led to a total loss of product for sale.

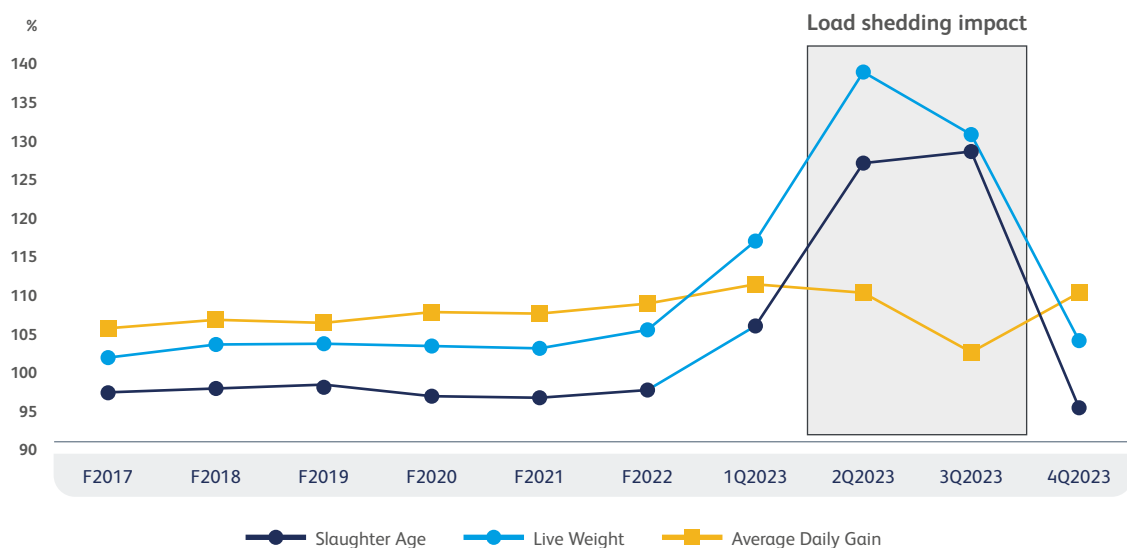
Broiler performance: feed conversion efficiency and performance efficiency factor



Not only did the Group have to carry a feed bill through the additional feed consumed, but this came at a time earlier in the year when raw material input costs hit record highs, with the price for maize extending well beyond levels ever historically traded on SAFEX. Broiler feed prices increased by 15.4% for the year under review (2022: 11.6%), and whilst broiler selling prices rose by 8.2% over the same period (2022: 12.5%), this was not sufficient to recover the full impact of the total feed bill together with extraordinary expenses in diesel, overtime and cutback costs through the destruction of broiler hatching eggs, leading to negative broiler margins.

The **graph below** highlights the bird age and live weight impact, with the heavier birds processed being well out of the weight range specification for the product range Astral supplies. This led to a situation where the Group could not fully supply the market for fresh chicken, or the QSR sector – and ultimately the majority of production ending up in a 5 kilogram IQF format. The “big birds” when processed delivered a portion size well above specification for weight ranged products and in addition the portion size of the chicken pieces going into IQF, did not find favour with our customer base.

Broiler performance: slaughter age and live weight

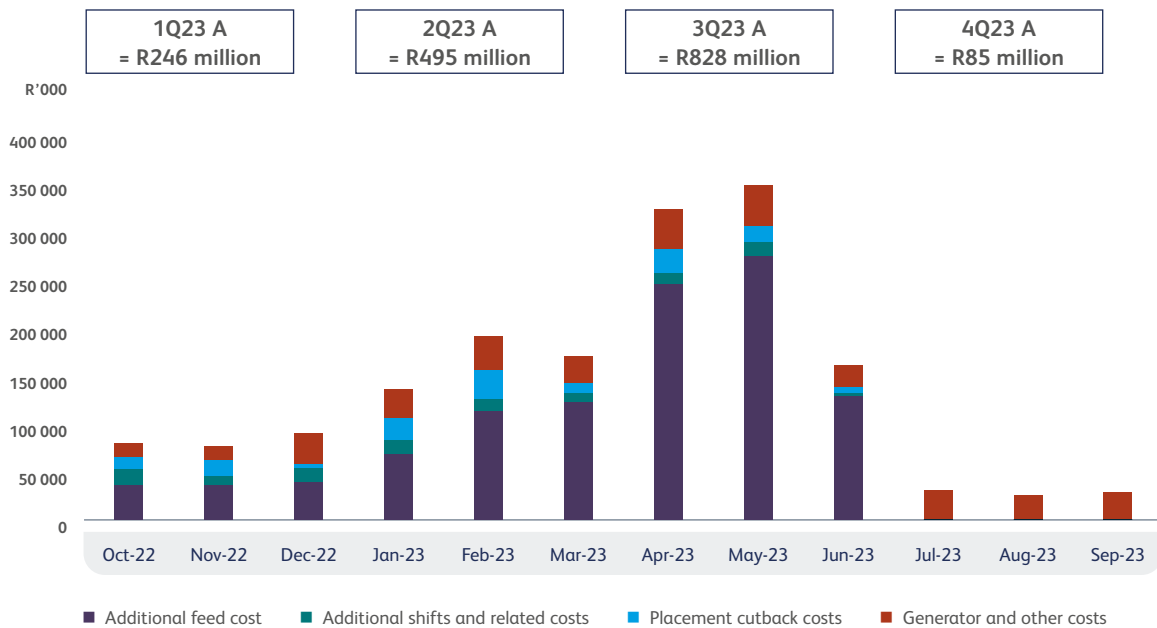


Chief Executive Officer’s Report (continued)

As reflected in the **graph below** the massive costs incurred by Astral on load shedding decimated broiler margins, as these costs could not be recovered from the market in chicken selling prices, and to date, the cost of on-going load shedding and the associated diesel bill can still not be recovered.

Astral cut back approximately 50 million broilers over an eight-month period and cleared the slaughter backlog off farm by mid-June 2023. The processing plants then underwent a period of costly extended downtime for necessary and critical maintenance.

F2023: Load shedding costs



Water supply disruptions

It would be amiss to not add that during the load shedding period (largely mitigated in Astral’s businesses now through diesel generators, albeit at a very high running cost), the Group experienced periods of interrupted water supply to its main processing plants in Standerton and Olifantsfontein. Load shedding and water supply infrastructure failure both led to further downtime, as the municipalities in the respective areas did not supply water during a time when Astral was trying to catch up the slaughter backlog in production. To cap it off, heavy rain in and around Standerton earlier in the year flooded the town, together with the water abstraction and treatment plant, exacerbating the backlog of birds on farm as the Goldi processing facility stood without water supply for more than a week.

Highly Pathogenic Avian Influenza

As Astral “exited” the load shedding crisis and reset the business to focus on operational efficiencies and costs, the South African poultry industry was hit by the worst outbreak of bird flu in the country’s history. A new strain of bird flu known as H7N6 broke out in July of this year, causing widespread devastation and losses in the poultry sector across Gauteng, Mpumalanga, North West, Free

State and Limpopo. Astral, with a number of large broiler breeding operations in Gauteng and Mpumalanga, was hard hit, notwithstanding all the biosecurity measures and world class standards in place. Astral had to cull broiler breeder parent stock infected by this highly aggressive and contagious strain of the virus losing over 1 million birds with costs at approximately R400 million by the close of the financial year.

Astral’s management team actively participate in industry forums driving a strategy towards vaccination for the current strains of bird flu circulating in the country. Poultry producers in South Africa are not compensated by Government for culling livestock as a disease control measure on outbreaks of bird flu. Globally the relevant authorities usually take control of an outbreak, set up quarantine and surveillance zones, cull the affected flocks, safely dispose of the birds and then compensate the producer – all this in an effort to stamp out the disease and prevent its spread. Following the devastating outbreaks of bird flu experienced this year in South Africa, it is highly doubtful that insurance cover for this risk will be made available. Vaccination against HPAI will supplement current biosecurity programmes, and curb losses through the disease.

Floods

At any other time, one would document with horror here the flooding of the Berg River in Paarl in the Western Cape during June 2023, resulting in the entire Meadow Feeds operation in the area being flooded and brought to a standstill for several weeks, as well as an act of arson which partially destroyed one of our parent stock hatcheries in the Western Cape during September 2023. Hardened by the events of the year, Astral management had to take these further setbacks and costs in their stride and make plans to mitigate the operational disruptions.

Conclusion

The state of the South African economy is unfortunately characterised by record high unemployment and constrained disposable income. Growth in the economy has been hampered by failing infrastructure and the weakening of the local currency against global hard currencies. This economic environment limits

the ability of the Group to fully recover the higher input costs, with the result that broiler margins are negative, generating no return in FY2023 on invested capital.

Management's focus to turn the Group's misfortunes around are steadfast, and emphasis on improving key production efficiencies, lowering operating expenses and tightening control over capital costs are key to a successful turnaround. Astral has for far too long subsidised the selling price of chicken and has not been able to recover costs thrust upon the Group by macro circumstances largely out of its control. A focused effort is underway on a price point for chicken that creates an opportunity to generate positive returns, without which the business model is not sustainable. Astral management and staff have embarked on a comprehensive and imbedded programme, called *Project 3R* aimed at turning around the misfortunes of FY2023, and rebuilding the Group's Balance Sheet.



Goldi Processing Facility

Chief Executive Officer's Report (continued)

Salient points

Feed input cost increased significantly on the back of higher feed consumption levels due to the impact of load shedding.

Feed prices increased on higher maize and soya prices, driven by higher international prices for soft commodities and a weak local currency.

Broiler performance efficiencies between October 2022 and June 2023 were negatively affected by the impact of load shedding on the integrated broiler production chain.

Broiler slaughter numbers decreased by 15.3% with production cutbacks resulting in approximately 4.9 million broilers per week being processed (2022: 5.8 million birds per week).

Broiler live weight slaughtered decreased by 4.2% whilst broiler slaughter numbers decreased by 18.1% driven by broiler production cutbacks on the impact of load shedding.

Poultry sales realisations were up year-on-year, but far short of being able to recover the extraordinary cost impact of load shedding and general inflationary cost increases.

Worst outbreak of bird flu experienced in the local poultry industry and Astral's broiler breeding operations and continues to cause untold harm to commercial poultry across the globe.

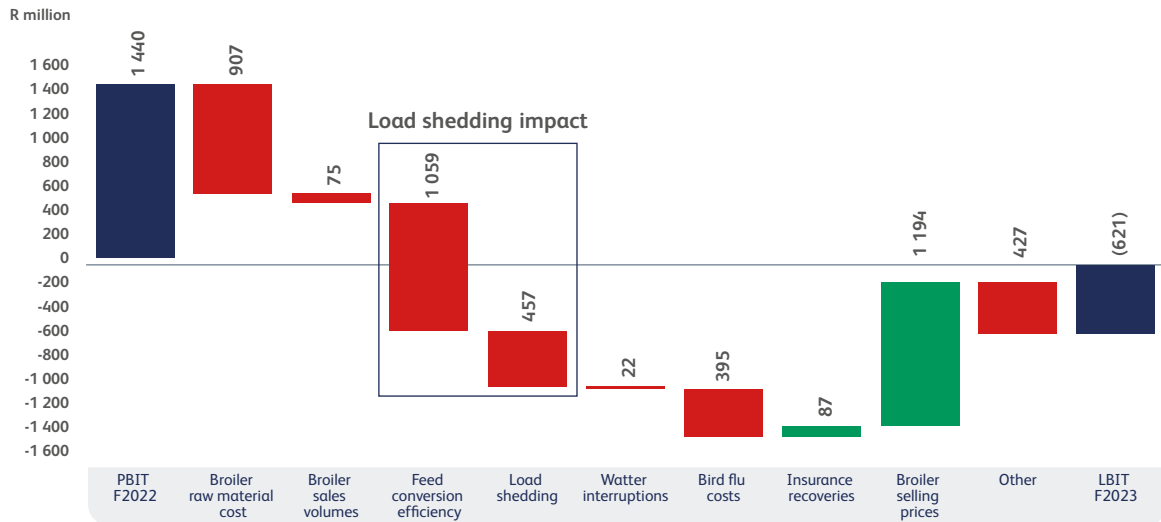
Poultry imports remained at relatively high levels, with average monthly volumes for the period under review being approximately 23% of local consumption at an average of 33 386 tons per month (2022: 33 318 tons per month).

Eskom load shedding and municipal infrastructure challenges added a significant cost burden to the Group, with an on-going diesel cost to run emergency generators now an embedded cost due to on-going national load shedding.

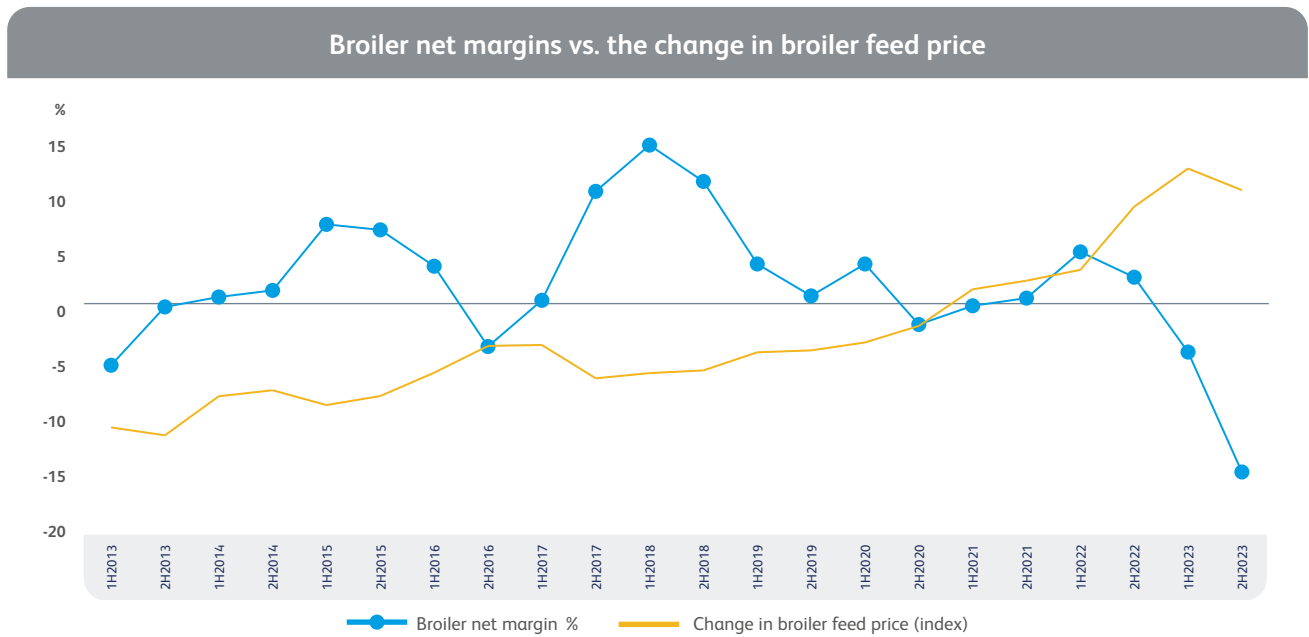
Significant cash outflow for the year of R1.7 billion on load shedding and bird flu costs, with gearing of 25.6% at year end.

Financial and operational performance at a glance

A loss before interest and tax of R621 million is reported for the year under review, driven by the significant negative impact of a higher feed price, load shedding and bird flu costs. A decrease in poultry sales volumes of 9.6%, due to an imbalance in the product mix on lost sales in the fresh and QSR markets also impacted profitability. As illustrated below the following major movements at a profit/(loss) before interest and tax level between the prior year and the year ended 30 September 2023 are reported.



Poultry selling prices could not recover higher input costs and extraordinary expenses, leading to negative broiler margins of -9.7% (2022: 4.3%) as illustrated in the graph below.

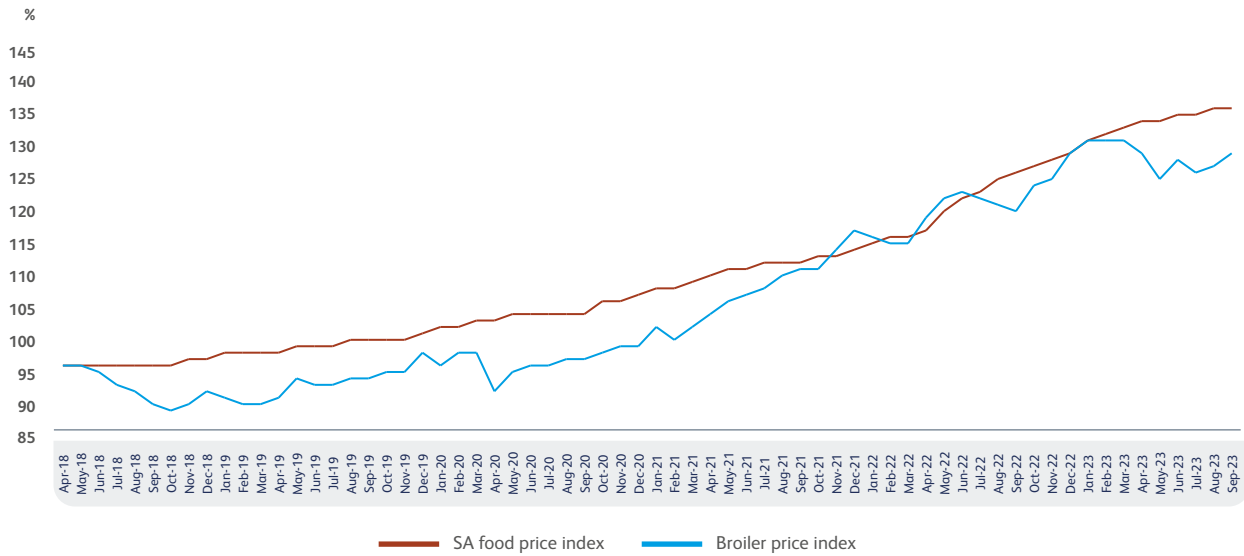


Source: Own data

Local food price inflation continued to reflect increases in the food basket during the year, with chicken prices lagging the rising cost of the food basket (graph on page 24).

Chief Executive Officer’s Report (continued)

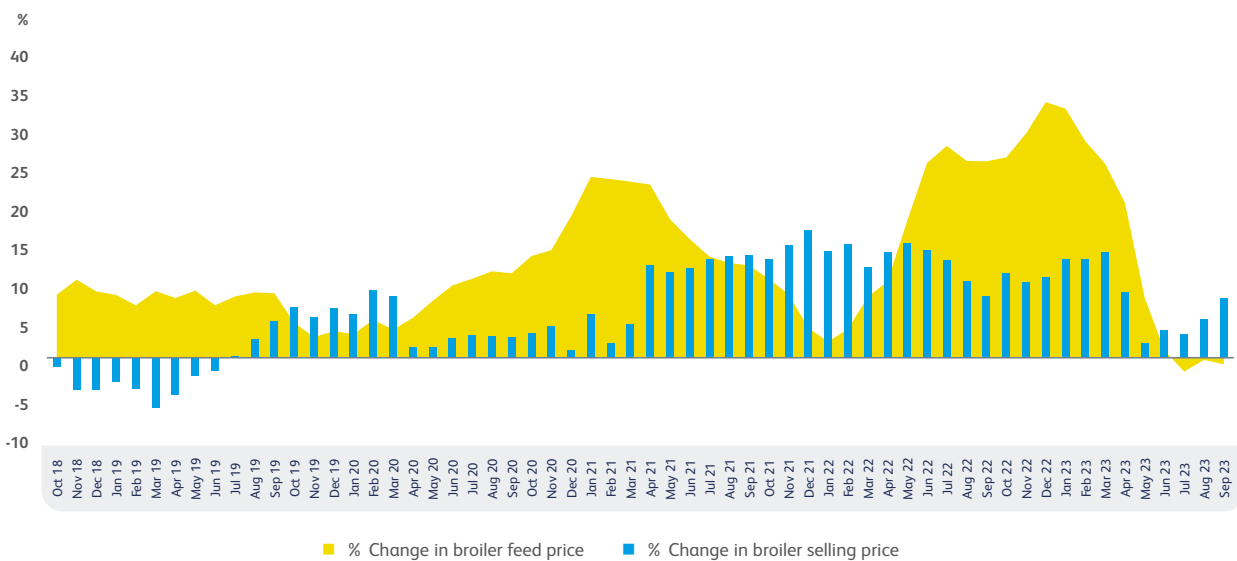
SA food price index vs. broiler selling price index



Source: Own data and CJA Strategic Risk Brokers

The annual monthly year-on-year change to the broiler feed price against the change in the broiler selling price, saw rapidly escalating broiler feed costs earlier in the reporting period, and circumstances where broiler selling prices did not keep pace with the inflation in feed costs as highlighted in the **graph below**. Local maize prices are trading lower in recent months, providing some cost relief to the industry from the historical highs in the soft commodity prices of late 2022.

Monthly year-on-year change in broiler selling price vs. change in feed price



Source: Own data

For further details on the financial performance of the Group and a review of the operational activities, please refer to the Operational Review found on □ pages 52 to 62 as well as the Chief Financial Officer's Report on □ pages 128 to 130 of the Integrated Report.

Key investments

Capital expenditure for the year under review was R398 million compared to the prior year's R258 million. This amount represents expenditure on normal on-going and major replacement capital expenditure of R230 million; but includes R168 million towards the provision of emergency power generation capacity and additional on-site water storage facilities. A number of projects with committed capital expenditure have been placed on hold, the timing and implementation of which will be continuously reviewed against available funds. Only absolutely essential replacement capital expenditure, plus expenditure towards the provision of further emergency power generation capacity or water supply infrastructure will be considered for FY2024.

Favourable macroeconomic and market conditions in Zambia underpinned a steady performance from the Zambian operations over the past year. The construction of a new feed mill for Tiger Animal Feeds (TAF) in Zambia is progressing well, and due for completion in April 2024. This will provide a cost-efficient platform and expanded production capacity from which TAF can compete in the Zambian animal feed sector.

Key challenges going forward

Industry

The past three years has witnessed an expansion of poultry processing capacity in the local industry. This can be seen as a positive step forward for the industry and reflects a commitment to South Africa's localisation drive. In terms of the Poultry Sector Masterplan (Masterplan), all stakeholders agreed to a number of actions that would support the local production of chicken so that could make up a greater proportion of local consumption.

However, for such a plan to succeed the provision of basic infrastructure and services is critical. More than ever this year, South Africa has faced the scourge of load shedding and water supply disruptions. This, together with the continued demise of the rail and road networks, is placing undue cost pressures on the South African manufacturing sectors. Agro-processing has not been spared, and the impact on the poultry industry is clear to see in this reported set of results.

The local economy remains under severe pressure, and the dismal failure of both local and national Government continues. A major change in governance and leadership is required to set the country on a growth path that will stimulate local industry and job creation. Remedial action to repair and restore critical infrastructure is urgently required.

The bird flu pandemic requires an appropriate response from Government and the regulatory authorities. The failure of our state veterinary authorities to deal decisively with the current outbreaks, implement control measures and compensate producers under the provisions of the Animal Diseases Act is an indictment on the country and the local poultry industry. The ability of poultry producers to positively contribute to food and job security is at risk. Urgency is not a word well known in the hallowed halls of Government, and if ever there was a time for decisive leadership, it is now. At the time of writing, promises of a "bird flu relief fund" with no detail are bandied about by the Deputy President of the country, and progress to register available vaccines and the protocols for use are vigorously pursued by industry representatives. As the industry begins the process of restocking following the latest outbreak of H7N6, this is undertaken with major risks in the absence of adequate protection for these flocks that unfortunately only vaccination can provide.

Poultry selling prices

Astral has over the years focused on producing the cheapest kilogram of white meat in alignment with its best cost strategy. A key challenge has been to continuously optimise financial returns by achieving a poultry selling price that allows for the satisfactory recovery of input costs to ensure sufficient cash for future investment in the business, as well as to provide reserves to counter the volatility that is inherent in the poultry industry.

The past year, and in the aftermath of the load shedding ordeal, Astral's cash reserves have been completely eroded, with the Group now finding itself in a net debt position. Negative broiler margins, as reported, are not sustainable, and an effort is being made to align poultry selling prices to sufficiently recover input costs. Due to a depressed consumer market, Astral has opted to align its poultry production output with expected demand rather than running all operations at maximum capacity.

Astral must rebuild its Balance Sheet and once again create an environment where it can invest in efficiencies, expand production capacity, create jobs and play a pivotal role in food security and supplying the preferred protein to the nation.

Market developments

Chicken is the most preferred and affordable source of protein, and with the South African consumer under tremendous financial strain the retail sector has used chicken extensively in its promotional activity during the year. The ever-expanding footprint of outlets by the retail chains, the intense competition amongst the major players, and the "fight" for the consumer's Rand spent, has seen poultry prices remain under pressure for most of the year. Pricing levels are significantly under those levels that would allow for a positive return, given the existing input cost environment. The inability to recover the substantial inflationary production cost increases from the market, is proving to be a challenge.

Chief Executive Officer's Report (continued)

Astral's focus to maintain a balance in the wholesale, retail and QSR market segments supplying fresh, frozen and value-added products was dealt a severe blow in the year, as the impact of load shedding severely impacted our ability to supply a balanced product basket. With the slaughter age and weights returning to normal in June 2023, much focus has been placed on product quality, regaining lost volumes and market share as well as supplying a balanced sales mix to meet demand.

Business risks and material matters

Astral has identified the most relevant business risks and material matters that impact both Astral and its stakeholder groups, and which could potentially impact the Group as a going concern. Comprehensive information pertaining to the internal risk identification and management processes, stakeholder engagement and material matters relevant to the Group's various stakeholder groups, are disclosed in detail on □ pages 30 to 46 of the Integrated Report.

In summary, our key business risks and material matters are:

- Highly pathogenic avian influenza.
- Water and electricity infrastructure constraints.
- Raw material availability and/or price.
- Food safety.
- Imbalance of poultry supply and demand:
 - poultry prices;
 - product mix;
 - poultry imports; and
 - the consumer markets.

Environmental, social and governance (ESG) developments

Astral established an ESG Committee at the end of the 2022 financial year that was specifically tasked to support the Group's ongoing commitment to sustainability, with specific emphasis on environmental stewardship, corporate governance and accountable social engagement with all stakeholders. This committee works closely with the Social and Ethics Committee and report to the Board.

Our **environment** initiatives and impacts are set out on □ pages 118 to 126 of this Integrated Report. We recycled 1.5 billion (2022: 0.9 billion) litres of water and treated 0.7 billion (2022: 0.3 billion) litres to potable standards, an impressive increase of 72.0% and 163.3%, respectively. The Group timeously submitted its second Food Loss and Waste Report to the World Resource Institute (WRI) and recycled 678 tons (2022: 679 tons) of packaging material. Scope 1 carbon emissions pertaining to coal and LPG reduced by 16 161 tons and 5 367 tons, equating to 10.0% and 23.7% reductions, respectively, offset by an increase in diesel carbon emissions of 25 602 tons or 216.7% during the year as a direct result of load shedding. Scope 2 electricity carbon emissions reduced by 15% or 50 616 tons due to load shedding and energy generated from solar power.

Our **employees** are key to the long-term success of Astral. The integrated training and skills development framework we have developed over the years ensure that we continue to increase the competency of our workforce across all operational and functional areas of our business. Astral is registered with the Agri-SETA as an accredited training service provider with accredited in-house trainers available that facilitate our training programmes. In total, 18% of our employees attended one or more training programmes with a total training spend of R13.7 million (2022: R11.7 million). Astral remains committed to transformation and gender diversity. Astral is currently compliant in terms of B-BBEE requirements and our procurement initiatives are driving support and development of emerging small and medium enterprises as we continue to diversify our supplier base. In terms of gender diversity, 49% of our employees are female. We also employ over 220 persons with disabilities and aim to make the workplace accessible to all. For more information on our Human Capital statistics, endeavours and programmes, refer to □ pages 84 to 89 of the Integrated Report.

Despite the tough trading conditions experienced by the Group, Astral's CSI programme, "**Astral Cares**", continued to assist communities in desperate need, focusing on supporting the most vulnerable in society. Astral Cares provides proudly South African produced chicken to more than 30 soup kitchens every week. Our total CSI spend amounted to R4.8 million, a 14.3% decline on the previous year's spend.

Our **governance** structure and principles are set out on □ pages 74 to 82 of the Integrated Report. Astral remains committed to maintaining the highest standards of good governance in order to promote quality decision making and ensure the execution of these decisions are made within a disciplined framework of policies, procedures and defined delegations of authority. Astral has a zero-tolerance approach in terms of fraud and corruption whilst providing a tip-offs anonymous resource for employees to report any wrong-doing.

Alliances

Key alliances continued to play an important role in positioning Astral as a best cost integrated poultry producer and the Group's association with international leaders in their respective fields is fostered and actively reinforced.

Key strategic alliances:

- Aviagen, a global leader in poultry genetics and Ross broiler breed supplier.
- Cargill, a global leader in animal nutrition and livestock production.
- Cofco, a global leader in grain origination and mill door delivery.
- Seaboard, a global leader in plant protein production and soft commodity trading.



Strategic service providers:

- CJA Strategic Risk Brokers, which provides statistical models that support decision-making in the forward procurement of key raw materials for use in feed production.
- Enterprise Outsourcing, providing IT network infrastructure.
- Hestony Transport, providing refrigerated transport to the Poultry Division.
- Unitrans, providing refrigerated and live bird transport to the Poultry Division.
- Vector Logistics, which provides an outsourced chilled and frozen chicken storage and distribution service to the Poultry Division.

Outlook

The following factors are considered by management to have an impact on the near future business and poultry sector prospects.

- Astral will focus on rebuilding the Balance Sheet through FY2024, which is key to providing resilience through the cyclical nature of the poultry sector in South Africa.
- Embedded diesel cost as load shedding in South Africa continues unabated, although at lower levels for the past few months.
- Bird flu remains a major risk to the local poultry industry, however progress is being made towards approvals for voluntary vaccination of broiler breeding stock.
- El Niño weather patterns could provide some risk to the local crop later in the 2023/24 growing season.
- Weak economic growth and depressed consumer spending will be a key influence on market conditions, and Astral's production planning in the immediate future.
- Astral's *Reset Refocus Restart* campaign (Project 3R) centres around various initiatives to normalise the business post the load shedding disaster.
- Improved biological efficiencies following the load shedding "big bird era" have improved dramatically, which go a long way to improving broiler live cost.
- Product mix has normalised, and all product from the "big bird era" has been cleared.

- An effort to correct poultry selling prices has been implemented in the market, to reverse the unsustainable negative returns and previously "subsidised" pricing.
- Global maize price levels have eased, and together with another large local maize crop and surplus carry out, SAFEX maize prices are trending lower.

Appreciation

In closing, I extend my gratitude to all our customers that stood by us during the year, your support, albeit under tremendously trying times, as Astral fought through the load shedding and water supply challenges, is appreciated.

My sincere thanks go to all my colleagues in management and the staff for their continued support. Astral faced unprecedented operational challenges brought about by circumstances beyond our control, creating a situation where the majority of you endured extremely long hours of work during the load shedding crisis.

My thoughts to all those that endured great emotional stress and hardship during the bird flu pandemic. This was not an easy time for all, and to all those involved in our efforts to combat the disease, thank you.

As always, I express my sincere appreciation to all members of the Board for their commitment, advice and positive contributions during the year. To Dr Theuns Eloff, our Chairman, and Mr Diederik Fouché, our Lead Independent Non-Executive Director, a special word of thanks to both of you for your consistent support of the Executive Management Team, under these very difficult operational circumstances.

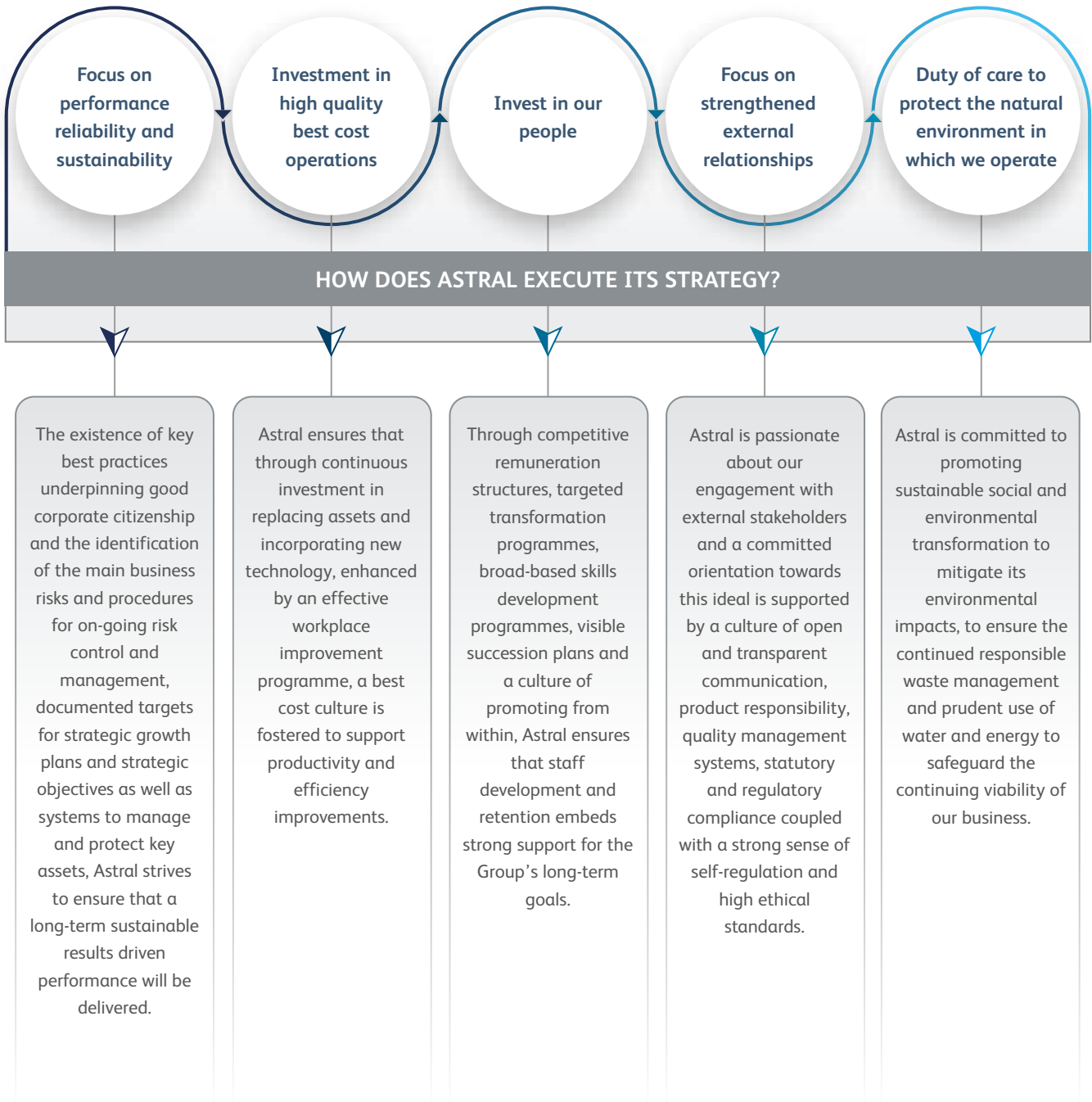
Chris Schutte
Chief Executive Officer

15 November 2023

Our Strategy

Astral has a simple strategy: To be the best cost integrated poultry producer

MAIN STRATEGIC FOCUS AREAS



Our Investment Case

Why invest in Astral?

1.

Astral is one of the leading integrated poultry producers in Southern Africa

Astral is the leading low cost producer of complete feed, broiler hatching eggs, day old chicks and broilers in Southern Africa with an expanding footprint in selected Southern African countries.

2.

Leading brands

Astral has leading brands in poultry genetics (Ross 308), animal feed (Meadow), day old chicks (National Chicks), laboratory services (CAL) and strong poultry meat consumer brands (Goldi, County Fair, Festive, Mountain Valley and SupaStar) and Tiger Chicks in Zambia.

3.

People skills

Astral has experienced, long-serving employees with an industry-leading track record, supported by skills development programmes through leading tertiary institutions.

4.

Regional and national footprint

Astral is well positioned relative to the major growth areas of the country, close to the supply of strategic raw materials and the demand for our products.

5.

Capital investments and strong cash flow

Astral's ability to allocate capital to projects that support the long-term strategy translates to all stakeholders benefiting and ensuring that all Six Capitals are addressed. Astral also has a proven record with the ability to generate strong cash flows.

6.

Customers

Our key customers are in the top-end retail chains, wholesale market and QSR sector.

WE DELIVER ON OUR STRATEGY:

Being the best cost integrated poultry producer with assets and human resources to support a sustainable business.

Business Risks and Material Matters Report

Introduction

Astral has identified the most relevant business risks and material matters that impact both Astral and its stakeholder groups, and which could potentially impact the Group as a going concern. Comprehensive information pertaining to the internal risk identification and management processes, stakeholder engagement and material matters relevant to the Group’s various stakeholder groups, are disclosed in detail in this report.

The principle of materiality forms the basis of the preparation of this Integrated Report. A matter is considered material if it can substantively affect the Group’s ability to create and sustain value over the short, medium or long term. The Board and management are of the view that the material business risks and material matters published in this report offer a balanced mix of information, allowing readers to assess the Group’s performance and prospects.

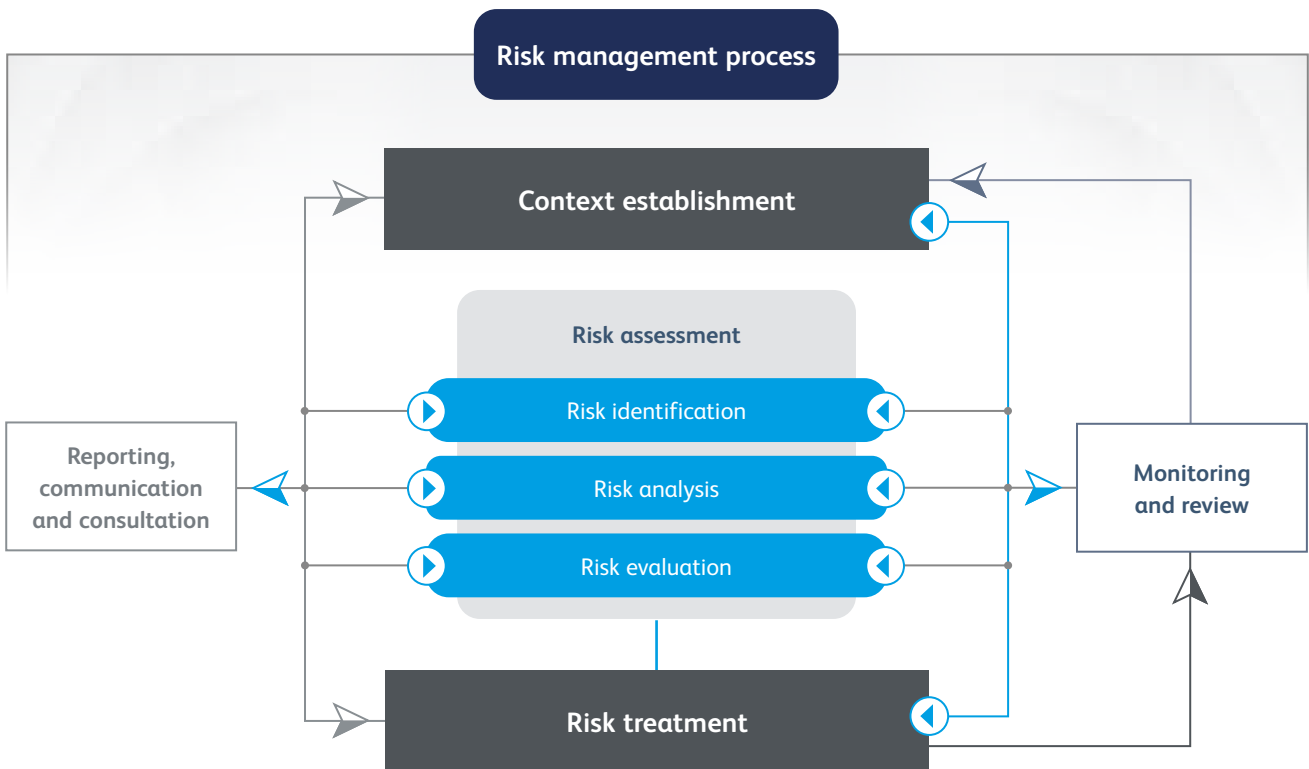
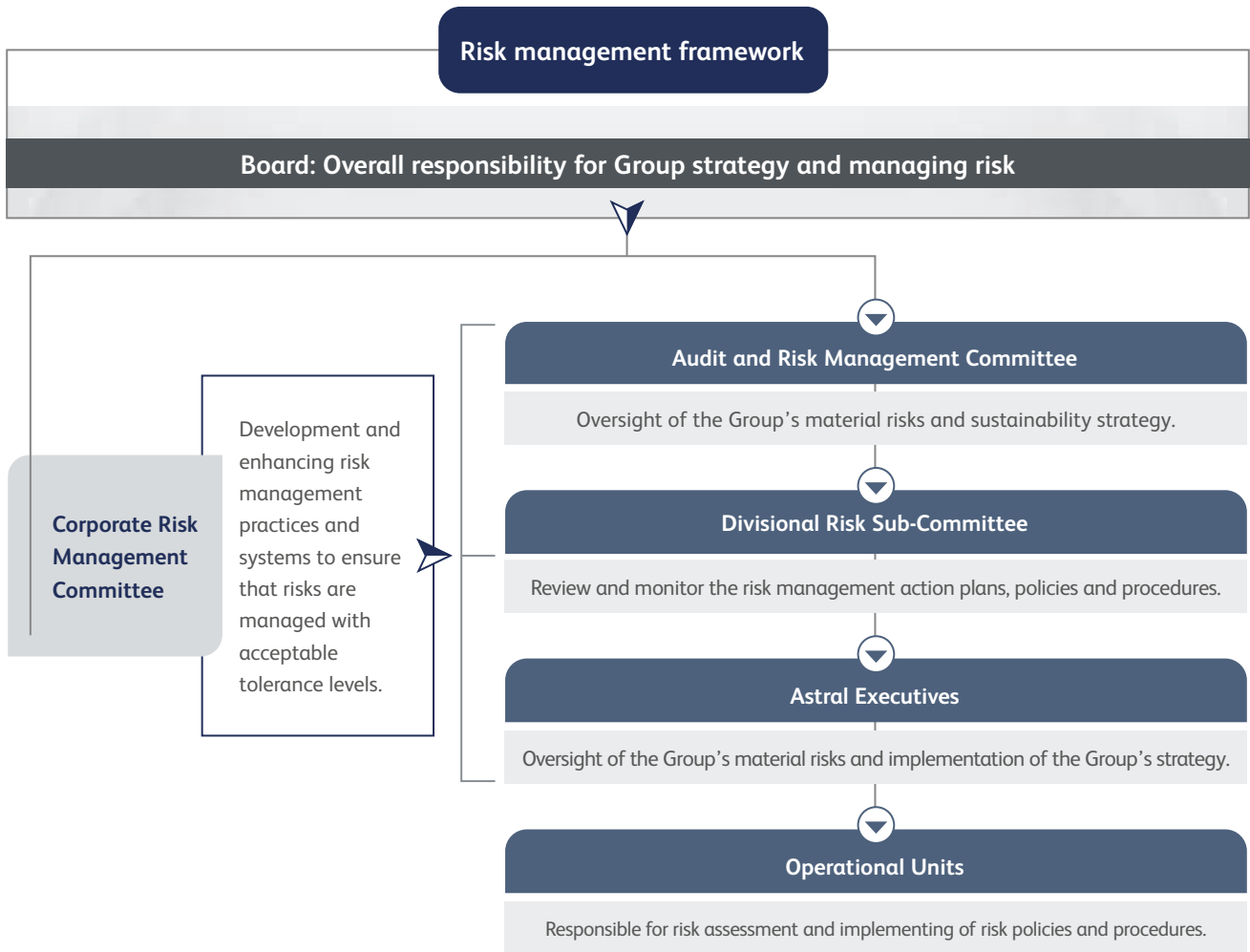
Summary of Astral’s major business risks and material matters

Major business risk and/or material matter	Why is the risk and/or material matter regarded as key?
Biosecurity	The outbreak of the HPAI or any other poultry-related virus can adversely impact our ability to conduct our operations and the supply of products.
Imbalance of poultry supply and demand	
<p>▶ Poultry prices</p>	<p>The over-supply of poultry products in the industry could have a serious negative impact on sales realisations and profitability.</p> <ul style="list-style-type: none"> Prices are primarily driven by supply and demand which, in turn, are influenced by many factors. We benchmark on-shelf pricing levels and the availability of product on a regular basis to ensure that our prices remain competitive. Stockholding levels are closely managed, and pricing strategies adjusted accordingly.
<p>▶ Product mix</p>	<ul style="list-style-type: none"> The product mix plays an integral part in optimising sales realisations. It is important to optimise bird supply into processing, and then through to sales in order to benefit from the prevailing market demand. Product contribution reports are regularly reviewed in order to drive sales decisions.
<p>▶ Poultry imports</p>	<ul style="list-style-type: none"> High levels of poultry imports and dumping distort demand and negatively impact the local poultry industry. Over the long term, unregulated poultry imports/dumping could lead to job losses. Food safety and traceability risks surrounding imported poultry products.
<p>▶ The consumer market</p>	Growth in the consumer market is a determining factor in the demand for poultry and is driven largely by population growth and the level of employment.
Raw material availability and/or price	Feed commodities account for some 84 % of our poultry and animal feed raw material requirements. Failure to secure these commodities at reasonable prices will negatively impact sales and profitability of the Group.
Food safety	Food safety is of utmost importance to ensure the safety of the consumer. The contamination or spoiling of foods, nutritional concerns and concerns relating to health, is a liability to the wellbeing of the consumer and a risk to the business’ reputation.
Water and electricity infrastructure constraints	The inability of Government to provide water and electricity to businesses is of grave concern as it materially impacts the ability of Astral to operate efficiently as it is a large consumer of both resources.

Business risk management

Astral is committed to the following risk management action plan:

- identifying the risks which the Group is exposed to;
- identifying the most effective ways of eliminating or mitigating the risk exposure as far as reasonably practical; and
- insuring against catastrophic incidents and other losses beyond our self-insurance capacity.



Business Risks and Material Matters Report (continued)

Risk recognition, evaluation and management

At the core of all risk management is a systematic, cyclical risk management process, involving a series of steps ranging from the identification of a risk, to the analysis, evaluation and management of the risk, and finally to the monitoring of the measures taken in reaction to the risk.

The management team of each operation within the Group analyses the main risks affecting that operation. The executives in the various operations categorise each risk they have identified and evaluate it in terms of criteria as defined in the business risk methodology, including the potential impact of the risk on the Group and the expected probability of its occurrence. When analysing the impact of the risk, Astral considers not only the impact on the results of operations, but also the impact on non-monetary aspects such as safety, service, reputation and strategy.

Risks are evaluated in relation to the following parameters:

- headline risk area/category;
- impact;
- probability; and
- perceived control effectiveness.

An inherent risk rating is calculated as the product of the impact of a risk and the probability of that risk occurring. The ranking for inherent risk assists management and internal audit alike to establish relativity between all the risks/threats identified.

Having identified the controls that are in place to manage the risk in question, it is necessary to assess the effectiveness of these controls. This is a measure of how well management perceives the identified controls to be working in effectively managing the risks.

Risks are then ranked utilising the residual risk status, this is the value of risk that the organisation is exposed to taking into account the inherent risk, reduced by the related controls which exist to manage that risk. Residual risks/exposures are therefore the product of the inherent risk and the control effectiveness factor.

Material matter recognition, evaluation and management

The process Astral undertook to determine its key material matters was:

- comparing material matters identified in 2023 to Astral's Business Risk Register;
- looking at global and industry trends and risks;
- performing a comparison to peer/related company material matters;
- evaluating and reviewing material matters identified against Astral's strategic objectives, stakeholder matters, risks and capitals used to create value over the short, medium and long term;
- linking identified risks to Astral's strategic objectives and grouped into themes; and
- these material matters were then categorised based on management's view of the potential impact that these matters have on Astral and its key stakeholders.

Based on the information obtained during the process, Astral prioritised its material matters and reviewed the ESG landscape from:

- a strategic perspective;
- linking business operations with the broader operating context, and making key connections with relevant ESG matters; and
- suggested alignments with global and industry ESG trends and drivers.

Stakeholder engagement

Our philosophy

We believe that proactive and frank stakeholder engagement sits at the heart of our efforts to maintain the sustainability of our business. We consider the legitimate and reasonable needs, interests and expectations of all material stakeholders in the execution of our activities.

Our approach

We continued to focus on issues that are material to our stakeholders and to Astral during the year and a number of topics formed a major part of the discussions.



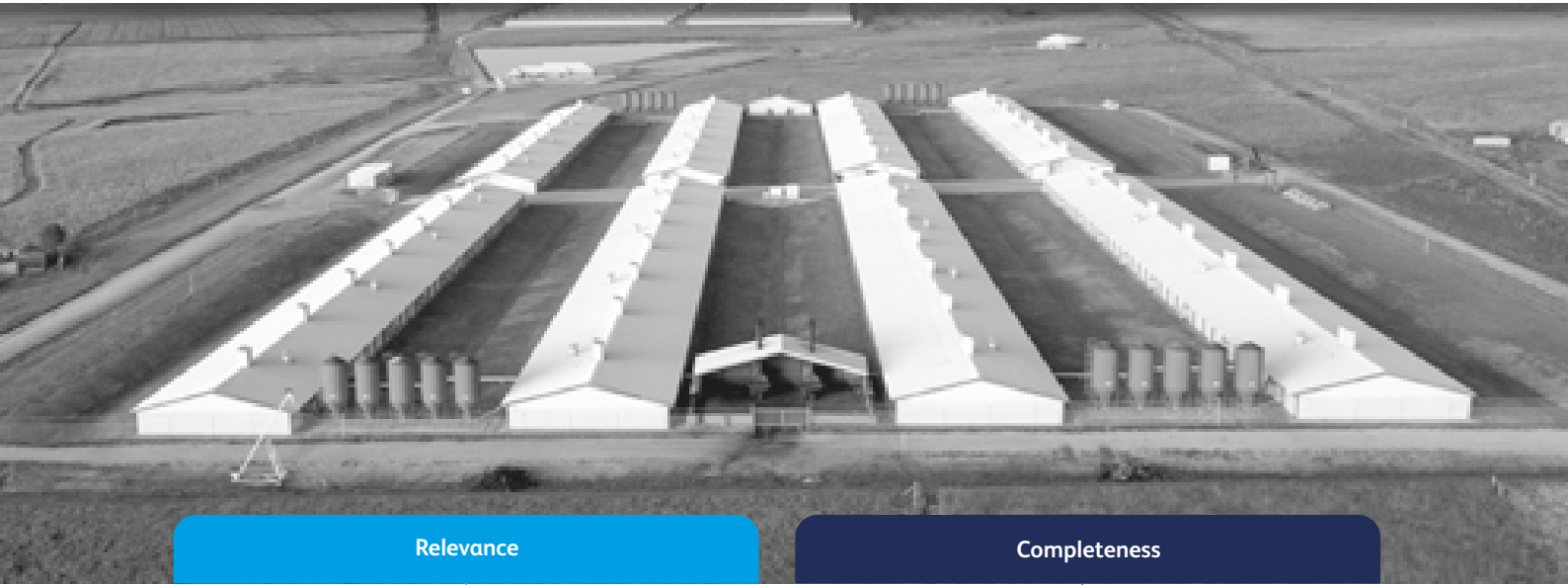
Kaalfontein Hatchery

Our engagement methods with each stakeholder group are as follows:



Business Risks and Material Matters Report (continued)

Our principles



Relevance

Focusing on those issues of material concern to our stakeholders and to Astral and identifying how best to address them for our mutual benefit

Completeness

Understanding the views, needs, performance expectations and perceptions with these material issues while also taking cognisance of prevailing local and global trends

Responsiveness

- Engaging with stakeholders on issues and giving regular, comprehensive and coherent feedback.

- We have identified all our stakeholders and we engage directly with them by way of organised dialogues, roundtable discussions, one-on-one meetings and regular engagement with local communities at each operation.

- Enquiries from shareholders are generally addressed by our CEO, CFO or Group COO directly and only information that is in the public domain is disclosed. We also make use of external benchmarking and standards that are designed to reflect and address societal expectations.

- At operational level, we identify, prioritise and directly engage with stakeholders on matters that have the potential to affect their operational, sustainability or financial performance.

Major business risks and material matters

The major business risks and material matters identified are aligned with the Group’s strategy, and its materiality determination and stakeholder engagement processes. The major business risks and material matters that are managed by Astral and which form part of the Group’s strategy are:

1.

Biosecurity

Description of the risk/matter

The outbreak of the HPAI or any other poultry-related virus can adversely impact our ability to conduct our operations and the supply of products.

Link to the Astral strategy

- Investment in high quality, best cost operations.
- Focus on performance reliability and sustainability.

Impact on value

- An HPAI outbreak can adversely impact our ability to conduct our operations and supply of products.
- Diseases would not only impact the Group through the possible depletion of flocks, but could influence growth, feed conversion, liveability, fertility and hatchability.

Impact on Six Capitals



UN SDGs impacted



Stakeholders impacted



Covered in peer reports



How is Astral mitigating the risk or managing the material matter?

- Biosecurity measures.
- Training and induction programmes.
- Production contingency plans in case of an HPAI outbreak.
- Insurance cover.
- Staff incentive programme.
- Regular disease monitoring.
- Post-mortem evaluation, serological, microbiology and molecular surveillance.
- Increased awareness around biosecurity, including suppliers.
- Availability of current vaccination procedures.
- Culling and disposal protocols.
- Control of vectors, e.g. bird proofing.
- Cleaning and disinfection programmes.
- Contingency plan formulated in case of outbreak.

Potential stakeholder concern

- HPAI remains a global challenge.
- Supply interruptions to the market as a result of HPAI.
- HPAI outbreaks incur significant costs.
- The HPAI virus is circulating in wild birds in Northern and Eastern Europe and the Middle East. The HPAI virus in Africa circulates in wild and aquatic coastal birds.

Trade-off/opportunities

- Biosecurity measures ensure that the risks related to the raising of animals, including illnesses, are minimised to the best of the Group’s ability.
- HPAI vaccination is an opportunity, however, requires Government approval.

Material topics

Customer safety

Governance

Compliance

Animal welfare

Business Risks and Material Matters Report (continued)

2. Imbalance of poultry supply and demand

Description of the risk/matter	The over-supply of poultry products in the industry can have a serious negative impact on sales realisations and profitability.	
	The following are contributors to this risk:	
	<ul style="list-style-type: none"> • Poultry prices • Product mix 	<ul style="list-style-type: none"> • Poultry imports • The consumer market

Link to the Astral strategy

- Investment in high quality, best cost operations.
- Focus on performance reliability and sustainability.
- Focus on strengthened external relationships.

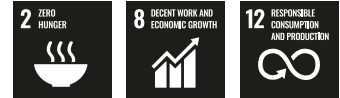
Impact on value

- Price constraints will negatively impact sales and profitability.
- Managing this well could increase market share, profitability and social capital.
- Product mix will impact profitability dependent on consumer spend.
- High levels of imports place pressure on supply of poultry meat in South Africa.
- Growth in the consumer market is a determining factor in the demand for poultry and is driven largely by population growth and the level of employment.
- High unemployment impacts sales.
- High inflation rates place pressure on consumer spend, with the consumer buying more affordable food, placing pressure on sales.

Impact on Six Capitals



UN SDGs impacted



Stakeholders impacted



Covered in peer reports



How is Astral mitigating the risk or managing the material matter?

- Participation in industry bodies presenting arguments for the protection of local industry against subsidised imports and dumping.
- Responsible expansion and production programmes.
- Monitoring of bird weight and production mix.
- Planned temporary production cutbacks.
- Entrench least cost strategy.
- Partner with the right customer base.
- Manage price increases.
- Innovative product offering
- CSI spend towards feeding programmes.

Potential stakeholder concern

- Return on capital invested.
- Sustainability of business.
- Reliable long-term supply of products.
- Price competitiveness.
- Processing volumes increased across the poultry industry relative to the prior year, increasing supply of broiler meat to the market.
- Imports remained high, but relatively constant over this year, despite the import tariffs that expired in June 2022.
- QSR and sit-down restaurant market performance given consumer spend constraints.

Trade-off/opportunities

- Tariff protection against dumping is necessary for the sustainability of the South African poultry industry. However, the tariffs don't seem to deter imports as despite these being in place, imports remain high.

Material topics

Supply and demand imbalance

Affordability

Customer satisfaction

Fair trading conditions

3.

Raw material availability and/or price

Description of the risk/matter

Feed commodities account for some 84 % of our poultry and animal feed raw material requirements. Failure to secure these commodities at reasonable prices will negatively impact sales and profitability of the Group.

High raw material prices and volatility. Although all producers would be exposed to similar prices, the main risk is the inability to recover this higher input cost.

Link to the Astral strategy

- Investment in high quality, best cost operations.
- Focus on performance reliability and sustainability.

Impact on value

- Prices of all agricultural inputs tend to fluctuate with a major impact on input costs.
- Managed well, this could strengthen supply chain and increase market share and profitability.
- Competitors may undercut pricing to increase market share.



How is Astral mitigating the risk or managing the material matter?

- Alignment with well-established suppliers who have global reach.
- Key raw material procurement centrally co-ordinated.
- Astral Executive Procurement Committee reviews and updates procurement strategy and prices regularly.

Potential stakeholder concern

- Return on capital invested.
- Sustainability of business

Trade-off/opportunities

Ensure that feed input costs are recovered in poultry selling prices.

Material topics

Price of inputs

Market volatility

Business Risks and Material Matters Report (continued)

4. Food safety

Description of the risk/matter Food safety is of utmost importance to ensure the safety of the consumer. The contamination or spoiling of foods, nutritional concerns and concerns relating to health, is a liability to the wellbeing of the consumer and a risk to the business' reputation.

Link to the Astral strategy

- Investment in high quality, best cost operations.
- Focus on performance reliability and sustainability.
- Focus on strengthened external relationships.

Impact on value

- Consequences of health impact of food-borne pathogen outbreak in South Africa on the consumer.
- Should animal feed not conform to the required quality standards and nutritional levels it could impact the growth, performance and production efficiency of livestock.
- Vitamin, mineral and feed additive premixes are included in animal feed. Should this premix not conform to the required specification with respect to micronutrient content, it could impact the health and growth of livestock.

Impact on Six Capitals



UN SDGs impacted



Stakeholders impacted



Covered in peer reports



How is Astral mitigating the risk or managing the material matter?

- Increased monitoring and testing.
- Enhanced cleaning programmes.
- All processing facilities FSSC22000 certified.
- Traceability/product recall exercises.
- Regular audits performed by independent risk consultants, customers and independent standards authorities.
- Hygiene awareness programme.
- Consumer awareness programme.
- Repair and Maintenance projects – hygiene.
- Additional capex projects.
- Product recall insurance.
- Pre-screening of suppliers to ensure they perform country of origin quality controls.
- On-going improvement in quality and production technology.

Potential stakeholder concern

Impact of food borne pathogens on food safety and consumer wellbeing.

Trade-off/opportunities

- Astral employs a number of food safety and traceability measurements.

Material topics

Customer safety

Governance

Compliance

5.

Water and electricity infrastructure constraints

Description of the risk/matter

The inability of Government to provide water and electricity to businesses is of grave concern as it materially impacts the ability of Astral to operate efficiently as it is a large consumer of both these resources.

Link to the Astral strategy

- Investment in high quality, best cost operations.
- Focus on performance reliability and sustainability.

Impact on value

- Cost and availability of electricity and water.
- Unscheduled power and water interruptions.
- Municipal infrastructure not maintained – cost implication for the Group.
- Electricity cable theft resulting in business interruption.
- Water scarcity represents a critical risk to businesses and can seriously adversely affect activities and operational results.
- Restrictions on the volume of water collected from the environment in line with water usage licenses can be lower than business requirement.
- Restrictions in the availability of electricity can negatively affect operations.

Impact on Six Capitals



UN SDGs impacted



Stakeholders impacted



Covered in peer reports



How is Astral mitigating the risk or managing the material matter?

Electricity

- Alternative energy sources identified and utilised.
- Direct supply from Eskom.
- Planned production runs.
- Load curtailment agreements.
- Available capacity post expansion.
- Backup generators.

Water

- Increase in water reservoir capacity and enhancement of distribution.
- Water savings initiatives.
- Purification and recycling of water.
- Alternative water sources/supply.

Potential stakeholder concern

- Water supply interruptions at Astral’s poultry processing plants.
- Load shedding impact on Astral’s operations.

Trade-off/opportunities

- High capex spend to install generators, solar panels and water storage as well as purification systems.
- However, makes Astral less dependent on public infrastructure.

Material topics

Sustainability of the business

Optimal capital expenditure allocation and management

Business Risks and Material Matters Report (continued)

6. Our employees and conditions of employment

Description of the risk/matter

National competitors and international companies are targeting our talent pools. It is expected that the competition for talent will become an increased risk within South Africa as the skills market is quickly deteriorating in terms of capability, availability and competitiveness.

Problems in negotiating acceptable agreements with Trade Unions can represent risks of downtime and strikes.

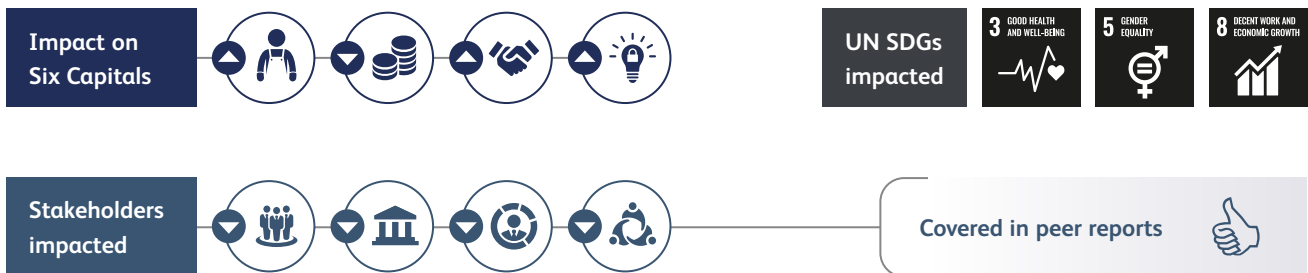
The lack or inefficiency of security procedures, as well as the adoption of these criteria by the employees, can result in accidents, productivity losses and costs.

Link to the Astral strategy

- Invest in our people.
- Focus on performance reliability and sustainability.
- Focus on strengthened external relationships.

Impact on value

- Total labour cost is amongst our highest expenses. Structural revisions can therefore lead to additional operating expenses.
- Having to pay above industry-related salaries and wages to retain employees.
- The cost of training employees.
- Zero-fatality target and strict application of OHASA regulations.
- Strike actions impact profitability.



How is Astral mitigating the risk or managing the material matter?

- Recruitment procedures: Employing the best talent, at the right time and at the right place is underpinned by our talent acquisition, development and succession planning capabilities to sustain and improve both our culture and our people.
- Market-related salaries and continues benchmarking.
- Incentive and retention programme.
- Succession planning.
- Training and development programmes.
- Health and safety.
- Employee wellness programmes.
- Management and Trade Union meetings.
- Internal newsletters and notice boards.

Potential stakeholder concern

- Adherence to regulatory requirements, sound social governance and ethical conduct.
- Succession planning of Exco.
- Gender equality and transformation.
- Fair working conditions.

Trade-off/opportunities

Astral provides attractive and safe working conditions, which ensures employee retention.

Material topics	Labour rights and working conditions	Security practices	Remuneration Policy
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7.

Innovation and technology

Genetic improvement programmes to ensure that the performance of the Ross 308 is maintained at optimal levels.

Description of the risk/matter

Innovation

Business success depends on ability to innovate and to anticipate changes in consumer habits and preferences, developing and launching products with value proposals that tie in with the market trends and consumer needs, creating distinct demands and driving the market.

Technology

Risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its IT systems.

The risk of fraudulent activities and theft of product by employees and external parties that could lead to financial losses.

Link to the Astral strategy

- Focus on performance reliability and sustainability.
- Focus on strengthened external relationships.

Impact on value

- The cost of buying quality great grandparent stock.
- The investment in innovation and technology will reduce profitability, negatively affecting shareholders.

Impact on Six Capitals



UN SDGs impacted



Stakeholders impacted



Covered in peer reports



How is Astral mitigating the risk or managing the material matter?

Genetics

- Astral has a long-term technical agreement with Aviagen, the multi-national company that holds the worldwide proprietary rights to the “Ross” brand.

Innovation

- R&D spend on looking at new value-add products.
- Consumer and customer surveys.
- International best practice benchmarking.

Technology

- Standardised Group policies.
- Anti-virus software version checks.
- Regular enforced software updates.
- Independent intrusion detection testing.
- Response action plans.
- Internal and External Audit.
- Tip-offs anonymous hotline.
- Awareness and communication programmes.

Potential stakeholder concern

- Negative impact on Astral’s best cost strategy and product innovation.

Trade-off/opportunities

The trend towards the prioritisation of health and wellbeing represents opportunities for the development of products.

Reinforcement of the attributes of quality and sustainability in brands is a strategic means for establishing leadership in market segments and categories.

The investment in innovation and technology will lead to improvements in efficiencies and possible market share over the medium term, which will positively affect shareholders.

The investments will also improve intellectual and social capital through enhanced intellectual property and customer satisfaction.

Material topics

Customer satisfaction

Market growth

Health and safety

Technology and innovation

Business Risks and Material Matters Report (continued)

8. Food and other waste management

Description of the risk/matter

Food waste is being incorporated into the Group’s carbon footprint and may reduce opportunities to provide goods to the market due to efforts to reduce carbon emissions in supply chains.

The risk of not managing other waste, like packaging materials, responsibly, could lead to pollution.

Link to the Astral strategy

- Investment in high quality, best cost operations.
- Focus on performance reliability and sustainability.
- Focus on strengthened external relationships.

Impact on value

- Investing in packaging and recycling will reduce profitability, negatively affecting shareholders.
- Consumer pricing may be affected negatively, leading to a decrease in sales.

Impact on Six Capitals



UN SDGs impacted



Stakeholders impacted



Covered in peer reports



How is Astral mitigating the risk or managing the material matter?

- Disposing of food waste is done in accordance with Food Regulations.
- Optimisation of the packaging structures to reduce the consumption of materials and, at the same time, maintain the level of protection for the product.

Potential stakeholder concern

- Negative impact on the environment and non-adherence to prescribed regulations with the risk of penalties.

Trade-off/opportunities

Opportunity for enhanced reputation and stakeholder relationships.

However, the investment in recyclable or environmental-friendly packaging, will lead to improvements in natural capital.

Material topics

Waste

Carbon emission

Governance

Sustainable production and consumption

9.

Ethics and transparency

Description of the risk/matter

Failure to comply with the laws and regulations designed to combat fraud, corruption and money laundering, and other national and international laws and regulations can represent risks to the continuity of the businesses.

Link to the Astral strategy

- Focus on performance reliability and sustainability.
- Focus on strengthened external relationships.
- Invest in our people.

Impact on value

- Investing in enhancing ethics and transparency will reduce profitability, negatively affecting shareholders.

Impact on Six Capitals



UN SDGs impacted

None

Stakeholders impacted



Covered in peer reports



How is Astral mitigating the risk or managing the material matter?

- Adherence to regulatory requirements, sound corporate governance and ethical conduct.
- Ensuring independent assurance takes place at all levels of our business.
- Accountability of employees to ensure compliance.
- Tip-offs anonymous hotline.
- Proactive stakeholder engagement.

Potential stakeholder concern

- Negative impact on good governance leading to stakeholder value destruction.

Trade-off/opportunities

The investment in ethics and transparency will lead to reductions in financial liabilities over the medium term, which will positively affect shareholders.

Material topics

Ethics

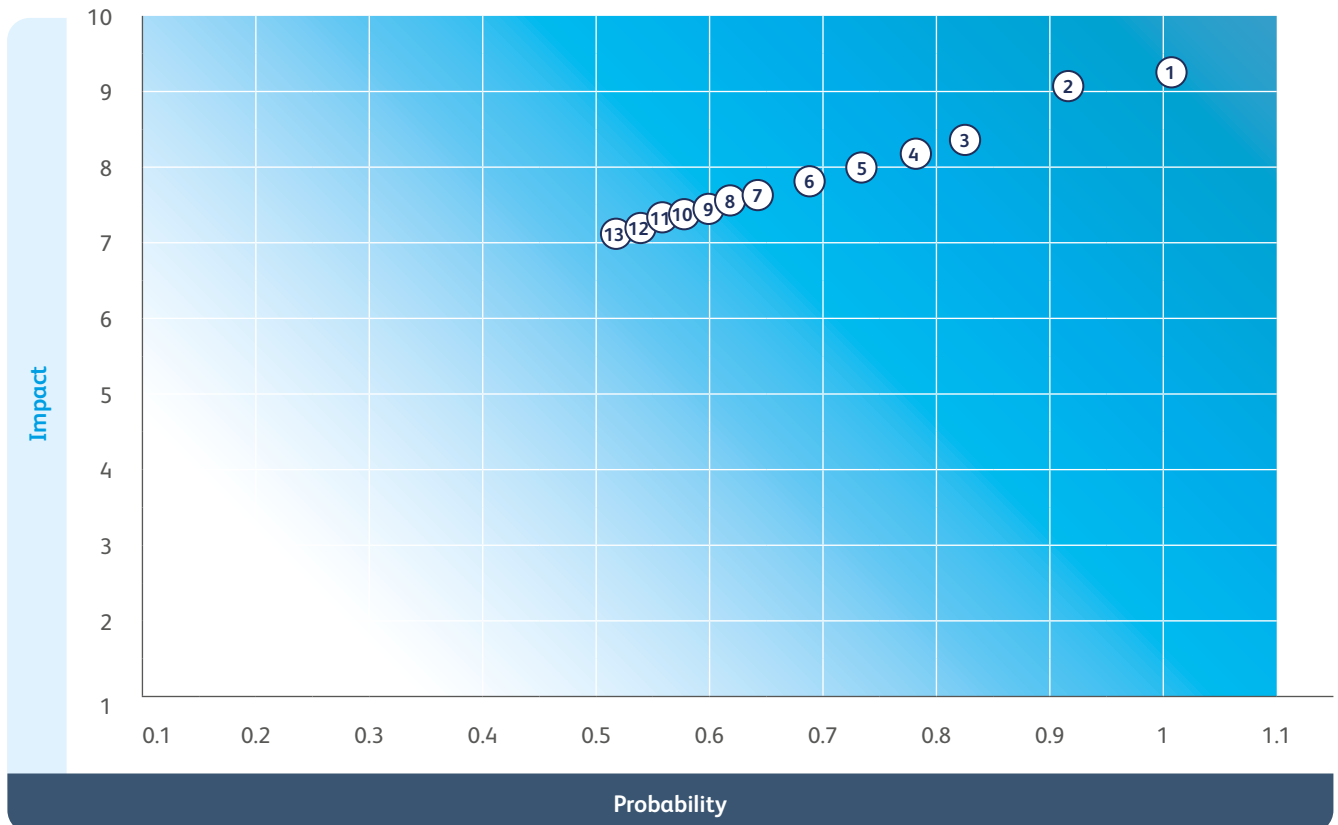
Governance

Business Risks and Material Matters Report (continued)

Major risks

2023	2022	Change	Astral's major risks	Business risk and material matters category	Page
1	1.	▬	HPAI outbreak.	1. Biosecurity.	35
2	5.	▲	Prolonged imbalance in the supply and demand of poultry meat.	5. Imbalance of poultry supply and demand.	39
3	3.	▬	Prolonged higher raw material costs.	3. Raw material availability and/or price.	37
4	6.	▲	Poultry products contaminated with bacterium that cause serious infections.	4. Food safety.	38
5	2.	▼	Electricity: security of supply and cost.	2. Water and electricity infrastructure constraints.	36
6	4.	▼	Water supply and quality.	2. Water and electricity infrastructure constraints.	36
7	7.	▬	A breakdown in biosecurity and threat of new diseases.	1. Biosecurity.	35
8	8.	▬	Premix micro ingredient deficiency and/or contamination with undesirable substances.	4. Food safety.	38
9	9.	▬	Non-conformance to final feed specifications impact on the breeding programme.	7. Innovation and technology – genetics performance.	41
10	10.	▬	Lack of continuous genetic improvement.	7. Innovation and technology – genetics.	41
11	11.	▬	Malicious damage – cyber and virus attacks.	7. Innovation and technology – technology.	41
12	12.	▬	Fraud, theft and dishonesty due to the nature of the Group's products.	9. Ethics and transparency.	43
13	13.	▬	Loss of strategic employee skills.	6. Our employees and conditions of employment.	40

Inherent risk rating

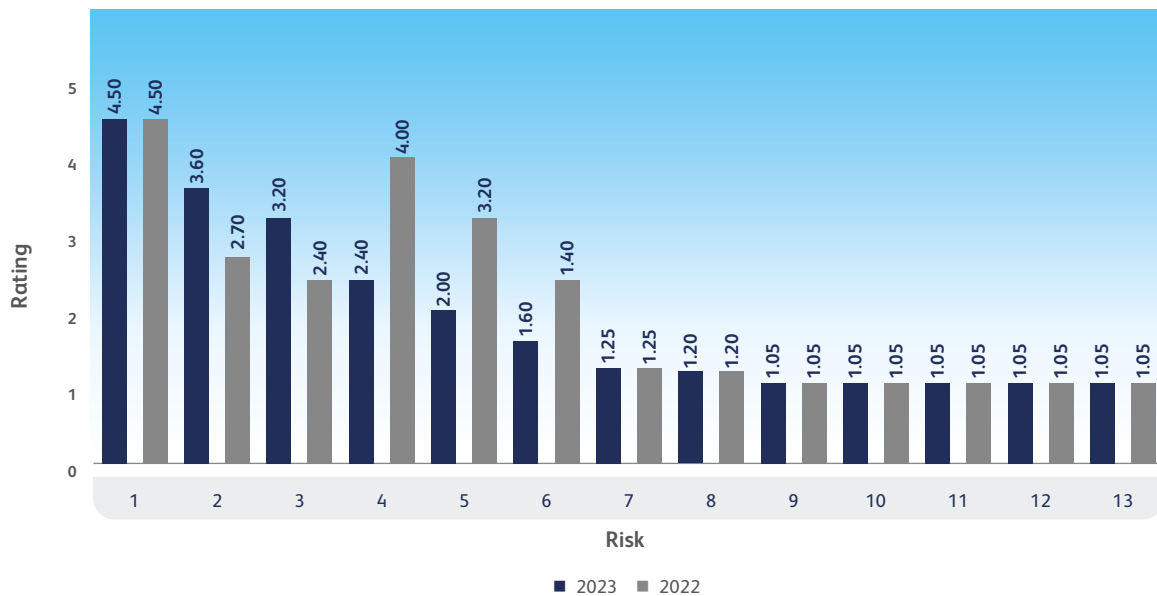


Residual risk status

This is the value of risk that the organisation is exposed to taking into account the inherent risk, reduced by the related controls that exist to manage that risk. Residual risk/exposure is, therefore, the product of the inherent risk and the control effectiveness factor. Residual risk can be ranked or classified from 1 to 5 as follows:

Level	Description	Rating
Immediate action required	Management should take immediate action to reduce residual risk exposure to an acceptable level.	4 +
Action required	Management should implement more controls or increase the effectiveness of current controls to reduce the residual risk to a more acceptable level.	3 – 4
Monitor	Management should constantly monitor the risk exposure and related control effectiveness.	2 – 3
Tolerable	The residual risk exposure is acceptable to the Group.	1 – 2
Acceptable	Management may consider reducing the cost of control.	0 – 1

Residual risk rating



Business Risks and Material Matters Report (continued)

Value-Added Statement

Distribution of economic value generated for stakeholders

	Year ended 30 September			
	2023 R'm	2023 %	2022 R'm	2022 %
Value added:				
Sales of goods and services	19 251		19 334	
Less: Cost of materials and services	(17 158)		(15 165)	
Value added from trading operations	2 093	98.5	4 168	99.3
Income from investments	33	1.5	31	0.7
Total value added	2 125	100.0	4 199	100.0
Value distributed:				
To labour	2 343	110.3	2 380	56.7
To Government	(167)	(7.9)	386	9.2
– Income tax	(185)		370	
– Skills development levy	18		16	
To providers of capital	365	17.2	521	12.4
– Dividends to shareholders	226		458	
– Interest on lease liabilities	57		58	
– Interest on borrowings	82		5	
Total distributions	2 541	119.6	3 287	78.3
(Loss)/income (incurred)/retained in the business	(416)		912	21.7
– Depreciation and amortisation	310		308	
– Retained (loss)/income for the year	(726)		604	
Total value distributed and reinvested	2 125	100.0	4 199	100.0
Revenue generated in South Africa	98%		98%	
Employees	12 311		12 417	
Revenue generated per employee (R'000)	1 564		1 557	
Value distributed per employee (R'000)	173		338	



02

Operational Overview and Performance

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- 52 Divisional Overview and Performance
 - 52 • Feed Division
 - 56 • Poultry Division

Business Model

Integrated across the animal feed and poultry production chain

INPUTS

Intellectual Capital



- Brands
- Technical skills
- Partner with world-leading companies

Human Capital



- Our people
- Health, safety and environment

Manufactured Capital



- State-of-the-art plants and facilities
- ISO accredited operations
- Geographical representation

Financial Capital



- Strong financial position
- Good cash flows

Social and Relationship Capital



- Reliable contract growers
- Loyal suppliers
- Give back to communities in which we operate

Natural Capital



- Own water purification systems
- Reduce carbon footprint where possible

EXTERNAL SUPPLIERS

GRANDPARENT BREEDING



3 Weeks Hatching



PARENT BREEDING



BROILER OPERATIONS



POULTRY AGRICULTURE

FEED SUPPLY



POULTRY COMMERCIAL

PROCESSING OPERATIONS



Astral is committed to contributing to the following Sustainable Development Goals (SDGs)



OUTPUTS

22 Weeks Rearing



40 Weeks Laying



EXTERNAL CUSTOMERS



Intellectual Capital

- Brand loyalty
- Technical skills transfer
- State-of-the-art technology and intellectual property



Human Capital

- Dedicated and committed workforce
- Upskilling of employees



Manufactured Capital

- Food security
- Service excellence
- Market share
- Affordable protein source to support food security



Financial Capital

- Shareholder value
- ROE



Social and Relationship Capital

- Contract grower expansion
- Loyal customers
- Support communities in which we operate



Natural Capital

- Own water supply
- Reduced carbon footprint
- Sustainable environmental practices

Executive Management

The Executive Management consists of a number of senior managers who support the key operational performance areas of the Group.



Chris Schutte



Dries Ferreira

Chris Schutte (63)

Chief Executive Officer

Chris joined Astral in 2002. Refer to [page 16](#) for his CV.

Dries Ferreira (45)

Chief Financial Officer

Dries joined Astral in 2022. Refer to [page 16](#) for his CV.



Gary Arnold



Michael Schmitz

Gary Arnold (51)

Group Chief Operating Officer

Gary joined Astral in 2006. Refer to [page 16](#) for his CV.

Michael Schmitz (62)

Managing Director: Feed

Michael joined Meadow Feeds in 1987. In 2017 he was promoted to his current position as Managing Director of the Feed Division.



Frans van Heerden



Obed Lukhele

Frans van Heerden (43)

Managing Director: Poultry Commercial

Frans joined Astral in 2007. Refer to [page 16](#) for his CV.

Obed Lukhele (48)

Managing Director: Poultry Agriculture until 31 August 2023

Technical Executive: Agriculture from 1 September 2023

Obed joined Astral in May 2007 and has occupied different positions of veterinary support and strategy. In 2022 he was appointed as Managing Director: Poultry Agriculture until 31 August 2023. Effective 1 September 2023, Obed has taken on the role of Technical Executive: Agriculture, heading up a centre of excellence encompassing poultry nutrition, poultry veterinary sciences, biosecurity and laboratory services.



Hugo Buys



Gideon Jordaan

Hugo Buys (64)

Group Procurement Manager

Hugo joined Astral in 2004 as Procurement Manager. He was promoted to Group Procurement Manager in April 2022.

Gideon Jordaan (49)

Human Resources Executive

Gideon joined Astral in August 2019. He is responsible for Human Resources, transformation and sustainability.



Nikki Moodley



Evert Potgieter



Gerhard Pretorius



Anil Rambally



Kenny Schoeman



Colin Smith



Louis Vermaas

Nikki Moodley (53)

Operations Improvement Executive

Nikki joined Astral in January 2016. She is responsible for improving operations and supply chain management. She also has experience in food safety and quality, environmental, health and safety and risk management.

Evert Potgieter (53)

Director: Risk Management

Evert joined Astral in 2006 as Internal Audit Manager. Evert's current responsibilities include the Internal Audit Department, risk management, insurance, continuous improvement programme and IT for the Group.

Gerhard Pretorius (47)

Nutrition Executive

Gerhard joined Meadow Feeds in 1999. In 2015 he became the Nutritional Manager Poultry in the Agricultural Division.

Anil Rambally (51)

Purchasing and Sustainability Executive

Anil joined Astral in 1999 and was promoted in 2009 to Executive Manager: Preferential Purchasing for Astral. He is currently responsible for environmental initiatives as well as the vetting of suppliers.

Kenny Schoeman (42)

Business Development Manager

Kenny's qualifications are CA(SA), ACMA, GCMA and LLB. He started his career with Astral in 2010 as Financial Manager: Feed Division, Mozambique until 2011. He left Astral for six months and rejoined the Group in August 2011 as Financial Manager: Poultry Division, Mountain Valley and transferred to Festive in 2013. In 2015 he was appointed COO of Festive and in 2017 Operations Manager: Poultry Division, Central Region. In 2018 Kenny was appointed as Financial Manager: Poultry Division, Central Region. In 2022 he was promoted to Business Development Manager of the Group.

Colin Smith (62)

Marketing Executive

Colin joined Astral in 2011 as COO of Festive. He is currently the head of the Marketing Division of Astral.

Louis Vermaas (51)

Sales Executive

Louis started his career with Earlybird in 1994. He left Astral in 2004 and in 2012 he rejoined Astral.

Corporate Services



Leonie Marupen



Braam Spies

Leonie Marupen (51)

Group Company Secretary

Leonie started her career as Assistant Company Secretary at DRDGOLD in 2001. She has experience in company secretarial and corporate governance and after 18 years with DRDGOLD she joined Astral on 1 August 2019 as Assistant Company Secretary. Leonie was appointed as Group Company Secretary effective 1 March 2020.

Braam Spies (65)

Group Credit Manager

Braam's career started at Barclays Bank in 1977 as teller and progressed to Manager through the ranks at various banks and left Absa 21 years later. He joined Genfoods in 1998 as Credit Manager and started with Astral in 2004 as Regional Credit Manager, Feed Division and was subsequently appointed as Credit Executive for Astral in November 2011.

Divisional Overview and Performance

FEED DIVISION



Business overview

MEADOW FEEDS



Since 1942, Meadow Feeds has been supplying safe, superior quality feed to livestock producers, making it our mission to deliver more than just feed throughout Southern Africa, utilising our experience and expertise to earn the trust of generations of farmers who are committed to putting wholesome food-on-tables.

Meadow Feeds supports consumers' increased awareness and demand for ethical practices leading to safer food and product quality guarantees. This is increasingly relevant to modern agriculture with commercial and emerging farmers demanding the very best in animal feed.

The application of world-class technology, production standards in feed safety and production methods ensure that Meadow Feeds delivers what farmers require most – good value, safe feed and superior yields.

Our seven well-situated mills use sophisticated automation and control systems, facilitating precise operations and the blending of the correct ingredients at formulated levels.

Tiger Animal Feeds Zambia



Tiger Animal Feeds is a leading animal feed supplier in Zambia. Its world-class range of feeds, strong distribution network and on-site nutritional service has greatly contributed to the growth and the profitability of farmers and the establishment of new farmers through training and after-sales support programmes. All products conform to the quality assurance standards of the Zambian Bureau of Standards and are backed by an array of quality assurance systems used by Meadow Feeds.

CAL



Offers a diverse range of laboratory analyses to the animal feed industry.

Employs the latest instruments and methods to provide the best possible service to its client base. With access to international method databases and through technology partners the dedicated team provides a comprehensive range of scientific tests.

Our recently opened ISO 17025 accredited Serology laboratory utilises international kits in a custom-designed automated laboratory.

We use the principles of “6 P’s” to provide our customers with quality feed and service.

● **Our Process**

We have agreements with the world’s leading animal nutrition companies to ensure that we stay abreast of the latest global developments in animal feed. Our nutritionists use the foremost formulation software to optimise least cost, balanced animal diets at a nutrient level. Raw materials are sourced from accredited and rigorously approved suppliers to reduce risk and ensure consistent quality from source. Partnerships with accredited logistics companies ensure that feed is delivered to farms, and that the biosecurity and traceability chain is maintained throughout.

● **Our Promise**

We incorporate quality assurance systems and the comprehensive risk management approach to ensure the safety, integrity and traceability of our products. Our mills are ISO accredited and audited by the SABS. As members of the Animal Feed Manufacturers Association, whose mission is to ensure “Safe Feed for Safe Food”, we voluntarily comply with the association’s Code of Conduct and we are audited by Afri-Compliance on an annual basis.

● **Our People**

Our people proudly drive our vision to deliver more than just feed throughout Southern Africa. A culture of hard work and respect for ethical business practices and good governance is clearly evident throughout our organisation.

● **Our Pedigree**

For almost 80 years, Meadow Feeds has been supplying safe, high quality feeds to Southern African livestock producers, using our unrivalled experience and expertise to earn the trust of generations of farmers who bring wholesome meat, milk and eggs to your table.

● **Our Passion**

Our passion for animal nutrition has made us the largest feed company in Africa and the leading supplier of innovative high performance feed solutions.

● **Our Purpose**

Our purpose is to scientifically and cost effectively meet the requirements of modern farm animals, who require a finely balanced and expertly manufactured feed to perform to their genetic potential.

Regulators and compliance

The manufacturing of animal feed is governed by the Farm Feeds Act – Act 36 of 1947 (Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947). All Meadow Feeds South Africa operations are independently audited and certified by an accredited organisation, AFRI Compliance, which is a forensic investigation company, ensuring full compliance with the Farm Feeds Act.

The following compliance standards were met for the year ended 30 September 2023:

Meadow Feeds	ISO 22000:2018	ISO 9001:2015	AFRI Compliance	AFMA Compliance
Randfontein	✓	✓	✓	✓
Delmas	–	✓	✓	✓
Standerton	✓	✓	✓	✓
Pietermaritzburg	✓	✓	✓	✓
Paarl	✓	✓	✓	✓
Port Elizabeth	–	✓	✓	✓
Ladismith	–	✓	✓	✓

ISO 22000:2018 Food Safety Management Systems Certification
 ISO 9001:2015 Quality Management Systems Certification
 AFRI Compliance Compliance to AFRI Compliance Protocol – Legal Focus on Act 36 of 1947
 AFMA Feed Industry Code of Conduct in South Africa
 ✓ Comply

Divisional Overview and Performance (continued)

Financial performance – 2023

Revenue increased by 11.9% to R11.6 billion (2022: R10.4 billion) as a direct result of higher feed selling prices on the back of an increase in raw material costs. SAFEX yellow maize prices increased to an average of R4 205 per ton (2022: R4 112 per ton) for the year under review, somewhat masking the record levels traded at close to R5 200 per ton on SAFEX in November and December 2022.

Feed sales volumes increased by 1.1%, as the internal requirement for broiler feed increased by 9.2% (up 80 838 tons) due to high feed consumption in the older and heavier broilers as a result of the load shedding broiler slaughter backlog. External feed sales volumes decreased by 10.9% (down 64 582 tons) as the pig and table egg sectors came under tremendous pressure on higher feed costs and lower selling prices.

The operating profit for this division increased by 21.5% to R759 million (2022: R625 million), with an increase in the operating profit margin to 6.5% (2022: 6.0%). Net Rand per ton margins increased by 9.5% year-on-year with the division benefiting from good expense control (excluding the raw material cost impact), as well as effective recovery of the higher raw material costs in the selling price for feed. The direct cost of load shedding to the Feed Division for FY2023 was R31 million.

Tiger Animal Feeds in Zambia reported higher sales volumes up 5.7%, and this together with improved feed margins saw profitability increase year-on-year.

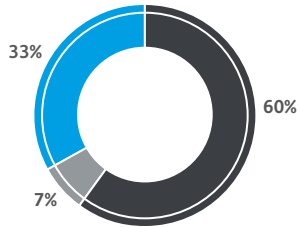
Operational performance – 2023

Meadow Feeds supplied 65% of its total volume to the Group's downstream Poultry operations for the year ended 30 September 2023. Total sales volumes increased by 1.1% year-on-year to 1 484 594 tons per annum (2022: 1 471 496 tons).

Plant utilisation for the year under review was stable at 74%.

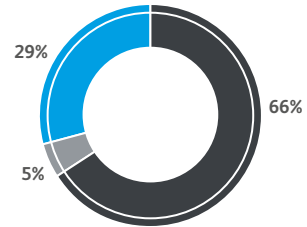


Meadow Feeds' sales 2022



1 471 496 tons

Meadow Feeds' sales 2023



1 484 594 tons
Volume increase = 1.1 %

■ Poultry Integrated ■ Poultry External ■ Other

Source: Own data

The price of maize, the key driver of input costs into feed and the production cost of poultry meat, increased significantly during the year under review. Despite South African maize crop surpluses, international corn prices coupled with a weak Rand supported higher local prices.

Local prices have traded above the export parity price of maize for an extended period of time, with volatility in pricing originating from changes in corn prices on the CBOT and the Rand/Dollar exchange rate. The Rand/Dollar weakened for the year under review from a yearly average of R15.83 in 2022 to R18.17 in 2023, an increase of 14.8 %.

The Crop Estimates Committee has increased the local crop forecast for 2023 in their latest production estimate to 16.4 million tons. This will be sufficient to satisfy local feed, food and export demand. Planting intentions for the new crop see an increase in hectares for the current planting season, although models predict a strong El Niño weather pattern for the coming year. Soil moisture levels for planting are good.



Meadow Feeds

Divisional Overview and Performance (continued)

POULTRY DIVISION

Business overview

Astral's Poultry Division consists of two sub-divisions, namely Agriculture and Commercial.

AGRICULTURE

Ross Poultry Breeders



Sole distributor and supplier of the Ross 308 parent stock to the South African broiler industry. In close association with Aviagen, the global leader in poultry genetics based in Scotland, Ross Poultry Breeders continually develops and implements progressive biosecurity and production processes to ensure the delivery of disease-free "parent stock" to the South African poultry industry.

Our strategic partner Aviagen's international experience and technological expertise in the best-of-breed arena is key to our success. With great grandparent stock from Scotland and refined through two generations, the business requires intense focus on quality and biosecurity processes.

The supply and distribution of the Ross Poultry genetics in South Africa is secure.

National Chicks



NationalChicks

Conducts business as an international supplier of day old chicks and hatching eggs to the Group and to non-integrated independent operations in the sub-Saharan Africa region.

Operating throughout as a customer-focused organisation, National Chicks adopts disciplined technical- and service-oriented processes that deliver superior quality products to customers.

As one of the leading suppliers of day old chicks to the industry, we carefully coordinate logistics to ensure that our products are delivered hygienically, securely and stress free to their destination. We achieve the above through the passion and dedication of our experienced and committed employees.

Our employees have many years of practical experience and continually strive to deliver the very best in eggs and day old chicks to our customers throughout Southern Africa.

Integrated broiler operations



The three operations, Goldi, Festive and County Fair include broiler breeding (parent stock), hatcheries and broiler rearing activities. These agricultural operations are strategically located around the country to service the Goldi, Festive and County Fair processing facilities.

Tiger Chicks Zambia



TIGERChicks
Less Feed • More Meat

Tiger Chicks has the capacity to produce 200 000 day old chicks per week. It is a breeder farm and hatchery producing day old broiler chicks for the Zambian and future export market. Tiger Chicks has not only introduced a new broiler breed, the Indian River, the first "slow feathering" broiler bird to be bred in Africa into Zambia, but also into Africa.

The Agriculture Division encompasses the complete breeding programme from Grand Parents (progeny of Great Grand Parents imported from Aviagen in Scotland) to the Parent Stock breeding programme. Broiler day old chicks are produced and reared at the targeted live weight and delivered to the Commercial Division for processing. Astral has approximately 34 000 000 birds on farm at any given point in time in order to supply approximately 5 100 000 birds per week to the processing plants. The Agriculture sub-division strives to optimise production efficiency to provide the best live cost possible to the Commercial sub-division.

Bird welfare

We consider the wellbeing of our biological assets, the chickens, and safety of derivative products (poultry meat and meat products) for human consumption as paramount. This is achieved through implementation of the SAPA's Code of Practice that serves as a guide on standards for bird welfare.

Genetics and nutrition

The broiler breed called Ross 308 is known for its improved production efficiencies which are realised only when a fine balance between genetics, nutrition, disease control and housing environment is achieved. Birds have free and easy access to nutritious and safe feed as well as clean water.

No hormones are used to improve growth and feed utilisation.



Health and product safety

Strict hygiene standards are maintained through cleaning of floors and equipment with detergents (soap) followed by disinfection (sanitation) at the end of each production cycle. Bacterial tests are regularly conducted on cleaned floors and equipment to ensure the efficacy of cleaning chemicals and methods. This practice eliminates disease-causing organisms, thereby improving bird health. Furthermore, our team of veterinarians continually monitor the health status of chickens. Antibiotics are used under strict veterinary supervision for prevention, control and treatment of specific conditions in order to reduce stress, pain and suffering of the birds. Antibiotics are withdrawn timeously from live chickens prior to slaughter in order to comply with regulations.

Housing environment

As none of our chickens are kept in cages, floors in all houses are bedded with clean good quality wood shavings, sunflower husks or wheat straw which keep the birds dry and warm and enable them to scratch and wallow. The bedding that our chicks are placed on in the houses is turned to prevent excessively wet or uncomfortable conditions. Our chicken houses are specifically designed for optimum ventilation and temperature control.

The lighting period is kept longer during the first few days of the birds' life in order to encourage them to eat and drink. Once the chicks have acclimatised to the new environment, lighting is adjusted to enable them to sleep naturally, as they may require.

Divisional Overview and Performance (continued)



COMMERCIAL

Goldi



This processing facility is located in Standerton (Mpumalanga). It has its own breeding and hatching operation and processing capacity of approximately 1.8 million broilers per week and makes use of a large number of contract growers to rear birds for slaughter.

Various well-known brands such as Festive, Goldi and SupaStar are marketed and distributed into the wholesale and retail sectors. Products are supplied to the QSR industry, most notably Spur, Hungry Lion, KFC, Nando's and the Famous Brands Group (Wimpy, Steers).

Meadow Feeds' operations, situated in Delmas and Standerton, supply feed to this integrated broiler operation.

Goldi as the largest employer in Standerton has close links with the community it serves and is proud to put great South African chicken on the plates of customers every day.

Festive



This processing facility is located in Olifantsfontein (Gauteng). It has its own breeding and hatching operation and processing capacity of approximately 2.2 million broilers per week making use of a large number of contract growers to rear birds for slaughter. Various well-known brands such as Festive, Goldi and SupaStar are marketed and distributed into the wholesale and retail sectors.

Products are supplied to the QSR industry, most notably Spur, Hungry Lion, KFC, Nando's and the Famous Brands Group (Wimpy, Steers).

Meadow Feeds' operations, situated in Randfontein and Delmas, supply feed to this integrated broiler operation.

County Fair



This processing facility, located in Agter-Paarl (Western Cape), is a fully integrated broiler producer with processing capacity of approximately 1.7 million broilers per week, including the broilers supplied by Tydstroom on a contract grower agreement.

The abattoir supplies birds to a fresh and frozen further processing facility in Epping Industria, Cape Town. A wide range of products are marketed under the County Fair brand. The day old chicks hatched and placed on County Fair's grow-out farms are supplied by its in-house breeding operations. Meadow Feeds, situated in Paarl, supplies all the poultry feed requirements.

County Fair is the leading supplier of fresh chicken in addition to producing other top quality formats such as frozen and value-added products to the local Western Cape market as well as to the other regions nationally, giving it an expansive distribution footprint.

Mountain Valley



This processing facility, situated in Camperdown (KwaZulu-Natal), provides Astral with a strategic fresh processing presence in KwaZulu-Natal, processing 0.2 million broilers per week. Meadow Feeds, situated in Pietermaritzburg, supplies feed to Mountain Valley.

Mountain Valley has an important role to play within the local community, contributing to job creation and employment in KwaZulu-Natal and is proud to deliver first choice quality products to the local consumers in the region.

Astral has four processing plants that process, package, store and distribute its products. The Commercial sub-division is predominantly responsible for sales to the retail, wholesale and QSR customers who rely on us for the timely supply of quality chicken to the trade.

The strength of our organisation lies in our customers' decision to purchase and consume our branded products. Our Goldi, County Fair, Festive, Mountain Valley, Earlybird and SupaStar brands are marketed to a diverse consumer base, with frozen, fresh and value-added offerings for every occasion. We produce leading brands of the highest quality and safety standards through ethical agriculture, modern processing and efficient supply chain methods. Our brands are the tangible culmination of Astral's vertically integrated operations, measured and audited across the entire process from "farm-to-fork" that ensures full traceability.

Our brands are widely available across retail and wholesale outlets countrywide, in both formal and informal markets. Astral additionally packs selective Dealer Own Brands for a number of key customers.

We recognise that our brands are valuable intangible assets and an important source of origin of the products and therefore we regard the protection and enforcement of our trademark rights as pivotal to our business.

The need for manufacturers to market products that meets the required food safety standards has resulted in a number of on-

going initiatives and practices to comply with legislation. The Consumer Goods Council of South Africa in recent years founded the Food Safety Institute, to which we subscribe. Reviews of various statutory requirements and industry legislation have been implemented to better control product quality and food safety.

We take a proactive approach to ensure all processing plants involved in the food chain are HACCP Systems or Quality Management Systems Certification (ISO) certified in terms of Food Safety Management Systems.

We follow a farm-to-fork approach, from control of animal feed quality, health of grandparents, parents and broilers as well as hygiene at the abattoirs, processing plants, cold chain facilities and distribution points to end users. Preventative medicine to control food-borne diseases is strictly practiced in line with legislation. Monitoring for biological and chemical residues is done by reputable independent laboratories. A team of in-house consulting veterinarians assists the Group. All our abattoirs consistently perform above 80% in the Department of Agriculture's Hygiene Programme.

We emphasise the importance of traceability of final product and are in a position to trace any emergency situation arising through the system from final product to chicken growing and feed supply. We are actively involved in a number of forums such as the SAPA, Codex Committees and Statute Committees.

Operation	FSSC 22000	Export	McDonalds	YUM Quality Systems	Nando's	Halaal
Festive	Certified	Approved	Approved	Approved	Approved	MJC
Goldi	Certified	Approved	Not required	Approved	Approved	MJC
Goldi – further processing	Certified	Approved	Not required	Not required	Not required	MJC
Mountain Valley	Certified	N/A	Not required	Not required	Not required	SANHA
County Fair – Hocroft	Certified	Approved	Approved	Approved	Approved	MJC
County Fair – Epping	Certified	NMCS approved	Not required	Not required	Not required	MJC

FSSC Certification Scheme for Food Safety Systems including ISO 22000; ISO/TS 22002-1: 2009 and additional FSSC 22000 requirements
YUM QSA YUM Quality Safety Management System
MJC Muslim Judicial Council certified
SANHA South African National Halaal Authority certified
NMCS New Market Cold Storage
N/A Not Applicable

The FSSC food safety management programme, used as a vehicle to align to the "farm-to-fork" principle, is the departure point of our production. Adhering to the strict standards and control measures of FSSC allows us to ensure a safe product is produced and a secure working environment is maintained. From the handling of raw materials to the processing of foods, we protect our customers and consumers against biological and chemical allergens and physical hazards at every stage of the process. Beginning with Hazard Analysis, we identify the critical points, establish limits, monitor procedures, correct our actions, keep meticulous records and verify the safety and quality of our products.

Divisional Overview and Performance (continued)

Financial performance – 2023

Revenue decreased by 0.8 % to R15.8 billion (2022: R16 billion), on a decrease in broiler sales volumes and a less than ideal product mix. The product basket was negatively impacted by heavier birds as a result of downtime in the processing plants on the back of load shedding. The downtime resulted in a backlog in the slaughter programme, with broilers remaining on farm longer, resulting in older bird ages and heavier live weights.

Broiler slaughter numbers decreased by 15.3 % as production cutbacks were implemented in an effort to clear the backlog in processing volumes. Live weight slaughtered reduced by only 4.1 %, despite broiler numbers processed reducing from an average of 5.8 million birds per week in FY2022 to 4.9 million birds per week in FY2023. Sales volumes decreased by 9.6 % for the year under review (down 50 072 tons), negatively impacted by the product offering on heavier birds and a weak trading environment. Frozen poultry stock levels at 30 September 2023 were higher than at the end of the comparable reporting period.

Broiler sales realisations increased by 8.2 %, well below levels that were required to recover higher input costs and extraordinary expenses due to load shedding and generator

operational expenses. The broiler net margin realised for the year was negative at -9.7 % (2022: 3.5 %).

Broiler feed prices increased by 15.4 % versus the prior year due to higher raw material costs. Feed cost remains the key driver of profitability, representing approximately 70 % of the live cost of a broiler.

On-farm broiler performances decreased markedly, as the impact of load shedding resulted in older and heavier birds, thereby negatively impacting the feed conversion efficiency ratio. Broiler performances returned to normalised levels in 4Q2023, as the backlog in the slaughter programme was cleared.

Operating profit for the Poultry Division decreased by 272 % to a loss of R1 380 million (2022: profit R802 million). The operating profit margin declined significantly to -8.7 % (2022: 5.0 %). Expenses in the division increased year-on-year, negatively impacted by the direct cost of load shedding (R1 622 million), water supply interruptions (R31 million), as well the outbreak of bird flu (R400 million).

Tiger Chicks in Zambia reported a consistent and good set of results.

Operational performance – 2023

Astral's Poultry Division comprises three separate activities:

- Poultry genetics and breeding
- Hatching eggs and broiler day old chicks
- Broiler operations

Poultry genetics and breeding

The Group's genetic operation, Ross Poultry Breeders, operates in association with Aviagen Limited, a global leader in the development and genetic improvement of commercial chicken breeds. Ross Poultry Breeders posted record earnings for the year due to an increase in parent stock sales volumes, on the back of excellent breed performances.

Hatching eggs and broiler day old chicks

National Chicks, the Group's commercial hatching egg and day old chick producer operating in South Africa, posted a very poor result for the year as the operation was negatively impacted by internal broiler cutbacks as a result of load shedding, and the impact of bird flu negatively affecting their Gauteng operations.

Broiler operations

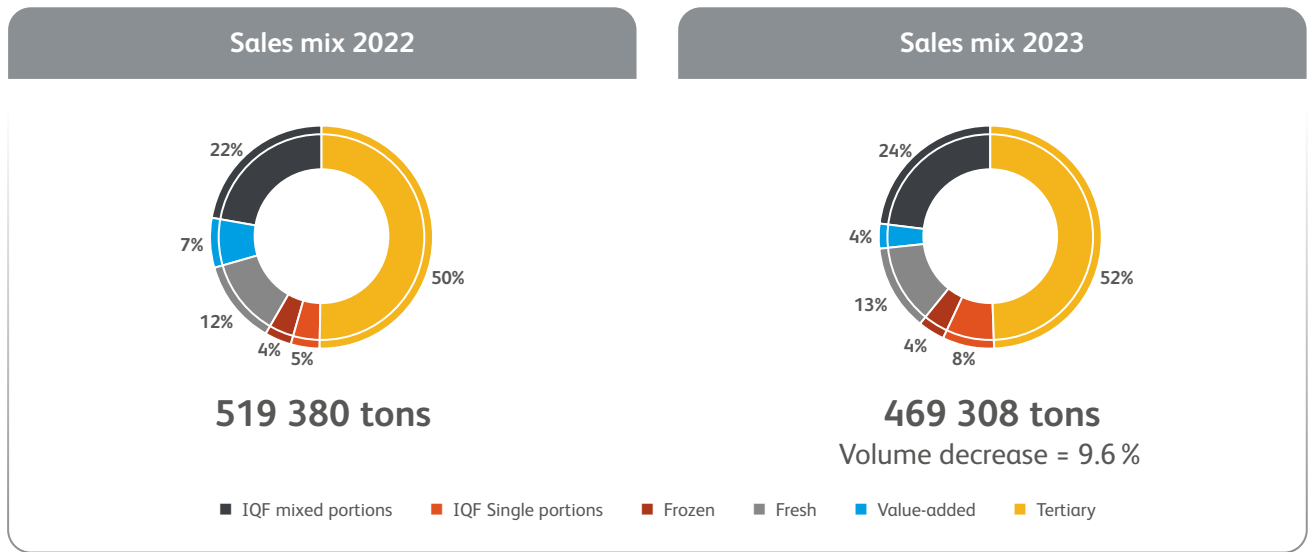
The four integrated broiler operations are strategically located in the major growth areas of Gauteng, Mpumalanga, the Western Cape and KwaZulu-Natal. The broiler operations reared and processed approximately 4.9 million birds per week for the year ended 30 September 2023.

	2023	2022	% change
Birds slaughtered – live weight per annum (tons)	539 591	562 930	(4.2)
Birds slaughtered per annum ('000)	257 017	303 418	(15.3)
Birds slaughtered per week (average) ('000)			
Festive (Olifantsfontein)	1 744	2 222	
Goldi (Standerton)	1 293	1 768	
County Fair (Agter-Paarl)	1 689	1 650	
Mountain Valley (Camperdown)	217	195	
Total	4 943	5 835	(15.3)



Festive Olifantsfontein

Divisional Overview and Performance (continued)



Source: Own data

Sales product mix was severely disrupted through the year as a result of the heavier birds and out of specification portion sizes, impacting Astral's ability to consistently supply the fresh, value added and QSR market sectors. These categories of the sales mix reflect a significant decrease in volumes year-on-year.



Goldi Processing Facility



03 ESG Sustainability Report

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Social and Ethics Committee Report

Dear shareholders

I am pleased to present the 2023 Social and Ethics Committee Report. This committee was established in terms of Section 72 of the Companies Act and is a sub-committee of the Board. It fulfils its function on behalf of the Group in relation to social and economic development, governance, ethics and health, sustainability and employment matters.

The Social and Ethics Committee fulfils its responsibilities by addressing issues related to social and economic development, employment-related matters, governance as well as ethics.

The severe socio-economic challenges faced by many in South Africa, such as high unemployment, poverty, social inequality, limited access to public services and inadequate infrastructure, emphasise the importance of corporates, like Astral, to subscribe to the Six Capitals model (Financial, Manufactured, Human, Social, Natural and Intellectual Capitals). We consider these principles to be the bedrock of our governance, and we strive for them in all economic activities.

The committee is confident that it has fulfilled the responsibilities outlined in its mandate and terms of reference during the 2023 financial year.

I appreciate the committee's hard work and commitment to fulfilling the Board's mandate, and thank all committee members for their valuable input during this financial year.

TM Shabangu
Chairman

15 November 2023

SECTION 1: COMPOSITION, ATTENDANCE AND TERMS OF REFERENCE

1.1 Members:

Member	Independent	Period
TM Shabangu (Chairperson)	Yes	November 2020 to date
T Eloff	Yes	July 2017 to date
GD Arnold	No	October 2011 to date
LW Hansen	Yes	October 2011 to date

1.2 Attendance:

The attendance of the members of the Social and Ethics Committee at the meetings is set out on [page 77](#) of this Integrated Report.

1.3 Mandate and terms of reference:

A formal mandate and terms of reference for the committee was adopted by the Board. The chairman, Mrs TM Shabangu, will be present at the AGM and will be available to report to shareholders on the matters within the committee's mandate.

SECTION 2: FUNCTIONS AND RESPONSIBILITY

Monitoring of the Group's activities, having regard to any relevant legislation, other legal requirements and codes of best practice, including but not limited to:



The committee will take the following actions on its findings:

- drawing matters within its mandate to the attention of the Board; and

- reporting annually to the shareholders at the AGM on matters within its mandate.

SECTION 3: ANNUAL WORK PLAN

During the year the committee concentrated on the work plan and its execution, including the Group's adherence to ethical and/or compliance in a number of areas:

- the UN Global Compact Principles;
- the UN SDGs;
- to conduct ethical climate surveys;
- to participate in the social and ethics trend survey of the Institute of Directors South Africa;
- community engagement and donations;
- consumer development (ensuring compliance with the Consumer Protection Act); and
- sustainability reporting.

The work plan for the short to medium term focuses on:

- **Human Rights**
To support and respect the protection of internationally proclaimed human rights.
- **Employment**
To uphold the freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.

- **Anti-corruption**
To work against corruption in all its forms, including extortion, fraud, theft and bribery.
- **Social and ethical awareness**
To conduct ethical climate surveys.
- **Community upliftment and donations**
To develop guidelines for charities and sponsorships. The Astral Cares CSI programme continued with its excellent work during the 2023 financial year, with enormous contributions made to local communities and beneficiaries in dire need of support. Please refer to the social involvement section of the report, □ pages 113 to 117.
- **Consumer development**
To ensure compliance with the Consumer Protection Act.

Social and Ethics Committee Report (continued)

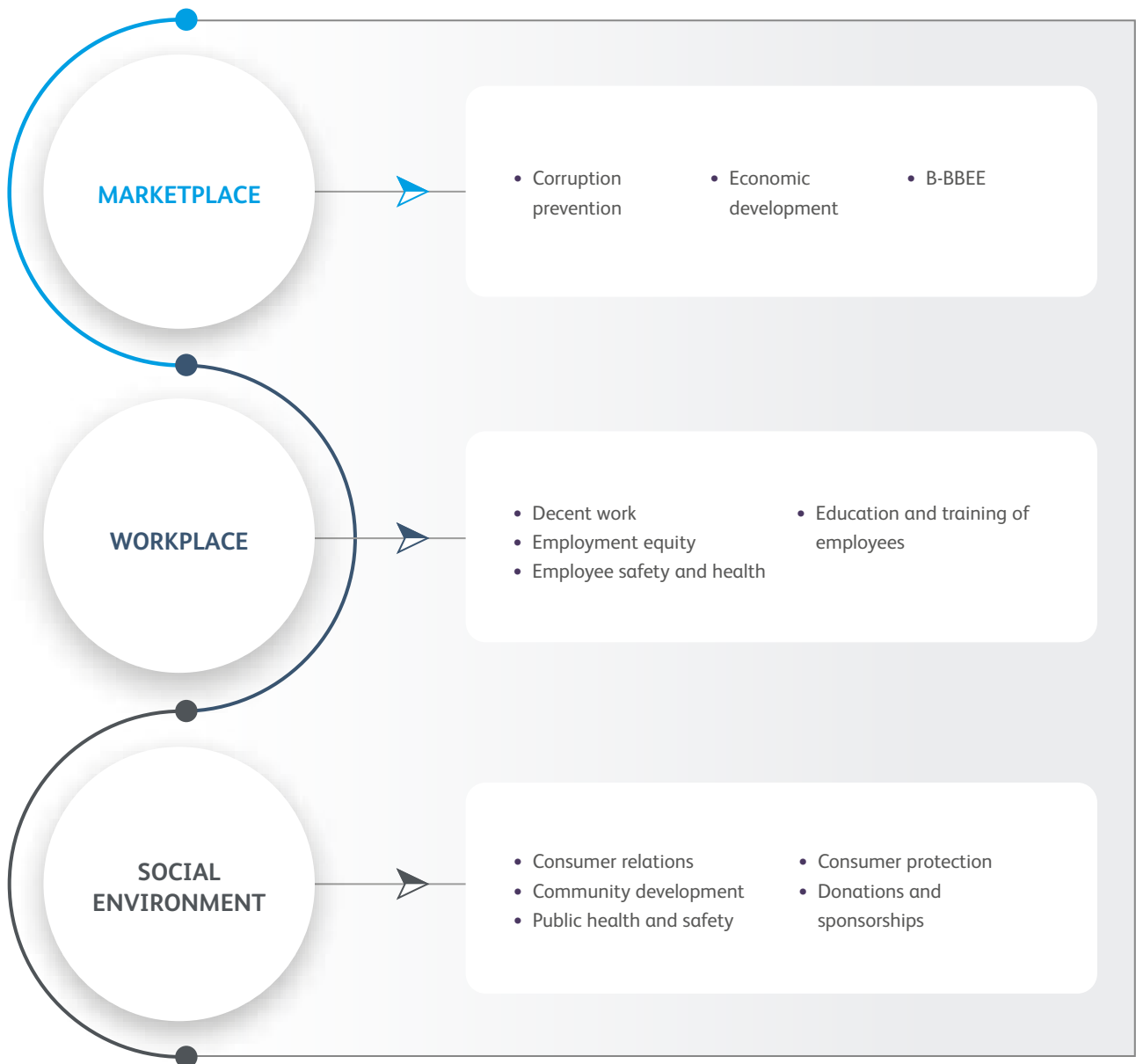
- **Sustainability reporting**

To investigate areas which do not fall within the scope of responsibilities of the Audit and Risk Management Committee nor the newly formed ESG Committee.

The committee also identified four areas in which the work of Astral must be evaluated ethically:

- the marketplace;
- the workplace; and
- the social environment.

CORPORATE RESPONSIBILITY



SECTION 4: 2023 COMMITTEE ACTIVITIES

4.1 Policy and procedure review:

The committee confirmed once again that written policies and/or procedures were in place for the following areas:

- support and respect for the protection of internationally proclaimed human rights;
- diseases control legislation;
- credit legislation;
- safety, health and environmental legislation; and
- human resources legislation.

4.2 Review of the Astral Code of Ethics:

The committee reviewed Astral's Code of Ethics and agreed that the Code was still relevant to the Group and would remain unchanged. The Code of Ethics formed part of every agenda of all formal meetings held by all business units, printed on cards and distributed to all employees and was posted on notice boards and on all websites' home pages.

The Code of Conduct and Ethics document and a personal ethics handbook is included in the Employee Induction Programme.

The committee reviewed corporate citizenship, taking note of various legislation and codes of best practice. This included Board composition, Board committees, identification of main business risks, the description of systems/initiatives to create value through research and development, strategic growth and innovation.

4.3 POPIA compliance:

The committee adopted the project plan for POPIA compliance based on privacy readiness for key functional risk areas identified and the committee is satisfied that the work performed against the project plan was achieved.

- Human Resources: Completed its privacy readiness capability and breach response plan process.
- Suppliers and Customers: Baseline risk assessments and privacy readiness process flows concluded.
- Information technology: Policy and additional security measures introduced during the year.

SECTION 5: SCOPE AND PLANNED 2024 ACTIVITIES

During the next financial year, the committee will continue to monitor and focus on the areas where legislation and codes of best practice are relevant to ensure that the Group improves and enhances its social and ethics responsibilities. These are:

- **Social and economic development** – as South Africa is currently facing a volatile local socio-economic environment driven by the load shedding crisis, failed public infrastructure and poor service delivery, companies like Astral play a pivotal role in addressing these challenges.
- **Responsible corporate citizenship** – to ensure that our Governance as well as Social and Ethics Policies are aligned with good practice.
- **Environment, health and safety** – to ensure that our largest asset, our workforce, has a safe working environment and that we look after the health of all employees.
- **Consumer relationships** – to ensure that we comply with legislation like the Consumer Protection Act, Labelling Guidelines, in order to protect the consumer.
- **Labour and employment** – with record levels of unemployment in South Africa, to be an employer of choice that supports diversity and transformation, whilst adhering to good Labour Law and Human Rights Policies.
- **Organisational ethics** – to ensure that the Group adheres to good corporate governance principles and that its Code of Ethics is world-class.
- **Workplace productivity** – to enhance productivity in the workplace through its '20 Keys Workplace Development Programme' and other learnership programmes.

ESG Committee Report

Dear shareholders

I am pleased to present the first ESG Committee Report for the year ended 30 September 2023. The purpose of this committee is to support the Company's on-going commitment to sustainability, with specific emphasis on environmental stewardship, corporate governance and accountable social engagement.

The ESG Committee works closely with the Social and Ethics Committee, with the ESG Sustainability Report being submitted to the Board.

The International Sustainability Standards Board (ISSB), a parallel body to the IASB, was created by the IFRS Foundation in late 2022. The integration of ESG into mainstream financial reporting is an important development, which has the potential to help shape investor behaviour. The IFRS Foundation had already indicated that it would build on the work of the Task Force on Climate Related Disclosures (TCFD) when developing its first climate standard. The IFRS ESG Reporting Standard is expected to be effective for fiscal years beginning in 2025.

The committee is confident that it has fulfilled the responsibilities outlined in its mandate and terms of reference during the 2023 financial year.

I would like to thank the ESG Committee members for their dedication and hard work in ensuring that we fulfilled the Board's mandate.

AD Cupido
Chairman

15 November 2023

SECTION 1: COMPOSITION, ATTENDANCE AND TERMS OF REFERENCE

1.1 Members:

Member	Independent	Period
AD Cupido (Chairman)	Yes	August 2022 to date
T Eloff	Yes	August 2022 to date
TM Shabangu	Yes	August 2022 to date
GD Arnold	No	November 2022 to date

1.2 Attendance:

The attendance of the members of the ESG Committee at the meetings is set out on [page 77](#) of this Integrated Report.

1.3 Mandate and terms of reference:

A formal mandate and terms of reference for the committee was adopted by the Board. The chairman, Mrs AD Cupido, will be present at the AGM and will be available to report to shareholders on the matters within the committee's mandate.

SECTION 2: FUNCTIONS AND RESPONSIBILITY

The main functions of the committee are to:

- ensure that Astral’s ESG commitments are supplemented in terms of ESG best practice applied, including but not limited to economic, legal, ethical and discretionary responsibilities;
- determine reporting criteria to measure the internal and external operating environment, corporate social performance and responsiveness and accountable corporate citizenship of the Group; and
- support sustainability within a productive work environment, a proactive risk mitigation framework and a better quality of life for all Astral stakeholders.

SECTION 3: 2023 COMMITTEE ACTIVITIES

ESG Sustainability objectives and metrics are maturing across the globe and international sustainability standards are being formalised. As one of the largest integrated poultry producers in South Africa, our business is dependent on positive relationships with all our stakeholders. Our key activities are animal feed pre-mixes, broiler genetics, sale of day old chicks and the production and distribution of a variety of fresh, frozen and value-added poultry products. Our ESG business model is on pages 72 and 73 of this Integrated Report. We simply cannot operate as a business without ESG objectives being integrated into our day-to-day operations. Our employee involvement programme, ‘20 Keys’, enables involvement, ownership and improvement of all business metrics and our governance structures and management as well as Board, ensure that ESG matters are managed and improved.

To support a precautionary approach to environmental challenges, various initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies and processes have been implemented in terms of:



**Water resource
management**



**Energy resource
management**



**Waste resource
management**



**Carbon emissions
reductions**

ESG Committee Report (continued)

ESG journey

Astral's ESG journey, to date, can be summarised as follows:

- Operating procedures and measures have included environmental, ethics and social metrics and reported to the various Board committees.
- With the formalisation of ESG, Astral took guidance from external ESG providers to conduct an audit and provide an independent view of the Group's ESG disclosure. The objective report confirmed that Astral had a history of incorporating ESG material matters into the business, and that improving the narrative would be one of the next steps.
- Astral elevated the focus on ESG by establishing an ESG Committee in 2022.
- The ESG Committee has developed its terms of reference and prioritised its workplan in collaboration with the Social and Ethics Committee, Remco as well as the Audit and Risk Management Committee.
- An ESG 'Responsible/Accountable/Communicate/Input' matrix to assign tasks and responsibilities has been developed to ensure that there is no duplication of effort across all the various Board committees.

- An ESG workplan has been developed and will form the basis for the committee's activities in the new financial year.
- The ESG Sustainability Report will remain part of the Integrated Report and will continue to align with global standards as they mature. The ESG Sustainability Report also aligns with Astral's strategic intent.

ESG business risks

On the back of the best performance in Astral's history in the previous reporting period, we have lived through the worst performing year in the history of Astral. Our consistent performance over the years has been wiped out by ESG-related risks namely, load shedding in the first three quarters of the financial year and the devastating outbreak of HPAI (bird flu) in 4Q2023. This is testament to the impact that ESG risks are having on the business' financial performance.

The material business risks and mitigating measurements are set out on □ pages 35 to 43 of this Integrated Report. The Group's Governance Report commences on □ page 74, the Human Resources, Remuneration and Nominations Committee Report commences on



Alexandra Old Age Home

☐ page 83, for our Social involvement, refer to ☐ pages 113 to 117 and for our impact on the environment, refer to ☐ pages 118 to 126 of this Integrated Report. Astral has an ESG Sustainability Summary Table that can be viewed on Astral's website.

Environmental sustainability

On environmental sustainability projects, pleasing results were reported, bar the use of diesel as a direct result of the high levels of load shedding during the financial year:

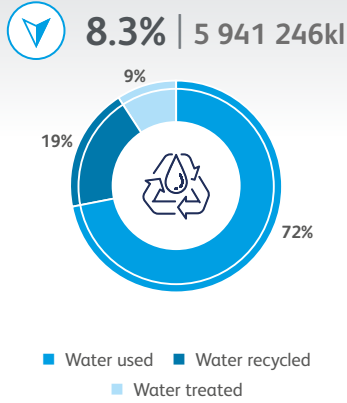
- Water – in 2023, we recycled 1.5 billion (2022: 0.9 billion) litres of water and treated 0.7 billion (2022: 0.3 billion) litres to potable standards, an impressive increase of 72.0% and 163.3%, respectively. The percentage of water recycled and treated to potable standards in 2023 based on total water used is at 26% (2022: 14%) and 12% (2022: 4%), respectively. The high volumes of water recycled and treated to potable standards is a result of the reverse osmosis plants commissioned at County Fair in 2017 and at Goldi in 2020.
- Food waste – the Group timeously submitted its second Food Loss and Waste Report to the World Resource Institute (WRI) and recycled 678 tons (2022: 679 tons) of packaging material.
- Waste recycling – the onsite waste recycling projects at Mountain Valley in Ingomankulu and Meadow Feeds in Pietermaritzburg continue to deliver good results. The purpose of the project is to investigate onsite waste recycling, working with local business and learners from the business community. Mandaterri, a 51% black-owned company, has been appointed to train learners on practical waste management and Umndeni Corporation was appointed to educate learners on environmental waste management.
- Scope 1 carbon emissions – coal and LPG carbon emissions reduced by 16 161 tons and 5 367 tons, equating to 10.0% and 23.7% reductions, respectively, offset by an increase in diesel carbon emissions of 25 602 tons or 216.7% during the year as a direct result of load shedding.
- Scope 2 electricity carbon emissions – 50 616 tons or 15% less electricity was used due to:
 - load shedding; and
 - energy generated from solar power.



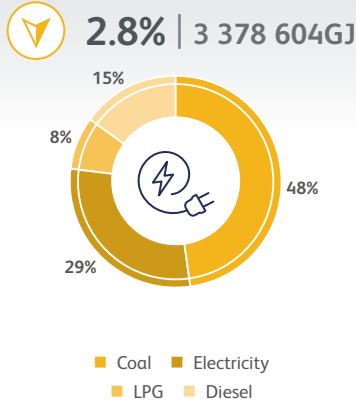
ESG Business Model

ENVIRONMENT

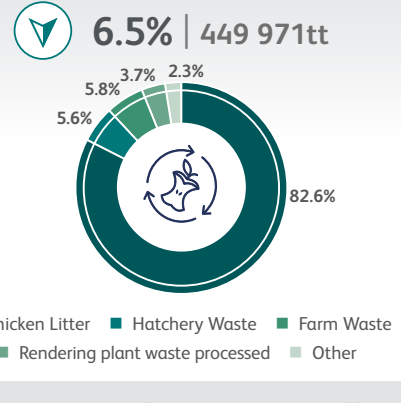
Water usage



Energy usage



Waste management



Disposing/recycling waste responsibly

Genetics improves productivity and sustainability over 20 years

Improved performance

The modern broiler is more biologically efficient
Per kg of live weight, it requires...

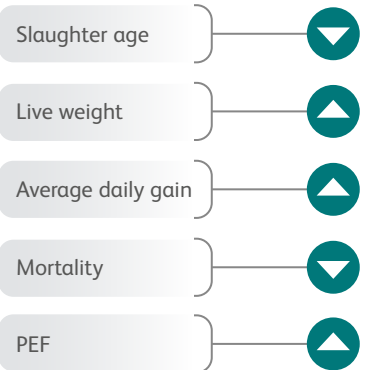
LESS FEED



EXTRA TOTAL
EVISCERATED YIELD

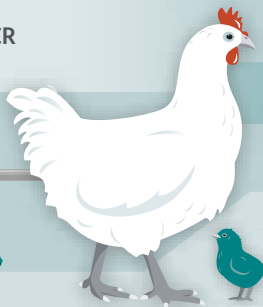
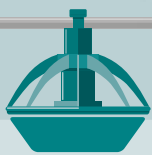
while increasing liveability,
health and welfare through
balanced selection

On farm performance



Reduced land use and transportation

Improved FCR



LESS FEED



FEWER
ROAD TRIPS

delivering raw materials and feed for broilers



Reduced carbon emissions



8.7% | 485 441t



SOCIAL

Our people:

Paying market-related salaries and wages as well as to continue paying a living wage for entry-level skill employees	Skills development through various SETA-accredited learnership programmes	
Promoting transformation and diversification opportunities	Creating a safe environment to work in	Various wellness programmes for our people



i	ii	iii	iv	v	vi
Care for the hungry	Care for those living with cancer	Care for our Astral family	Care for our communities	Care for our producers	Care for animals

GOVERNANCE

Good Corporate Governance provides the framework within which Astral strives to create superior levels of performance to the benefit of all stakeholders.

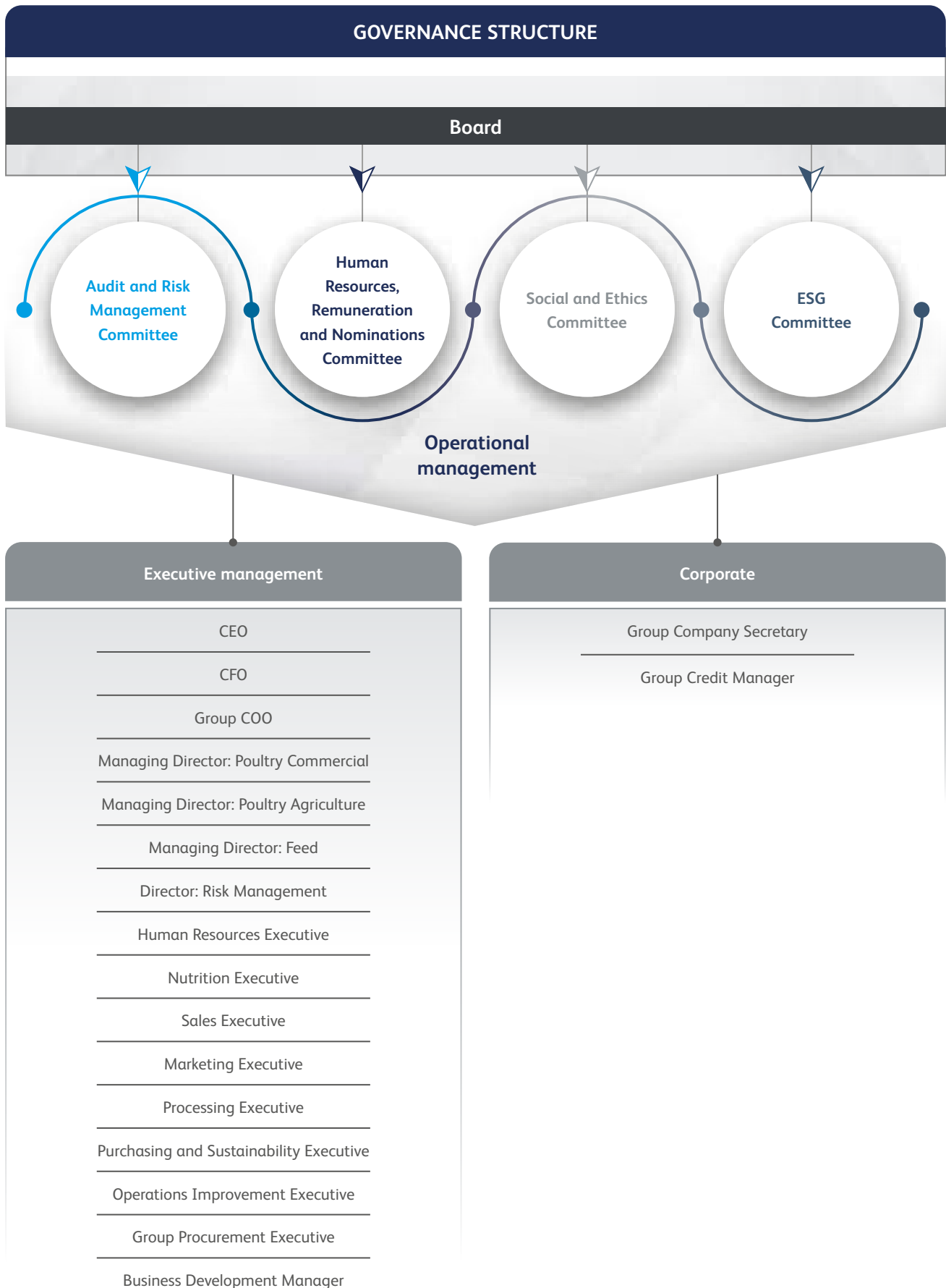
Governed by the:

Board	Sub-committees	Executive Committee
Audit and Risk Management	Human Resources, Remuneration and Nominations	Social and Ethics ESG

Compliance and adherence to, inter alia:

- | | | | |
|--|--|---|--|
| <ul style="list-style-type: none"> Companies Act Code of Ethics Listings Requirements IFRS | <ul style="list-style-type: none"> King IV™ B-BBEE Act UN SDGs Various ISO compliances | <ul style="list-style-type: none"> HACCP compliance SETA-accreditation Labour Law Health and Safety regulations | <ul style="list-style-type: none"> Human Rights Policies Environment Conservation Act Consumer Protection Act Labelling Guidelines |
|--|--|---|--|

Governance



CORPORATE GOVERNANCE

We strive to create superior levels of performance for the benefit of all our stakeholders by following a framework of good corporate governance.

Our corporate governance practices are sound, meeting all applicable rules and regulations, such as the King IV™ Report and the Listings Requirements. We are aware of the Public Investment Corporation's proxy voting policy and Code for Responsible Investing in South Africa 2011, and have implemented measures to comply with these requirements as far as possible.

The King IV™ Principles are the foundation of our corporate governance framework, and we remain committed to supporting the leading practices set out in the Code.

In addition to this, the ESG Committee highlights our commitment to supporting all aspects of ESG – not least because good governance is key in ensuring that we continue operating as a sustainable business.

The constitution and operation of the Board

The Board operates in terms of a formally approved Mandate and Terms of Reference which set out its role and responsibilities, the main elements of which are:

- the Chairman of the Board must be an Independent Non-Executive Director;
- a formal orientation programme for new directors must be followed;
- specific policies, in line with King IV™, must exist with regard to conflicts of interest and the maintenance of a register of directors' interests;
- the Board must conduct an annual self-evaluation;
- directors must have access to staff, records and outside professional advice where necessary;
- succession planning for executive management must be in place and must be updated regularly;
- strategic plans and an approvals framework must be in place and reviewed regularly;
- policies to ensure the integrity of internal controls and risk management must be in place; and
- social transformation, ethics, safety, health, human capital, and environmental management policies and practices must be monitored and reported on regularly.

We have a unitary Board structure, presently comprising 10 directors, including six Independent Non-Executive Directors at year end. The roles of Chairman and CEO are separate and distinct. The composition of the Board ensures a balance of power and authority and negates individual dominance in decision-making processes. It also reduces the possibility of conflicts of interest and promotes objectivity. The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

We believe that the Non-Executive Directors are of suitable calibre and number for their views to carry significant weight in the Board's decisions. An Independent Non-Executive Chairman leads the Board. A schedule of beneficial interests of directors appears in Note 33 on page 190 of this Report. Astral's MoI specifies that Non-Executive Directors do not have a fixed term appointment.

Astral has three (30%) South African directors of previously disadvantaged backgrounds on the Board who are Independent Non-Executive Directors. The Board has set a target of 25% for race and gender representation in its membership.

Astral has a Board Broader Diversity Policy in place.

In November 2023, an evaluation of each of the Non-Executive Directors' performance was conducted. The overall findings were presented to the Board and discussed. This evaluation supported the Board's decision to endorse all retiring directors standing for re-election.

During the year, we assessed the independence of Dr Eloff and Mrs Shabangu, who have been directors for more than 10 years. After deliberation it was agreed that, considering the requirements for independence as contained in King IV™ and the Companies Act, they are still regarded by the Board as Independent Non-Executive Directors.

The Chairman's major roles include:

- chairing all general meetings and Board meetings;
- assisting with the determination of the agenda for all general meetings;
- ensuring that the Board receives accurate, timely and clear information;
- keeping track of the contribution of individual directors;

Governance (continued)

- ensuring that all directors are involved in discussions and decision-making; and
- taking a leading role in determining the composition and structure of the Board; and ensuring effective communication with shareholders and, where appropriate, the stakeholders.

The Lead Independent Director's responsibilities are in line with King IV™, namely:

- leading in the absence of the Chairman;
- serving as a sounding board for the Chairman;
- acting as intermediary between the Chairman and other members of the Board, if necessary;
- dealing with shareholders' concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate;
- strengthening independence on the Board if the Chairman is not an Independent Non-Executive member of the Board;
- chairing discussions and decision-making by the Board on matters where the Chairman has a conflict of interest; and
- leading the performance appraisal of the Chairman.

No director is disqualified in terms of the criteria for independence as laid down by the Listings Requirements or by King IV™.

The retirement age for an Executive Director will be 65 years and for a Non-Executive Director 73 years. In the case of the Non-Executive Director who turned 73 and was appointed by shareholders, such a director will be required to serve the full term until the next AGM.

The Chairman presides over meetings of the Board, guiding the integrity and effectiveness of the Board's governance process. This includes ensuring that no individual dominates the discussion, that relevant discussion takes place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that Board discussions lead to appropriate decisions. The roles and functions of the Chairman have been formalised and there is a formally approved succession plan in place for the position of Chairman of the Board.

On a quarterly basis, Astral actively solicits from its directors their details regarding their external shareholdings and directorships, which potentially could create conflicts of interest while they serve as directors on the Board. The declarations received are closely scrutinised and are tabled at the beginning of each quarterly Board meeting. When applicable, directors are requested to table their interests in material contracts and, if necessary, are requested to recuse themselves from discussions in meetings.

Operational management is the responsibility of the CEO. His responsibilities include, amongst others, developing and recommending to the Board a long-term strategy and vision that will generate satisfactory stakeholder value, developing and recommending to the Board annual business plans and budgets that support the long-term strategy, and managing the affairs of

the Group in accordance with its values and objectives, as well as the general policies and specific decisions of the Board. There is a formal succession plan in place for the CEO and he has a normal employment contract which is applicable to all employees which includes a notice period of two months by either party. The CEO is not a member of the Human Resources, Remuneration and Nominations Committee, the Audit and Risk Management Committee but attends by invitation. The CEO does not have any other professional commitments.

A complete list of Board members and their CVs appear on □ pages 14 to 16 of this Integrated Report. In terms of Astral's MoI, new Non-Executive Directors appointed during the year, as well as one third of the existing Non-Executive Directors, have to retire on a rotational basis each year but may offer themselves for re-election.

Directors are required to undergo an induction programme including site visits to familiarise themselves with all aspects of Astral's business. Briefing sessions take place when required to bring directors up to date with changes in laws and regulations pertaining to the Group.

The Board is accountable for the actions of management and has retained full and effective control of the organisation over the past year. The Board defines levels of materiality, reserving specific powers to itself, and delegates other matters to management. The Board is satisfied that the delegation of authority framework contributes to role clarity and effective exercise of authority.

The Board meets at least quarterly to review strategy, planning, operational performance risks, B-BBEE compliance, acquisitions, disposals, shareholder communications and other material aspects pertaining to the achievement of the Group's objectives.

The Board periodically reviews the mix of skills and experience available within the Board. Procedures for appointment to the Board are formal and transparent and are vested in the Board and include detailed screening of nominees to ensure that they meet the eligibility requirements as laid down in the Companies Act and the Listings Requirements.

The Board conducts assessments of each director annually based on several factors including expertise, objectivity, judgement, understanding the Group's business, willingness to devote the time needed to prepare for and participate in committee deliberations. The performance evaluations were completed and reviewed by the Chairman and found to be generally satisfactory. The performance evaluation of the Chairman is reviewed by the Lead Independent Non-Executive Director. If required, the Chairman meets with individual Board members to discuss their performance. The following assessments were completed during the year:

- performance evaluation of the Audit and Risk Management Committee;
- performance evaluation of the Human Resources, Remuneration and Nominations Committee;

- performance evaluation of the Social and Ethics Committee;
- performance evaluation of the Board;
- performance evaluation of the Chairman;
- performance evaluation of the CEO; and
- performance evaluation of the Group Company Secretary.

The Board is satisfied that the evaluation process, although not externally facilitated, does add value and is effective in improving the performance of the Board.

Strategic planning meetings take place at least every second year and progress on strategic objectives is reviewed at every Board meeting.

Directors have access to the advice of the Group Company Secretary and may seek independent and professional advice about affairs of the Group at the Company's expense.

The Board confirms that it is satisfied that it fulfilled its responsibilities in accordance with its Mandate and Terms of Reference for the year under review.

Attendance at meetings

The Board

Five Board meetings were held during the past year. Additional Board meetings may be convened when necessary.

Attendance at meetings was as follows:

Director	Scheduled Board meetings				
	2022 16 Nov	2023 2 Feb	2023 16 May	2023 8 Aug	2023 19 Sep
GD Arnold	✓	✓	✓	✓	✓
AD Cupido	✓	✓	✓	✓	✓
T Eloff	✓	✓	✓	✓	✓
DD Ferreira ¹	✓	✓	–	–	–
JAI Ferreira ²	–	–	✓	✓	✓
DJ Fouché	✓	✓	✓	✓	✓
S Mayet	✓	✓	✓	✓	✓
WF Potgieter	✓	✓	✓	✓	✓
CE Schutte	✓	✓	✓	✓	✓
TM Shabangu	✓	✓	✓	✓	✓
FG van Heerden	✓	✓	✓	✓	✓

✓ Present

1. Retired 2 February 2023

2. Appointed 2 February 2023

The Board is supported by the Audit and Risk Management, the Human Resources, the Remuneration and Nominations, the Social and Ethics as well as the ESG Committees to carry out its oversight role of ensuring that implementation of the Group's strategy is managed in a manner that is consistent with the values of the Group.

The Board believes that the Group has applied all relevant governance principles and is compliant with all significant Listings Requirements. The Group has not breached any regulatory requirements and has complied with all its statutory obligations.

Audit and Risk Management Committee

The committee met three times during the year. Attendance at the meetings was as follows:

Member	2022 12 Oct	2022 16 Nov	2023 16 May
DJ Fouché (Chairperson)	✓	✓	✓
TM Shabangu	✓	✓	✓
S Mayet	✓	✓	✓

✓ Present

Human Resources, Remuneration and Nominations Committee

The committee met five times during the year. Attendance at meetings was as follows:

Member	2022 24 Oct	2022 24 Nov	2023 1 Feb	2023 23 Feb	2023 2 Aug
WF Potgieter (Chairperson)	✓	✓	✓	✓	✓
T Eloff	✓	✓	✓	✓	✓
DJ Fouché	✓	✓	✓	✓	✓

✓ Present

Social and Ethics Committee

The committee met three times during the year. Attendance at meetings was as follows:

Member	2022 24 Oct	2023 25 April	2023 2 Aug
TM Shabangu (Chairperson)	✓	✓	✓
T Eloff	✓	✓	✓
GD Arnold	✓	✓	✓
LW Hansen (Independent)	✓	✓	✓

✓ Present

ESG Committee

The committee met three times during the year. Attendance at meetings was as follows:

Member	2022 24 Oct	2023 7 Mar	2023 2 Aug
AD Cupido (Chairperson)	✓	✓	✓
T Eloff	✓	✓	✓
TM Shabangu	✓	✓	✓
G D Arnold	✓	✓	✓

✓ Present

Governance (continued)

Non-Executive Directors' fees

The Non-Executive Directors' proposed fees for 2024 as well as the fees received during the 2023 financial year:

	2024 ¹ R'000	2023 R'000
Chairman of the Board	565	565
Member of the Board	393	393
Lead Independent Director	249	249
Chairman of the Audit and Risk Management Committee	319	319
Member of the Audit and Risk Management Committee	166	166
Chairman of the Human Resources, Remuneration and Nominations Committee	212	212
Member of the Human Resources, Remuneration and Nominations Committee	120	120
Chairman of the Social and Ethics Committee	188	188
Member of the Social and Ethics Committee	112	112
Chairman of the ESG Committee	188	188
Member of the ESG Committee	112	112

1. No increase in Non-Executive Directors' fees will be proposed at the AGM to be held on 1 February 2024.

The fees are payable on a monthly basis.

Board committees

To enable the Board to properly discharge its responsibilities and duties, certain responsibilities have been delegated to Board committees. All Board committees are chaired by an Independent Non-Executive Director. Particulars of the composition of the Board and committees appear on □ pages 14 to 16 of this Integrated Report. Board committee Mandates and Terms of Reference are reviewed on an annual basis to ensure that the committees' duties and responsibilities are aligned with the requirements of corporate governance and keep abreast of developments in this field. Copies of Board committee Mandates and Terms of Reference are available on Astral's website, www.astralfoods.com.

As the Audit and Risk Management Committee has become a statutory committee in terms of the Companies Act, shareholders are required to elect the members of this committee at the next AGM.

Shareholders will also be required to elect the members of the Social and Ethics Committee for the forthcoming financial year at the next AGM.

The Board committees are as follows:

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises three members, all of whom are Independent Non-Executive Directors, and meets at least three times a year with management, internal and external auditors as well as the Group's risk managers.

The opportunity is created at each meeting for discussion with the external and internal auditors without the presence of management. The members of the committee are knowledgeable about the affairs of the Group and have extensive expertise in finance, accounting, legal and risk management practices.

The Audit and Risk Management Committee fulfils the responsibilities as set out in the Audit and Risk Management Committee Mandate and Terms of Reference, which include:

- overseeing the internal and external audit functions;
- assisting the Board in the discharge of its duties relating to the safeguarding of assets and operation of adequate systems and internal controls;
- ensuring the preparation of accurate financial reporting in compliance with all applicable legal requirements, corporate governance and accounting standards;
- providing support to the Board on evaluating the risk profile and risk management of the Group; and
- providing support to the Board on IT governance and risks.

A copy of the Mandate and Terms of Reference of the committee is available on Astral's website, www.astralfoods.com.

Both the Director: Risk Management and the external auditor have unfettered access to the CEO, the Chairman of the Board and the Audit and Risk Management Committee.

The committee reviews and confirms the following additional responsibilities required by King IV™ and the Listings Requirements:

- the independence of the external audit function;
- the competence of the CFO and the finance function of the Group; and
- the Integrated Report.

Divisional Audit and Risk Management Committee meetings are scheduled twice a year at every business unit. These meetings are chaired by the CFO, attended by the CEO, Group COO, internal audit, external audit, the Managing Director and Divisional Finance Executive, and the business unit COO and Finance Executive.

Risk Management

Astral is committed to the following risk management action plan:

- identifying the risks to which the Group is exposed;
- identifying the most effective ways of eliminating or mitigating risk exposures as far as is reasonably practical;
- insuring against catastrophic incidents and other losses beyond our self-insurance capacity; and
- minimising in the long term, the total cost of risk.

Astral applies an enterprise-wide risk management approach, involving all levels of management, with assistance from outside consultants for assessing insurable risks.

The senior management at each operation is responsible for the development and implementation of a sound risk control programme based on the Group's risk control standards. The integrity of the risk control programme is regularly independently monitored by appointed risk analysts.

Members of the Audit and Risk Management Committee are:

Member	Independent	Period
DJ Fouché (Chairman)	Yes	November 2015 to date
TM Shabangu	Yes	November 2014 to date
S Mayet	Yes	August 2019 to date

Internal audit

Astral has an independent, objective and effective Internal Audit Department governed by a charter approved by the Board. The internal audit function reports to the CEO and has unfettered access to the Chairman of the Board and the Chairman of the Audit and Risk Management Committee.

The role of internal audit is to review compliance with internal controls, systems and procedures. The Board is satisfied that the internal controls are adequate to safeguard the assets, prevent and detect errors and fraud, ensure the accuracy and completeness of accounting records and the preparation of reliable financial statements.

The Internal Audit Department is staffed by qualified and experienced internal auditors. The annual internal audit programme is approved by the committee and all significant findings, together with steps taken to rectify lapses in internal control, are reported at every committee meeting.

The independence of the internal audit function is reviewed by the Audit and Risk Management Committee to satisfy itself of the independence of the internal audit function. The appointment and removal of the head of internal audit is a matter for the Audit and Risk Management Committee in consultation with management.

Information Technology (IT)

The Board has delegated responsibility for IT to the Audit and Risk Management Committee but retains overall accountability.

An IT Charter, aligned to King IV™, has been implemented. The IT strategy is reviewed by the Audit and Risk Management Committee and by the Board. The IT Charter can be viewed on Astral's website, www.astralfoods.com.

Management has the responsibility for the management of IT and the governance framework which includes:

- IT Steering Committee to monitor and manage IT governance;
- IT policies and procedures to regulate the management of all IT functions;
- relevant standards and processes that are subject to audits, reviews and benchmarks; and
- policies and procedures to govern the active directory and exchange which has been outsourced.

All IT acquisitions fall within the same capital approval processes as other capital expenditure projects and would thus, based on value, be submitted to the Board for approval.

A formalised disaster recovery programme is in place to ensure the minimum disruption in the event of disaster.

Integrated reporting

The committee oversees integrated reporting, and in particular:

- takes cognisance of all factors and risks that may impact the integrity of the Integrated Report including matters that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body and any evidence that brings into question previously published information, forward-looking statements or information;
- reviews for reliability, the disclosure of sustainability in the Integrated Report;
- recommends to the Board whether or not to engage an external assurance provider on material sustainability issues;
- recommends the Integrated Report for approval by the Board; and
- considers whether the external auditor should perform assurance procedures on interim results or be engaged for any non-audit assignments.

The committee recommended to the Board to continue not to publish a summarised Integrated Report or engage an external assurance provider to confirm material elements of the sustainability part of the Integrated Report. This decision was based on the fact that sustainability reporting formed part of the budget process and is reported on by business units and approved by the Executive Directors. This approach will be reviewed every year. Astral has appointed a full-time Sustainability Manager who is responsible for sustainability within the Group.

Governance (continued)

Further information regarding the activities of the committee is available in the Audit and Risk Management Report on pages 137 to 140 of this Integrated Report.

Human Resources, Remuneration and Nominations Committee

The primary duty of the committee in terms of the nomination process, is to ensure that the procedures for appointments to the Board are formal and transparent, by making recommendations to the Board on all new Board appointments and reviewing succession planning for directors. The committee also has to evaluate all candidates for the position of director on the basis of skill and experience. Thorough background checks are conducted.

WF Potgieter chairs all sections of meetings of the committee dealing with Human Resources and Remuneration. However, sections dealing with matters related to Nominations are chaired by T Eloff, the Chairman of the Board. The committee's Mandate and Terms of Reference is available on Astral's website, www.astralfoods.com.

Members of the Human Resources, Remuneration and Nominations Committee are:

Member	Independent	Period
WF Potgieter (Chairman for Human Resources and Remuneration section)	Yes	November 2020 to date
T Eloff (Chairman for Nominations section)	Yes	June 2014 to date
DJ Fouché	Yes	June 2016 to date

The committee is constituted as a Board committee and assists the Board in discharging its responsibilities for the development of the Group's general policy on executive and senior management remuneration and to determine specific remuneration packages for Executive Directors of the Group, including but not limited to basic salary, benefits in kind, bonuses, performance-based incentives, retention incentives, share incentives, pensions and other benefits. The committee determines criteria necessary to measure the performance of Executive Directors in discharging their functions and responsibilities.

Further information regarding the activities of the committee is available in the Human Resources, Remuneration and Nominations Committee Report on pages 83 to 112 of this Integrated Report.

Social and Ethics Committee

The Social and Ethics Committee consists of four members. A formal mandate and terms of reference has been approved by the Board. The Chairperson of the committee is present at the AGM and will be available to report to shareholders on the matters within its mandate. A copy of the committee's mandate and terms of reference is available on our website, www.astralfoods.com.

Members of the Social and Ethics Committee are:

Member	Independent	Period
TM Shabangu	Yes	November 2020 to date
GD Arnold	No	October 2011 to date
T Eloff	Yes	July 2017 to date
LW Hansen	Yes	October 2011 to date

The main functions of the committee are:

Monitor the Group's activities, having regard to any relevant legislation, other legal requirements and codes of best practice, including but not limited to:

- social and economic development;
- responsible corporate citizenship;
- environment, health and public safety;
- consumer relationships;
- labour and employment;
- organisational ethics;
- workplace productivity;
- drawing matters within its mandate to the attention of the Board; and
- reporting annually to the shareholders at the Company's AGM on matters within its mandate.

The committee's approved work plan for the short to medium term will focus on:

- **Human Rights**
To support and respect for the protection of internationally proclaimed human rights.
- **Labour**
To uphold the freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.
- **Anti-corruption**
To work against corruption in all its forms, including extortion and bribery.
- **Social and ethical awareness**
To conduct ethical climate surveys.
- **Consumer development**
To ensure compliance with the Consumer Protection Act.

For more information regarding the activities of the committee, refer to the Social and Ethics Report on pages 64 to 67 of this Integrated Report.

ESG Committee

The purpose of this committee is to support the Company's ongoing commitment to sustainability, with specific emphasis on environmental stewardship, corporate governance and accountable social engagement.

Members of the ESG Committee are:

Member	Independent	Period
AD Cupido (Chairman)	Yes	August 2022
T Eloff	Yes	August 2022
TM Shabangu	Yes	August 2022
GD Arnold	No	November 2022

The main functions of the committee are to:

- ensure that Astral's ESG commitments are supplemented in terms of ESG best practice applied, including but not limited to economic, legal, ethical and discretionary responsibilities;
- determine reporting criteria to measure the internal and external operating environment, corporate social performance and responsiveness and accountable corporate citizenship of the Group; and
- support sustainability within a productive work environment, a proactive risk mitigation framework and a better quality of life for all Astral stakeholders.

Organisational integrity and ethics

Astral maintains a Code of Ethics, which requires all employees, managers and directors to comply with the letter and spirit of the Code of Ethics by observing the highest ethical standards and ensuring that all business practices are conducted ethically.

A policy provides guidelines as to what constitutes fraud, theft, corruption, or associated internal irregularities, to outline our response to these and to detail the procedures to be followed in order to report such incidents that are suspected or discovered.

Astral has a "zero tolerance" approach towards fraud and corruption and protects employees who raise concerns relating to fraud and corruption from victimisation.

Astral continues to use the services of Deloitte to provide an independent "Tip-offs anonymous" hotline. All incidents reported are investigated and appropriate action taken in terms of the relevant policies and disciplinary procedures.

Copies of Astral's Ethics Policy are displayed on all notice boards, laminated abridged copies are handed to every employee and the COO of each business unit is tasked to act as champion for his/her business unit to ensure that the Ethics Policy is understood and adhered to by all employees. The Ethics Policy forms a permanent part of every management agenda and external suppliers are required to adhere to the Ethics Policy. Any non-adherence is reported to business unit management and in turn reported to the CEO and Group COO and ultimately to the Board.

The Code of Ethics deals with:

- complying with all laws, regulations and codes;
- culture, ethics and values;
- dealing openly and honestly with customers, suppliers and other stakeholders;
- respecting and protecting privacy and confidentiality;
- respecting human rights and dignity of employees;
- social responsibility;
- guidelines in respect of receiving and giving gifts and entertainment;
- prohibiting the acceptance of bribes, directly or indirectly;
- prohibiting the payment or offering of bribes;
- integrity of financial information;
- protection of confidential information;
- protection and use of Group property;
- conflict of interest; and
- action on contravention of the Code of Ethics.

In terms of accountability, all employees are required to:

- commit to individual conduct in accordance with the Code of Ethics;
- observe both the spirit and the letter of the law in their dealings on the Group's behalf;
- recognise the Group's responsibility to its shareholders, customers, employees, suppliers and to society;
- conduct themselves as responsible members of society, giving due regard to health, safety and environmental concerns, and human rights, in the operation of the Group's business; and
- report any suspected breach of the law or the Code of Ethics to the Internal Audit Department or the Board who will protect those who report violations in good faith.

The Board accepts overall responsibility for the adherence to the Code of Ethics and has no reason to believe that there has been any material non-adherence to the Code of Ethics during the year under review. The Code of Ethics is reviewed on a regular basis by the Social and Ethics Committee.

A copy of the Code of Ethics is available on our website, www.astralfoods.com.

Governance (continued)

Restrictions on share dealings

Directors and employees are prohibited from dealing in Astral shares during price sensitive periods. Closed periods extend from 31 March and 30 September, being the commencement of the interim and year-end reporting dates, up to the date of announcement of interim and year-end results and include any other period during which the Company is trading under a cautionary announcement. All directors are required to obtain written permission from the Chairman before dealing in any Astral shares in order to protect them against possible and unintentional contravention of the insider trading laws and JSE regulations.

We have implemented an Information Policy that deals with prohibited periods for dealing in Astral shares, the determination of price sensitive information, periodic financial disclosure and affected directors' dealings in Astral shares. The Information Policy is available on Astral's website, www.astralfoods.com.

Participants in Astral's share incentive schemes are subject to the rules of the schemes and the provisions of the Listings Requirements.

Management reporting

Astral has comprehensive management reporting disciplines, which include the preparation of strategic plans and annual budgets by all operations. Group strategic plans and budgets are considered and approved by the Board. Results and the financial status of the operations are reported monthly and compared with approved budgets and results of the previous year. Working capital requirements and borrowing levels are monitored on an on-going basis and corrective or remedial action taken as appropriate.

Group Company Secretary

The Group Company Secretary is suitably qualified and experienced and plays an important role in ensuring that the Board procedures are followed correctly and are regularly reviewed. The Group Company Secretary is responsible for the duties set out in Section 88 of the Companies Act and is appropriately empowered by the Board to fulfil these duties.

The Board assesses the qualification, competence and expertise of the Group Company Secretary and confirms her suitability in terms of the Listings Requirements on an annual basis. For further information on the Group Company Secretary, please refer to Corporate Services on [page 51](#).

The Group Company Secretary is not a director of any of the Group's operations and accordingly maintains an arm's length relationship with the Board and its directors. In order to confirm the Group Company Secretary's arm's length relationship with the Board, the following factors are taken into consideration:

- the Group Company Secretary is independent from management;
- the Board empowers the Group Company Secretary to act as gatekeeper of good corporate governance;

- there are no special ties between the Group Company Secretary and any of the directors;
- the Group Company Secretary is not party to any major contractual relationship which may affect his/her independence; and
- there are no matters affecting the Group Company Secretary's ability to adequately and effectively perform his/her company secretarial duties.

The annual assessment concluded that the Group Company Secretary, when engaging with the Board, acted professionally, independently from the Board and interacted on an equal footing with the Board. The relationship between the Group Company Secretary and the Board was without influence or undue pressure.

Political party contributions

Astral does not make any contributions to political parties.

Whistleblowing measures

In accordance with the provisions of the Protected Disclosures Act No. 26 of 2000, management has ensured that no employee who has made a protected disclosure shall be subject to any occupational detriment and shall be afforded anonymity without fear of consequential victimisation. Refer to the "Tip-Offs Anonymous" section on [page 87](#) of the Integrated Report.

Access to professional corporate governance services

The Board believes that access to professional corporate governance services are available and is effective.

Corporate Governance Framework

The Board operates according to an approved corporate governance framework that provides for prudent management and oversight of the business and adequately protects the interests of all shareholders.

The members of the Executive Management and the heads of support functions are responsible for adherence to and implementation of the framework in their business and operational areas.

The following documents are available on www.astralfoods.com:

- Corporate Governance Framework;
- Overview of King IV™ Principles;
- Board Broader Diversity Policy;
- Information Policy;
- Abridged Code of Ethics; and
- Board committee Mandates and Terms of Reference.

HUMAN RESOURCES, REMUNERATION AND NOMINATIONS COMMITTEE REPORT

Dear shareholders

On behalf of the Human Resources, Remuneration and Nominations Committee (“REMCOM” or “the committee”) and the Board, I take pleasure in presenting the 2023 committee report. Through the REMCOM, the Board continuously advances remuneration policies that are aligned with Astral’s strategic objectives. The Group’s Remuneration Policy and Implementation Report adhere to sound corporate governance principles, build and retain strong and experienced management teams and enable a culture of shared value for all stakeholders.

The Board acknowledges that the volatile local socio-economic environment driven by the load shedding crisis, failed public infrastructure, record levels of unemployment and an accelerated critical skills drain out of South Africa represent the foremost risk to our ability to sustain shareholder returns. Failing to mitigate the risk of attracting, developing and retaining skills to manage the magnitude of daily operational risks against the backdrop of South Africa becoming a failed state will have dire consequences for all stakeholders. REMCOM remains committed to mitigating these risks. The remuneration strategy to attract, retain and develop Human Capital to deliver shareholder value is a key focus of this committee. Appropriate remuneration is a critical component of this. Shareholders are therefore ardently advised that the prominence of Astral’s Human Resources and Remuneration Policies to retain critical talent cannot be emphasised enough and requires responsible consideration.

REMCOM directs and formulates a strategic Human Resources Policy Framework that aligns adequate skills with financial and non-financial performance thresholds and appropriate employee reward. This is done within a transparent, fair, and comprehensive corporate governance remuneration framework to advance shareholder value.

REMCOM continuously reviews, analyses and benchmarks its policies against market practice and peer competitors. During the year, the committee received guidance from external advisors regarding the remuneration of Executive Directors, Prescribed Officers and fees payable to Non-Executive Directors. The committee remains committed to Astral’s values of transparency, integrity, accountability, sustainability, and governance compliance. Review of national earning surveys ensure Astral to continue paying a living wage for entry-level skilled employees. Furthermore, the constant focus on skills development, promoting trained and dedicated employees from within and diversify employment opportunities across all employment categories contributes to developing loyal staff and addressing pay inequalities.

This report deals with functional sections of REMCOM’s responsibilities and provides an overview of the 2023 activities against its annual work plan to enable Human Resources performance objectives within a fair, responsible and best in class policy framework. The report also comprehensively deals with shareholder feedback regarding the comments received from shareholders during the 2023 AGM interactions.

I would like to thank the members of REMCOM for their hard work, commitment and contributions to achieve our objectives for the year. I also commend the Non-Executive Directors and the CEO for their decision to decline the 1 October 2023 fee adjustment and TGP salary increase offered.

A sincere thank you to Astral’s Board, executives, management and employees who worked tirelessly during difficult and unprecedented times to safeguard and protect shareholder investments. The Astral team has gone beyond their call of duty and the committee applauds their hard work, dedication and commitment.

Willie Potgieter
Chairman

Governance (continued)

SECTION 1: HUMAN RESOURCES

Introduction

Astral's long-term sustainability rests on its ability to attract, develop and retain internationally competitive employees to implement Board strategy. Astral's organisational culture is driven by Human Capital, operational excellence and continuous improvement. Employees are equipped through skills training and leadership development to bolster the Astral culture and performance.

Financial and non-financial performance standards linked to transparent and fit-for-purpose remuneration and reward structures sustain shareholder value. Our Human Resources value offering across the employee life cycle enables staff to achieve a good quality of living for themselves, their families and within their communities.

Human Capital overview

Risks associated with current socio-economic and political uncertainty, record levels of unemployment, critical skills shortages and production disruptions caused by load shedding, community service delivery discontent and collapsing public infrastructure had a significant impact on Astral's business but were successfully dealt with in terms of risk mitigation and stakeholder engagement.

Table 1: Summary of Human Capital activities for 2022 and 2023

	2023	2022
1. Employment opportunities		
Percentage of job opportunities sustained	100%	100%
Percentage of job opportunities declared redundant	1	Nil
Number of new job opportunities created	2	148
2. Employees trained*		
Number of employees receiving technical skills training	425	790
Number of employees receiving safety and health training	984	1 175
Number of employees receiving managerial training	48	60
Number of employees receiving leadership and organisational culture training	20	267
Number of employees receiving anti-corruption training	152	337
3. Community training		
Number of unemployed youths trained	84	120
Number of unemployed people with disabilities trained	38	35
Number of unemployed people who received training (other than the above)	198	356
4. Employment categories**		
Permanent employees in employment	9 226	9 236
Part-time employees in employment	3 085	3 181
Total	12 311	12 417
5. Employee relations and organised labour		
Permanent employees belonging to a trade union	3 377	3 395
Part-time employees belonging to a trade union	312	595
Number of man days lost due to protected strike action	Nil	Nil
Number of man days lost due to unprotected strike action	Nil	172
Number of trade unions within different operational bargaining entities	14	12
Number of man days lost due to community unrest	5.2	3.7
6. Gender equality and disabilities		
Percentage of female employees in employment	49%	49%
Percentage of male employees in employment	51%	51%
Percentage disabled employees in employment	2.4%	2.4%

	2023	2022
7. Transformation and socio demographics		
Percentage of Board members defined as black	30%	30%
Percentage of managerial categories defined as black	33%	39%
Percentage of skilled categories defined as black	65%	59%
Percentage of semi-skilled categories defined as black	95%	96%
Percentage of unskilled categories defined as black	99%	100%
8. Employee assistance programme participation		
% of employees vaccinated under the Astral Covid-19 vaccine programme	Nil	72%
Number of employees on HIV/AIDS counselling an education support programmes	1 799	1 650
Number of employees on the medicine dispensation programme	784	785
Number of employees on the health screening programme	9 336	9 102
Number of employees on the winter wellness programme	11 225	10 858
Number of employees and family members partaking on the Ask Nelson EAP programme	510	350
Number of employees registered on the Crisis-on-Call emergency support programme	223	228
9. Regulatory compliance		
Corruption findings	Nil	Nil
Human Rights violation findings	Nil	Nil
Department of Employment and Labour audit findings	Nil	Nil
B-BBEE Commissioner audit findings	Nil	Nil
Child labour deployed	Nil	Nil
Client Human Resources audit findings	Nil	Nil

* Training hours available were adversely impacted by operational requirements caused by load shedding and the outbreak of HPAI.

** Excludes specialists sub-contractor employees.

1. Work place attendance

Description	2023	2022
Confirmed positive Covid-19 cases for the year	14	365
Absent without permission for the year	<2%	<2%
Overtime hours worked for the year	3 667 168*	3 015 749
Number of normal time hours worked for the year	24 908 088	24 908 310*
Number of working hours cancelled due to load shedding	49 588	13 596

* Overtime hours worked were adversely affected due to load shedding and additional shifts worked to sustain production.

2. Recruitment and selection

South Africa is currently faced with a major critical skills shortage and the recruitment and deployment of the best appropriate talent is a critical strategic focus. The recruitment, selection, placement and retention of the right talent at the right time with the right fit remain key to our Human Resources value offering.

The recruitment system was further developed during the year and integrates data across multiple search platforms locally and internationally. The strategy to mitigate risks relating to skills availability and critical talent requirements is working well to introduce succession planning and talent pools within the Group.

Governance (continued)

3. Employee relations

Astral has committed to comprehensive engagement platforms to build and enhance relationships and understanding with trade unions. This creates collaborative agreements and collective partnerships that facilitate finding constructive solutions for complex challenges.

4. Training and development

Astral is registered as an accredited training service provider with the AgriSETA for a number of accredited training programmes. Astral's accredited trainers trained more than 650 employees internally in terms of food safety and biosecurity programmes.

A Poultry Stockman Technical Training Programme was developed and registered with the AgriSETA. This programme is included under the Astral accredited training service provider agreement with the SETA and is a first for the poultry industry. The programme was successfully rolled out at County Fair Agriculture during the year.

Astral spent R13.7 million (2022: R11.7 million), an increase of 17.1%, on training programmes during the 2023 financial year.

5. Succession planning

The attraction, development and retention of key talent remain a priority risk. Mitigation remedies introduced in terms of talent development assists to sustain Astral's competitive edge within the industry. Astral's commercial viability and sustainability in a dire economic environment, as experienced during 2023, is a result of the quality of its people, culture, organisational values and strategy implementation strictness.

Competitors, external stakeholders, shareholders and investors recognise Astral for its Human Capital capacity in terms of leadership, management, technical and operational excellence capabilities.

Succession planning, talent development and retention initiatives are continuously reviewed to optimise, nurture and deploy the best people. Employing the right talent, at the right

time and at the right place is underpinned by Astral's talent acquisition, talent development and succession planning systems. The development of suitable successors and promoting from within sustains our high-performance culture and retains dependable staff who implement our strategy.

6. Health and Safety

Health and safety are the responsibility of everyone. Health and safety management systems conform to all applicable local legislation. Senior managers are appointed in line with the Health and Safety Act and the Machinery Regulations Act and are responsible for occupational health and safety within the operations in terms of:

- **Compliance:** Adherence to applicable health and safety legislation, standards, frameworks and best practice relevant to the Group.
- **Risk assessment:** Continuously evaluate and mitigate health and safety risks within the Group. Internal and independent external audits are conducted on a regular basis.
- **Risk mitigation:** Identification of workplace hazards and the provision of the required safety equipment, procedures and training to employees to mitigate against accidents, injuries and diseases.
- **Training and awareness:** Promote awareness and a sense of responsibility among employees with regard to effective health and safety communication, training and awareness and consultation with all levels of employees, contractors and other stakeholders directly affected by our activities and processes.
- **Commitment:** Integrated comprehensive management systems to ensure accountability for employees' wellbeing.
- **Continuous improvement:** Periodically review the relevance and appropriateness of the above endeavours to ensure continuous improvement in the Group's health and safety efforts.

Lost Time Injury Frequency (LTIF) is the number of working hours lost due to injury, calculated as a factor of the total accumulative hours worked (being Astral and service provider employees) for the LTIF measuring period.

LTIF rates are calculated daily to ensure effective risk mitigation and is a non-financial performance target. The Group has achieved its LTIF rate target of 2.5 (man hours lost per 1 million hours worked) for milling operations and 3.0 for farming and processing facilities. A continuous improvement target of a 10% reduction in recordable injuries on a year-on-year basis is in place.

Description	Poultry – Agriculture		Poultry – Commercial		Feed		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Number of fatalities	Nil	1 ¹	2 ²	Nil	1 ³	Nil	3	1
Number of first aid cases	9	17	90	144	3	6	102	167
Number of medical treatment cases	6	4	53	20	4	4	63	28
Number of lost time injuries	44	79	146	135	10	18	200	232
Number of recordable injuries	59	101	291	299	18	28	368	428
Injury frequency rate	1.87	1.65	1.19	1.00	1.10	1.05	1.39	1.18

1. Astral employee – fatal accident.

2. Astral employees – fatal accident.

3. Astral service provider – fatal accident.

8. Retirement funds

An independent review was conducted during the year where Astral's retirement benefits and insurance provisions were benchmarked against market offerings. The committee is satisfied that the current retirement investments, risk benefits and insurance products address employee requirements and are in line with best practice.

Fund administrators submitted a report at the February 2023 meeting of REMCOM confirming that the funds are solvent.

9. Human rights and Code of Ethics

Beside human rights, the following are also addressed in Astral's Code of Ethics:

- human dignity;
- equality;
- freedom;
- obeying the law;
- respecting others;
- acting fairly; and
- being honest.

Breaches of the Code of Ethics are monitored through the "Tip-Offs Anonymous" system and are addressed through applied procedures. Employees may use established grievance procedures or seek trade union or industry assistance. All incidents reported through "Tip-Offs Anonymous" are investigated by internal audit and appropriate action taken in terms of the relevant policies and disciplinary procedures.

"Tip-Offs Anonymous" data	2023	2022
Number of calls received	33	36
Number of reports generated	31	31
Number of reports investigated	31	31
Number of convictions	Nil	2

Astral applies a zero-tolerance approach towards fraud and corruption and protects employees who raise concerns relating to fraud and corruption from victimisation.

The following offences were reported to the "Tip-Offs Anonymous" line:

Alleged offences	2023	2022
Theft	3	Nil
Human Resource complaints	26	28
Fraud	2	2
Unethical behaviour	Nil	Nil
Customer complaints	Nil	1

A Whistle Blower Policy has been introduced to protect the rights of the individual when such an event materialises.

It is not Astral's policy to support political parties and no funds were made available for this purpose during the year.

10. Restraint of trade agreements

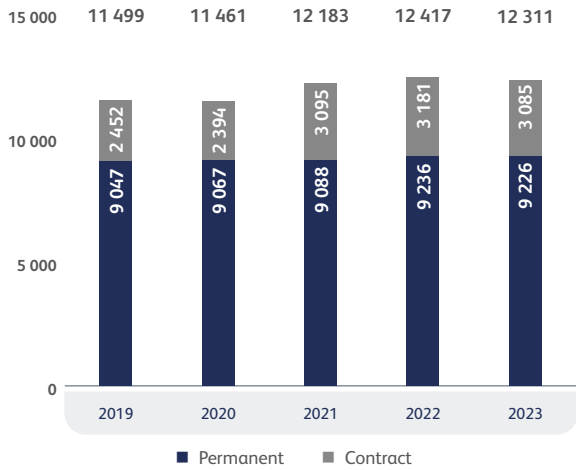
There are currently no restraint of trade agreements in place for any Executive Director, Prescribed Officer or senior management.

Governance (continued)

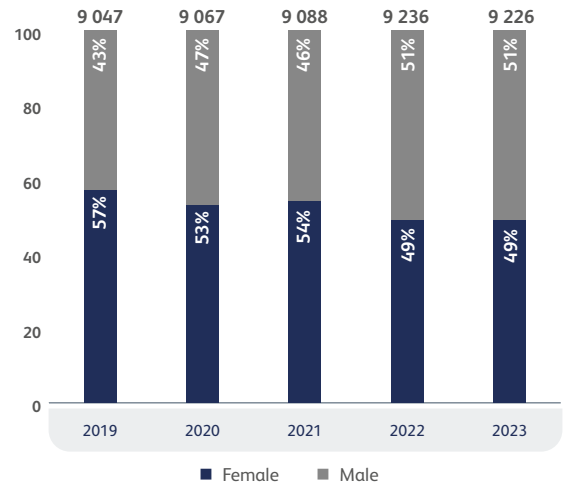
Employee statistics

For the year ended 30 September

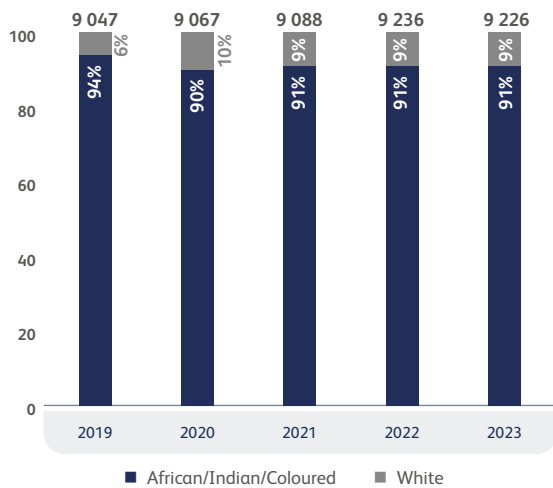
Total employees (excludes contracted services)



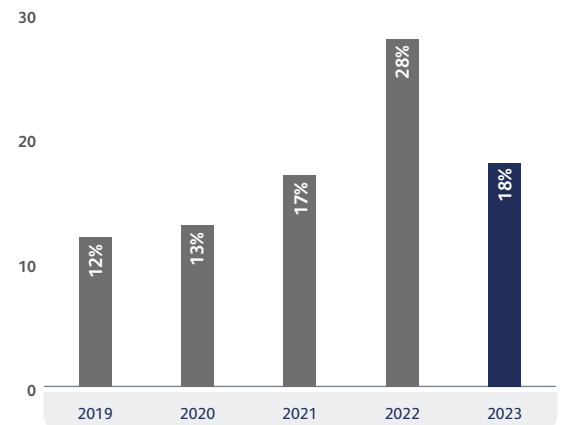
Permanent employees by gender



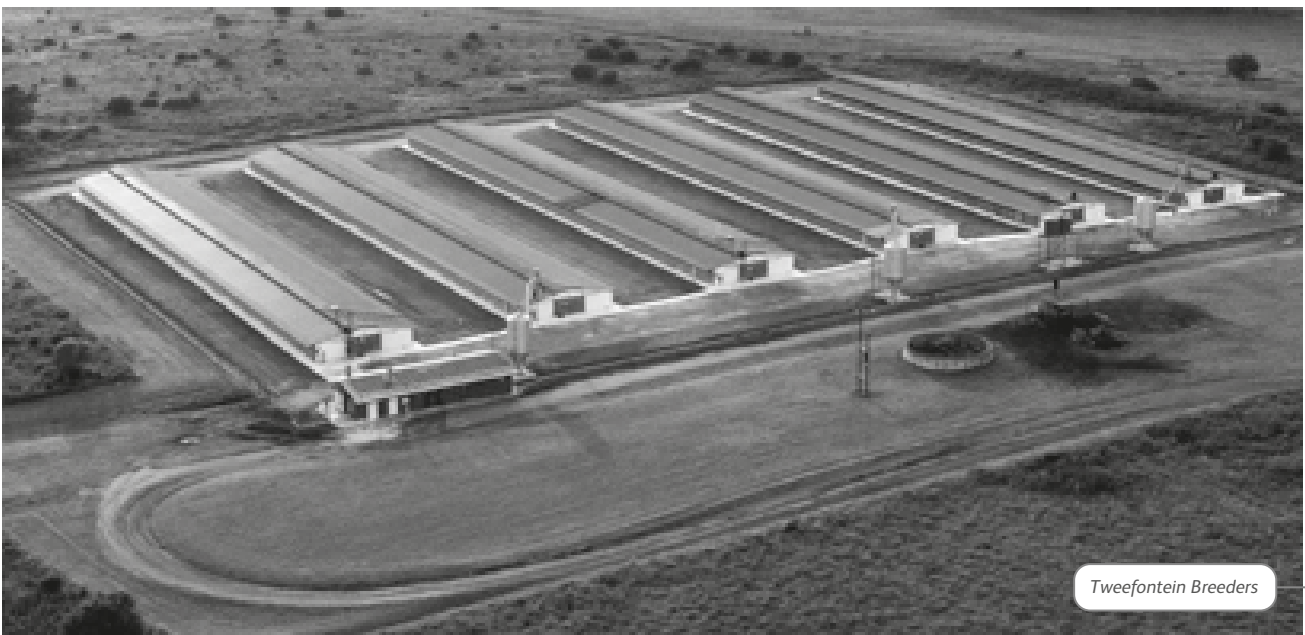
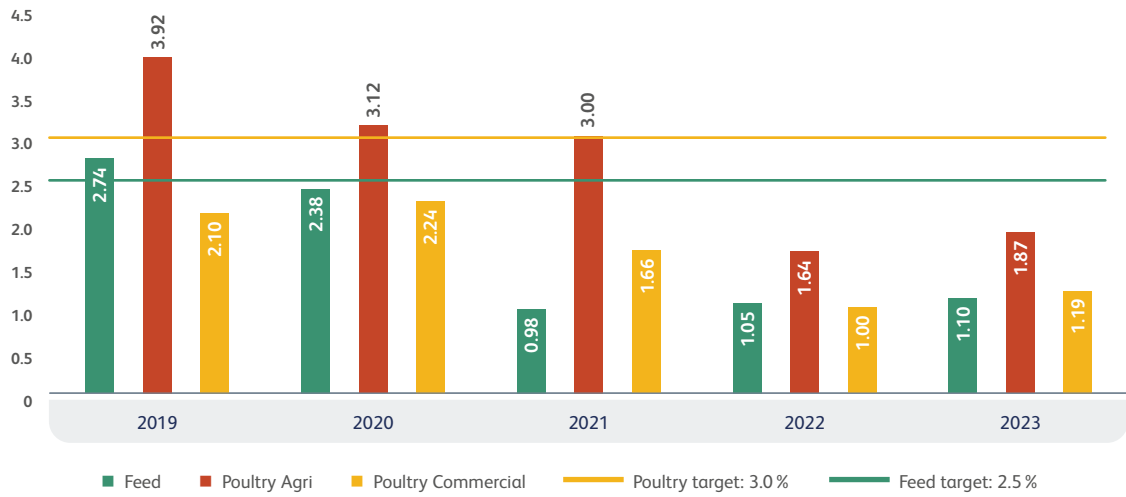
Permanent employees by ethnic group



Employees trained



Lost Time Injury Frequency rate



Twefontein Breeders

Governance (continued)

SECTION 2: REMUNERATION

This report provides stakeholders with the key components of the Remuneration Policy, its strategic financial and non-financial performance objectives, the rewards implemented during 2023 and retention objectives.

Astral adopts an integrated and balanced approach to its reward strategy, which align individual reward components to investors, shareholders and the business-specific value drivers of Astral.

PART 1: SHAREHOLDER ENGAGEMENT

King IV™ and Listings Requirements

In terms of King IV™ and the Listings Requirements, shareholders are required to cast a non-binding advisory vote on the Remuneration Policy and implementation of this Policy as presented in this report at the AGM of shareholders. Should either vote receive 25% or more votes against, the following steps will be taken by Astral:

- issue a SENS announcement regarding the outcome of the vote;
- invite dissenting shareholders to engage with Astral regarding their dissatisfaction;
- schedule collective and/or individual engagements, either telephonically or personally, with dissenting shareholders to record their concerns and objections;
- assimilate all responses and analyse concerns and issues raised with the objective of formulating changes to the Remuneration Policy and implementation where required; and
- respond appropriately to shareholders to provide feedback of where changes may be made or alternatively why Astral, despite shareholder feedback, believes their current policy and/or implementation of this policy is adequate.

The results of the voting on the following resolutions proposed at the previous two (2) AGMs were as follows:

Percentage of "For" votes	February 2023	February 2022
Endorsement of the Remuneration Policy	71.90%	75.10%
Endorsement of the implementation of the Remuneration Policy	48.10%	62.22%

After engagement with shareholders and further policy reviews, the following changes are introduced to the Remuneration Policy (please refer to Part 3 of the Remuneration Policy on pages 93 to 105 for further details):

- the introduction of a minimum shareholding requirement for Executive Directors and Prescribed Officers;
- in addition to PEF, the introduction of further non-financial performance thresholds under the LTI Policy; and
- the introduction of an interim business turnaround incentive scheme due to the financial position of the Company.

The following feedback was received from Astral's interaction with concerned shareholders, who submitted requests in writing after the 2023 AGM.

On endorsement of the Remuneration Policy:

- "A comprehensive Remuneration Policy with multiple financial and ESG performance indicators with weightings and a distribution of targets to be included."

Committee remarks: Astral measures PEF performance (being a non-financial/environment impact performance threshold). PEF is an applied international best practice used to measure broiler production efficiency and performance. Results are benchmarked internationally measured against expected breed standard set by the supplier of Astral's broiler genetics. Results are expressed relative to a global PEF achievement, as well as within the Turkey, Middle East and Africa region.

Liveability targets can only be achieved by precise and best-in-class poultry farming which include environmentally friendly and ethical farming practices to augment natural resources and animal welfare. Astral subscribes fully to SAPA's code of best practice, and our facilities are regularly audited for compliance to animal welfare standards, not only by our customers but by the relevant authorities alike. Astral performs at the 90th percentile of this non-financial performance threshold which is regarded as a fair measurement indicator to be maintained.

- *“Performance threshold hurdles are too generous in terms of RONA.”*

Committee remarks: The primary purpose of the LTI Scheme is the long-term retention of key employees whilst the vesting conditions set in the Remuneration Policy are safety nets built into the policy to safeguard shareholder return over the long term. The applied sliding scale award conditions are regarded as fair and are informed by a three-year historic performance achievement as well as considering the actual performance relative to international standards. Targets are not adjusted where the Company performs at the top-end of international benchmarks in order to avoid disincentivising participants. RONA vesting conditions have never been achieved in full, since inception, as a vesting condition of the LTI Scheme and is therefore seen as a fair measurement hurdle to be maintained.

- *“A minimum shareholding policy is required for Executive Directors of 300% – 500% of the TGP.”*

Committee remarks: The allocation of restricted shares as a long-term retention tool was introduced on 1 October 2019. This should ultimately result in substantial shareholding for Executive Directors when compared with individual remuneration packages over a long-term employment tenure. FSP allocations over a three (3) year period result in a 360% to 420% restricted share allocation of the annual TGP package based on the individual level of allocation. Minimum shareholding levels of 300% to 500% are much higher than local benchmarks for such policies, which are typically a maximum of 200% of TGP for the CEO, and lower for other executives.

- *“EVA target ranges appear too generous.”*

Committee remarks: It is REMCO’s view that the current vesting conditions for the STI (EVA) Scheme remains relevant in terms of on target, stretched and exceptional performance targets. The safety net conditions introduced and the limitations placed on STI payments protects shareholder interest. Furthermore, the design of the STI Scheme is that 20% of EVA is allocated into a bonus pool. This pool is always paid out in full (“100% pay-out”) and is in its design self-funded, but does not mean the targets are achieved in full per individual. In fact, the average percentage bonus paid to Executive Directors for the previous three (3) financial years was at 50% of individual TGP Rand value.

- *“Independence of the Board and REMCOM due to tenure and recommends the Chairman should be transitioned off the Board and a plan put in place for his replacement.”*

Committee remarks: Mr WF Potgieter has been appointed as Chairman of REMCOM effective November 2020. The Nominations Committee form part of REMCOM and its activities is co-ordinated by the Chairman of the Board. The Board and appointed committees are governed in terms of its respective Terms of Reference documents, Listings Requirements and applied best corporate governance practice. The Board and

REMCOM are satisfied that the independence of all Non-Executive Directors meet the required King IV™ standards. Board appointments, rotations and succession planning is an integral part of sustainability considerations and risk mitigation.

On endorsement of the implementation of the Remuneration Policy:

- *“The Remuneration Policy excludes ESG non-financial performance targets specifically around transformation.”*

Committee remarks: The Board established an ESG Committee towards the end of the 2022 financial year. This committee has performed an enormous amount of work in terms of material ESG risk topics introduced. In terms of its annual work plan, the ESG Committee continues to improve its workings. Matters pertaining to environmental, governance and social impact remain at the centre of Astral’s integrated business model and is managed effectively through Board appointed structures and management structures within the operations.

REMCOM is of the view that remuneration linked to non-financial matters (such as ESG, refer to Section 3.5.2 for ease of reference) require careful and thoughtful consideration. Remuneration payable to executives and senior managers for non-financial performance targets introduced in a business with a cyclical nature may well prove to be detrimental to shareholder interest if implemented incorrectly. The Board also regards non-financial measures as an ethical compliance and does not believe in incentivising ethical behaviour – it is assumed to be intact and contracted within the employment relationship. Astral remains committed to its transformation process and is fully compliant with the requirements thereof.

- *“Concerns raised with the quantum of the CEO’s guaranteed pay compared to a peer benchmark analysis conducted.”*

Committee remarks: Astral contracts the services of 21st Century Remuneration Services for salary benchmarks and peer comparator reviews. This includes national, agriculture and food industry market and peer specific comparators. The guaranteed package benchmarks for Executive Directors are not excluded from this process. The benchmarks comparators are done in line with total reward quantum in terms of guaranteed and variable remuneration. The 2022 salary surveys conducted confirmed Executive Director remuneration is aligned with peer competitors in terms of the upper quartile of the benchmark. Below inflationary TGP adjustments were applied for 2023. Key positions within the Group are remunerated in the upper quarter of the market. The CEO was appointed in 2009. Since appointment, REMCOM approved a nil annual TGP adjustment for Mr Schutte on two (2) annual increase occasions and below inflation TGP adjustment on two (2) other annual increase occasions. The CEO attends meetings by invitation only. No invited attendee may participate in any discussion or decision regarding personal remuneration.

Governance (continued)

Independent advisors and peer group comparison

As part of mitigating the risks associated with critical skills shortages, REMCOM ensures executive and senior management are competitively remunerated. Subsequently, the committee consults with external independent advisors on market information, remuneration for peer competitors and the latest remuneration trends.

During 2023, external advice was received from:

- 21st Century Pay Solutions Group; and
- Bowmans Reward Advisory Services.

The implemented 21st Century Pay Solutions Group's pay scale system is used to do industry, market and peer competitor

remuneration benchmarks. This provides information for remuneration scales and equal reward for work of equal value. In line with its annual work plan, REMCOM reviewed peer competitor reports during its August 2023 meeting. Peer comparators used was based on a metrics that included revenue, market capitalisation, size of operations, number of employees, industry and operation complexity.

RECOM further considered the views of the CEO on remuneration and performance in the Group.

The committee confirms that it was satisfied with the independence and objectivity of the remuneration consultants and advisors utilised during 2023. They provided independent non-biased advice.

PART 2: REMUNERATION ACTIVITIES UNDERTAKEN AND KEY FOCUS AREAS FOR 2024

Astral is committed to a reward philosophy that focuses on attracting, retaining and motivating employees of the highest quality through fair and responsible remuneration that ensures sustainable performance and shareholder returns.

Astral's applied remuneration structure ensures an appropriate balance between shareholder interests and the operational and strategic requirements of the Group. A high level of transparent remuneration reporting is maintained. The Remuneration Policy renders Astral competitive with comparable mid-cap companies listed on the JSE.

The overall business performance of Astral during the 2023 financial year was severely impacted by uncontrollable external factors such as energy and water shortages, the worst HPAI outbreak in South Africa's history and subdued trading conditions.

RECOM is satisfied that the activities performed by the committee during the year met all the objectives of the 2023 financial year work plan. REMCOM performed the following key actions during the year:

- reviewed and confirmed that the mandate and terms of reference of the committee are aligned to the King IV™ principles;
- approved the remuneration adjustments for executive management, senior management and employees;
- reviewed fee levels for Non-Executive Directors for recommendation to the Board;
- reviewed the STI and LTI Policies and confirmed the required performance conditions;
- engaged and communicated with concerned shareholders regarding the Remuneration Policy and Implementation Report for the 2022 financial year;
- approved the LTI Scheme participants;

- commissioned an independent reward audit;
- reviewed remuneration developments compared to market best practice; and
- reviewed and monitored retirement funds' performance and administration as governed by the board of trustees of these funds.

RECOM confirms that it has discharged its responsibilities as mandated by the Board, its statutory duties in compliance with the Companies Act and best practice in corporate governance as set by King IV™.

The committee will continue to govern in such a manner and satisfy itself that employees are remunerated in a fair, responsible and transparent manner, as prescribed by Principle 14 of King IV™, to achieve the strategic objectives of the Group and positive outcomes in the short, medium and long term.

The key focus areas of REMCOM for 2024 include the following:

- review and confirm the mandate and terms of reference of the committee with King IV™ principles;
- continue with the implementation of the revised and broadened Remuneration Policy;
- continue with the implementation of revised Executive Committee and senior management talent requirements, attraction, retention and succession planning;
- due to the financial and operational situation of the Company in the present year, REMCOM reviewed remuneration policies to align rewards with the turnaround strategy of the Group;
- sustain and develop the Astral culture; and
- further refine ESG materiality risk mitigation with the ESG Committee.

PART 3: REMUNERATION POLICY

3.1 Changes to the Remuneration Policy

3.1.1 The introduction of a minimum shareholding requirement

REMCOM introduced a minimum shareholding requirement for Executive Directors and Prescribed Officers with effect from 1 October 2023. Executive Committee members would be afforded a five (5) year period to reach the below minimum shareholding threshold:

Description	Minimum shareholding threshold Rand value
CEO	2 x annual TGP
CFO	1.5 x annual TGP
COO	1.5 x annual TGP
Managing Director	1.5 x annual TGP
Prescribed Officer	1.5 x annual TGP

3.1.2 Introduction of non-financial performance thresholds under the LTI Scheme

REMCOM introduced ESG performance thresholds under the LTI Policy. Subsequently, the percentage allocation for the performance conditions were amended. Please refer to Section 3.5.2 (LTI Policy) on [page 99](#) for further details.

3.1.3 The introduction of an interim business Turnaround Incentive Scheme (TIS)

The current operational and financial requirements caused by extraordinary external factors such as load shedding, water shortages, HPAI outbreaks and subdued consumer spending necessitates the introduction of this scheme over the short to medium term. The Group was adversely affected by these factors and suffered substantial cash losses as a result.

This self-funded scheme will provide a structure for incentive remuneration to eligible executive members and relates to cash generated and the financial performance of Astral for the 2024 and 2025 financial years.

This scheme is introduced to ensure that:

- short-term business turnaround objectives introduced are motivated through financial rewards for the eligible participants. This is done to ensure the long-term sustainability of the Group's strategic objectives for the 2024 and 2025 financial years;
- critical skills are retained over the long term; and
- incentive awards payable to executive members under this scheme will continue to be based on financial thresholds being achieved in full. However, up to a 10% penalty on awards will be imposed for not achieving non-financial and ESG targets.

3.2 Remuneration Framework

Astral's Remuneration Policy is structured within the framework of the Group's reward strategy to attract, motivate, reward and retain the highest calibre of talent successfully. The alignment and performance of applied Human Capital continues to deliver shareholder returns (over the short, medium and long term) and achieving strategic objectives within Astral's risk appetite. The achievement of positive outcomes for both shareholders and employees are driven by the ethical Astral culture and its adherence to responsible and accountable corporate citizenship.

Astral's integrated reward framework comprises the following elements:

- total guaranteed package (TGP);
- Short-Term Incentives (STI);
- Long-Term Incentives (LTI);
- recognition programmes, including a long service award programme;
- succession planning and skills development, with supported learning and development programmes;
- employee wellbeing, through an integrated wellness programme; and
- employee benefit administration in terms of insurances, retirement funds, medical aids and conditions of employment.

Governance (continued)

The key elements of Astral's remuneration framework and structure can be summarised as follows:

Type	Intent	Reward element	Eligibility	Link to strategy
Guaranteed package	TGP Attract, reward and retain skills of the highest quality to execute Astral's strategic objectives	Salary	All employees	Yes, retain adequate skills
Variable pay	STI Reward employees by aligning reward with performance	EVA Incentive Bonus Scheme	Selected executive members and senior management	Short-term focus upon achievement of financial performance indicators in support of Group strategy
		PBIT Incentive Bonus Scheme	Employees including selected senior management	Business unit focus upon achievement of financial and operational targets
		Key performance incentives	Selected middle to senior managers and professionals	Short-term focus upon achievement of key performance indicators in support of Group strategy
	TIS Interim scheme for the 2024 and 2025 financial years	Cash Reward Scheme	Selected executive members	Short-term focus to drive Balance Sheet improvement
	LTI Retention of skills and alignment with shareholders' interests	Long-term Retention Plan (LRP)	Selected executives, senior management and professionals	Long-term focus upon achievement and implementation of Group strategy
Forfeitable Share Plan (FSP)		Selected executives, senior management and professionals		

The guiding principle for Astral is to ensure that employees are fairly and responsibly rewarded for their individual contribution to the Group's operational and financial performance, in line with its corporate objectives and business strategy. Remuneration rewards are aligned with industry and market benchmarks by focusing on a number of factors including:

- individual performance;
- balanced approach towards fair and equitable remuneration, in principle comparative at all levels within Astral;
- affordability and sustainability of remuneration at the various levels;
- considering the total remuneration mix for each individual; and
- the relative strategic and operational positioning of each job in contributing to the overall success of our business.

3.3 Clawback provision

- A two-year clawback provision was included in the STI and LTI Policies for all participants since 1 October 2019; and
- during the financial year ended 30 September 2023, no incidents occurred to trigger the clawback conditions.

3.4 Executive management remuneration

3.4.1 Performance scenarios

Astral's reward philosophy for Executive Directors and Prescribed Officers entails that a significant portion of their remuneration received is dependent upon the Group's performance. The actual total payment outcomes for the year ended 30 September 2023 is dealt with in Part 4.

The components of remuneration practice applied across employment categories (including executive management) can be summarised as follows:

3.4.2 Total Guaranteed Package (TGP)

Astral applies a total cost-of-employment philosophy for all salaried employees, called a Total Guaranteed Package (TGP). TGP incorporates basic salary, fixed car allowance, retirement fund and medical aid contributions. TGP packages are considered guaranteed remuneration and excludes STI or LTI incentives or any other suggested turn-around incentive payments. TGP is paid monthly in arrears and can be structured in terms of contributions and allocation to optimise employee net earnings. TGP package structuring holds no other financial cost impact. TGP is reviewed annually on 1 October, with adjustments in TGP generally linked to CPI. Extraordinary adjustments are treated separately and is informed by reputable independent remuneration specialists. Such adjustments are based on market indicators and peer group comparators.

TGP remuneration is linked to the Paterson job grading system and remuneration bands are reviewed annually by 21st Century Pay Solutions Group, a reward specialist. In general, higher annual percentage increases are awarded for Paterson grade entry level positions.

TGP remuneration for senior management and executive management ranges between the 50th percentile and the 90th percentile of comparator companies on the JSE. It is at the discretion of REMCOM, as mandated by the Board, to consider and approve recommendations from the Executive Committee to remunerate selected key senior and executive management employees within the upper percentile quarter in order to retain such employees, should this be required.

3.4.3 Short-Term Incentives (STI)

3.4.3.1 Introduction

STI Schemes are designed to motivate and encourage employee performance across all employment levels within the organisation and are reviewed regularly to ensure the Rand quantum remain fair, responsibly and relevant.

Annual incentive schemes reward individual participants for the achievement of financial and non-financial performance targets. REMCOM satisfies itself that annual applied STI performance targets remain relevant, fit for purpose and enhances Astral's performance to increase shareholder value.

These incentive schemes fall into two categories:

- an economic value add (EVA) performance bonus, covering members of executive management and senior management (EVA Incentive Scheme); or
- a business unit operating profit performance bonus, covering employees at the different business units (PBIT Incentive Scheme).

Fault terminations due to reasons of resignations, dismissal or abscondment will forfeit all awards allocated. In the event of no-fault terminations such as ill health, death in service, retrenchment or retirement, incentive payments vest on a pro rata basis.

3.4.3.2 EVA Incentive Bonus Scheme

The EVA Incentive Bonus Scheme is considered an important measure of individual performance and supports Board and shareholder objectives in terms of:

- investment;
- business development;
- working capital management;
- talent management;
- growth and profitability; and
- close alignment to shareholder expectations.

Incentive bonuses for members of executive management and senior management are based on sharing in the EVA created.

EVA is the incremental difference in the rate of return over a company's cost of capital and essentially it measures the value a company generates from the funds invested into it.

Governance (continued)

EVA is, for purposes of the scheme, defined as the excess of Net Operating Profit After Tax (NOPAT), over the required return on average net assets in operation during the period under review calculated at a Weighted Average Cost of Capital (WACC) rate. The WACC rate used is the average of the prior year (September) rate and the rate at the end of the current financial year.

The EVA bonus will only be paid to a participant if the threshold of an appropriate premium to WACC (stretch performance target) has been met.

Exceptional performance percentage reward targets are included under the scheme as an added premium to the stretched performance target and is paid within the safety net cap provisions as applied for all STI Schemes.

The following safety net conditions are included as part of all STI Schemes:

- the total amount available for bonuses to the members of executive management and senior management is limited to 20 % of the EVA (i.e. excess of actual NOPAT over the required return on net assets (RONA)); and
- no individual bonus may exceed pre-determined percentages, irrespective of the total bonus payments being within the 20 % share of the EVA.

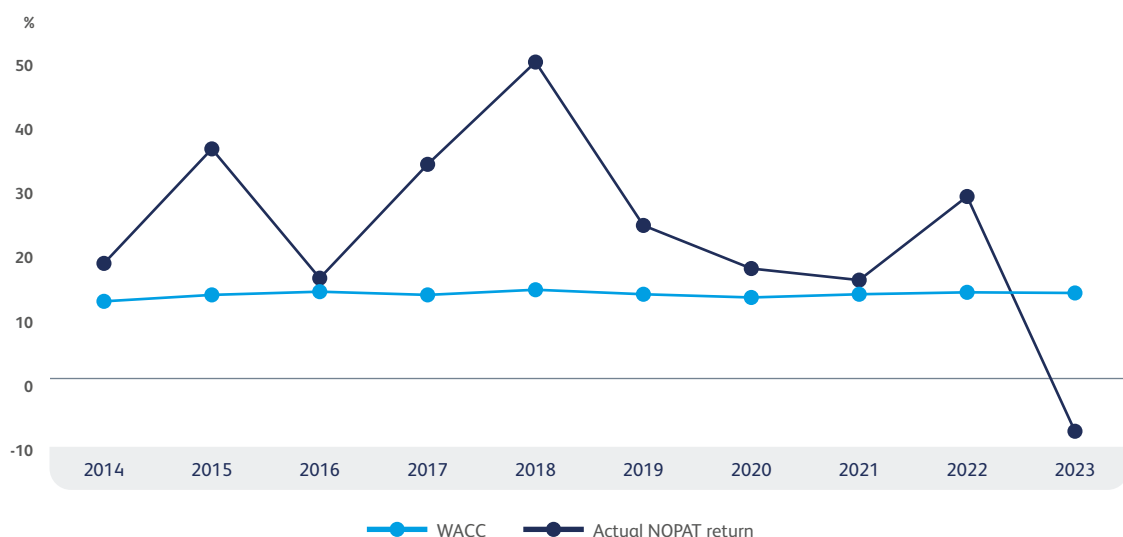
REMCOM sets the annual threshold and individual annual target bonuses at different managerial levels.

3.4.3.3 Potential STI incentive earnings are capped per individual TGP as per the table below:

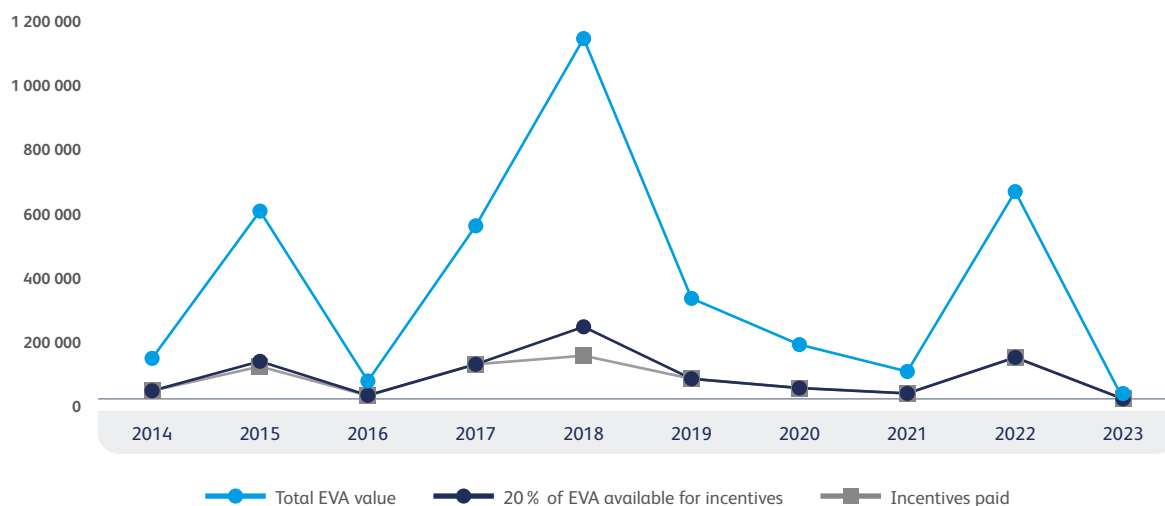
Managerial level	Stretched performance Maximum STI – % of TGP	Exceptional performance Maximum STI – % of TGP
CEO	135%	160%
CFO	120%	150%
COO	120%	150%
Managing Director	120%	150%
Executive management	100%	125%
Senior management	80% to 100%	100% to 125%

The EVA for Astral during the period 2014 to 2023 compared to STI allocations were as follows:

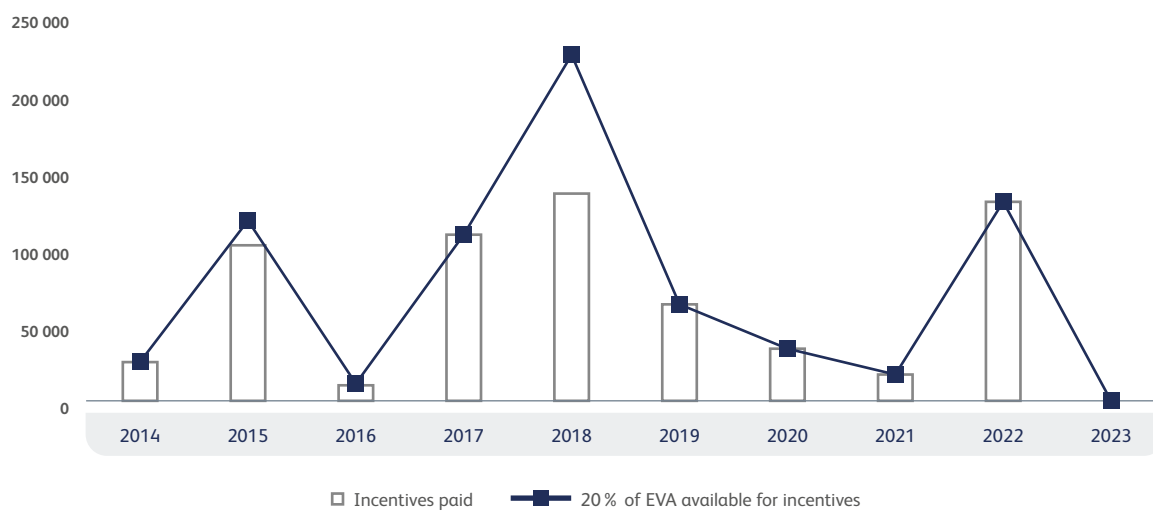
Actual NOPAT return versus WACC



20% of EVA versus Total EVA value (R'000)



20% of EVA versus actual incentives paid (R'000)



Governance (continued)

3.4.4 Business Turnaround Incentive Scheme (TIS)

Eligibility to the scheme extends to limited selected executive members of the Group. Participation is subject to REMCOM approval.

The TIS is a self-funded scheme based on operating free cash flow (OFCF) generated:

- the TIS is an interim scheme to ensure the OFCF position of the Group is achieved in order to restore the Group's Balance Sheet;
- this scheme aims to facilitate the improvement of the Group's OFCF position over the 24-month period; and
- any incentive award bonus payments under this scheme are reduced by the value of and LTI awards vesting during the applicable period.

3.4.4.1 Performance target:

OFCF is, for purposes of the scheme, defined as the free cash flow performance target set by the Board in terms of the Group's cash flow position (as per the Consolidated Statement of Cash Flows).

This will be measured over the period 1 October 2023 to 30 September 2024.

3.4.4.2 Safety net conditions applied:

- The total amount (being the Rand amount above the OFCF targets) available for bonuses to the selected members of executive management is limited to:
 - 10 % of any amount above the OFCF threshold but below the stretched OFCF threshold achieved; and
 - 15 % of the amount above the stretched OFCF threshold but below the exceptional OFCF threshold is achieved; and
 - 20 % the amount above the exceptional OFCF threshold achieved.
- No individual bonus may exceed the percentage cap per the individual TGP earning.

3.4.4.3 Potential TIS incentive earnings are capped per individual TGP as per the table below:

Description	Performance conditions achieved and potential earnings of TGP		
	≥ OFCF threshold achieved	≥ OFCF stretched threshold achieved	≥ OFCF exceptional threshold achieved
CEO	0% – 100%	≥135%	160%
CFO			
COO	0% – 100%	≥120%	150%
Managing Director			
Other executives	0% – 100%	≥100%	125%

3.4.4.4 Performance threshold split:

- 100 % of awards under this scheme is based on cash flow generated targets achieved;
- up to a 10 % penalty on awards under this scheme will be imposed if non-financial and ESG targets are not achieved;
- the settlement of awards under this scheme is 100 % in cash; and
- incentive awards payable to Executive Directors under this scheme will continue to be based on financial thresholds being achieved in full. However, up to a 10 % penalty on awards will be imposed for not achieving non-financial and ESG targets.

3.4.5 PBIT Incentive Bonus Scheme at divisional and operational level

The incentive bonus payable to employees participating in this scheme is based on achieving a combination of budgeted operating profit and an improvement on the previous year's operating profit, as follows:

- half of the incentive payable is limited to 20 % of the excess of operating profit over budget and the other half is limited to 20 % of the excess of operating profit over the previous year's profit; and
- a second limit is also applied, whereby any individual bonus payment may not exceed 20 % of the employee's cost-of-employment to the Group.

3.4.6 Key performance incentives

The delivery of key strategic projects and critical operational risk mitigation. These incentives are approved against predetermined performance indicators in support of the Group's strategy.

The Rand quantum for these incentives may not exceed fifty percent (50%) of the individual participants' annual TGP.

Key performance incentives are recommended by the Executive Committee from time-to-time for approval by REMCOM.

3.5 Long-Term Incentives (LTI)

3.5.1 Introduction

The LTI Scheme adopted has two components, namely the LRP (deferred cash) and the FSP (restricted shares). The scheme aims to ensure the long-term retention of key employees.

In the event that any Executive Director, member of executive management or senior management should leave the employ of the Group and any payments are still outstanding, the committee, in consultation with the CEO, will determine whether such payment should be made once vested. Payment will only be made in exceptional circumstances.

Terminations due to reasons of resignation, dismissal or absconding will forfeit all awards allocated. In the case of terminations such as medical incapacity, death in service, retrenchment or retirement, the incentives are payable on a pro rata basis.

The following types of LTI awards are capped per individual TGP, as per the below table:

Managerial level	Participation		Maximum award quantum allowed of TGP
	LRP	FSP	
CEO	Nil	100%	135%
CFO	50%	50%	120%
COO	50%	50%	120%
Managing Director	50%	50%	120%
Executive management	50%	50%	100%
Senior management	100%	Nil	80%

The committee may decide to use a combination of different percentage weightings when making individual allocations (up to the maximum award quantum).

3.5.2 Long-Term Retention Plan (LRP)

This is a deferred cash scheme introduced as an alternative to share options. It aims to attract and retain critical skills whilst aligning the performance of executive and senior management with shareholder interest.

The participants within the LRP Scheme are limited to members of executive management and senior management and all participants are subjected to 100% performance conditions with no guaranteed portion.

The continued use of the LRP Scheme is reviewed by REMCOM based on its sustained reward philosophy.

The LRP allocations are made annually during October and are approved by the committee. Financial and non-financial performance targets for the specific 36-month period are determined at the time of the allocation. The LRP allocation vests over the 36-months period, subject to performance targets achieved.

Performance targets are reviewed annually and approved by the committee. Performance targets and LRP allocations are set for the three-year period and do not change.

Governance (continued)

For allocations from 1 October 2023 going forward the following applies in respect of the performance conditions set for the LRP and the FSP:

- **30% of the allocated amount is subject to achieving a predetermined annualised growth in the average HEPS (financial target) of the three-year vesting period.**

The base is determined by calculating the average HEPS of the three (3) years preceding the onset of the vesting period. The vesting percentage will increase according to a sliding scale authorised by the committee.

An annualised increase in the average HEPS at CPI +5% will secure a vesting payment equal to 30% of the allocated amount while an annualised increase in the average HEPS at CPI will secure a vesting payment equal to 18% of the allocated amount. CPI is calculated as the average CPI for the three (3) year vesting period.

- **30% of the allocation is subject to achieving a predetermined performance condition of an average PEF⁽ⁱ⁾ (non-financial target) over a three-year period.**

Vesting payments are calculated on a sliding scale according to the average PEF achieved over the three (3) year vesting period. The use of PEF as a performance measurement tool is specific to integrated poultry businesses such as Astral and is considered essential in measuring performance within operations as an applied international benchmark for broiler production efficiency. PEF calculates the final average live weight of a broiler before slaughter over the number of days it took to achieve the weight, the bird mortality over the period and the feed conversion efficiency.

- **30% of the allocated amount is subject to achieving a predetermined RONA (financial target) over the three-year vesting period.**

The vesting percentage will increase according to a sliding scale. An average RONA over a three (3) year vesting period of 28% will secure a vesting payment equal to 30% while an average RONA of 18% will secure a vesting payment equal to 25%.

- **10% of the allocated amount is subject to achieving a predetermined ESG (non-financial target) performance criteria over the three-year vesting period.**

The vesting percentage will increase according to a sliding scale. An average ESG performance dashboard rating over a three (3) year vesting period of 70% will secure a vesting payment equal to 10% while an average ESG performance dashboard rating of 50% will secure a vesting payment equal to 5%. An ESG performance dashboard rating below 50% will realise a nil% vesting payment.

No payments are made if the minimum performance condition targets are not achieved.

The financial threshold criteria are applicable to allocations since 1 October 2018.

The following non-financial performance criteria will apply effective 1 October 2023:

Performance area	Description
Animal welfare	Maintain SAPA's Code of Practice for animal welfare.
Consumer protection	Maintain ISO 9000 and 22000 food standards in processing operations for the measuring period.
Environmental impact	Achievement of goals set for gaseous emissions for the measuring period.
	Achievement of goals set for wastewater and effluent discharge for the measuring period.
Enterprise Supplier Development (ESD)	Achievement of transformation goals set for ESD for the measuring period.

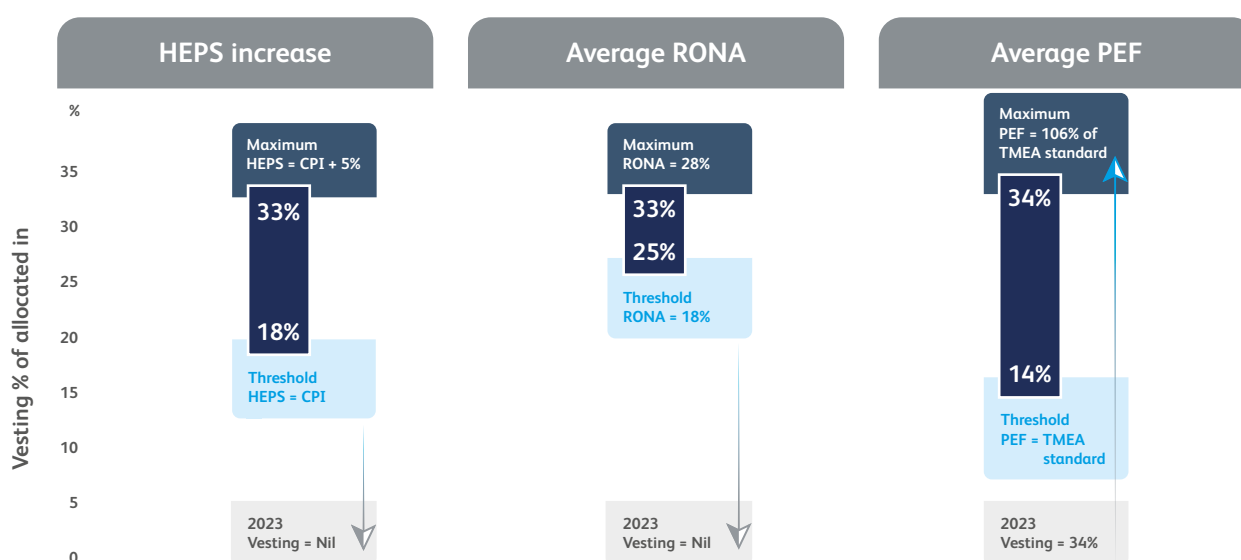
The committee reserves the right to change the performance conditions for new LRP amounts awarded. Vested amounts payable are calculated based on the performance conditions achieved during each three-year period ending on 30 September of the respective year. Actual payment of the amounts is made during the following financial year.

(i) **PEF explanatory note:** Applied international best practice used for broiler production efficiency and performance. The formula used to calculate PEF is:

$$\frac{\text{Live weight (kg)}}{\text{Age at depletion (days)}} \times \frac{\text{Liveability (\%)}}{\text{Feed conversion efficiency}} \times 100$$

Measuring PEF is linked to integrated poultry production and precision poultry farming and is impacted by management, environmental conditions, poultry diseases and poultry feed quality. This directly impacts Astral's strategy to be the best cost integrated poultry producer. Live broiler production cost contributed 73% in F2023 of the total cost per kilogram of meat produced.

The remuneration opportunities under the LTI are illustrated below:



3.5.3 Forfeitable Share Plan (FSP)

This is a restricted share scheme introduced by the Board and shareholders to retain key employees responsible for implementing and sustaining the Group's strategy. Shareholders approved the FSP Scheme for this reason.

The FSP aims to attract, retain and align members of executive management and senior management with shareholder returns. Restricted shares are allocated annually as approved by the committee. Restricted shares pay dividends and have voting rights effective from the date of the award.

The value of the total LTI allocations must be approved by the committee within the following framework:

- the FSP allocation to any individual may not exceed 1% of the Group's market capitalisation applicable at the date of allocation¹;
- the maximum number of shares which may be settled under the FSP shall not exceed 2 142 039 (two million one hundred and forty-two thousand and thirty-nine) shares;
- the quantum of unvested shares awarded under the scheme for any individual participating member, may not exceed 428 408 (four hundred and twenty-eight thousand four hundred and eight) shares;
- individual awards made, either in LRP (Rand value of deferred cash) and/or in FSP (Rand value of shares at allocation) may not exceed the maximum individual award quantum of TGP; and
- the vesting of restricted shares is subject to satisfying employment conditions and pre-determined performance conditions during the applicable 36-months vesting period. FSP awards are forfeitable if employment and performance conditions are not met.

1. As per the rules of the scheme registered with the JSE.

Governance (continued)

Participants on the FSP have shareholder rights in Astral for all vested shares accumulated during the different multiple reward cycles of the participant’s employment tenure. In line with remuneration best practice, awards of forfeitable shares are subject to audit and governance compliance in terms of the approved FSP Scheme rules and Listings Requirements. The committee is satisfied that all compliance requirements for FSP awards made to date have been fulfilled. The participants within the FSP Scheme are limited to members of executive management.

The performance conditions relating to the vesting of the FSP (restricted shares) and the LRP (cash) are the same:

	Weighting
Financial performance conditions	
HEPS	30%
RONA	30%
Non-financial performance conditions	
PEF	30%
ESG	10%

Shares are settled by the appointed share broker purchasing shares in the open market as governed in terms of Listings Requirements and other trading regulations requirements. Shares settled are subject to auditing.

The award quantum of forfeitable shares issued are approved by the committee prior to issue.

3.6 Service contracts and severance arrangements

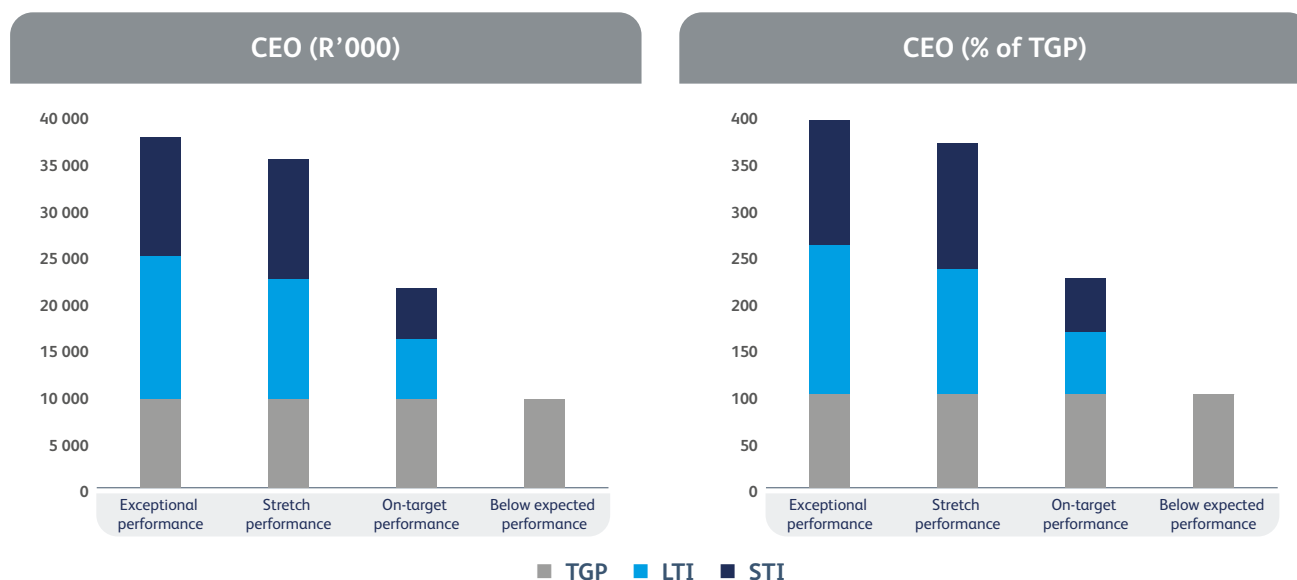
The Board enters into formal contracts with all Non-Executive Directors.

Executive Directors, members of executive management and senior management on Paterson Grades D, E and F are subject to Astral’s standard terms and conditions of employment. Notice of termination periods are two (2) calendar months for Grades D and three (3) calendar months for Grades E and F. In line with Group policy, no director is compensated for the loss of office and none of the directors have special termination benefits or are entitled to balloon payments.

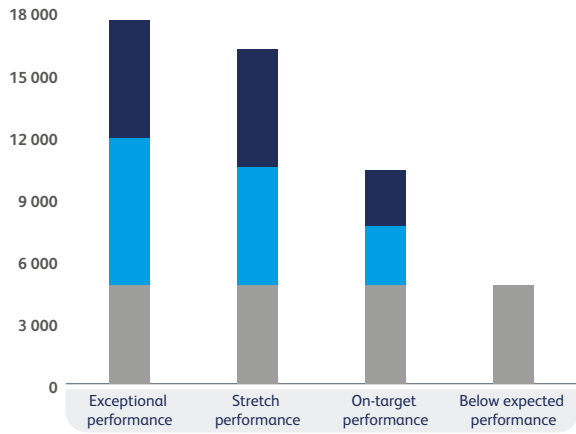
Astral’s practice when terminating the services of an individual for economic and operational reasons is to pay a minimum of one week’s total remuneration for each completed year of service. This policy applies to all employees, subject to negotiation in special circumstances. There are no restraint of trade provisions in place for any Executive Directors, Prescribed Officers or senior management.

The remuneration opportunities for the CEO, CFO, Group COO, Executive Directors and Prescribed Officers under the different performance scenarios are illustrated below:

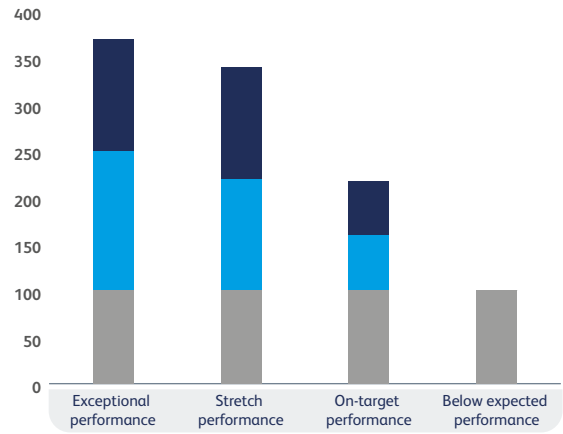
3.6.1 Executive Directors



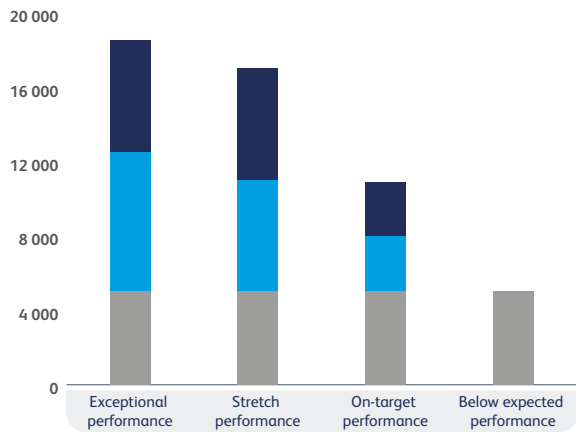
CFO (R'000)



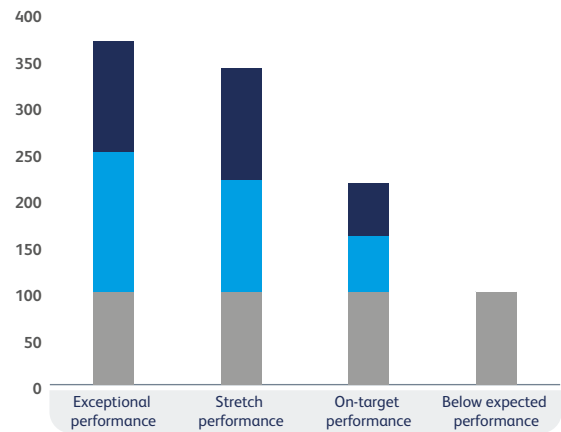
CFO (% of TGP)



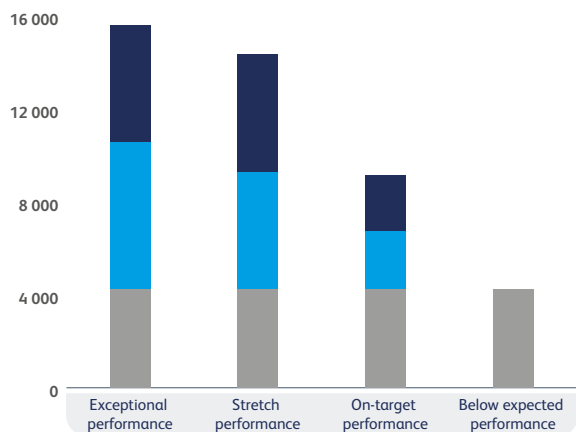
COO (R'000)



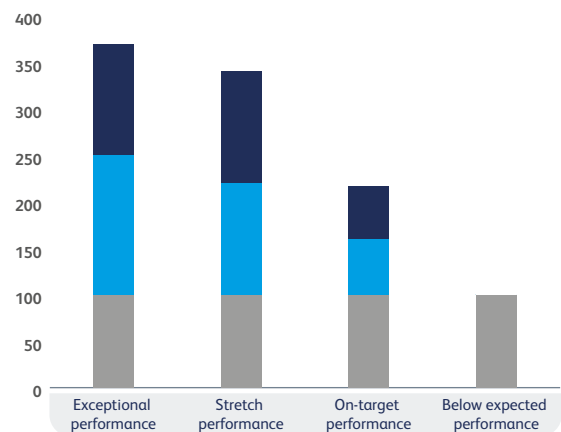
COO (% of TGP)



Managing Director – Commercial (R'000)



Managing Director – Commercial (% of TGP)

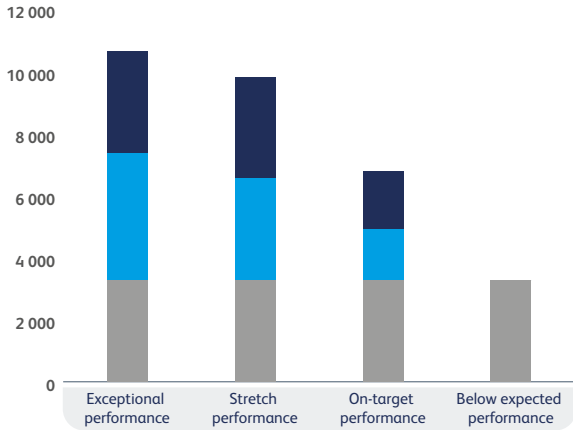


■ TGP ■ LTI ■ STI

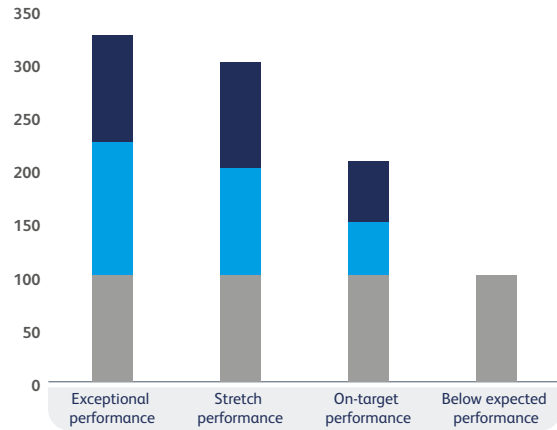
Governance (continued)

3.6.2 Prescribed Officers

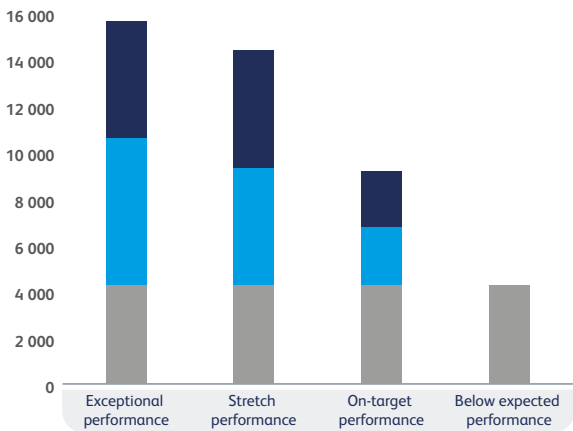
Risk Director and Human Resources Executive (R'000)



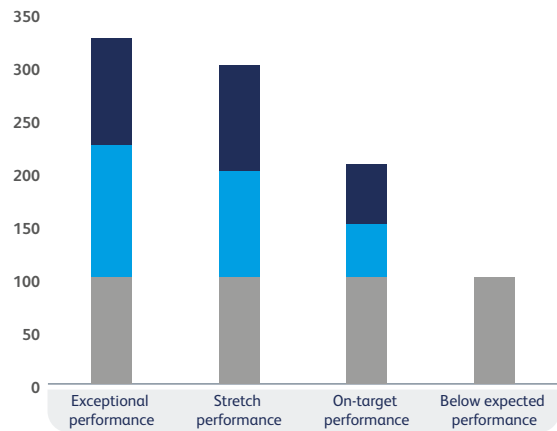
Risk Director and Human Resources Executive (% of TGP)



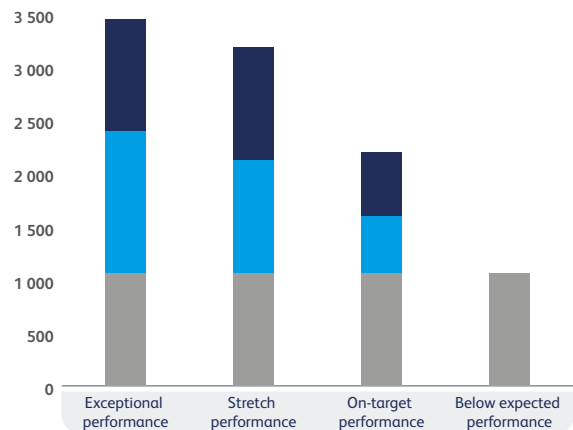
Managing Director – Feed and Agriculture (R'000)



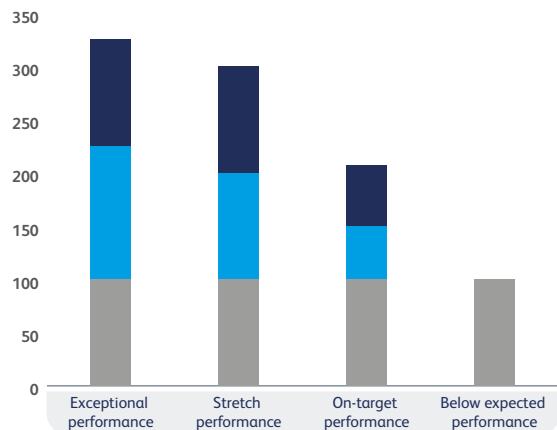
Managing Director – Feed and Agriculture (% of TGP)



Company Secretary (R'000)



Company Secretary (% of TGP)



■ TGP ■ LTI ■ STI

3.7 Non-Executive Directors' fees

The Board applies accountable corporate governance and ethics principles for Non-Executive Director fees and associated market changing trends. Non-Executive Director fee levels are subject to approval by the Board.

REMCOM takes cognisance of market norms and practices, as well as the additional responsibilities placed on Board members by legislation, environmental, social and governance matters in terms of strategy, market capitalisation, JSE peer comparator benchmarks, Agri-sector competitor analysis, level of competence required and time commitments required.

Non-Executive Directors' fees are based on benchmarking done by independent advisors.

Astral's Non-Executive Directors do not receive incentive bonuses or share options. It is recognised that this could create potential conflict of interests that can impair independence expected from Non-Executive Directors in making Board decisions.

The fees for Non-Executive Directors exclude VAT and are recommended by the committee for approval by the Board and the AGM in February as required in terms of the Companies Act. Fees for the year were reviewed by REMCOM and will be presented for approval at the AGM in February 2024.

Astral's policy on fees for Non-Executive Directors determines that it should be:

- market-related (having regard to the median fees paid and number of meetings attended by Non-Executive Directors of companies of similar size and structure to Astral and operating in similar sectors);
- ranging between the median and upper quartile of comparator companies of the JSE;
- at a fair and competitive level at which we can attract, retain and appropriately compensate diverse and suitably experienced Non-Executive Directors; and
- is not linked to share price or Astral's performance.

The Company pays for travel, board and lodging expenses incurred by Non-Executive Directors to attend Board and committee meetings and visits to Company operations and businesses.

Shareholders will be required to vote on the Non-Executive Directors' fees set out in the Notice of AGM available on the [🌐](#) website at the 1 February 2024 AGM. For information regarding fees for acting as a Non-Executive Director and member of the various Board committees, refer to [📄](#) page 111.



Governance (continued)

PART 4: IMPLEMENTATION OF THE REMUNERATION POLICY

4.1 Introduction

This section of the report deals with Remuneration Policy implementation. It provides details of remuneration paid to executive management and fees paid to Non-Executive Directors for the financial year. The committee continuously assesses remuneration implementation compliance in terms of transparent and responsible governance reporting. This ensures alignment with the strategic objectives of stakeholders with the Remuneration Policy.

4.2 Total Guaranteed Package (TGP) adjustments

The TGPs of Executive Directors and Prescribed Officers as base pay were reviewed with adjustments referenced to inflation.

In an endeavour to ensure fair and competitive remuneration for all employees and to assist Astral in narrowing the pay gap, Astral continues to award higher annual adjustments to lower earning employees than that awarded to the higher earning members (e.g. senior and executive management).

TGP adjustments for the different employment categories for the 1 October 2022 to 30 September 2023 period were implemented as follows:

Description	TGP % Adjustments 1 October 2023	TGP % Adjustments 1 October 2022
Executive Directors		
CEO ¹	Nil	5.50 %
CFO	5.50%	5.50 %
COO	5.50%	5.50 %
Managing Director: Commercial	5.50%	5.50 %
Prescribed Officers		
Managing Director: Feed	5.50%	5.50 %
Managing Director: Agriculture (Promotion) ²	5.50%	5.50 %
Director Risk	5.50%	5.50 %
Human Resources Executive	5.50%	5.50 %
Company Secretary	5.50%	6.00 %
Senior and middle management		
E-band management	5.75%	6.00 %
D-band management	6.00%	6.00 %
Supervisory and other		
C-band employees	6.25%	6.30 %
A to B-band employees	6.25%	6.50 %

1. Mr Schutte declined the annual increase approved by REMCOM.

2. Appointed as Managing Director: Agriculture 1 January 2023.

4.3 Short-Term Incentives (STI) 2023

STI bonuses for Executive Directors and Prescribed Officers are based on EVA performance targets achieved for the financial year. The EVA graphs on page 97 are illustrative of the trends of payments over the past years.

Level	2023 STI R'000	STI as % of TGP	2022 STI R'000	STI as % of TGP
Executive Directors				
CE Schutte	Nil	Nil	10 728	119 %
JAI Ferreira ¹	Nil	Nil	2 864	106 %
GD Arnold	Nil	Nil	5 016	106 %
FG van Heerden	Nil	Nil	4 224	106 %
Prescribed Officers				
E Potgieter	Nil	Nil	2 728	88 %
G Jordaan	Nil	Nil	2 728	88 %
MJ Schmitz	Nil	Nil	4 224	106 %
OM Lukhele	Nil	Nil	3 173	99 %
L Marupen	Nil	Nil	880	88 %

1. Appointed as CFO 2 February 2023.

The payment of annual STI bonuses are independently audited and verified by the auditors. The committee is satisfied that the awards paid are correct in terms of the Remuneration Policy.

4.4 Long-Term Incentives (LTI) 2023

In 2023, the Group utilised a combination of deferred cash (LRP) and restricted share (FSP) as part of the LTI Policy.

4.4.1 The LTI performance criteria was applied as per the below:

Performance conditions	Weight	Measurement of performance condition	Threshold	Target
HEPS	33%	The average annual increase in a three-year rolling average of HEPS measured over the three-year vesting period	Increase equal to inflation = 18 % vesting	Increase equal to inflation +5 % = 33 % vesting
RONA	33%	Three-year average RONA over the vesting period	Vesting percentage will increase according to a sliding scale as authorised by the committee. An average RONA equal to 18 % will secure a payment = 25 % vesting	An average RONA equal to 28 % will secure a payment = 33 % vesting
PEF	34%	Annual average measured over the three-year vesting period	Annual average PEF measured by TMEA = 11 % vesting	Annual average of 106 % of PEF measured by TMEA = 34 % vesting
Total	100%			

Multi-year performance and reward cycles for implementing LTI

Description	Period	Period	Period	Period
Date of allocation	October 2019 ¹	October 2020 ²	October 2021 ³	October 2023 ⁴
Vesting date	September 2022	September 2023	September 2024	September 2025
Payment date	January 2023	January 2024	January 2025	January 2026

1. Closed tranche, vested at 64% of performance criteria achieved.

2. Closed tranche, vested at 34% of performance criteria achieved.

3. Open tranche, in current performance measuring cycle.

4. Open tranche, in current performance measuring cycle.

Governance (continued)

4.4.2 The 1 October 2020 LTIs allocated have vested as follows (for the measuring period ended 30 September 2023):

Performance conditions	Weight	Vested	
		2023	2022
HEPS ²	33 %	Nil (criteria were not met)	Nil (criteria were not met)
PEF ³	34 %	34% (100% achieved)	34 % (100 % achieved)
RONA ⁴	33 %	Nil (criteria were not met)	28 % (91 % achieved)
Total	100 %	34%	64 %

Additional notes:

1. Refer to pages 99 to 102 of the Remuneration Policy for further details.
2. Annual growth in HEPS is averaged over 36 months.
3. PEF achieved by Astral is benchmarked against international standards as per Turkish Middle East and Africa (TMEA) comparators and falls within the top 25% of that comparator. The actual PEF achieved is considered to be of strategic importance to Astral and accordingly considered confidential.
4. Please refer to page 102 of the Integrated Report for LTI vesting conditions, LTI weightings and performance targets.

4.4.3 LTIs allocated to Executive Directors and Prescribed Officers are as follows:

Description	LTI allocations					
	Allocation date					
	October 2020	October 2021	October 2022	October 2020	October 2021	October 2022
	Rand value of LRP (Cash component) R'000			Rand value of FSP (Share component) R'000		
CE Schutte	Nil	Nil	7 716	11 665 (shares: 81 389)	12 189 (shares: 72 837)	5 144 (shares: 30 523)
DD Ferreira ¹	3 245	3 391	7 155	3 245 (shares: 22 640)	3 391 (shares: 20 261)	Nil
JAI Ferreira ²	Nil	Nil	3 561	Nil	Nil	1 187 (shares: 7 042)
GD Arnold	2 494	2 850	4 510	2 494 (shares: 17 403)	2 850 (shares: 17 030)	1 503 (shares: 8 920)
FG van Heerden	2 160	2 400	3 798	2 160 (shares: 15 071)	2 400 (shares: 14 340)	1 266 (shares: 7 511)
MJ Schmitz	2 176	2 400	3 798	2 176 (shares: 15 180)	2 400 (shares: 14 340)	1 266 (shares: 7 511)
OM Lukhele	2 783	2 908	3 561	Nil	Nil	1 187 (shares: 6 009)
E Potgieter	1 373	1 550	2 453	1 373 (shares: 9 583)	1 550 (shares: 9 262)	818 (shares: 4 851)
G Jordaan	1 365	1 550	2 453	1 365 (shares: 9 524)	1 550 (shares: 9 262)	818 (shares: 4 851)
L Marupen	442	500	795	442 (shares: 3 084)	500 (shares: 2 988)	265 (shares: 1 572)

1. LRP (cash allocation) due to 28 February 2023 retirement.
2. CFO designated and appointed as CFO 2 February 2023.

LTI						
LTI vested and expected future benefit						
Description	Vesting date					
	September 2023 ¹ (2020 allocation)	September 2024 ² (2021 allocation)	September 2025 ² (2022 allocation)	December 2023 ¹ (2020 allocation)	December 2024 ² (2021 allocation)	December 2025 ² (2022 allocation)
	LRP (Cash component) R'000			FSP (Share component) Number of shares		
CE Schutte	Nil	Nil	2 623	27 672	24 765	10 378
GD Arnold	848	1 533	1 533	5 917	5 790	3 033
JAI Ferreira	Nil	Nil	1 211	Nil	Nil	2 394
FG van Heerden	734	816	1 291	5 124	4 876	2 554
MJ Schmitz	740	816	1 291	5 161	4 876	2 554
OM Lukhele	946	989	1 211	Nil	Nil	2 043
E Potgieter	467	527	834	3 258	3 149	1 649
G Jordaan	464	527	834	3 238	3 149	1 649
L Marupen	150	170	270	1 049	1016	534
DD Ferreira ³	1 103	1 153	2 433	Nil	Nil	Nil

* LRP and FSP vested in terms of the 2019 LTI allocations as per the LTI Policy. FSP (restricted shares) vests post the financial year (December 2023).

1. The 2020 allocation vested at 34% due to the performance hurdles for RONA and HEPS not achieved.

2. Allocated amounts only. Award quantum will be based on the vesting date and vesting conditions achieved, actual award quantum to be calculated on completion of the specific LTI period.

3. Retired 28 February 2023. Restricted shares vested on retirement (all open cycles) as per FSP rules.



Broiler farm

Governance (continued)

4.5 Total cost of employment

Total remuneration earned by Executive Directors and Prescribed Officers for 2023 and 2022 was as follows:

Name	Year	Rand value					Restricted shares trading
		TGP ¹ R'000	STI ² R'000	LTI ³ R'000	Other ⁴ R'000	Total R'000	Number of restricted shares vesting ⁵
CE Schutte	2023	9 526	Nil	5 603	151	15 280	27 672
	2022	9 029	10 728	Nil	32	19 789	34 910
DD Ferreira ⁶	2023	2 447	Nil	6 266	2 498	11 211	42 901
	2022	5 651	5 968	2 008	292	16 656	9 711
JAI Ferreira ⁷	2023	4 748	Nil	Nil	85	4 833	Nil
	2022	4 500	2 864	Nil	25	7 389	Nil
GD Arnold	2023	5 011	Nil	2 046	106	7 163	5 917
	2022	4 750	5 016	1 543	42	11 309	7 465
FG van Heerden	2023	4 220	Nil	734	138	5 092	5 124
	2022	4 000	4 224	1 511	64	9 799	Nil
E Potgieter	2023	3 271	Nil	1 127	102	4 500	3 258
	2022	3 100	2 278	850	49	6 277	4 111
G Jordaan	2023	3 271	Nil	1 120	86	4 477	3 238
	2022	3 100	2 278	845	46	6 269	4 085
MJ Schmitz	2023	4 220	Nil	1 693	74	5 987	5 161
	2022	4 000	4 224	1 229	36	9 489	5 945
OM Lukhele	2023	3 376	Nil	946	101	4 423	Nil
	2022	3 200	3 173	1 722	70	8 165	Nil
L Marupen	2023	1 060	Nil	150	67	1 277	1 049
	2022	1 000	880	Nil	60	1 940	Nil
Total	2023	41 150	Nil	19 685	3 408	51 410	91 037
	2022	42 330	42 535	9 768	453	84 653	82 588

1. TGP includes basic salary, retirement fund and medical aid contributions.

2. The 2023 STI award based on the EVA performance targets achieved for the 2023 financial year. Nil STI bonuses payable for the 2023 financial year.

3. The 2020 LRP (deferred cash) amount awarded based on vesting conditions achieved for the 2020 – 2023 LTI period. LRP and FSP amounts allocated vested at 34% for the 2020 allocations made. LTI for the FY2023 includes the FSP shares valued on vesting date for the 2019 – 2022 LTI period.

4. Other includes the variable portion of travelling allowance, long service awards annual leave payments. For Mr DD Ferreira the amount also includes accrued leave paid out at retirement.

5. The Rand value of the restricted shares that vest is based on the quantum of shares vesting at the share strike price on the day of vesting. Restricted shares vest in December 2023.

6. Retired 28 February 2023. In terms of the LTI Scheme 34% of the restricted shares allocated and the LRP (cash component) vested due the performance thresholds for RONA and HEPS not achieved for the 1 October 2020 – 30 September 2023 LTI period. Mr DD Ferreira's payments are due to his retirement and all open tranches of restricted shares vested on retirement as per the FSP rules approved by shareholders. Mr DD Ferreira's restricted shares vested at 64.36% being the last available performance cycle result (30 September 2022).

7. Appointed 2 February 2023 as CFO.

4.6 Shareholding

Total shareholding (being the total quantum of shares and restricted shares) for Executive Directors and Prescribed Officers:

Description	Total quantum of shares at 1 October 2023	Rand value of total quantum of shares at 1 October 2023 ¹ R'000	% shareholding of TGP at 1 October 2023	% shareholding of TGP required as per policy ²
CEO	259 159	37 319	392%	200%
CFO	7 042	1 014	41%	150%
COO	45 408	6 539	130%	150%
Managing Director	39 702	5 717	135%	150%
Managing Director	42 976	6 189	147%	150%
Prescribed Officer	27 807	4 004	122%	150%
Prescribed officer	27 722	3 992	122%	150%
Total	6 483 506	64 774		

1. Rand value as per the market trading value on 1 October 2023.

2. Scheme participants have 60 months to achieve the 1 October 2023 minimum shareholding requirement introduced.

4.7 Non-Executive Directors' fees

The participation of Non-Executive Directors in the Group is essential to Astral achieving its strategic objectives. Non-Executive Directors' annual fees are recommended by the committee with this in mind.

Non-Executive Directors' fee reviews are subject to independent external benchmarking as governed by the Remuneration Policy. Such a benchmarking exercise considers comparative JSE-listed companies' information and the relative size, scale and complexity with Astral.

In terms of Astral's MoI, Non-Executive Directors' fees are approved by the shareholders at the AGM. The current fee level, which reflects a below inflation 4.5% year-on-year adjustment, was approved by the shareholders at the AGM in February 2023.

The annual adjustment that will be requested for approval from the shareholders at the AGM in February 2024 will be based upon the considerations as set out in the Notice of AGM available on the [website](#).

Payments made to Non-Executive Directors in 2023 were as follows:

Name	T Eloff R'000	DJ Fouché R'000	TM Shabangu R'000	S Mayet R'000	WF Potgieter R'000	AD Cupido R'000
Chairman	565	-	-	-	-	-
Lead Independent	-	249	-	-	-	-
Board Member	393	393	393	393	393	393
Audit and Risk Management Committee Chairman	-	319	-	-	-	-
Audit and Risk Management Committee Member	-	-	166	166	-	-
Human Resources, Remuneration and Nominations Committee Chairman	-	-	-	-	212	-
Human Resources, Remuneration and Nominations Committee Member	120	120	-	-	-	-
Social and Ethics Committee Chairman	-	-	188	-	-	-
Social and Ethics Committee Member	112	-	-	-	-	-
ESG Committee Chairman	-	-	-	-	-	188
ESG Committee Member	112	-	112	-	-	-
Total¹	1 302	1 081	859	559	605	581

1. Because of the financial situation of the Group at present, Non-Executive Directors declined an increase in annual fee adjustments for the 2024 financial year.

Governance (continued)

SECTION 3: NOMINATIONS COMMITTEE

The committee concluded a number of key activities during the year:

- Mr JAI Ferreira was appointed as CFO effective 1 March 2023 following the retirement of Mr DD Ferreira on 28 February 2023 (the two gentlemen are not related);
- following the appointment of Non-Executive Directors to the ESG Committee effective August 2022, being Mrs AD Cupido (Chairman), Dr T Eloff and Mrs TM Shabangu. Mr GD Arnold was appointed on this committee with effect from 16 November 2022; and
- the Board contracted 21st Century Pay Solutions Group, a rewards and remuneration specialist, to facilitate an independent Board and Board sub-committee performance assessment. The process will be concluded during the 2024 financial year.



Social Involvement



“Astral Cares” does not chicken out!

South Africa is currently facing a volatile local socio-economic environment driven by the load shedding crisis, failed public infrastructure, poor service delivery and record levels of unemployment that increase public dissatisfaction. Our communities are faced with a decrease in the quality of living on a daily basis. Astral continue to grow its social impact support to support communities in desperate need.

Subsequently, thousands of households in need have been supported by Astral, receiving a daily meal after losing their income as a result of the national lockdown measures introduced during the Covid-pandemic. Astral Cares continues with this initiative, making a huge difference to those who need it most. This year’s total CSI spend amounted to R4.8 million (2022: R5.6 million), a decline of 14.3% as a result of the Group’s financial performance.

Astral continued to make a telling difference through its Astral Cares Programme:

- i
Care for the hungry
- ii
Care for those living with cancer
- iii
Care for our Astral family
- iv
Care for our communities
- v
Care for our producers
- vi
Care for animals

i

Care for the hungry

“Astral feeds communities in need.”

The Astral Cares initiative continues to feed communities in need on a country-wide basis by assisting soup kitchens that feed thousands every day. Astral Cares provides proudly South African produced chicken to more than 30 soup kitchens every week.

Astral Cares, in partnership with the **North West University (NWU)**, donates food parcels to communities in need. These consist of a 5kg bag of instant porridge, and with just one bag, a family of four can be fed a daily wholesome meal for an entire month.

Astral Cares continued its support of 11 **CHOC** houses, **Girls & Boys Town** campuses and several children’s safe havens across South Africa. The monthly donation of Festive, Goldi, County Fair and Mountain Valley chicken to these facilities ensures that the children who stay in these houses receive a nutritious daily meal, whilst the donations positively impact the sustainability of these organisations.

Astral Cares joined hands on **Mandela Day** and donated Goldi and Festive chicken used in the 67 000 litres of soup Mandela Day initiative. The soup was prepared by Chefs with Compassion and distributed to those in need. Astral staff helped with the preparing and delivering the soup to, amongst others, the Alexandra Old Age Home. More than 300 elderly from the home and community were served a delicious meal on this day. Astral staff also joined the Mandela Day celebrations by donating “Specially for you, because we care” packages to elderly people living in various old age homes around the country.



Social Involvement (continued)

ii

Care for those living with cancer

“Supporting people living with cancer.”

Astral is also a sponsor of **Cancer.vive**, assisting them with their outreach programme. Cancer.vive holds caring sessions at hospitals and clinics to support those fighting cancer, and serves chicken sandwiches at some of the hospitals for out-patients. Their outreach programme focuses on rural communities and schools, providing them with information on cancer, and how early detection saves lives. In addition to the CHOC houses supported, Astral Cares provides 5kg bags of instant porridge to the families with children receiving treatment who are not in hospital and recovering from cancer treatment at home. This provides a nutritious meal to these families, relieving them of an additional stress under difficult circumstances.



iii

Care for our Astral family

“Supporting our own people.”

During the year Astral Cares invested substantially in expanding the employee assistance programme (EAP) value offering to employees and their families with a number of new initiatives introduced.

The **Ask Nelson EAP programme**, which provides services to employees in terms of trauma counselling, financial education and support, family emergency assistance and various other support products, was extended.

The Astral Crisis-on-Call 24/7 assist programme continues to provide support to participants during an emergency.

The Astral health and wellness programme continues to successfully mitigate employee health risks. The programme provided coronavirus vaccinations to 72% of our employees, while the Winter wellness programme supported thousands of employees with immune boosters and necessary vitamins to combat colds and flu during high-risk months. The Kaelo HIV/AIDS counselling, training and education programme reached more than 3 000 employees during the year.

With the increasing collapse of public health service centres, the Kaelo on-site medical clinics continue to provide employees with access to professional health practitioners, medicine dispensation and support on a daily basis.

Seriti is a non-profit development facilitation agency and public benefit organisation. As Astral’s CSI partner, Seriti provides social impact support for Goldi employees, their families and the local community of Standerton. It expands on the “Astral Cares” CSI programme and interventions include community surveys, designed to understand employee social constraints. The implementation of Seriti programmes such as aRe Bapaleng (a parental support programme for early childhood development) and Work.Learn.Grow (an agricultural programme aimed to strengthen food security and agribusiness) equip communities to be drivers of change and create a society with more opportunities, building towards a better future.

In the current year, connecting Astral’s “care for our communities” and “care for our Astral family” pillars of care, Seriti undertook a community-wide social and economic survey on behalf of Astral to find suitable and workable initiatives to re-ignite and revitalise the town of Standerton. An impressive 1 582 employees participated in the employee survey. The employee survey aimed to grasp the living conditions, available services, and residential facilities of Goldi employees in Standerton.

After the successful Astral employee survey, Seriti redeployed 100 fieldworkers from the Social Employment Fund to conduct a business survey involving 671 participating businesses, offering insights into the informal and township business landscape of Standerton. These fieldworkers were recruited locally and managed by Seriti as part of the Social Employment Fund programme.

At Farm 3, Astral assisted Seriti in setting up two greenhouse tunnels, each serving specific purposes. One functions as a nursery for seedling production, while the other grows vegetables for donations to schools and the local community in Standerton. 14 000 spinach, 14 400 mustard spinach, and 15 000 green peppers were harvested. The nursery produced and distributed over 10 000 seedlings to various locations in Standerton. Conversations with Astral are on-going to finalise agreements for providing produce to their staff canteen and selling surplus produce at the staff shop to establish long-term sustainability.

The Early Childhood Development (ECD) centre at Farm 3 is undergoing refurbishment, and plans to establish a library are in progress. Simultaneously, the library and sewing project on Farm 5 is progressing nicely, with the shelving being installed. Farm 3 and 5 households are also being renovated to improve the community’s living conditions following their signing of the PTOs.

Lindiwe Mlombo (from house No 64 at Farm 5) is a wife to Solly Phiri, an employee at Goldi, says “Our house looks beautiful, and we are so happy. We didn’t believe this was going to happen but now we see the changes around our community and are blessed. We constantly prayed for Goldi to come out of the Avian flu as we would like to see more changes in our community, such as a park for the children to play at.”

Despite the economic challenges, our joint efforts with Seriti and the Social Employment Fund continue to make a positive difference in many lives throughout Standerton, benefiting our employees and their families. Together, we’re creating meaningful impacts and fostering a brighter future for the community.

Astral and Ronloth hosted a fund-raising golf day during February 2023. Thanks to Ronloth, Astral suppliers and other partners who played on the day, a substantial amount of money was raised for **CHOC and The Children’s Haven**. These funds will go a long way in giving both organisations a better chance to assist children in need. The Haven cares for more than 30 children and was in desperate need of washing machines. The money raised was donated to purchase industrial washing machines, funding for school fees, books and clothing. The donation to CHOC went towards installing solar panels and electrical inverters at CHOC’s Johannesburg home, meaning that medical care can now continue during load shedding.

In support of the **NSRI**, Astral sponsors the NSRI’s annual Plettenberg Bay golf day. The players and other sponsors raised significant funds during the day. The NSRI does outstanding work in South Africa – not only in coastal areas, but also in inland areas at rivers, dams and lakes, saving lives every day. Astral Cares is privileged to assist the NSRI in making a difference every day.



Social Involvement (continued)

v **Care for producers** *“Supporting farmers to produce the food we eat.”*

The Group continued to support the valuable training of new and emerging farmers around the country. The training that they receive at the KwaZulu-Natal Poultry Institute, Buhle Farmers Academy and Harry Gwala Agri NPC contributes meaningfully to the future of farming in South Africa.

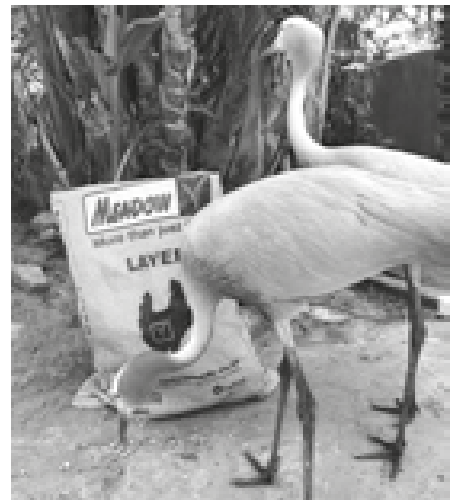
Astral Cares also assisted farmer communities that support rural care centres and old-age homes, and donation of our chicken supported several elderly people in need of a daily meal.



vi **Care for animals** *“Animal shelters, caretakers and rescue institution worked tirelessly during the year to save animal livelihood – Astral salutes their dedication.”*

The **World of Birds Wildlife Sanctuary and Monkey Park**, **Wetnose Animal Rescue Centre**, the **Healing Farm Haven**, and the **Tom Ro Haven for Equines and Children** are just some of the animal-focused initiatives that Astral Cares continued to support during the year. Meadow Feeds donates Herbivore SweetFeed every month to the Wetnose Animal Rescue Centre. This donation provides for the numerous horses and donkeys they rehabilitate and care for. Recently, Meadow Feeds also responded to a call from Wetnose after they rescued 39 dogs, seven horses and two donkeys, leaving the organisation in desperate need of assistance. Meadow Feeds supplied them with additional feed and staff from Astral Agriculture and its veterinary services assisted with the medication and advice to treat the animals.

The **NSPCA** responds to all calls to rescue and save animals – despite very limited resources. On top of this, they also help emerging farmers and teach children how to care for animals. Astral appreciates the necessary work that they do and donated funds to help them with their cause. This donation enabled many animal shelters with feed and funds throughout the past year.



Preferential procurement

In addition to the Group's CSI initiatives, Astral has an active programme aimed at ensuring local procurement from B-BBEE companies, i.e. companies owned and controlled by historically disadvantaged South Africans and having 51% or more black ownership, including discretionary procurement spend, i.e. the sum of all spend on capital, consumables and services excluding inter-company, government, parastatals, municipalities, imported technology and material that are not available locally.

Type of procurement categories	Discretionary procurement spend (2022/2023)			
	Total discretionary procurement spend (R'million)	B-BBEE procurement spend (R'million)	Percentage of spend with B-BBEE companies 2023	Percentage of spend with B-BBEE companies 2022
Capital	303.2	80.7	26.6%	9.0%
Consumables	11 363.9	461.9	4.1%	3.8%
Services	5 845.2	1 271.0	21.7%	22.8%
Total	17 512.3	1 813.6	10.4%	9.7%



Broiler farm

Environmental Impact



Astral acknowledges that its responsibility to the environment extends beyond legal and regulatory requirements. Although sustainability poses many challenges, Astral has identified many opportunities to proactively ensure the Group's sustainability over the long term. Our sustainability approach has enabled us to address various stakeholder concerns, especially pertaining to potential supply chain disruptions to our suppliers as a result of climate change. Astral continues to work proactively with suppliers in sourcing innovative products and services to aligned with our better cost strategy.

Astral's socio-economic projects support job creation and poverty alleviation within the local communities at our operations. Astral supports sustainable development initiatives and community resilience. ESG material topics and standards were further refined during the 2023 financial year and brought about positive environmental impact improvement and conscious social upliftment. Subsequently, the governance control systems adopted were successfully streamlined to reporting standards.

Reducing consumption of fossil fuel-based energy remains an integral focus of Astral's sustainability strategy. The development of renewable energy is expensive, but will ensure Astral transitions to a clean energy future over the long term.

Astral was adversely impacted by global climate change events, inter alia animal diseases, heat waves, droughts and floods which disrupted raw material supply and increased operational costs during the 2023 financial year. Astral's ESG risk profile will continue to focus on mitigating these risks.

Environmental Performance Indicators

	Unit of measure	September 2023	September 2022	September 2021
Energy consumption				
Material direct energy consumption (non-renewable fuels burned)	GJ	2 416 702	2 343 642	2 198 135
Material direct energy consumption per bird	GJ/bird	0.0094	0.0077	0.0078
Total electricity self-generated from renewable sources (solar, wind, etc.)	%	0.017	0.001	0.001
Total direct and indirect energy consumed	GJ	3 378 604	3 475 842	3 343 570
Total direct energy spent as a percentage of operational expenses	%	14.9%	8.6%	7.7%
Total electricity spent as a percentage of operational expenses	%	11.4%	10.1%	10.3%
Total direct and indirect energy spent as a percentage of total operational expenses	%	26.2%	18.7%	18.0%
Material environmental aspects – Scope 1 direct emissions	tCO ₂ e	199 541	195 467	184 272
• Coal	tCO ₂ e	144 810	160 971	154 541
• LPG	tCO ₂ e	17 313	22 680	20 890
• Diesel	tCO ₂ e	37 419	11 817	8 840
Material environmental aspects – Scope 2 indirect emissions	tCO ₂ e	285 899	336 515	340 448
• Electricity	tCO ₂ e	285 899	336 515	340 448
Material environmental aspects – Direct and indirect emissions	tCO ₂ e	485 440	531 982	524 720
Material environmental aspects – Energy efficiency/energy saved	GJ	49 899	51 023	53 916
Material environmental aspects – Carbon emission reduction	tCO ₂ e	5 740	9 769	9 670
• Coal	tCO ₂ e	3 876	2 301	2 710
• LPG	tCO ₂ e	0	0	0
• Diesel	tCO ₂ e	0	0	0
• Electricity	tCO ₂ e	1 864	7 468	6 960
Carbon Tax	Rand (000)	0	7 000	6 799
Scope 1 – direct carbon emissions per man hour worked	tCO ₂ e/man hour	0.008	0.008	0.007
Scope 2 – indirect carbon emissions per man hour worked	tCO ₂ e/man hour	0.011	0.014	0.014

	Unit of measure	September 2023	September 2022	September 2021
Scope 1 and Scope 2 – direct and indirect carbon emissions per man hour worked	tCO ₂ e/man hour	0.019	0.022	0.021
Coal	GJ	1 629 897	1 811 796	1 739 426
Coal used per bird	GJ/bird	0.0063	0.0060	0.0062
Coal saved due to conservation and efficiency improvements	GJ	43 628	25 896	30 498
LPG	GJ	268 347	351 640	323 915
Diesel	GJ	518 458	180 206	134 794
Electricity	GJ	961 902	1 132 200	1 145 435
Electricity used per bird	GJ/bird	0.0037	0.0037	0.0041
Energy saved	GJ	6 271	25 127	23 418
Water consumption				
Water consumption	kl	5 941 246	6 480 689	6 102 502
Water consumption per bird	kl/bird	0.0231	0.0214	0.0217
From boreholes	kl	874 029	1 300 794	1 217 139
From municipal sources	kl	5 067 218	5 179 895	4 885 363
Water saved due to conservation and efficiency improvements	kl	87	2 251	2 581
Recycled water	kl	1 540 699	895 991	946 690
Recycled water as a percentage of total water	%	26%	14%	16%
Water treated to potable standards	kl	705 049	267 779	615 667
Potable water as a percentage of total water	%	12%	4%	10%
Waste				
Packaging material	Tons	10 507	11 439	9 445
Packaging material waste	Tons	1 283	1 159	1 000
Recycled – packaging material recycled	Tons	678	679	545
Waste to landfill	Tons	9 071	6 727	6 394
Hazardous waste disposed	Tons	49	50	24
Water discharged	kl	4 126 798	2 829 661	2 736 850
Litter	m ³	371 892	419 685	418 872
Waste to rendering plant	Tons	16 757	12 469	11 419
Waste to rendering plant recycled	Tons	10 236	10 698	11 037
Hatchery waste	Tons	25 032	26 934	19 742
Hatchery waste recycled	Tons	3 165	14 733	9 282
Farm waste	Tons	25 887	14 027	14 715
Farm waste recycled	Tons	25 498	13 600	8 096
Number of significant spills	Number	0	0	0
Recycled litter	m ³	363 407	416 479	416 175
Recycled waste as a percentage of total waste	%	90%	95%	94%
Other				
Number of environmental non-compliance prosecution and fines*	Number	6	0	0

* Penalties charged by Ekurhuleni Municipality to Festive for high volumes of suspended solids (SS) found in water samples.

- Sustainability projects implemented are aligned with our vision and strategic goals.
- Operation action plans are aligned with strategic action plans and through participative management practices, strategic goals are realised.
- Business units and various stakeholders work closely together to implement projects.

Environmental Impact (continued)

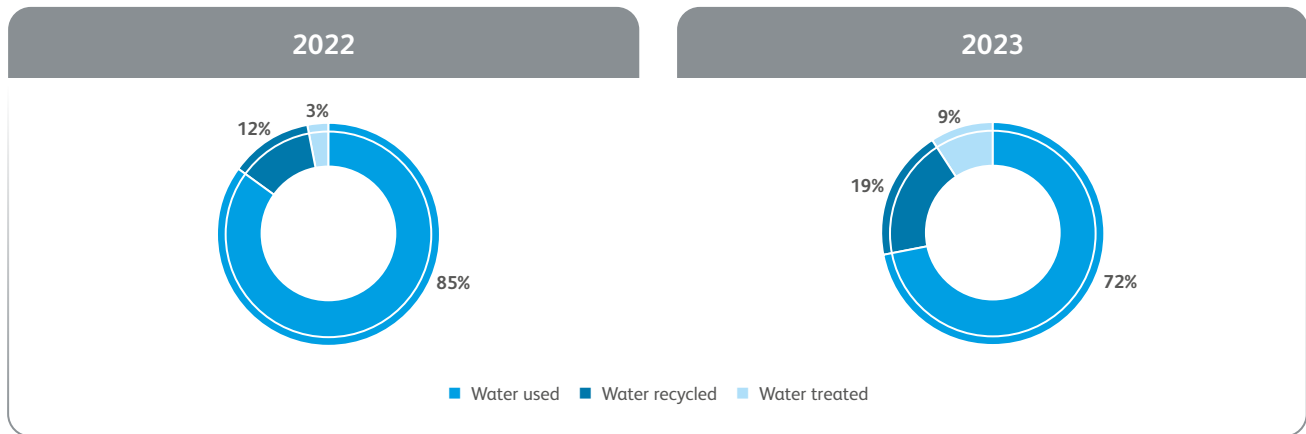
Water resource management

It is projected that the impact of climate change on the African continent will be enormous, resulting in dire implications with respect to food security, health, the availability of water, stability and economic development. In recent years, South Africa experienced climate change-induced droughts in the Western Cape (Cape Town in particular), KwaZulu-Natal, the Eastern Cape and the Northern Cape. Since carbon emissions are showing no signs of abating, the risk of more droughts in South Africa is high.

Water resources

During this financial year, Astral used 8.3 % less water at 5.9 billion (2022: 6.5 billion) litres of water throughout its business operations.

Water management (KI)	% change	September 2023	September 2022
Water used	(8.3)	5 941 246	6 480 689
Water recycled	72.0	1 540 699	895 991
Water treated to potable standards	163.3	705 049	267 779



Since South Africa is a naturally water-scarce country, one of the driest in the world, we acknowledge water security is a risk to our communities and business operations. Hence to mitigate risk, we embarked on various water projects, and in 2023 recycled 1.5 billion (2022: 0.9 billion) litres of water, an impressive increase of 72.0% and treated 0.7 billion (2022: 0.3 billion) litres to potable standards, equating to an increase of 163.3%. The percentage of water recycled and treated to potable standards in 2023 based on total water used is at 26% (2022: 14%) and 12% (2022: 4%), respectively.

The high volumes of water recycled and treated to potable standards are a result of a reverse osmosis plant commissioned at County Fair in 2017 and at Goldi in 2020, with R50 million of capital spent on the latter project. Both projects were well received by various stakeholders as water security and business continuity in a poultry business go hand in hand. Simply put, “no water, no chicken” and with climate change affecting water access to people

in many countries including South Africa, these water treatment plants are crucial to our sustainability and promote Astral’s brands. Since abattoirs are massive users of water, the recycling and treatment of water to potable standards contribute to a reduction of water drawn from source. At Goldi in Standerton, less water drawn from source, results in more water available for the community, leading to enhanced business and community relationships.

We are alerted by the South African Weather Service (SAWS) to brace ourselves for an El Niño weather phenomenon which is associated with warmer and drier conditions in Southern Africa. With this in mind, County Fair is in the process of engaging with the National Cleaner Production Centre (NCPC) to enter into a water assessment project which entails working with water experts to improve water efficiency. This project will be closely monitored and will be rolled out to other business units if proven to be a success at County Fair.

Energy resource management

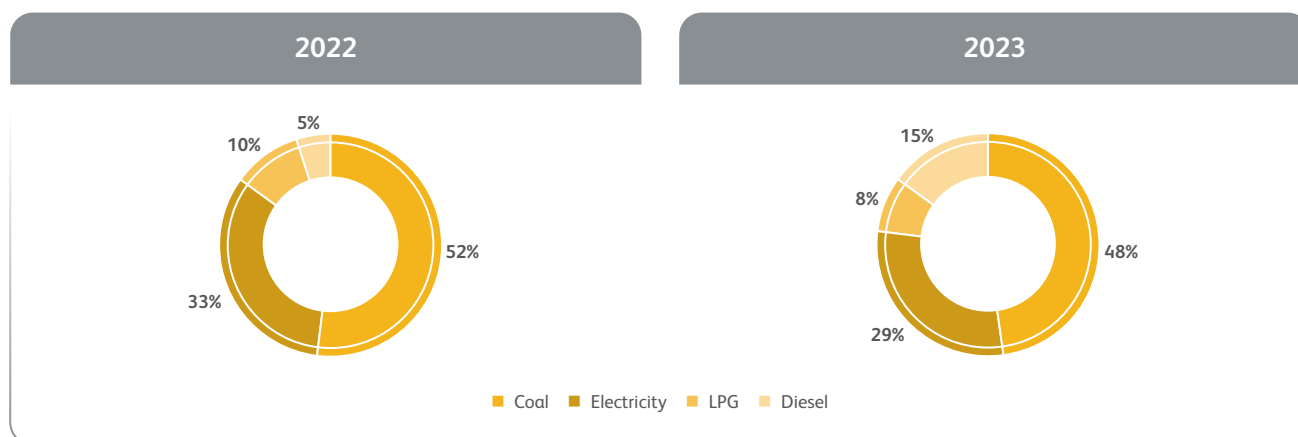
South Africa remains a high consumer of coal to generate energy and although efforts are made to increase renewable energy as an alternative energy source, no meaningful projects have been launched by Government and corporates are taking it upon themselves to invest in alternative energy generating resources like solar.

Astral's material energy usage in gigajoules are shown in the table below. Direct energy sources used by Astral are coal, electricity, liquid petroleum gas (LPG) and diesel. Coal is used to produce heat to keep the birds warm at the farms, as well as to generate steam at the abattoirs and feed mills. LPG is also used to produce heat to keep the birds warm at the farms, predominantly at County Fair in the Western Cape, while diesel is used as fuel for logistics, backup generators and other equipment. We acknowledge the high dependence on coal is a risk since 48% of Astral's material energy is derived from coal.

Material energy usage

As a direct result of the high stages of load shedding during the 2023 financial year, Astral's overall consumption of energy sources declined by 2.8%, however, the consumption of diesel to run the Group's generators, increased by 187.7%, which severely impacted the financial results of the Group for the year under review.

Energy source (GJ)	% change	September 2023	September 2022
Coal	(18.2)	1 629 897	1 811 796
Electricity	(15.0)	961 902	1 132 200
LPG	(23.7)	268 347	351 640
Diesel	187.7	518 458	180 206
Total	(2.8)	3 378 604	3 475 842



Over the years, the Group took strategic action to investigate various alternate energy solutions to reduce our dependence on coal, largely to no avail, given that the operating costs of using alternate energy sources are much higher than the costs associated with using coal. The lack of technical expertise to maintain projects of this nature, as well as the insecure supply of alternate energy sources, have contributed to the lack of progress in this regard. However, better progress is being made working with a boiler expert and sourcing better quality coal in 2023, with the Group saving 43 628 GJ of energy derived from coal as a result of these initiatives at Meadow Feeds Pietermaritzburg and County Fair Agricultural Division.

Astral's indirect energy generation is electricity, which is procured from Eskom and local municipalities, both of which are a risk to business operations as a result of their unreliable supply of electricity. In the second phase of Carbon Tax, which is effective from 2026, huge electricity price hikes are expected as Eskom will be expected to start paying this tax. As a low margin chicken producer, it will be difficult to absorb additional costs or pass on costs to customers when unemployment and poverty are at such high rates in South Africa.

In this financial year, through conservation and energy efficient improvements, Astral saved 6 271 GJ of electricity.

Environmental Impact (continued)

To align with science-based targets of reducing carbon emissions by 50% by 2030 and to reach net zero carbon emissions by 2050, an holistic approach to reduce carbon emissions effectively is required. In this regard, we appointed an energy consultant to assist with making the right decisions of implementing alternate energy solutions at Astral. The energy consultant conducted energy analyses on 14 critical sites to compile a tender document to submit to service providers. However, the energy consultant is in the process of evaluating 14 service providers to shortlist before approved service providers tender for the alternate energy solution requirements. The energy consultant is expected to finalise the supplier evaluation process by the end of November 2023.

Good progress is made working with an international company of converting chicken litter into Compressed Natural Gas (CNG) and then converting CNG to Liquid Natural Gas (LNG) to replace Liquid Petroleum Gas (LPG) at County Fair. This waste beneficiation project is expected to make a significant contribution to ESG goals, as the high import of LPG has led to much higher prices since the closure of two oil refineries in South Africa.

The above-mentioned sustainability projects are crucial to our sustainability journey and the implementation of these will lead to a significant reduction in operating costs, Carbon Tax and carbon emissions.



Waste resource management

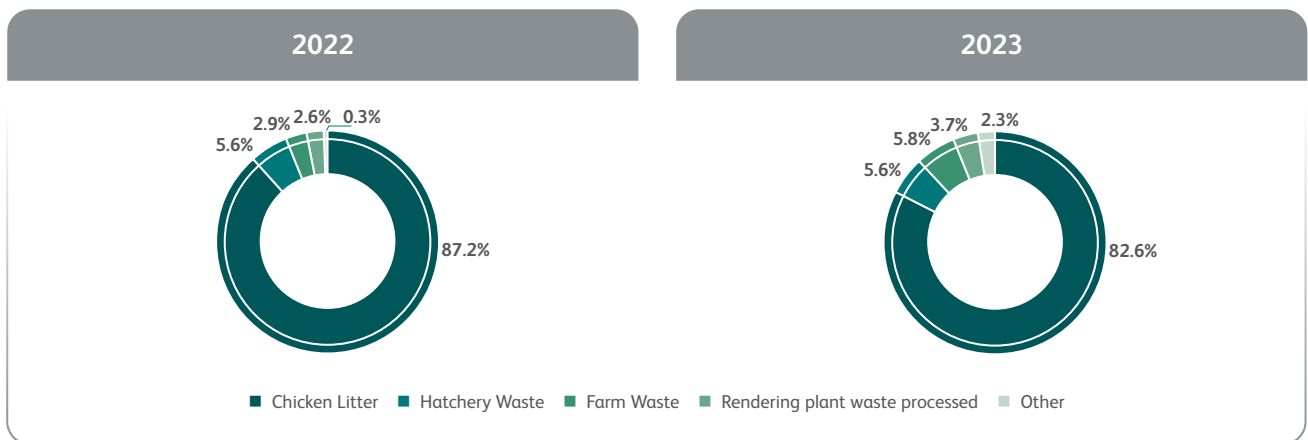
The disposal and treatment of waste can produce emissions of several GHGs, with methane gas being the most significant. Effective waste management is thus critical for the conservation of limited natural resources, making it central to ensuring a sustainable future.

The “zero waste-to-landfill” strategy continues to place significant focus on finding innovative waste solutions to realise this goal. This involves taking an holistic approach on the treatment of waste and partnering with innovative waste service providers. The Group acknowledges that it has a “cradle-to-grave” responsibility of managing waste, as irresponsible waste management can have a negative impact on stakeholders and business.

Waste sources

During this financial year, Astral reduced its waste by 6.5% and generated 449 971 tons (2022: 481 051 tons) of waste as follows:

Waste management (tons)	% change	September 2023	September 2022
1. Chicken litter	(11.4)	371 892	419 685
2. Hazardous waste	(2.0)	49	50
3. Waste processed via rendering plant	34.4	16 757	12 469
4. Hatchery waste	(7.1)	25 032	26 934
5. Packaging material waste	10.7	1 283	1 159
6. Farm waste	84.6	25 887	14 027
7. Waste to landfill	34.9	9 071	6 727
Total	(6.5)	449 971	481 051



During 2023, 90 % (2022: 97 %) of Astral’s total waste generated was recycled as follows:

No.	Description	% change	2023 Tons	2022 Tons	Comments
1.	Chicken litter	(12.7)	363 407	416 479	Sold to compost manufacturers
3.	Waste processed via rendering plant	32.5 %	10 236	7 727	Waste processed to produce bio-based products, poultry oil, etc.
4.	Hatchery waste	41.7 %	3 165	2 234	Used in the manufacture of compost
6.	Farm waste	87.5 %	25 498	13 600	Donated to crocodile farms/compost manufacturers and also used by external rendering plants to produce pet food
5.	Packaging material waste	(0.1)	678	679	Waste is sold/taken away by waste sorters, who sell this waste to waste recyclers
Total		(8.6)	402 984	440 719	

The 10 % (2022: 3 %) unrecycled waste was responsibly disposed.

Rendering plants

Aligned with Astral’s better cost strategy, the Group has rendering plants onsite at Goldi, Festive and County Fair to rework organic waste to produce bio-based products such as poultry oil, etc., which are sold to various industries. The waste generated by Mountain Valley is sold to an external rendering plant, which uses the waste to produce pet food.

Our rendering plants meet regulatory compliance and make a significant contribution to waste reduction and food preservation since waste supplied directly to feed animals or to produce animal feed is not considered food waste according to the World Resources Institute (WRI).

Diverting waste from landfill sites

Since 2021, we are making good progress diverting waste from landfill sites. During 2023 we investigated various waste solutions and we are in the process of requesting approval to enter into agreements with service providers, proposing to divert waste from landfill sites to produce compost at huge cost savings. The waste solutions received from service providers are for the following business units:

1. Goldi Hatchery – Diverting hatchery waste from landfill sites to a compost producing operation
2. Goldi Abattoir – Diverting poultry waste from landfill sites to a compost producing operation
3. Festive Hatchery – Diverting hatchery waste from landfill sites to a compost producing operation

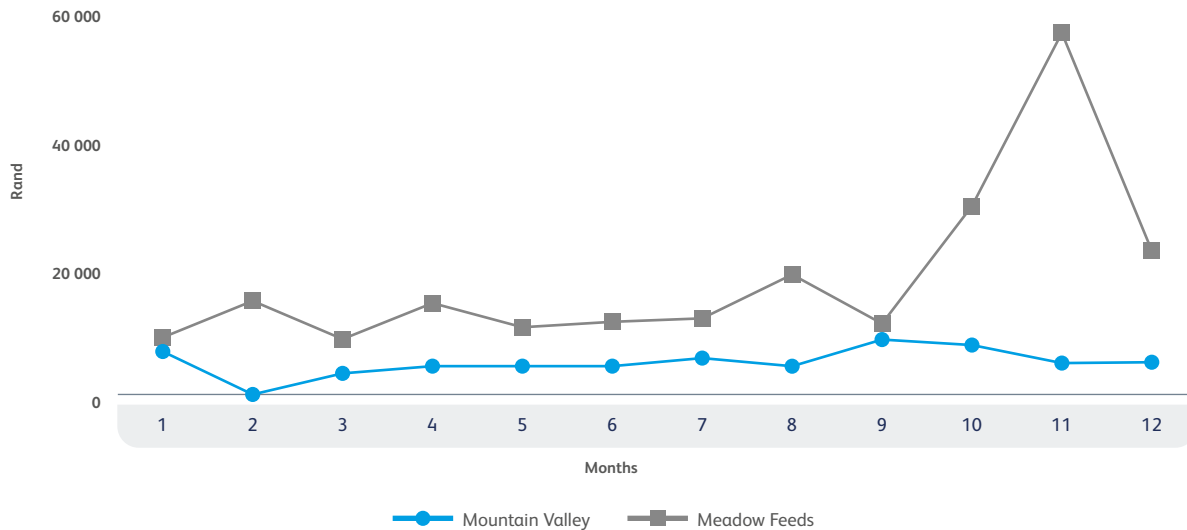
Environmental Impact (continued)

In accordance with our procurement supplier vetting procedure, the respective suppliers were vetted by RMG forensics and the compost sites are registered with the Department of Agriculture, Land Reform and Rural Development.

Onsite waste recycling at Mountain Valley and Meadow Feeds Pietermaritzburg

In 2022, Astral invested R3.7 million in an onsite waste pilot project that was implemented at two business units in KwaZulu-Natal, namely Mountain Valley and Meadow Feeds. In 2023, the Group invested R5.0 million to expand this project into a new venture creation learnership, whereby learners will acquire the necessary skills to venture into black empowered waste management businesses. The onsite waste management project at Mountain Valley and Meadow Feeds Pietermaritzburg is doing well and will be expanded to National Chicks and Ross Poultry Breeders KwaZulu-Natal in the new financial year.

Waste recycling programme (net waste cost after recycling rebate)



Since five out of seven SMMEs are likely to fail in the first year, one of our main goals is to provide training to ensure onsite waste recycling businesses are sustainable in the long term. Learners are practically trained on waste value optimisation and are given regular financial feedback on their waste recycling contribution.

Working with learners to sustain the environment and communities

Since the youth of today will be living with many challenges ahead, predominantly due to the impact of climate change, learners are encouraged to participate in projects that care for the environment and for communities:

1. In September 2023, there was a request from Keep Pietermaritzburg Clean for volunteers to clean up the Willowton area in Pietermaritzburg as the Msunduzi Municipality is severely lacking in its responsibility. Sixteen learners participated in the project which was well received by businesses and community members from Willowton.
2. In August 2023, the KZN Blind and Deaf requested support to maintain their facilities. Eleven learners volunteered to participate in this project which involved painting the main entrance of KZN Blind and Deaf and general cleaning of their premises.

Extended Producer Responsibility for Plastic Packaging

The Extended Producer Responsibility (EPR) regulations came into effect on 5 May 2021. This new legislation makes EPR mandatory for all producers and importers of packaging. It changes how producers, brand owners, retailers and importers design, make, sell and keep their products in the recycling loop as far as is practicably possible. Any company or brand that makes or imports any form of plastic packaging for distribution is required to pay an EPR fee per tonne.

With regards to meeting compliance on the above, Astral Operations Ltd registration on EPR of end user packaging was approved in January 2021 by DFFE and our Producer Responsibility Organisation (PRO) is Polycro.

Food loss and waste management

The cost of food waste to the South African economy is estimated at R100 billion or 2% of GDP per year. In 2020, we joined the WRI, 10x20x30 Food Loss and Waste initiative via Pick n Pay. The vision of this initiative is to work towards achieving the UN SDG of reducing food loss and waste by 50% by 2030. Food waste equates to wasted water, wasted energy, increased methane emissions and impacts on biodiversity.

Astral has a zero tolerance for food loss and waste, and poor biosecurity control. Stringent controls are in place at every operation to ensure food loss and waste are kept to a minimum. Biosecurity control is critical in a poultry business as non-adherence to controls will lead to severe losses as the birds will contract poultry diseases. This in turn can impact food security given that Astral is the largest chicken producer in South Africa. Broiler breeder genetics also plays a critical role in controlling food loss and waste. Astral is fortunate in that the Ross 308 is the number one broiler breeder brand in the world, supplied by Aviagen, which has as its single goal to supply stock that delivers superior results.

Another major contributor in reducing food loss and waste is Astral’s continuous improvement programme, 20 Keys. The goal of 20 Keys is to train employees to work inexpensively, better and faster and since employees are incentivised on performance, continuous improvements of reducing food loss and waste are being made.

In August 2023, Astral timeously submitted its second food loss and waste report to the WRI.



Carbon emissions

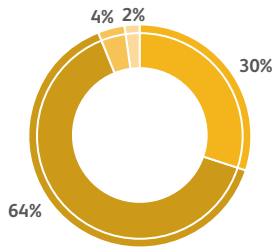
According to the IPCC Report 2022, we are warned that the world is set to reach the 1.5°C increase level within the next two decades. The report further states that only drastic reductions in carbon emissions from now on will help prevent an environmental disaster.

Based on an Environmental Impact Assessment conducted by Global Carbon Exchange in 2011, Astral’s material carbon emissions are Scope 1 and 2 carbon emissions. Hence, strategic action at Astral is focused on material carbon aspects.

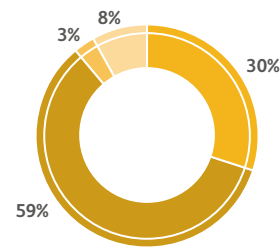
Carbon emissions (tons)	% change	September 2023	Emissions for 2023	September 2022	Emissions for 2022
Scope 1 emissions:					
Coal	(10.0)	144 810	30%	160 971	30 %
LPG	(23.7)	17 313	3%	22 680	4 %
Diesel	216.7	37 419	8%	11 817	2 %
Scope 2 emissions:					
Electricity	(15.0)	285 899	59%	336 515	64 %
Total	(8.7)	485 441	100%	531 983	100 %

Environmental Impact (continued)

Material carbon emissions (Tons) 2022



Material carbon emissions (Tons) 2023



■ Coal ■ Electricity ■ LPG ■ Diesel

Carbon emissions emitted per man hour worked in 2023 are:

- Direct carbon emissions per man hour is at 0.008 tCO₂e/man hour worked (2022: 0.008 tCO₂e/man hour worked).
- Indirect carbon emissions per man hour is at 0.011 tCO₂e/man hour worked (2022: 0.014 tCO₂e/man hour worked).
- Total direct and indirect emissions per man hour is at 0.019 tCO₂e/man hour worked (2022: 0.022 tCO₂e/man hour worked).

Carbon emission reduction in 2023:

- Coal carbon emissions reduction of 3 876 tCO₂e is linked with the coal saving reported.
- Electricity carbon emissions reduction of 1 864 tCO₂e is linked with the electricity saving reported.

Carbon Tax governance

In March 2023 Astral’s GHG emission report was timeously submitted to the Department of Environment, Forestry & Fisheries (DEFF) and in July 2022, timeous payment of Astral Operations Ltd Carbon Tax of R7.0 million (2022: R6.8 million) was made to SARS. The Carbon Tax payment was in respect of the 2022 year.

Section 12L energy efficiency application

Section 12L of the Income Tax Act provides an opportunity for South African businesses to apply for and benefit from a tax incentive for measured and verified energy efficient savings. The rate of the incentive is R0.95 per kWh tax deductible and the term of the allowance was extended from 2023 to 2026 by the Government.

In 2022, the Group appointed a company to investigate the Section 12L energy efficiency rebate. In March 2023, we received confirmation from the South African National Energy Development Institute (SANEDI), confirming registration of the coal efficiency project, embarked upon by Goldi in Standerton. In September 2023, we received feedback from SANEDI, requesting invoices from Goldi for the coal purchased in the respective periods of the Section 12L claim.

Stakeholder sustainability

At last year’s COP27 summit, the United Nations Secretary-General, Antonio Guterres stated: “We are on the highway to climate hell with our foot still on the accelerator.” An extraordinary contribution is required by everyone on Planet Earth to save Planet Earth because there is no Planet B.

In the backdrop of the above, we hosted a Sustainability Day Workshop at Meadow Feeds Pietermaritzburg on 21 April 2023, which was attended by various stakeholders including suppliers and sustainability support partners such as SA Harvest and the National Cleaner Production Centre South Africa (NCPC-SA). Sustainability presentations were presented by various stakeholders including our onsite waste recycling project learners. The Sustainability Day Workshop was well received as the sustainability learning and sharing was extremely valuable to all in attendance.



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Chief Financial Officer's Report

Introduction

I am honoured to present my first report for Astral as the Group's new CFO. The report covers the financial year ended 30 September 2023. As readers will know, it has been an exceptionally challenging time for Astral given the environment in which we operate. One of the most severe issues has been the dramatic disruption to operations caused by unprecedented levels of load shedding that occurred for most of the financial year, and the consequential impact on profits. This was exacerbated by the bird flu outbreak, the worst bird flu outbreak in the history of South Africa, in the last quarter of the financial year. It is also the first year that Astral has recorded losses, a sad reflection of the current state of macroeconomic conditions, which continue to hamper growth in this country and highlight the ineffectiveness of Government.

Financial results

Continuing operations	2023 R'million	2022 R'million	Change %
Revenue	19 250	19 334	(0.4)
Cost of raw materials	(17 385)	(11 039)	13.6
Gross profit	1 866	4 023	(53.6)
Total expenses (excluding cost of raw materials)	(2 487)	(6 855)	(63.7)
PBIT/operating (loss)/profit	(621)	1 440	(143.1)
Operating (loss)/profit margin	(3.2%)	7.4%	
Net finance costs	(76)	(15)	418.4
(Loss)/profit for the year – continuing operations	(512)	1 055	(148.6)
Profit for the year – discontinued operations	–	16	–
(Loss)/profit for the year	(512)	1 071	(147.8)

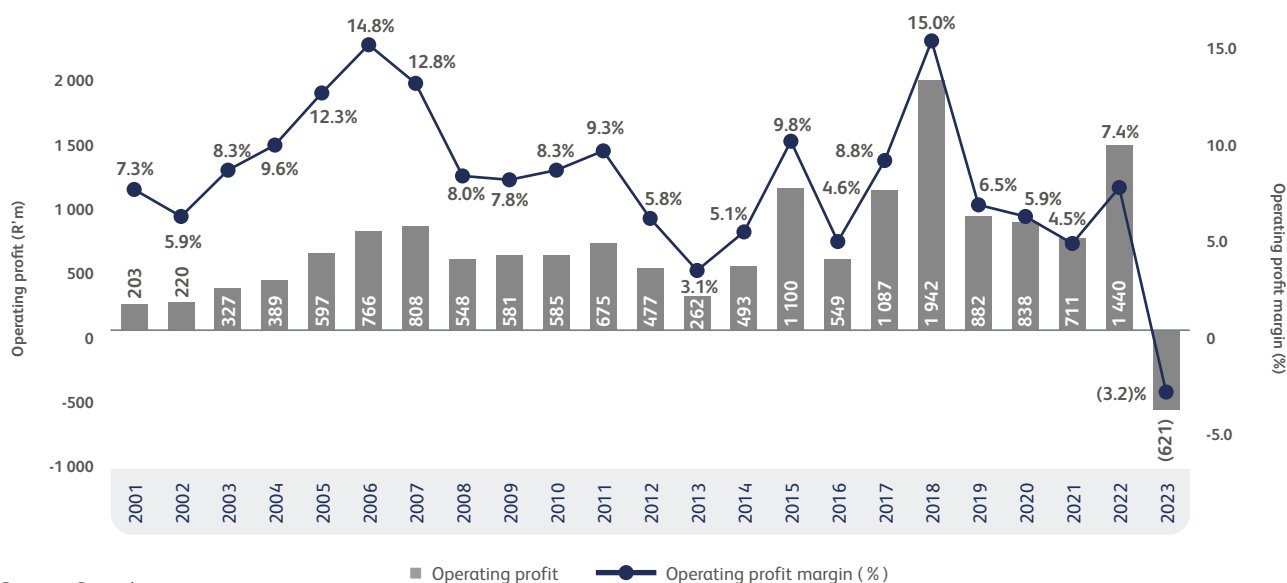
Summarised Balance Sheet

	2023 R'million	2022 R'million	Change %
Non-current assets	3 665	3 548	3.3
Current assets (excluding cash)	4 732	4 167	14.8
Total assets (excluding cash)	8 397	7 715	9.5
Non-current liabilities (excluding leases)	(623)	(905)	(31.2)
Current liabilities (excluding borrowings)	(2 452)	(2 415)	3.5
Lease liabilities (current and non-current)	(272)	(310)	(12.2)
Net assets	5 050	4 085	23.6
Net (debt)/cash	(1 031)	701	(247.0)
Net assets	4 019	4 786	(16.0)
Financed by:			
Shareholders' interest	4 019	4 786	(16.0)

Revenue reported for the year ended 30 September 2023 was R19.25 billion, a marginal decrease of 0.4% compared to the prior year at R19.33 billion. The Poultry Division contributed 81.5% (2022: 81.0%) and the Feed Division 18.5% (2022: 16.6%) to total external revenue. The marginal increase in revenue was primarily attributable to the solid performance of the Feed Division.

Gross profit decreased by 53.6% to R1.9 billion (2022: R4.0 billion) resulting in a sharp decrease in the gross profit margin from 20.8% (2022) to 9.7%. This was mainly as a result of the operational inefficiencies caused by load shedding, as well as the mandatory culling of biological assets due to the bird flu outbreak, exacerbated by high raw material costs. An operating loss of R620.9 million for the year under review was reported, a decrease of 143.1%, with the operating margin dropping from 7.4% (2022) to -3.2% mainly due to the R1.7 billion load shedding and R400 million bird flu-related costs.

Operating profit/(loss)



Source: Own data

Headline earnings decreased by 147.9% to a loss of R508.5 million (2022: R1 061.3 million).

Abnormal costs and income included in the Group's results:

- Disruption in water and electricity supply** – costs amounted to a staggering R1.7 billion
 The high stages of load shedding throughout the financial year eroded all profits that could have been one of Astral's best performances. The on-going problems regarding water supply at our Standerton and Olifantsfontein facilities also contributed to the Group reporting losses for the year under review.
- HPAI outbreak losses** of R400 million
 The loss incurred as a result of the HPAI outbreak amounts to R400 million for the year ended 30 September 2023. The Group carried insurance against this loss capped at R187 million. This possible insurance proceeds have not been accounted for in this financial year.
- Insurance proceeds** of R127 million
 The Group received insurance proceeds mainly for Covid-related business interruptions incurred during the FY2020 – income of R97 million. Other insurance proceeds amounting to R30 million were realised against insured losses.

The capital expenditure for the financial year increased by 54.3% to R398 million (2022: R258 million), representing further installations of generators and upgrading of water infrastructures amounting to R168 million.

Net working capital increased by R534 million mainly as result of higher inventory stock levels in a slower consumer market environment (R729 million) including a decrease in biological assets of R149 million due to the HPAI mandatory culling.

The Group reported a R1.1 billion net cash outflow during the year (2022: R405.9 million inflow). Cash generated from operating activities amounted to a net outflow of R970.8 million (2022: R1 197.9 million inflow).

Chief Financial Officer's Report (continued)

Solvency and liquidity

The Group's Balance Sheet is geared to approximately 25.6% to maintain sufficient liquidity and solvency. The Group was in a net cash position of R701.0 million in the prior financial year. The Group's banking facilities do not have any covenant requirements.

However, considering the above factors listed under "Abnormal costs and income included in the Group's results", exacerbated by a weak consumer market, the Group's ability to generate cash flows from its operations came under pressure during the financial year. Liquidity facilities were put in place with the Group's lenders to ensure all of the Group's liquidity requirements are met on a day-to-day basis. These facilities (also refer note 27 of the Annual Financial Statements) are on demand-type facilities with three major banks and are reviewed on a regular basis to reflect current market conditions and developments in the sustainability and quantum of such facilities.

Further to the additional liquidity lines being put in place, management has undertaken a turnaround intervention with a "Reset Refocus Restart" action list. This is proving successful with all of the controllable metrics performing well. The market remains constrained though, and this places continued pressure on the liquidity position of the Group, further emphasising the Group's dependency on the banks' continued support in the form of existing general banking facilities.

Dividend

In light of the Company's results and the Board objective to rebuild the Group's Balance Sheet, no final dividend has been declared for the financial year ended 30 September 2023. No interim dividend was also declared.

Outlook

The outlook for the financial year ending 30 September 2024 will continue to be challenging, however, we are positive that, with operations being much less disrupted by load shedding and Government potentially approving vaccinations against HPAI, we will be able to target a return to profitability. It is management's intention to rebuild the Group's Balance Sheet through establishing sufficient surplus cash resources to buffer Astral against severe negative macroeconomic conditions and environmental influences like adverse weather patterns and new HPAI strains.

Our objective remains to deliver a 'through the cycle' return on net assets which exceeds our cost of capital. We believe this to be one of the key measures of success – to generate wealth for all stakeholders of Astral.

The Group has sufficient banking facilities in place to fund all operational cash flow requirements.

Appreciation

I would like to express my heartfelt thanks to the finance teams from each of our divisions, as well as the Human Resources Manager, IT Manager and the Company Secretary for their dedication and commitment to producing the Integrated Report accurately and on time under extremely challenging conditions. Your support is highly valued by the Board and myself.

Dries Ferreira

Chief Financial Officer

15 November 2023

Financial Ratios and Statistics

For the year ended 30 September		2023	2022	2021	2020	2019	2018	2017	2016	2015
Profit information										
Revenue ¹	R'm	19 251	19 334	15 866	13 932	13 485	12 979	12 417	11 954	11 266
EBITDA ¹	R'm	(316)	1 741	1 133	1 216	1 059	2 093	1 235	693	1 254
EBITDA margin	%	(1.6)	9.0	7.1	8.7	7.8	16.1	9.9	5.8	11.1
Operating (loss)/profit ¹	R'm	(621)	1 440	711	813	882	1 942	1 086	549	1 100
Operating (loss)/profit margin	%	(3.2)	7.4	4.5	5.8	6.5	15.0	8.7	4.6	9.8
(Loss)/profit after tax	R'm	(512)	1 071	474	561	648	1 431	761	372	780
Headline (loss)/earnings	R'm	(508)	1 061	472	558	650	1 439	736	373	780
Financial position										
Total assets	R'm	9 110	8 438	7 835	7 331	6 239	6 174	5 364	4 979	4 814
Total equity	R'm	4 019	4 786	4 161	4 122	3 796	3 737	3 039	2 373	2 373
Total liabilities	R'm	5 091	2 516	3 674	3 209	2 443	2 437	2 325	2 607	2 442
Net assets	R'm	5 450	5 055	6 055	4 153	3 789	3 443	2 935	3 060	2 843
Asset management										
Return on total assets	%	(7.1)	17.8	9.7	12.4	14.2	33.8	21.0	11.3	24.1
Return on equity	%	(12.6)	23.9	11.4	14.1	17.1	42.4	28.0	15.8	36.3
RONA	%	(11.4)	28.5	15.1	19.6	24.4	60.9	36.0	18.6	40.7
Net asset turn	%	3.5	3.8	3.3	3.3	3.7	4.1	4.1	4.1	4.2
Shareholders' ratios										
EPS	cents	(1 333)	2 781	1 225	1 435	1 659	3 691	1 948	964	2 013
HEPS	cents	(1 324)	2 762	1 228	1 441	1 674	3 712	1 899	965	2 016
Dividend per share	cents	–	1 380	700	775	900	2 050	1 055	490	1 150
Dividend cover*	times	–	2.0	1.8	1.9	1.9	1.8	1.8	2.0	1.8
Stock exchange statistics										
Market value per share										
– At year-end	cents	13 700	19 318	17 643	13 153	14 700	24 658	17 208	11 775	17 414
– Highest	cents	20 549	22 166	18 530	22 252	25 908	33 519	17 634	18 490	20 679
– Lowest	cents	13 176	13 234	11 079	12 029	14 300	16 850	11 600	8 820	14 051
Closing dividend yield	%	–	7.1	4.0	5.9	6.1	8.3	6.1	4.2	6.6
Closing earnings yield*	%	(9.7)	14.3	7.0	11.0	11.4	15.1	11.0	8.2	11.6
Closing PE ratio	times	(10.4)	7.0	14.4	9.1	8.9	6.7	8.8	12.2	8.7
Shares in issue	'000	42 922	42 922	42 922	42 922	42 922	52 887	42 841	42 775	42 761
Shares in issue less treasury shares	'000	38 464	38 397	38 834	38 834	38 799	38 799	38 752	38 686	38 672
Number of transactions	'000	185 862	167 049	211 170	274 811	262 590	280 590	122 620	156 224	179 049
Number of shares traded	R'000	42 390	32 262	35 179	43 755	41 970	47 981	32 276	34 453	36 676
Number of shares traded as % of issued shares	%	99	75	82	102	90	124	83	81	86
Value of shares traded	R'm	6 826	5 744	4 896	7 517	7 159	12 586	4 697	4 277	6 405
Market capitalisation based on shares in issue	R'm	5 880	8 292	7 573	5 646	6 310	10 575	7 372	5 037	7 446
Market capitalisation based on shares in issue less treasury shares	R'm	5 329	7 502	6 851	5 108	5 703	9 567	6 668	4 555	6 734

1. Continuing operations

* Based on HEPS

Group Company Secretary Certificate

In terms of Section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, Astral has, in respect of the financial year ended 30 September 2023, lodged with CIPC all returns and notices required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

Leonie Marupen

Group Company Secretary

29 November 2023

Chief Executive Officer and Chief Financial Officer's Responsibility Statement

In terms of Section 3.84(k) of the Listings Requirements, each of the directors, whose names are stated on □ pages 14 to 16, hereby confirm that:

- (a) the Annual Financial Statements set out on □ pages 146 to 198, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) where we are not satisfied, we have disclosed to the Audit and Risk Management Committee and the auditors any the deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- (f) we are not aware of any fraud involving directors.

CE Schutte

Chief Executive Officer

29 November 2023

JAI Ferreira

Chief Financial Officer

Preparation and Publication of the Annual Financial Statements

The Annual Financial Statements for the year ended 30 September 2023 that were published on 20 November 2023, available on the Group's website www.astralfoods.com as well as contained in this Integrated Report, have been prepared under my supervision.

JAI Ferreira

Chief Financial Officer

29 November 2023

Directors' Responsibilities and Approval

for the year ended 30 September 2023

The Board is required by the Companies Act to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements of Astral and related financial information included in this Integrated Report and published on the Group's website www.astralfoods.com. It is its responsibility to ensure that the Annual Financial Statements fairly present the financial position of the Company and the Group at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS and the requirements of the Companies Act. The external auditor is engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements have been audited by the independent accounting firm, PwC, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and its committees. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate.

The Annual Financial Statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment, including controls over the electronic distribution of Annual Reports and other financial information. To enable the directors to meet this responsibility, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group.

While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year ending 30 September 2024 and, in light of this review and the current financial position, they are satisfied that the Company and Group have or have access to adequate resources to continue in operational existence for the foreseeable future.

The directors of Astral hereby confirm that, to their knowledge, the Company is in compliance with the provisions of the Companies Act or relevant laws of establishment, specifically relating to its incorporation; and that it is operating in conformity with its MoI.

The Annual Financial Statements of the Group and Company, which have been prepared on the going concern basis, were approved by the Board on 15 November 2023 and were signed on its behalf by

CE Schutte
Chief Executive Officer

JAI Ferreira
Chief Financial Officer

Directors' Report

The directors present their report which forms part of the Annual Financial Statements for the year ended 30 September 2023.

Nature of business

The Group holds investments in companies, with their primary activities in animal feed pre-mixes, manufacturing of animal feeds, broiler genetics, the production and sale of day old broiler chicks and hatching eggs, integrated breeder and broiler production operations, abattoirs and the sale and distribution of various key brands.

Listing information

Astral Foods Limited, is listed on the main board of the JSE under the share code: ARL. The Company's ISIN number is ZAE000029757.

Registered address

The Company's registered address is:

Lanseria Corporate Estate, 13 Thunderbolt Lane, Lanseria Ext 26, Gauteng, 1748.

Financial results

The results for the year are set out in the Annual Financial Statements presented on pages 146 to 198 of this Integrated Report. The Annual Financial Statements are also published on the Group's website www.astralfoods.com.

Share capital

Detail of share capital is reflected under note 21 of the Annual Financial Statements.

In terms of the Group's Long-Term Incentive Scheme, 166 260 shares (2022: 160 320 shares) were acquired and disclosed as treasury shares.

Dividends

No ordinary dividends were declared for the financial year ended 30 September 2023:

	2023 R'000	2022 R'000
Interim dividend: Nil cents per share (2022: 790 cents per share)	–	339 086
<i>Less:</i> Dividends on treasury shares	–	(35 754)
Final dividend: Nil cents per share declared post year-end (2022: 590 cents per share)	–	253 241
<i>Less:</i> Dividends on treasury shares	–	(26 307)
Total dividend at Nil cents per share (2022: 1 380 cents per share)	–	530 266

Property, vehicles, plant and equipment

Refer to note 11 of the Annual Financial Statements for details.

Directors

The names of the directors who currently hold office are set out in note 32 of the Annual Financial Statements. The directors beneficially and non-beneficially held 379 441 (2022: 574 901) ordinary shares in the Company – see note 33 for details.

During the year under review, no contracts were entered into which directors or officers of Astral had an interest and which would affect the business of the Group.

Details of directors' emoluments and related payments can be found in note 32 of the Annual Financial Statements.

There was no change in the beneficial and non-beneficial shareholding of directors since 30 September 2023 and the date of approval of the Annual Financial Statements on 15 November 2023.

Share option incentive scheme

As at 30 September 2023, no options in respect of any shares remained outstanding.

Repurchase of shares

Astral has requested shareholders to grant a general authority to buy back its issued ordinary shares, however, no repurchases were made during the year, except for in terms of the FSP Share Incentive Scheme whereby shares were bought in the market and allocated as restricted shares to the participants in the scheme.

Subsequent events

No other events took place between year-end and the date of this Integrated Report that would have a material effect on the Annual Financial Statements as disclosed.

Litigation statement

There are no current, pending or threatened legal or arbitration proceedings that may have, or have had in the previous 12 months, a material effect on the Group's financial position.

Material changes

There have been no material changes in the financial or trading position of the Group between 30 September 2023 and the date of this Integrated Report.

Annual Financial Statements

The Annual Financial Statements for the year ended 30 September 2023 are available for inspection at Astral's registered address. These Annual Financial Statements have been audited in compliance with the requirements of Section 30(2)a of the Companies Act.

Going concern

Performance

Revenue reported for the year ended 30 September 2023 was R19.25 billion, a marginal decrease of 0.4% compared to the prior year at R19.33 billion. The Poultry Division contributed 58% (2022: 81.0%) and the Feed Division 42% (2022: 16.6%) to total external revenue. The marginal increase in revenue was primarily attributable to the solid performance of the Feed Division.

An operating loss of R620.9 million for the year under review was reported, a decrease of 143.1%, mainly as a result of high raw material costs and the impact of load shedding. This resulted in the operating margin dropping from 7.4% (2022) to (3.2%) mainly due to the R2.1 billion load shedding and HPAI related costs.

The Group reported a R1.1 billion net cash outflow during the year (2022: R405.9 million inflow). Cash generated from operating activities amounted to a net outflow of R970.8 million (2022: R1 197.9 million inflow).

Solvency and liquidity

As at 30 September 2023, the Consolidated Balance Sheet reflects total equity of R4.0 billion. The Company was in a net debt position of R1.0 billion at 30 September 2023 (a net cash position of R701.0 million as at 30 September 2022). The Group's Consolidated Balance Sheet is geared to approximately 25.6% to maintain sufficient liquidity and solvency. The Group's banking facilities do not have any covenant requirements.

During the current financial year, the Group was subjected to significant adverse external factors causing major financial losses. Firstly, load shedding caused major operational disruptions and caused the Group to incur unplanned additional costs amounting to R1.65 billion (refer to note 1 and 2 of the Annual Financial Statements). Secondly, the HPAI outbreak of the H7N6 virus caused the Group to incur costs and write-downs amounting to R400 million. These events placed pressure on the Group's liquidity position.

Directors' Report (continued)

Considering the above factors, exacerbated by a weak consumer market, the Group's ability to generate cash flows from its operations came under pressure during the financial year. Liquidity facilities were put in place with the Group's lenders to ensure all of the Group's liquidity requirements are met on a day-to-day basis. These facilities (also refer note 27 of the Annual Financial Statements) are on demand facilities with major banks and are reviewed on a regular basis to reflect current market conditions and developments in the sustainability and quantum of such facilities.

Further to the additional liquidity lines being put in place, management has undertaken a turnaround intervention with a "Reset Refocus Restart" action list. This is proving successful with all of the controllable metrics performing well. The market remains constrained though, and this places continued pressure on the liquidity position of the Group, further emphasising the Group's dependency on the banks' continued support in the form of existing general banking facilities.

Conclusion

On the basis outlined above, the directors consider it appropriate for the going concern basis to be adopted in preparing the Annual Financial Statements.

The Annual Financial Statements of the Group and Company were approved by the directors on 15 November 2023 and were signed on their behalf by

Chris Schutte
Chief Executive Officer

Dries Ferreira
Chief Financial Officer

Audit and Risk Management Committee Report

Dear shareholders

Our Audit and Risk Management Committee is a formally constituted sub-committee of the Board and in addition to having specific statutory responsibilities to the shareholders in terms of Section 94 of the Companies Act, it assists the Board by advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance.

The committee is satisfied that it has fulfilled its responsibilities as detailed in its Mandate and Terms of Reference for the 2023 financial year.

On behalf of the Audit and Risk Management Committee

Diederik Fouché
Chairman

15 November 2023

Constitution and duty of the committee

The Audit and Risk Management Committee (the committee) was appointed by the shareholders at the AGM in February 2023.

The members of the committee are all Independent Non-Executive Directors, and no new members were appointed to the committee during the year. Details of the number of meetings held and attendance by members at meetings are included on [page 77](#) of this Report. The directors of the Company continue to believe that the committee members collectively have the necessary skills to carry out its duties effectively and with due care.

The committee has reporting responsibilities to both the shareholders and the Board and is accountable to them. Its duties, as set out in the Audit and Risk Management Committee Charter, are reviewed annually and incorporate the committee's statutory obligations as set out in the Companies Act and King IV™. A work plan is drawn up annually incorporating all these obligations, and progress is monitored to ensure these obligations are fulfilled.

It is the duty of the committee, among other things, to monitor and review:

- The preparation of the annual financial statements, ensuring fair presentation and compliance with IFRS and the Companies Act, and recommending same to the Board for approval.
- The integrity of the Integrated Report by ensuring that its content is reliable, includes all relevant operational, financial and other non-financial information, risks and other relevant factors.
- Interim and operational reports and all other widely distributed documents.
- Accounting policies of the Group and proposed revisions, significant and unusual transactions, estimates and accounting judgements.
- The effectiveness of the internal control environment.
- The effectiveness of the internal audit function.
- The effectiveness of the external audit function.
- The recommendation and appointment of the external auditor, approving remuneration of external auditor, reviewing the scope of their audit, their reports and findings, and pre-approving all non-audit services in terms of policy.
- The reports of both internal and external auditors.
- The evaluation of the performance of the CFO.
- The adequacy and effectiveness of the Group's enterprise-wide risk management policies, processes and mitigating strategies.
- The governance of IT and the effectiveness of the Group's information systems.
- Determine that the going concern basis of reporting is appropriate.
- The combined assurance model and provide independent oversight of the effectiveness of the organisation's assurance functions and services, with particular focus on combined assurance arrangements.
- Compliance with applicable legislation, requirements of appropriate regulatory authorities and the Company's Code of Conduct.
- Policies and procedures for mitigating fraud.

Audit and Risk Management Committee Report (continued)

Statutory duties

The committee is satisfied that it has performed the statutory requirements for an audit committee as set out in the Companies Act as well as the functions set out in its Mandate and Terms of Reference and that it has therefore complied with its legal, regulatory and other responsibilities.

There were no reportable irregularities.

Risk management

The committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and financial risk management and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and management's response thereto. We have considered and relied on the work of the Social and Ethics Committee on the non-financial related risk areas. Refer to [□](#) pages 64 to 67 for the Social and Ethics Committee Report.

We apply an enterprise-wide risk management approach, involving all levels of management, with assistance from outside consultants for assessing insurable risks.

The senior management at each operation is responsible for the development and implementation of a sound risk control programme based on the Group's risk control standards. The integrity of the risk control programme is independently monitored by appointed risk analysts on a regular basis.

During the year, the committee has received assurances that the process and procedures followed in terms of risk management are adequate to ensure that risks are identified and monitored.

Combined assurance

The committee is of the view that the framework in place for combined assurance is adequate and is achieving the objectives of an integrated approach across the disciplines of risk management and compliance of audit.

Whistle blowing

The committee receives and deals with any concerns or complaints, whether from within or outside the Group, relating to fraud, accounting practices, internal financial controls, and auditing of the Group's financial records/statements and related matters.

Information Technology (IT)

The Board has delegated responsibility for IT to the committee, but it retains overall accountability.

An IT Charter, aligned to King IV™ has been implemented. The IT strategy is reviewed by the committee and by the Board. The IT Charter can be viewed on our website, www.astralfoods.com.

Management has the responsibility for the management of IT and the governance framework which includes:

- An IT Steering Committee for each business segment, and one for the Group, to monitor and manage IT governance.
- IT policies and procedures to regulate the management of all IT functions.
- Relevant standards and processes that are subject to audits, reviews and benchmarks.
- Policies and procedures to govern the active directory and exchange which has been outsourced.
- IT best practices are implemented.

All IT acquisitions fall within the same capital approval processes as other capital expenditure projects and would thus, based on value, be submitted to the Board for approval.

A formalised disaster recovery programme is in place to ensure the minimum disruption in the event of disaster.

Periodic independent assurance is obtained on the effectiveness of technology and information, including the outsourced infrastructure.

Internal audit

We have established an independent, objective and effective Internal Audit Department governed by a charter approved by the Board. The internal audit function reports to the CEO and has unfettered access to the Chairman of the Board and the Chairman of the Audit and Risk Management Committee.

The role of internal audit is to review compliance with internal controls, systems and procedures. The Board is satisfied that the internal controls are adequate to safeguard the assets, prevent and detect errors and fraud, ensure the accuracy and completeness of accounting records and the preparation of reliable Annual Financial Statements.

The Internal Audit Department is staffed by qualified and experienced internal auditors. The annual internal audit programme is approved by the committee and all significant findings, together with steps taken to rectify lapses in internal control, are reported at every committee meeting.

The internal audit function is reviewed by the committee to satisfy itself of the independence of the Internal Audit Department. The appointment and removal of the Head of Internal Audit is a matter for the committee in consultation with management.

External audit

Based on processes followed and assurances received, the committee has no concerns regarding the external auditor's independence and approved the following fees for work done by them:

	2023 R'000	2022 R'000
Audit fees	9 310	7 922
Non-audit services	204	1 638
General expenses	42	43
Under provision	312	717
Total	9 868	10 320

Any non-audit services to be rendered by the external auditor are normally initiated by the business units following a formal process that is approved by the CFO. A formal policy regarding the pre-approval of non-audit services is followed. Non-audit services performed during the financial year included:

Division	Non-audit services	Nature
Astral Operations Ltd	Agreed Upon Procedures engagement on bonus calculations FY2022	Tax consulting services
Astral Operations Ltd	TeamMate Software and Services	Integrated audit working paper solution

Astral's Board has recommended the appointment of Deloitte as the External Auditor of Astral, with effect from the financial year that started on 1 October 2023. There will be a comprehensive transition process between PwC and Deloitte.

The committee, after discussion with management and the external audit, concurred with the key audit matters set out in the Independent Auditor's Report on the audit of the Consolidated Annual Financial Statements for the year ended 30 September 2023.

The committee confirms that it has received from the auditor all decision letters/explanations issued by the Independent Regulatory Board for Auditors (IRBA) or any other regulator and any summaries relating to monitoring procedures/deficiencies issued by the auditor.

The committee was satisfied that the Consolidated Annual Financial Statements appropriately addressed the critical judgements and key estimates pertaining to the key audit matters contained in the Independent Auditor's Report, in respect of both amounts and disclosure. The committee noted that both the Consolidated and Separate Annual Financial Statements were presented fairly in all material respects.

Financial function and CFO review

In accordance with King IV™ requirements, we have reviewed the expertise, resources and experience of the Group's financial function and are satisfied that these are adequate and effective. We have also reviewed the performance, appropriateness and expertise of the CFO, Mr JAI Ferreira, and confirmed his suitability in terms of the Listings Requirements.

Audit and Risk Management Committee Report (continued)

Integrated Report

The committee oversees the compilation of the Integrated Report, and in particular:

- Takes cognisance of all factors and risks that may impact on the integrity of the Integrated Report, including matters that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body and any evidence that brings into question previously published information and forward-looking statements or information.
- Reviews for reliability, the disclosure of sustainability in the Integrated Report.
- Recommends to the Board whether or not to engage an external assurance provider on material sustainability issues.
- Recommends the Integrated Report for approval by the Board.
- Considers whether the external auditor should perform assurance procedures on interim results or be engaged for any non-audit assignments.

The committee recommended to the Board to continue not to publish a Summarised Integrated Report or engage an external assurance provider to confirm material elements of the ESG Sustainability Report of the Integrated Report. This decision was based on the fact that environmental, social and governance sustainability reporting formed part of the budget process and is reported on by business units and approved by the Executive Directors. This approach will be reviewed every year. We have appointed a full-time Sustainability Manager who is responsible for environmental and social sustainability within the Group. The Group Company Secretary is responsible for the governance sustainability.

Internal control statement

Management is accountable to the Board for the design, implementation, monitoring and integrating of internal financial controls for the day-to-day running of the Group, focusing on the efficiency and effectiveness of operations, safeguarding the Group's assets, legal and regulatory compliance, business sustainability and reliable reporting, including financial reporting.

The committee has ensured that appropriate financial reporting procedures exist and are working, which included consideration of all entities forming part of the Consolidated Financial Statements and that it has access to all financial information of Astral to allow Astral to effectively prepare and report on the Financial Statements.

The committee has discussed and documented the basis for its conclusion, which includes discussions with internal and external auditors as well as management.

The committee is of the opinion that the internal controls are effective and the financial records can be relied upon as a reasonable basis for the preparation of the Annual Financial Statements.

Audit Committee statement

The committee considered and discussed the Annual Financial Statements and the Integrated Report, which includes the ESG Sustainability Report, with both management and the external auditor.

During this process, the committee:

- Reviewed the financial statements included in the Annual Financial Statements for consistency, fair presentation and compliance with IFRS.
- Evaluated significant estimates and judgements and reporting decisions.
- Reviewed the documentation supporting the going concern basis of accounting and concluded that it is appropriate.
- Evaluated the material factors and risks that could impact the Annual Financial Statements and Integrated Report.
- Evaluated the completeness of the financial and ESG disclosures.
- Discussed the treatment of significant and unusual transactions with management and the external auditor.
- Reviewed and discussed the sustainability information disclosed and is satisfied, based on discussions, that the information is reliable.

The committee considers that the Annual Financial Statements and the Integrated Report comply in all material respects with the statutory requirements of the various regulations governing disclosure and reporting, and the Annual Financial Statements comply in all material respects with the Companies Act and IFRS.

The committee has recommended to the Board that the Annual Financial Statements be adopted and approved by the Board.

Independent Auditor's Report

To the Shareholders of Astral Foods Limited

Report on the audit of the Consolidated and Separate Financial Statements

Our opinion

In our opinion, the Consolidated and Separate Financial Statements present fairly, in all material respects, the consolidated and separate financial position of Astral Foods Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Astral Food Limited's Consolidated and Separate Financial Statements set out on □ pages 146 to 198 comprise:

- the Consolidated and Separate Balance Sheets as at 30 September 2023;
- the Consolidated and Separate Statements of Comprehensive Income for the year then ended;
- the Consolidated and Separate Statements of Changes in Equity for the year then ended;
- the Consolidated and Separate Statements of Cash Flows for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies.

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.

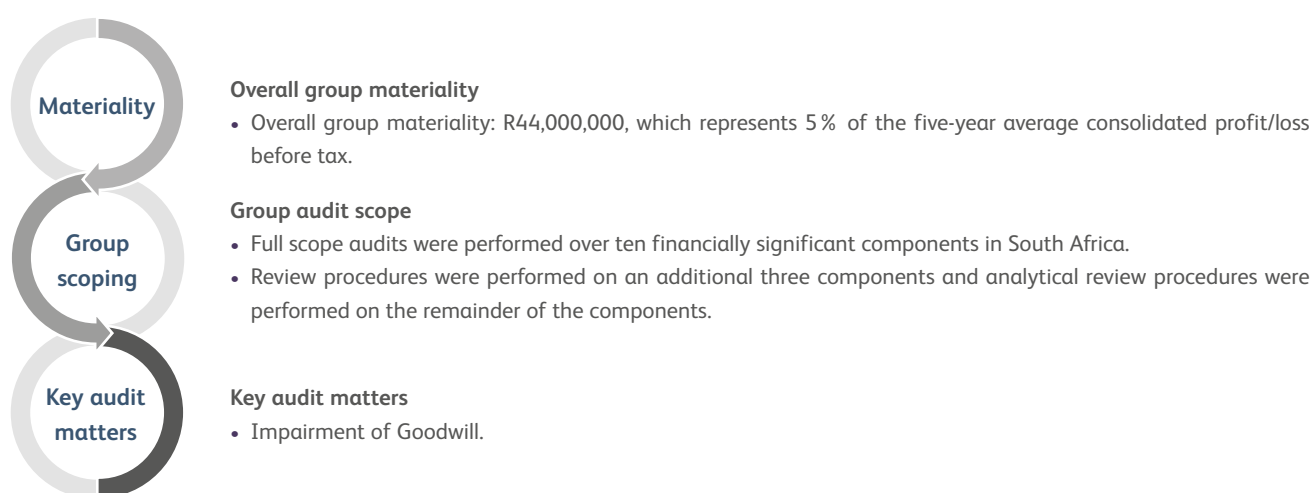
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of Financial Statements 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 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).

Our audit approach

Overview



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Consolidated and Separate Financial Statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent Auditor's Report (continued)

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the Financial Statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Consolidated Financial Statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the Consolidated Financial Statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Overall group materiality	R44,000,000
How we determined it	5% of the five-year average consolidated profit/loss before tax
Rationale for the materiality benchmark applied	We chose consolidated average profit/loss before tax as the benchmark as the Group is a trading entity that is profit orientated, as such the focus of investors will be on profit (EPS and HEPS). We used a five-year average consolidated profit/loss before tax figure as this is representative of the normal earnings cycle of this industry. We used the absolute value of loss before tax in our calculation of the five-year average. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the Consolidated Financial Statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group has two principal reportable operating segments that align with its organisational design, namely Poultry and Feed. Within these operating segments, we selected ten components for full scope audit testing due to their financial significance or their contribution to multiple financial statement line items, limited to an appropriate allocation of the Astral Foods Limited consolidated materiality. These components are all located in South Africa. Review procedures were performed at three additional components, and for the remaining components, we performed further analytical review procedures as considered appropriate. This together with additional procedures performed at the Group level, including testing of consolidation journal entries and intercompany eliminations, gave us the evidence we needed for our opinion on the consolidated financial statements as a whole. In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or component auditors from other PwC network teams or firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Consolidated Financial Statements as a whole. We met with certain of the component auditors in the Poultry and Feed operating segments and attended divisional audit committee meetings for all components as part of planning the audit, as well as part of the completion of the audit work performed.

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.

We have determined that there are no key audit matters to communicate in our report in respect of the separate Financial Statements.

Key audit matter	How our audit addressed the key audit matter
<p>Goodwill impairment assessment Refer to accounting policies note 9 (Impairment of non-financial assets) and note 15 (Goodwill) to the consolidated and separate financial statements.</p> <p>International Accounting Standard (IAS) 36: Impairment of Assets requires goodwill to be tested annually for impairment, or more frequently if impairment indicators are identified.</p> <p>As at year end, the Group had recognised goodwill amounting to R121 million.</p> <p>The most significant balance of goodwill related to the Goldi/Festive cash generating units (CGU), which had a carrying amount of R106 million as at 30 September 2023. Management tested goodwill for impairment within all CGUs, and concluded that there were no impairments relating to any of the identified CGUs as all the recoverable amounts exceeded the carrying amounts as per management’s assumptions.</p> <p>The recoverable amounts were based on the value in use method for all CGUs. In determining the value in use of the CGUs, management applied judgement in determining the following key assumptions:</p> <ul style="list-style-type: none"> • Growth rates; • Discount rates; • Broiler feed costs; and • Selling prices of poultry products. <p>We considered the goodwill impairment assessment to be a matter of most significance to the current year audit due to the following:</p> <ul style="list-style-type: none"> • The level of judgement applied by management in performing the impairment assessments, including determining the key assumptions; • The sensitivity of the impairment assessments to certain key assumptions; and • The magnitude of the consolidated goodwill balance. 	<p>We obtained an understanding of the process and procedures applied by management during their impairment assessment of CGUs.</p> <p>Our audit procedures included, among others, testing of the principles and integrity of management’s value in use calculations.</p> <p>We evaluated management’s calculation by: In respect of goodwill relating to the Goldi/Festive CGUs, we performed the following procedures:</p> <ul style="list-style-type: none"> • We evaluated management’s future cash flow forecasts, which were based on budgets and forecasts approved by the board of Directors. In this regard we agreed the amounts used in the future cash flow forecasts to the budgets and forecasts approved by the board of Directors. No material differences were noted; and • We assessed the reasonableness of management’s assumptions such as net realisations of poultry products, broiler feed prices, sales volumes, working capital movements and capital expenditures, by comparing the assumptions to information obtained from the National Agriculture Marketing Council Report, and Grain SA local supply and demand for maize forecasts. Based on the results of our comparisons, we accepted the assumptions used by management. <p>We compared the Group’s 2022 and 2023 actual results to the forecasts for these years, to identify any situations where actual results achieved were significantly different from the forecasted results. We discussed with management the reasons for the differences identified and inspected relevant documentation. We noted no matters requiring further consideration.</p> <p>We tested the discount rate and growth rates applied by management in their impairment assessment of goodwill by performing the following procedures:</p> <ul style="list-style-type: none"> • Utilising our valuation expertise, we recalculated a range of discount rates, considering inputs for similar entities, industry data and entity-specific data. Where differences in discount rates were noted, we included this in our sensitivity analysis to consider whether this would lead to an impairment charge being recognised. In this regard we did not identify any impairment to be recognised. Based on our procedures performed, we accepted the discount rates used by management; and • We assessed the reasonableness of the long-term growth rate used by management by comparing it to the long-term consensus on the South African Consumer Price Index. Based on the results of our comparison, we accepted the rate used by management. <p>We tested the mathematical accuracy of management’s impairment assessment and noted no material differences. We utilised our valuation expertise to assess the valuation methodology applied by management against generally accepted valuation methodology and against the requirements of International Accounting Standard (IAS 36), Impairment of Assets.</p> <p>We performed independent sensitivity calculations on management’s impairment assessments, with respect to key assumptions, which included the discount and growth rates, net realisations of poultry products and broiler feed prices. We discussed these with management and considered the likelihood of such changes occurring. Based on our procedures performed, we did not identify any further impairments to be recognised.</p>

Independent Auditor's Report (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Astral Foods Limited Group Consolidated Annual Financial Statements September 2023", which includes the Directors' Report, the Audit and Risk Management Committee's Report and the Group Company Secretary Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this Auditor's Report, and the other sections of the document titled "Astral Integrated Report for the year ended 30 September 2023, which is expected to be made available to us after that date. The other information does not include the Consolidated and 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 and will 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 identified above 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 that we 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 International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of Consolidated 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 the 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/or the 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's and the 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's and the 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Consolidated 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 PricewaterhouseCoopers Inc. has been the auditor of Astral Foods Limited for 23 years.

PricewaterhouseCoopers Inc.

Director: EJ Gerryts

Registered Auditor

Johannesburg, South Africa

17 November 2023

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2023

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue	1	19 250 955	19 333 850	300 000	513 000
Cost of sales	2	(17 385 151)	(15 310 513)	–	–
Gross profit		1 865 804	4 023 337	300 000	513 000
Administrative expenses	2	(753 884)	(944 950)	(8 273)	(7 171)
Distribution costs	2	(1 547 573)	(1 412 646)	–	–
Marketing expenditure	2	(327 522)	(292 252)	–	–
Other income	4	136 284	49 457	–	–
Other gains	5	6 016	16 832	–	–
(Loss)/profit before interest and tax		(620 875)	1 439 778	291 727	505 829
Finance income	6	32 524	29 412	10 101	3 155
Finance expense	6	(108 762)	(44 118)	(1)	(79)
(Loss)/profit before tax		(697 113)	1 425 072	301 827	508 905
Tax expense	7	184 913	(370 456)	(2 727)	(989)
(Loss)/profit for the year from continuing operations		(512 200)	1 054 616	299 100	507 916
(Loss)/profit for the year from discontinued operations		–	15 960	–	–
(Loss)/profit for the year		(512 200)	1 070 576	299 100	507 916
Other comprehensive (loss)/income for the year, net of tax		(27 264)	36 315	–	–
Items that may subsequently be reclassified to profit and loss		(39 323)	44 132	–	–
Currency (loss)/gain on investment loans to foreign subsidiaries		(868)	878	–	–
Foreign currency translation (loss)/gain		(38 455)	43 254	–	–
Items that will not be reclassified to profit or loss		12 059	(7 817)	–	–
Re-measurement of post-employment benefit obligations (note 25)		7 257	6 677	–	–
Deferred tax on re-measurement of post-employment benefit obligations		(1 958)	(1 870)	–	–
Transactions with minorities		–	(1 480)	–	–
Changes in fair value of equity instruments		6 760	(11 144)	–	–
Total comprehensive (loss)/income for the year		(539 464)	1 106 891	299 100	507 916
(Loss)/profit for the year attributable to:					
Equity holders of the Company		(512 200)	1 068 397	299 100	507 916
Arising from					
– Continuing operations		(512 200)	1 054 616	299 100	507 916
– Discontinued operations		–	13 781	–	–
Non-controlling interest		–	2 179	–	–
(Loss)/profit for the year		(512 200)	1 070 576	299 100	507 916
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(539 464)	1 104 712	299 100	507 916
Arising from					
– Continuing operations		(539 464)	1 090 931	299 100	507 916
– Discontinued operations		–	13 781	–	–
Non-controlling interest		–	2 179	–	–
Total comprehensive (loss)/income for the year		(539 464)	1 106 891	299 100	507 916

Shareholders' information on shares	Notes	Cents per share	Cents per share
(Loss)/earnings per share			
(Loss)/earnings per share	8	(1 333)	2 781
Diluted (loss)/earnings per share	8	(1 333)	2 751
Headline (loss)/earnings per share is a non-IFRS measurement:			
Headline (loss)/earnings per share			
Headline (loss)/earnings per share	9	(1 324)	2 762
Diluted headline (loss)/earnings per share	9	(1 324)	2 733
Dividends			
Dividends declared in respect of the current year's profits	10	–	1 380

Consolidated Balance Sheet

at 30 September 2023

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Assets					
Non-current assets					
Property, plant and equipment	11	3 153 235	3 002 712		–
Intangible assets	12	42 034	41 947		–
Right-of-use assets	14	251 512	288 817		–
Goodwill	15	120 536	120 536		–
Financial assets at fair value through other comprehensive income	16	97 755	94 431		–
Investments at cost	16	–	–	233 997	233 997
		3 665 072	3 548 443	233 997	233 997
Current assets					
Biological assets	17	1 047 569	1 245 888		–
Inventories	18	1 895 247	1 178 496		–
Trade and other receivables	19	1 789 390	1 708 292	–	4 091
Current tax asset		5	33 840	5	–
Cash and cash equivalents	20	713 436	723 350	92 687	42 547
		5 445 647	4 889 866	92 692	46 638
Total assets		9 110 719	8 438 309	326 689	280 635
Equity					
Capital and reserves attributable to equity holders of the Company					
Ordinary shares	21	429	429	429	429
Share premium	21	89 971	89 971	89 971	89 971
Other reserves	22	(33 825)	21 139		–
Treasury shares		(262 829)	(277 464)		–
Retained earnings		4 225 717	4 951 932	188 120	142 261
Total equity		4 019 463	4 786 007	278 520	232 661
Liabilities					
Non-current liabilities					
Deferred tax liabilities	23	520 137	777 830		–
Employee benefit obligations	24	103 397	127 029		–
Leases	14	181 589	231 302		–
		805 123	1 136 161	–	–
Current liabilities					
Trade and other payables	26	2 246 001	1 966 500	701	535
Employee benefit obligations	24	190 952	425 840		–
Current tax liabilities		11 288	19 825	–	48
Leases	14	90 453	78 371		–
Borrowings	27	1 744 089	22 332	44 118	44 118
Shareholders for dividend		3 350	3 273	3 350	3 273
		4 286 133	2 516 141	48 169	47 974
Total liabilities		5 091 256	3 652 302	48 169	47 974
Total equity and liabilities		9 110 719	8 438 309	326 689	280 635

Consolidated Statement of Changes in Equity

for the year ended 30 September 2023

Attributable to ordinary shareholders of Astral Foods Limited

	Share capital and premium R'000	Treasury shares R'000	Other reserves (Note 22) R'000	Retained earnings R'000	Total R'000	Non- controlling interests R'000	Total equity R'000
GROUP							
2022							
Balance at 1 October 2021	90 400	(250 633)	(39 161)	4 348 271	4 148 877	12 314	4 161 191
Profit for the year:							
– from continuing operations				1 054 616	1 054 616		1 054 616
– from discontinued operations				13 781	13 781	2 179	15 960
Other comprehensive income/(loss) for the year, net of tax:							
– from continuing operations			44 132	(7 817)	36 315		36 315
– from discontinued operations						(13 438)	(13 438)
Increase in share-based payment reserve			16 168		16 168		16 168
Shares acquired in terms of restricted share incentive scheme		(26 831)			(26 831)		(26 831)
Shares sold in terms of restricted share incentive scheme					–		–
Dividends declared and paid				(456 919)	(456 919)	(1 055)	(457 974)
Balance at 30 September 2022	90 400	(277 464)	21 139	4 951 932	4 786 007	–	4 786 007
2023							
Balance at 1 October 2022	90 400	(277 464)	21 139	4 951 932	4 786 007	–	4 786 007
Loss for the year				(512 200)	(512 200)		(512 200)
Other comprehensive (loss)/income for the year, net of tax			(39 323)	12 059	(27 264)		(27 264)
Increase in share-based payment reserve			12 273		12 273		12 273
Shares vested in terms of Forfeitable Share Scheme		16 170	(16 170)		–		–
Shares acquired in terms of restricted share incentive scheme		(13 279)			(13 279)		(13 279)
Shares forfeited and sold in terms of restricted share incentive scheme		11 744	(11 744)	–	–		–
Dividends declared and paid				(226 074)	(226 074)	–	(226 074)
Balance at 30 September 2023	90 400	(262 829)	(33 825)	4 225 717	4 019 463	–	4 019 463
COMPANY							
2022							
Balance at 1 October 2021	90 400	–	–	145 120	235 520	–	235 520
Profit for the year	–	–	–	507 916	507 916	–	507 916
Dividends declared and paid	–	–	–	(510 775)	(510 775)	–	(510 775)
Balance at 30 September 2022	90 400	–	–	142 261	232 661	–	232 661
2023							
Balance at 1 October 2022	90 400	–	–	142 261	232 661	–	232 661
Profit for the year	–	–	–	299 100	299 100	–	299 100
Dividends declared and paid	–	–	–	(253 241)	(253 241)	–	(253 241)
Balance at 30 September 2023	90 400	–	–	188 120	278 520	–	278 520

Consolidated Statement of Cash Flows

for the year ended 30 September 2023

	Notes	GROUP		COMPANY	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash flows from operating activities					
Cash operating (loss)/profit	A	(600 563)	1 905 735	291 727	505 829
Changes in working capital	B	(323 155)	(413 382)	257	95
Cash (utilised by)/generated from operations		(923 718)	1 492 353	291 984	505 924
Tax paid	C	(47 119)	(294 454)	(2 780)	(817)
Cash (utilised by)/generated from operating activities		(970 837)	1 197 899	289 204	505 107
Cash (outflows)/inflows from investing activities					
Purchases of property, plant and equipment	D	(368 044)	(280 271)		
Costs incurred on intangibles		(5 558)	(564)		
Proceeds on disposal of property, plant and equipment		1 789	478		
Proceeds from disposal of controlling interest in subsidiary/investments	F	–	69 954	4 000	4 000
Finance income		32 524	29 650	10 101	3 155
Dividends received		–	1 564		
Increased investment in Zambian subsidiary through purchase of additional shares		–	–	–	(6)
Cash inflows/(outflows) from financing activities		180 864	(612 817)	(253 165)	(466 509)
Dividends paid to the Company's shareholders	E	(225 997)	(456 692)	(253 164)	(510 548)
Dividends paid to non-controlling shareholders		–	(1 055)		
Lease payments – principal element		(82 070)	(89 661)		
Finance cost paid on lease contracts		(25 479)	(32 105)	–	(79)
Treasury shares acquired in terms of the Forfeitable Share Plan		(13 279)	(26 831)		
Finance expenses paid		(82 233)	(4 993)	(1)	
Transaction with minorities		–	(1 480)	–	–
Inflow from borrowings		600 000			
Proceeds from the sale of treasury shares		9 922	–		
Loans received from subsidiary		–	–	–	44 118
Net (outflow)/inflow of cash and cash equivalents		(1129 262)	405 893	50 140	45 747
Effects of exchange rate changes		(2 409)	13 998	–	–
Disclosed as assets held for sale – opening balance		–	3 435	–	–
Cash and cash equivalents at beginning of year – continuing operations		701 018	277 692	42 547	(3 200)
Cash and cash equivalents at end of year	20	(430 653)	701 018	92 687	42 547

Notes to the Consolidated Statement of Cash Flows

for the year ended 30 September 2023

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
A. Cash operating profit				
(Loss)/profit before interest and tax				
– from continuing operations	(620 875)	1 439 778	291 727	505 829
– from discontinued operations	–	17 743	–	–
Adjustments for:				
Depreciation and amortisation	310 234	308 462	–	–
Scrapping of property, plant and equipment	5 022	3 138	–	–
(Profit)/loss on disposal of property, plant and equipment	(364)	2 719	–	–
Profit on early termination of capitalised leases	(4 423)	(21 660)	–	–
Gain on disposal of controlling interest in subsidiaries	–	(28 908)	–	–
Impairment of goodwill and provisions against carry values of assets	–	16 070	–	–
Movement in provision of employee benefit obligations	(250 467)	173 263	–	–
Fair value adjustments	(8 153)	(3 306)	–	–
Biological assets provision and accruals for HPAI write-down	64 963	–	–	–
Insurance receivable	(96 500)	–	–	–
Dividends received	–	(1 564)	–	–
Cash operating (loss)/profit	(600 563)	1 905 735	291 727	505 829
B. Changes in working capital				
Increase in inventories	(735 812)	(256 347)	–	–
Decrease/(increase) in biological assets	53 306	(260 316)	–	–
Increase in trade and other receivables	(10 793)	(78 926)	91	51
Increase in trade and other payables (excluding employee benefit related accruals and provisions)	370 144	182 207	166	44
Total change in working capital	(323 155)	(413 382)	257	95
C. Tax paid				
Balance at beginning of year	14 015	18 787	(48)	124
Normal tax provision	(74 738)	(301 281)	(2 727)	(989)
Translation differences	2 316	(2 159)	–	–
Interest accrued	505	413	–	–
Movement in provision against recoverability of tax receivable balance of a foreign subsidiary	(500)	1 176	–	–
Less: Disposed as part of sale of subsidiary	–	2 625	–	–
Net balance at end of year	11 283	(14 015)	(5)	48
Net tax paid	(47 119)	(294 454)	(2 780)	(817)
D. Purchases of property, plant and equipment				
Purchase of property, plant and equipment to improve and/or expand operations	(268 033)	(100 157)	–	–
Purchase of property, plant and equipment to maintain operations	(124 373)	(157 040)	–	–
Total purchases	(392 406)	(257 197)	–	–
(Decrease)/increase in advance capital expenditure payments	24 362	(3 066)	–	–
Decrease in outstanding capital expenditure payments	–	(20 008)	–	–
Purchases of property, plant and equipment	(368 044)	(280 271)	–	–
E. Dividends paid				
Balance at beginning of year	(3 273)	(3 046)	(3 273)	(3 046)
Per statement of changes in equity	(226 074)	(456 919)	(253 241)	(510 775)
Balance at end of year	3 350	3 273	3 350	3 273
Total dividends paid	(225 997)	(456 692)	(253 164)	(510 548)
F. Proceeds on disposal of controlling interest in subsidiaries				
Net proceeds received on disposal	–	69 954	–	–
Cash carried on statement of financial position on date of disposal	–	6 016	–	–
Gross disposal consideration received in cash	–	75 970	–	–
Carrying amount of consolidated net assets sold	–	47 062	–	–
Gain on disposal before income tax	–	28 909	–	–
Income tax expense on gain	–	(2 581)	–	–
Net gain on disposal after income tax	–	26 327	–	–

Notes to the Financial Statements

for the year ended 30 September 2023

1. Segment information

Astral is an integrated poultry producer whose process starts with broiler genetics in its breeding operations through the selling of day old chicks and hatching eggs, broiler production and the processing of broilers through four abattoirs, and ends with the marketing, selling and distribution of poultry products. Alongside the entire process, feed is produced in nine feed mills of which about 60% is for own internal requirements, with the balance sold to external commercial farmers. One of the feed mills and one poultry breeding and hatchery operation is situated in Zambia. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments. The activities have been divided into two operating segments, Poultry and Feed. The business activities are grouped in these segments based on the nature of their business. Transactions between reportable segments are conducted on similar terms as other external transactions of this nature. All revenue between segments are at market related prices.

Restatement of segment report

The Group's segment report has been restated to account for the reorganised structures after the disposal of the Swaziland and Mozambique businesses. Tiger Animal Feeds has been absorbed into the Feeds division and Tiger Chicks into the Poultry division. All comparatives are accounted for on the similar basis after the restatement.

Revenue per segment

Revenue in respect of both segments comprises the following:

- The sales of product net of value-added tax (where applicable), normal discounts, rebates and returns.
- Revenue is recognised at the point in time when control has passed to the customer. This is when delivery of the product is made to the customers, or when customers collect the product from one of the Group's locations.
- Payment terms for non-cash sales are generally 30 days from date of statement.
- A receivable is recognised in respect of non-cash sales in the Balance Sheet as an unconditional right to receive payment exists.

Poultry:

External revenue comprises the sale of poultry related products for human consumption as well as day old broilers, hatching eggs and day old parent stock.

The customer profile for poultry products is mainly wholesale and retail outlets, which includes the major national food retailers in South Africa.

Sales of day old broilers, hatching eggs and day old parent stock are mainly to external poultry producers.

Inter-segment revenue consists of poultry by-products sold to the Feed segment as a source of protein for feed.

Feed:

External revenue comprises the sale of a wide range of specialised feed products for commercially farmed animal species.

The customer profile for feed products are mainly external poultry producers and commercial farmers farming with other animal species.

Inter-segment sales consist of feed to the Poultry segment.

	External customer revenue R'000	Inter-segment revenue R'000	Total segment revenue R'000
GROUP			
2022 (restated)			
Poultry	15 784 086	179 086	15 963 172
– Poultry products	14 734 005	–	–
– Day old broilers, hatching eggs and day old parents	1 050 081	–	–
Feed	3 549 764	6 812 317	10 362 081
From continuing operations	19 333 850	6 991 403	26 325 253
From discontinued operations	125 795	–	125 795
	19 459 645	6 991 403	26 451 048

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	External customer revenue R'000	Inter-segment revenue R'000	Total segment revenue R'000
1. Segment information (continued)			
2023			
Poultry	15 688 865	144 411	15 833 276
– Poultry products	14 546 705	–	–
– Day old broilers, hatching eggs and day old parents	1 142 160	–	–
Feed – Feed products	3 562 090	8 026 821	11 588 911
From continuing operations	19 250 955	8 171 232	27 422 187
From discontinued operations	–	–	–
	19 250 955	8 171 232	27 422 187

	2023 R'000	2022 Restated R'000
The Group revenue is denominated in the following currencies:		
Revenue denominated in South Africa Rand	18 758 330	18 863 222
Revenue denominated in foreign functional currencies	492 625	470 628
	19 250 955	19 333 850
Revenue from the top five customers are all from the Poultry segment		
Customer 1	6 222 937	6 302 368
Customer 2	3 722 473	3 191 205
Customer 3	664 273	641 933
Customer 4	561 672	627 188
Customer 5	418 431	576 658
Revenue from customer 1 and 2 individually exceeds 10% of total revenue		
Profit before interest and tax per segment		
Contribution to the Group profit is as follows:		
Poultry	(1 379 808)	801 687
Feed	758 933	624 782
Impairment of goodwill	–	(15 599)
Net gain on disposal of controlling interest in subsidiaries	–	28 908
(Loss)/profit before interest and tax	(620 875)	1 439 778
Finance income	32 524	29 412
Finance expense	(108 762)	(44 118)
(Loss)/profit before tax	(697 113)	1 425 072
Tax expense	184 913	(370 456)
(Loss)/profit for the year from continuing operations	(512 200)	1 054 616
Profit for the year from discontinued operations	–	15 960
(Loss)/profit for the year	(512 200)	1 070 576

	Property, plant and equipment and intangibles		Right-of-use assets	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Depreciation, amortisation and impairment				
Poultry	196 371	183 554	57 352	61 073
Feed	27 305	27 103	28 815	32 924
Corporate	391	366	–	1 741
Continuing operations	224 067	211 023	86 167	95 738
Discontinued operations	–	1 701	–	–
	224 067	212 724	86 167	95 738

	Load shedding related costs (impact on cost of sales)		HPAI related costs (impact on cost of sales)	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Isolated large costs incurred by segments				
Poultry	1 621 878	125 705	400 478	5 163
Feed	31 476	12 000	–	–
	1 653 354	137 705	400 478	5 163

	Property, plant and equipment		Right-of-use assets	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Capital expenditure				
Poultry	282 393	211 673	29 437	78 995
Feed	109 571	45 166	34 850	121 197
Corporate	442	170	–	–
Continuing operations	392 406	257 009	64 287	200 192
Discontinued operations	–	188	–	–
	392 406	257 197	64 287	200 192

	Inventory		Trade receivables	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Other				
Poultry	1 425 566	696 039	1 228 640	1 270 670
Feed	469 681	482 457	396 645	401 687
Corporate	–	–	158 840	34 345
	1 895 247	1 178 496	1 784 125	1 706 702

	2023 R'000	2022 R'000
COMPANY		
Dividends received from subsidiaries	300 000	513 000

The revenue is denominated in South African Rand.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	Cost of sales R'000	Administrative expenses R'000	Distribution costs R'000	Marketing expenditure R'000	Total R'000
2. Expenses by nature					
GROUP					
2022					
Cost of raw material	11 038 886	–	–	–	11 038 886
Inventory written down and losses	47 113	–	–	–	47 113
Fair value adjustment to biological assets	(3 306)	–	–	–	(3 306)
Lease costs	36 596	3 188	3 759	338	43 881
Amortisation of intangibles	–	5 740	–	–	5 740
Depreciation on property, plant and equipment	190 975	10 600	3 672	36	205 283
Amortisation Right-of-use assets	30 066	6 990	58 682	–	95 738
Repairs and maintenance	568 059	9 336	11 806	142	589 343
Water	134 504	535	34	–	135 073
Energy	918 545	7 291	11 766	2 186	939 788
Information technology related costs	162	81 529	–	–	81 691
Advertising, marketing, promotional related costs	–	–	–	214 308	214 308
Transport and distribution costs	26 629	–	1 152 477	–	1 179 106
Employee benefit expense (note 3)	1 653 149	525 641	82 156	60 458	2 321 404
Directors' remuneration (note 32)	–	58 890	–	–	58 890
Auditors' remuneration and related expenses	–	8 309	–	–	8 309
Other	669 135	226 901	88 294	14 784	999 114
	15 310 513	944 950	1 412 646	292 252	17 960 361
2023					
Cost of raw material	12 261 581	–	–	–	12 261 581
Inventory written down and losses	70 767	–	–	–	70 767
Fair value adjustment to biological assets	(1 683)	–	–	–	(1 683)
Lease costs	117 811	3 280	4 729	642	126 462
Amortisation of intangibles	–	5 235	–	–	5 235
Depreciation on property, plant and equipment	203 249	11 429	4 144	10	218 832
Amortisation Right-of-use assets	22 532	5 548	58 087	–	86 167
Repairs and maintenance	683 668	7 843	15 045	64	706 620
Water	119 012	667	41	–	119 720
Energy	1 135 863	6 499	12 745	2 565	1 157 672
Information technology related costs	162	82 422	–	–	82 584
Advertising, marketing, promotional related costs	–	–	–	247 315	247 315
Transport and distribution costs	14 866	–	1 219 988	–	1 234 854
Employee benefit expense (note 3)	1 857 947	286 411	90 752	62 315	2 297 425
Directors' remuneration (note 32)	–	45 959	–	–	45 959
Auditors' remuneration and related expenses	–	9 868	–	–	9 868
Other	899 376	288 723	142 042	14 611	1 344 752
	17 385 151	753 884	1 547 573	327 522	20 014 130

The cost of load shedding amounting to R1 653,4 million and HPAI ("bird flu") amounting to R400,5 million is included as part of the various components of cost of sales.

Items that was specifically impacted by the load shedding costs include additional raw material purchased to feed the birds not slaughtered, the leasing of generators, additional shifts and overtime worked to clear the slaughter-programme backlogs and also additional energy-cost spend through the purchasing greater quantities of diesel.

	GROUP	
	2023 R'000	2022 R'000
Reconciliation of expenses considering the cost of load shedding and HPAI:		
Additional feed costs incurred during load shedding disruptions (included in cost of sales)	1 058 824	–
Costs incurred due to down placements during load shedding disruptions (included in cost of sales)	169 986	–
Diesel generator related and other costs incurred directly related to load shedding disruptions (included in cost of sales)	424 544	137 705
Cost of HPAI (included in cost of sales)	400 478	5 163
Cost structure excluding load shedding and HPAI costs	17 960 298	17 955 198
Total expenses as disclosed above	20 014 130	17 960 361

	Cost of sales R'000	Administrative expenses R'000	Distribution costs R'000	Marketing expenditure R'000	Total R'000
COMPANY					
2022					
Directors' remuneration (note 32)	–	4 294	–	–	4 294
Auditors' remuneration and related expenses	–	536	–	–	536
JSE listing related costs and other	–	2 341	–	–	2 341
	–	7 171	–	–	7 171
2023					
Directors' remuneration (note 32)	–	4 987	–	–	4 987
Auditors' remuneration and related expenses	–	704	–	–	704
JSE listing related costs and other	–	2 582	–	–	2 582
	–	8 273	–	–	8 273

	GROUP	
	2023 R'000	2022 R'000
3. Employee benefit expense		
Cost of employment of permanent employees	1 799 503	1 667 436
Performance incentives		
– EVA based incentives	(1 272)	102 048
– Operational PBIT based incentives	36 143	97 633
– Operational target driven incentives	10 280	32 396
Long-term retention benefits	(13 241)	59 217
Essential service bonuses	–	–
Termination benefits	5 490	4 725
Post-employment benefits	10 445	9 551
	1 847 348	1 973 006
Cost of contracted labour	450 077	348 398
	2 297 425	2 321 404
Number of employees and contracted services at 30 September:		
– Permanent employees	9 344	9 538
– Contracted labour	4 279	4 274
	13 623	13 812

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
4. Other income				
Scrap sold	1 277	1 874	–	–
Amounts written off recovered	1 310	26	–	–
Storage fee income	2 652	2 931	–	–
Insurance recoveries related to costs incurred	127 072*	38 965	–	–
Rental received	3 973	4 097	–	–
Dividend received	–	1 564	–	–
	136 284	49 457	–	–
5. Other (losses)/gains				
Foreign exchange gains/(losses) on financial instruments and monetary items	8 153	(9 547)	–	–
Profit on sale of property, plant and equipment	364	192	–	–
Loss on sale of intangibles	(129)	(2 911)	–	–
Assets scrapped	(5 022)	(2 927)	–	–
Trade receivables written off	–	(187)	–	–
Profit on early termination of capitalised leases	4 423	21 656	–	–
Impairment of goodwill (refer note 15)	–	(15 599)	–	–
Gain on disposal of controlling interest in subsidiaries	–	28 908	–	–
Movement in provision for doubtful debtors	1 423	(2 329)	–	–
Corporate Social Investment (“CSI”) related spend	(4 801)	(5 586)	–	–
Agri SETA recoveries	4 351	5 361	–	–
Other	(2 746)	(199)	–	–
	6 016	16 832	–	–
6. Finance income and expense				
Interest income				
Bank balances	31 387	28 321	10 096	2 835
Other	1 137	1 091	5	320
	32 524	29 412	10 101	3 155
Interest expense				
Bank borrowings	75 852	1 285	–	76
Interest accrued on lease liabilities	25 479	32 105	–	–
Unwinding of discount on long outstanding liabilities	1 555	6 948	–	–
Other	5 876	3 780	1	3
	108 762	44 118	1	79
Net finance expense/(income)	76 238	14 706	(10 100)	(3 076)

* The increase in insurance recoveries relates mainly to the business interruption claims that were agreed to during the current financial year. These business interruptions were experienced during the 2020 and 2021 financial years.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
7. Tax expense				
Current tax	74 368	297 919	2 727	989
Deferred tax	(259 637)	100 019	–	–
	(185 269)	397 938	2 727	989
Deferred tax adjustment due to rate change to 27 %	–	(28 682)	–	–
Current tax – prior year	4	456	–	–
Deferred tax – prior year	(14)	344	–	–
Withholding tax	366	400	–	–
	(184 913)	370 456	2 727	989
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of South Africa:				
Profit before tax	(697 113)	1 425 072	301 827	508 905
Tax calculated at a tax rate of 27 % (2021: 28 %)	(188 221)	399 020	81 493	142 493
Effect of different tax rates in other countries	(2 572)	(2 709)	–	–
Deferred tax adjustment due to rate change to 27 %	–	(28 682)	–	–
Impairment of goodwill	–	4 368	–	–
Non-deductible fringe benefits tax in respect of housing benefits paid on behalf of employees/(over provided)	–	(1 296)	–	–
Dividends paid recognised as cash-settled share based payment	822	1 457	–	–
Capital gains portion not taxable	–	(6 638)	–	–
Training allowances received	(1 698)	(587)	–	–
Non-trading related expenses – holding company	2 234	2 029	2 234	2 031
Legal expenses and fines	992	526	–	–
Donations and social investments not tax deductible	620	614	–	–
Costs incurred by foreign subsidiaries not tax deductible	1 976	1 369	–	–
Other income/expenses not (taxable)/deductible for tax purposes	(162)	(104)	–	–
Temporary differences on which no deferred tax is recognised	64	47	–	–
Adjustments to prior year's normal tax provision	4	456	–	105
Adjustments to prior year's tax base used for calculating deferred tax	(14)	344	–	–
Withholding tax paid	366	400	–	–
Tax losses (utilised)/not utilised to reduce current and/or deferred tax	558	257	–	–
Dividends received	–	(438)	(81 000)	(143 640)
Finance charges not tax deductible	119	23	–	–
Tax charge per income statement	(184 913)	370 455	2 727	989

Further information about deferred tax is presented in note 23.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	GROUP	
	2023 R'000	2022 R'000
8. Earnings per share		
Profit attributable to equity holders of the Company used for calculating earnings per share and diluted earnings per share	(512 200)	1 068 397
– From continuing operations	(512 200)	1 054 616
– From discontinued operations	–	13 781
	2023 cents	2022 cents
Basic earnings per ordinary share	(1 333)	2 781
– From continuing operations	(1 333)	2 745
– From discontinued operations	–	36
Diluted earnings per share	(1 333)	2 751
– From continuing operations	(1 333)	2 716
– From discontinued operations	–	35
	2023 Number of shares	2022 Number of shares
Weighted average number of ordinary shares in issue during the year for calculating earnings per share	38 419 016	38 420 537
Adjustments for forfeitable shares	414 642	413 121
Weighted average number of ordinary shares for calculating diluted earnings per share	38 833 658	38 833 658

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the year, reduced by ordinary shares purchased and held as treasury shares.

Diluted earnings per share

Diluted earnings per share for the current year is based on the number of shares, currently held as treasury shares which, will per the forfeitable share incentive scheme, either vest depending on the meeting of certain performance criteria, or will be sold back into the market in the event the performance conditions have not been met. However, in the current financial year the potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. The calculation of diluted earnings per share therefore does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

	Gross R'000	Net R'000	Continuing operations R'000	Discontinued operations R'000
9. Headline earnings				
2022				
Net profit attributable to shareholders	–	1 068 397	1 054 616	13 781
Adjusted for:	(7 452)	(7 104)	(7 278)	174
Profit on sale of property, plant and equipment	2 719	1 957	1 957	–
Loss on assets scrapped	3 138	2 281	2 107	174
Impairment of goodwill	15 599	15 599	15 599	–
Net gain on disposal of controlling interests in subsidiaries	(28 908)	(26 941)	(26 941)	–
Headline earnings	–	1 061 293	1 047 338	13 955
2023				
Net profit attributable to shareholders	–	(512 200)	(512 200)	–
Adjusted for:	4 787	3 709	3 709	–
Profit on sale of property, plant and equipment and intangibles	(235)	(150)	(150)	–
Loss on assets scrapped	5 022	3 859	3 859	–
Headline earnings	–	(508 491)	(508 491)	–

	GROUP		COMPANY	
	2023 cents	2022 cents	2023 cents	2022 cents
Headline earnings per share (cents)				
Headline earnings per share (cents)	(1 324)	2 762	–	–
– From continuing operations	(1 324)	2 726	–	–
– From discontinued operations	–	36	–	–
Diluted headline earnings per share (cents)	(1 324)	2 733	–	–
– From continuing operations	(1 324)	2 697	–	–
– From discontinued operations	–	36	–	–

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
10. Dividends				
No dividends were declared in respect of the current year's profits:				
Prior year interim dividend (Dividend no 41) – declared 16 May 2022 – 790 cents per share	–	303 332	–	339 086
Prior year final dividend (Dividend no 42) – declared on 21 November 2022 – 590 cents per share	–	226 074	–	253 241
Total dividends declared in respect of the year ended 30 September 2022 – 1 380 cents per share	–	529 406	–	592 327

The prior year number has been updated to reflect the actual payment which was made post the prior year-end.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	Land and buildings R'000	Plant, and equipment R'000	Vehicles R'000	Total R'000
11. Property, plant and equipment				
GROUP				
2022				
Net book amount at 1 October 2021	1 209 521	1 658 188	75 150	2 942 859
Changes for the year:				
Reclassifications	(21)	22	(1)	
Exchange translation changes	5 213	4 847	1 280	11 340
Additions – Expansion/improvement	40 854	58 891	412	100 157
Additions – Replacement	42 180	106 664	8 008	156 852
Disposals	–	(188)	(98)	(286)
Assets scrapped	(2 008)	(829)	(90)	(2 927)
Depreciation recognised in the statement of comprehensive income	(33 034)	(161 082)	(11 167)	(205 283)
Closing net book amount	1 262 705	1 666 513	73 494	3 002 712
Balance at 30 September 2022:				
Cost	1 819 389	3 209 948	194 708	5 224 045
Accumulated depreciation	(556 684)	(1543 435)	(121 214)	(2221 333)
Closing net book amount	1 262 705	1 666 513	73 494	3 002 712
2023				
Net book amount at 1 October 2022	1 262 705	1 666 513	73 494	3 002 712
Changes for the year:				
Exchange translation changes	(5 082)	(11 206)	(444)	(16 732)
Additions – Expansion/improvement	27 518	234 785	5 730	268 033
Additions – Replacement	35 111	86 938	2 324	124 373
Disposals	–	(331)	(966)	(1 297)
Assets scrapped	(475)	(3 934)	(613)	(5 022)
Depreciation recognised in the statement of comprehensive income	(34 322)	(172 975)	(11 535)	(218 832)
Closing net book amount	1 285 455	1 799 790	67 990	3 153 235
Balance at 30 September 2023:				
Cost	1 873 296	3 484 173	194 036	5 551 505
Accumulated depreciation	(587 841)	(1 684 383)	(126 046)	(2 398 270)
Closing net book amount	1 285 455	1 799 790	67 990	3 153 235

Details of the individual properties are on record, which are open for inspection by members or their nominees at the registered office of the Company.

Certain assets at a Zambian subsidiary stand as security for bank facilities – refer note 29.5.

Determination of useful life and annual depreciation

- Buildings, plant and equipment are of a specialised nature and the expected useful lives at initial recognition are based on past experience of deployment of similar assets in the Group.
- Subsequent to the initial determination of useful lives, the remaining useful life is assessed annually, taking into account the physical condition of the asset item and how long it can still be operational without incurring excessive repairs and maintenance costs. When the cost of repairs and maintenance reaches such a level where it is not feasible to continue to use a particular plant item, it is replaced. Continuous technology changes could also have a bearing on the economic life of existing assets. The impact of lower operating costs of using the latest technology in processes thereby warranting investment in such assets could make the use of existing assets uneconomical and have an impact on their useful economic lives. Due to the above variable factors, predictions of future replacement dates are based on subjective assessments, and remaining life expectancies are therefore subject to variability.
- Depreciation on specialised buildings, plant and equipment is calculated on the basis that they will have no residual value when they reach the end of their estimated economical lives.
- Depreciation on vehicles is calculated on the basis that it will have residual values of between 10 % and 20 % of the original cost when they reach the end of their estimated economic lives.
- Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its estimated residual value over its estimated useful life. The estimated life of assets per asset category falls within the following ranges:
 - Buildings 50 years
 - Plant and equipment – poultry 8 – 25 years
 - Plant and equipment – feed 5 – 50 years
 - Vehicles 5 – 10 years
 - Intangible assets – software 5 – 15 years

	GROUP	
	2023 R'000	2022 R'000
12. Intangible assets		
Software		
Opening net book amount	41 947	49 984
Changes for the year:		
Exchange translation changes	(107)	50
Capitalisation of costs incurred	5 558	564
Disposals	(129)	(2 911)
Amortisation – included in administrative expenses	(5 235)	(5 740)
Closing net book amount	42 034	41 947
Cost	97 275	93 680
Accumulated amortisation	(55 241)	(51 733)
Closing net book amount	42 034	41 947
13. Capital commitments		
Capital expenditure approved not contracted for	483 836	590 589
Capital expenditure contracted but not recognised in the financial statements	109 496	146 782
Cost on intangibles contracted but not recognised in the financial statements	200	–

The capital commitments will be financed from a combination of operating cash flows, surplus cash and borrowings when required. No abnormally high debt levels are foreseen resulting from future capital expenditure.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

14. Leases

The nature of lease contracts in the Group are in respect of leases of office space, movable plant items in the processing plants, general office equipment, farm vehicles and vehicles for outbound transport of finished goods to customers.

Lease contracts vary from contracts for individual items to contracts where a number of items are leased per contract, as the case is in respect of certain vehicles.

Qualifying leases are recognised as right-of-use assets with corresponding lease liabilities.

The values of the right-of-use assets and lease liabilities have been based on future lease payments, discounted at the prevailing incremental borrowing rate to present values. The incremental borrowing rates used are based on the cost of borrowing from third party financiers.

Future index or rate related increases in variable lease payments are not taken into account in determining the carrying values until they take effect. When these adjustments take effect the lease liability is re-measured with a corresponding adjustment to the right-of-use assets.

In instances where there is a reasonable degree of certainty that options to extend lease periods will be exercised, the extended periods have been used in calculating the present values of lease payments.

The impact of leases on the deferred tax provision are separately calculated and provided for on the of right-of-use assets and for the lease liabilities. Refer note 23 – Deferred tax.

	Buildings R'000	Plant, and equipment R'000	Vehicles R'000	Total R'000
14.1 Right-of-use assets				
GROUP				
2022				
Opening balance 1 October 2021	36 716	32 952	270 361	340 029
Changes for the year:				
Additions	3 192	4 629	192 371	200 192
Re-measurements	–	80	9 395	9 475
Derecognitions	(240)	–	(164 901)	(165 141)
Amortisation	(7 467)	(8 944)	(79 327)	(95 738)
Closing net book amount	32 201	28 717	227 899	288 817
Balance at 30 September 2022:				
Capitalised costs	54 332	46 444	398 877	499 653
Accumulated amortisation	(22 131)	(17 727)	(170 978)	(210 836)
Closing net book amount	32 201	28 717	227 899	288 817
2023				
Opening balance 1 October 2022	32 201	28 717	227 899	288 817
Changes for the year:				
Additions	38 801	303	25 183	64 287
Re-measurements	–	39	1 203	1 242
Derecognitions	(16 667)	–	–	(16 667)
Amortisation	(6 418)	(9 171)	(70 578)	(86 167)
Closing net book amount	47 917	19 888	183 707	251 512
Balance at 30 September 2023:				
Capitalised costs	57 319	46 786	425 263	529 368
Accumulated amortisation	(9 402)	(26 898)	(241 556)	(277 856)
Closing net book amount	47 917	19 888	183 707	251 512

The value of new right-of-use assets added during the year, are the initial measurement of the related lease liability.

Right-of-use assets are amortised over the shorter of its useful life or the lease term, including an extended term, where applicable.

	GROUP	
	2023 R'000	2022 R'000
14.2 Lease liabilities		
Non-current	181 589	231 302
Current	90 453	78 371
Total	272 042	309 673
Maturity profile of lease liabilities:		
Capital payments next year	90 453	78 363
Capital payments from the second up to the fifth year	156 397	220 354
Capital payments after five years	25 192	10 956
	272 042	309 673
Total lease payments relating to capitalised leases	107 549	121 766
Interest expense on lease liability included in finance cost	25 479	32 105

Lease payments are apportioned between a finance cost component, recognised as a finance charge, and a reduction of the outstanding principal amount of the lease liabilities.

	GROUP	
	2023 R'000	2022 R'000
14.3 Other leases		
Lease payments included in operating profit as lease expenses:		
Lease payments relating to low value items	5 226	6 026
Lease payments relating to short-term leases	46 172	11 587
Variable lease payments not linked to an index or rate and not recognised in right-of-use assets	75 064	26 268
The leasing of generators to mitigate the impact of load shedding resulted in a material increase in the operating leases relating to the rental of large generator sets for short-term periods while owned generator sets were being installed.		
Future commitments – Other leases:	28 788	7 258
Not later than one year:		
Short term leases: property	1 792	3 395
Short term leases: plant and equipment	22 803	472
Low value items of plant and equipment	1 621	1 658
Later than one year and not later than five years:		
Short term leases: plant and equipment	552	–
Low value items	1 900	1 613
Later than five years		
Low value items	120	120

Short-term leases are those with terms of not more than twelve months.

Low value leases are generally leases of office equipment and of personal IT equipment.

Lease payments in respect of short term leases and leases of low value items are expensed in the income statement, as and when incurred.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

15. Goodwill

Goodwill is allocated to the Group's cash-generating units identified according to business segment. Goodwill is assessed for impairment at each reporting date. The recoverable amount of the relevant cash-generating units is determined based on value-in-use calculations. These calculations use cash flow projections as contained in the annual budget and business plan forecasts approved by the Board of Directors.

The discount rates used to determine values of individual cash-generating units are based on the weighted average cost of capital for these business units and incorporate specific business risks related to the industry as well as the different geographical and economical areas in which business activities are conducted. The discount rate is lower than the previous year mainly due to decreased long term yield curve for risk-free investments in the South African market which increased significantly over the past year.

The cash flow projections have been projected over five years. Abnormal trends in the forecasts, given the cyclical nature of the industry in which the businesses operate, for example the impact of abnormal weather patterns, are eliminated in the perpetuity calculations of future cash flows.

The perpetual growth rate is based on the Group's assessment of the long term economic outlook and takes into account a view on market conditions and the strategic positioning of the business units within the markets in which they operate. The valuations, using a perpetuity growth rate of 5% accounts for the impact of inflation on future cash flow streams only, and does not take into account further expansion. It is also expected that the businesses will maintain their respective market positioning and no reduction of volumes are assumed in the calculation of the valuation of the business units.

No impairment of goodwill was recognised in the current financial year.

Broiler feed costs

The major components of the broiler feed ration are the cost of maize and soya. The cost of these two ingredients are influenced by a number of factors like weather patterns, the size of annual national and international crops, stock holdings and rate of consumption of these commodities. Market forces impact prices of these commodities and assumptions for future prices take into account most recent stock-to-use ratios and prices of futures traded for these commodities in the open market. Specific adjustments are made for known abnormal weather patterns such as droughts or above average rainfall periods which could impact prices. The feed cost also includes an allowance for the impact of inflation on the production cost of broiler feed.

Selling prices poultry products

Selling prices for poultry products are influenced by market forces which impact the supply and consumption thereof. Assumptions for future price levels take into account the most recent market conditions adjusted for known price volatility such as changes in regulations, periods of over and short supply conditions, and forecasted trends in consumer spending. Long term pricing assumes normalised market conditions and any prolonged period of over or under food inflationary increases in poultry products, are normalised in the long term outlook for selling prices.

	Discount rates	Forecast period (years)	Average perpetuity growth rates	Goodwill R'000
GROUP				
2022				
Poultry				
Goldi/Festive	13.5 %	5	6.0 %	106 020
National Chicks	13.5 %	5	6.0 %	3 749
County Fair	13.5 %	5	6.0 %	2 559
Feed				
Meadow – South African operations	13.5 %	5	6.0 %	5 648
Other Africa				
Africa Feeds Limited (Zambia)	17.5 %	5	10.0 %	2 560
				120 536

	Discount rates	Forecast period (years)	Average perpetuity growth rates	Goodwill R'000
2023				
Poultry				
Goldi/Festive	13.3%	5	5.0%	106 020
National Chicks	13.3%	5	5.0%	3 749
County Fair	13.3%	5	5.0%	2 559
Feed				
Meadow – South African operations	13.3%	5	5.0%	5 648
Other Africa				
Africa Feeds Limited (Zambia)	17.5%	5	10.0%	2 560
				120 536

The pre-tax discount rates are as follows:

Goldi/Festive (18.2%), National Chicks (18.2%), County Fair (15.2%), Meadow (16.1%) and Africa Feeds Limited (Zambia) (22.9%). (2022: Goldi/Festive (15.8%), National Chicks (16.8%), County Fair (14.7%), Meadow (16.3%) and Africa Feeds Limited (Zambia) (21.9%).

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Goodwill carry value				
Balance at 1 October	120 536	136 135		
Accumulated impairment	–	(15 599)		
Balance at 30 September	120 536	120 536		

Sensitivity analysis

Changes in the economic and financial environment, competitor activity, regulatory authorities' decisions and consumers' behaviour in response to the economic environment, may affect the assumptions used in the calculation of the recoverable amounts.

The percentages indicated below are regarded as reasonably possible changes to the long term assumptions used for the more critical assumptions.

In the event that any one of the critical assumptions should change without compensating changes in the other assumptions, the impact on the carrying value of goodwill could be as follows:

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Potential impairment if the discount rates are increased by 1%	(1 199)	(2 559)		
Potential impairment if the discount rates are increased by 2%	(6 308)	(2 559)		
Potential impairment if the net realisations of poultry products decrease by 1%	–	(2 559)		
Potential impairment if the net realisations of poultry products decrease by 3%	–	(2 559)		
Potential impairment if the net realisations of poultry products decrease by 5%	(3 749)	(2 559)		
Potential impairment if the broiler feed price increased by 1%	(6 308)	(2 559)		
Potential impairment if the broiler feed price increased by 3%	(6 308)	(2 559)		
Potential impairment if the broiler feed price increased by 5%	(6 308)	(6 308)		

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

16.1 Financial assets at fair value through other comprehensive income

Listed shares in Quantum Foods Holdings Ltd

The shares are not held for trading as it is regarded as an strategic investment.

An irrevocable election has been made to recognise changes in the fair value of the shares in this category.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
At cost – 19 550 855 shares	155 306	155 306		
Cumulative fair value adjustment	(57 551)	(60 875)		
Fair value	97 755	94 431		
The carrying value of the investment is based on the share price on 30 September as listed on the JSE, and it falls in level 1 of the fair value measurement hierarchy.				
16.2 Investments carried at cost				
Investments in subsidiaries – at cost (unlisted)			233 997	233 997

Impairment was considered and no impairment was recognised. The investment was tested at Cash Generating Unit level, using the assumptions quoted in note 15

17. Biological assets

GROUP

2022

	Egg stock R'000	Broiler stock R'000	Breeding stock R'000	Total R'000
Fair value at 1 October 2021	134 111	384 287	457 918	976 316
Obsolescence adjustment (restated)	–	–	(736 665)	(736 665)
Increase due to establishment costs	905 120	8 176 991	964 175	10 046 286
Decrease due to harvest/sales	(888 478)	(8 015 360)	(137 998)	(9 041 836)
Fair value adjustment	1 527	260	–	1 787
Less: Held for sale operations				–
Closing balance	152 280	546 178	547 430	1 245 888

Balance at 30 September 2022:

At fair value	152 280	546 178	547 430	1 245 888
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2023

Fair value at 1 October 2022	152 280	546 178	547 430	1 245 888
Obsolescence adjustment			(1 115 378)	(1 115 378)
Increase due to establishment costs	1 058 204	9 436 059	1 060 681	11 554 944
Decrease due to harvest/sales	(1 051 625)	(9 429 927)	(153 682)	(10 635 234)
Fair value adjustment	(2 646)	(5)	–	(2 651)
Closing balance	156 213	552 305	339 051	1 047 569
Balance at 30 September 2023:				
At fair value	156 213	552 305	339 051	1 047 569

The quantity of egg, broiler and breeding stock is based on the number of eggs and bird placements at the beginning of each production cycle adjusted for mortalities.

Egg stock

The carrying value of egg stock is based on fair value, and falls in level 3 of the fair value measurement hierarchy.

Costs incurred related to the production of eggs are capitalised during their growing cycle. A fair value adjustment is applied to the cumulative capitalised cost thereof.

The fair value adjustment of eggs is determined as the price difference between the sum total of the capitalised cost at point of sale and the price at which the hatching eggs are sold in the external market.

Broiler stock

The carrying value of broiler stock is based on fair value and falls in level 3 of the fair value measurement hierarchy.

Costs incurred related to the production of broiler stock are capitalised during its growing cycle. A fair value adjustment is applied to the cumulative capitalised cost thereof.

The fair value adjustment for live broiler birds is based on the ratio at which the cumulated costs per kilogram of live broilers at point of harvest differs with the bought-in price per live kilogram paid for broiler birds delivered by outside contract growers for processing through the abattoirs. This adjustment ratio is applied to the sum of costs of the total broiler stock holding.

Biological assets include assets held at contract growers, as the Group retains ownership of these assets.

The valuation methodology used in Astral for eggs and broilers are not based on developed valuation techniques, but on transactions with external parties. These unobservable inputs used in the fair value calculations are the price of eggs sold by Astral in the external market, and the bought-in price paid to external contract growers for broiler birds. The most significant input into the fair value measurement is the contract price entered into with independent market participants. These prices change when contracts are renegotiated.

Breeder stock

The carrying value of breeder stock approximates fair value using the cost approach, which is based on actual costs incurred less obsolescence adjustments.

The cost of breeding stock includes the cost of the day old chick, feeding and other related costs, which are capitalised during its rearing cycle of approximately 22 weeks. The capitalised costs are then adjusted for obsolescence throughout its productive (laying) cycle of approximately 40 weeks, to a cull value at the end of its productive life cycle. There is no market for breeder birds, except for when sold as a day old chick, and when sold at its cull value at the end of its productive cycle. In the absence of any fair value indicators for mature breeder birds, the carrying value of the breeding stock, as calculated in line with the cost approach (as defined in IFRS13) to establish fair value, on the basis of cost less obsolescence adjustments, is regarded as an accurate indicator of the fair value thereof in the integrated poultry producing process.

Comparatives were restated to refer to "obsolescence adjustment" which was previously included in the fair value adjustments line.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
18. Inventories				
Feed raw materials	338 834	366 526		
Feed finished goods	53 480	54 850		
Poultry products	1232 166	543 148		
Consumable stores	270 767	213 972		
	1895 247	1178 496	-	-

The cost of inventories and value of biological assets recognised as an expense in profit and loss amounts to R12 262 million (2022: R11 039 million).

Certain inventories at the Zambian subsidiaries serve as security for bank facilities – refer note 29.5.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
19. Trade and other receivables				
Current				
Financial instruments				
Trade receivables	1 488 943	1 526 183		
Provision for specific doubtful debts	(906)	(2 329)		
Trade receivables – net	1 488 037	1 523 854	–	–
Other receivables	29 422	22 001		
Insurance receivable	96 500	–		
Receivable in respect of investment sold	–	4 000	–	4 000
Non financial instruments				
Prepayments	94 988	69 524		
Advance capital expenditure payments	22 034	46 395		
VAT recoverable	58 409	42 424		
Other receivables	–	94	–	91
	1 789 390	1 708 292	–	4 091
The fair values of trade and other receivables approximate their carrying value.				
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:				
SA Rand	1 761 716	1 686 596	–	4 091
Zambian Kwacha	27 674	21 696	–	–
	1 789 390	1 708 292	–	4 091

Certain trade receivables at a Zambian subsidiary serve as security for bank facilities – refer note 29.5.

Categories

Trade receivables are categorised according to the different business segments as the profiles of trade receivables differ between the operating segments, and credit risks within these categories are therefore reviewed separately.

- Trade receivables from the Poultry segment consist mainly of retail and wholesale customers with the balance consisting of poultry farmers.
- Trade receivables in the Feed segment consist mainly of farming customers with limited exposure to retail customers.
- Trade receivables in the Other Africa segment consist of both farmers and retail customers.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Poultry	1 171 640	1 205 092	–	–
Farming	48 483	47 900	–	–
Retail and wholesale	1 123 157	1 157 192	–	–
Feed	317 303	321 091	–	–
Farming	292 401	292 052	–	–
Retail and wholesale	24 902	29 039	–	–
	1 488 943	1 526 183	–	–

Comparatives have been restated for the change in segment reporting as described in note 1.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
20. Cash and cash equivalents				
Cash at bank and on hand	713 436	723 350	92 687	42 547
Cash and cash equivalents include the following for purposes of the cash flow statement:				
Cash at bank and on hand	713 436	723 350	92 687	42 547
Bank overdrafts drawn on day-to-day basis	(1 144 089)	(22 332)	–	–
Cash and cash equivalents per the statement of cash flow	(430 653)	701 018	92 687	42 547
Reconciliation of net (overdraft)/cash (relevant information drawn from note 27):				
Bank overdrafts drawn on day-to-day basis	(1 144 089)	(22 332)	–	–
Overdrafts drawn specifically to manage liquidity headroom	(600 000)	–	–	–
Total bank overdrafts per note 27	(1 744 089)	(22 332)	–	–
Cash at bank and on hand	713 436	723 350	–	–
Net (borrowings)/cash and cash equivalents	(1 030 653)	701 018	92 687	42 547
21. Share capital				
Authorised share capital				
75 000 000 ordinary shares of 1 cent each (2022: 75 000 000 ordinary shares of 1 cent each)	750	750	750	750
Issued share capital				
42 922 235 ordinary shares of 1 cent each (2022: 42 922 235 ordinary shares of 1 cent each)	429	429	429	429
Share premium	89 971	89 971	89 971	89 971
Total issued share capital and premium	90 400	90 400	90 400	90 400

All issued shares are fully paid.

	GROUP		COMPANY	
	Number of shares 2023	Number of shares 2022	Number of shares 2023	Number of shares 2022
Number of shares effectively in issue				
Issued shares	42 922 235	42 922 235	42 922 235	42 922 235
Treasury shares held by subsidiary and by participants in the forfeitable share scheme.	(4 458 660)	(4 525 672)	–	–
	38 463 575	38 396 563	42 922 235	42 922 235
Unissued share capital				
Number of shares under the control of directors and available to be utilised for the purpose of the share option scheme at the end of the year	4 292 400	4 292 400	4 292 400	4 292 400

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	Share-based payment reserve R'000	Non- distributable legal reserve R'000	Currency translation reserve R'000	Currency gains/(losses) on investment loans R'000	Total other reserves R'000
22. Other reserves					
GROUP					
2022					
Balance at 1 October 2021	12 558	782	(42 733)	(9 768)	(39 161)
Provision for equity settled payment costs	16 168				16 168
Currency loss on investment loans to foreign subsidiaries				878	878
Currency translation differences arising in year			43 254		43 254
Balance at 30 September 2022	28 726	782	521	(8 890)	21 139
2023					
Balance at 1 October 2022	28 726	782	521	(8 890)	21 139
Provision raised for equity settled payment costs	12 273				12 273
Shared forfeited due to non-vesting at cost	(11 744)				(11 744)
Settlement of forfeitable share scheme tranches	(16 170)				(16 170)
Currency loss on investment loans to foreign subsidiaries				(868)	(868)
Currency translation differences arising in year			(38 455)		(38 455)
Balance at 30 September 2023	13 085	782	(37 934)	(9 758)	(33 825)

The non-distributable legal reserve relates to a foreign statutory requirement whereby a portion of reserves of a foreign subsidiary is regarded as non-distributable.

The movement in the currency translation reserve relates to the fluctuations of the functional currencies in which the Other African subsidiaries conducts their business activities, against the South African Rand.

23. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method, using a principal tax rate of 27 % (2022: 27 %).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority.

Deferred tax liabilities

Movement on the deferred tax liability account is as follows:

	GROUP	
	2023 R'000	2022 R'000
Opening balance	777 830	704 279
Charge related to items in other comprehensive income	1 958	1 870
Charge to profit and loss	(259 651)	71 681
Originating and reversal of temporary differences	(259 637)	100 019
Effect of tax rate change to 27 %	–	(28 682)
Adjustment to amounts recognised in prior year	(14)	344
At end of year	520 137	777 830

	Opening balance R'000	Charge to profit and loss R'000	Charged/ (release) to other comprehensive income R'000	Tax rate change to 27 %	Closing balance R'000
Analysis of deferred tax liabilities:					
GROUP					
2022					
Temporary differences giving rise to deferred tax liabilities					
Accelerated tax allowances on assets	588 862	109 832	–	(24 953)	673 741
Temporary difference on livestock and farming consumables					
Lease liability	245 277	39 199	–	(10 160)	274 316
Temporary differences giving rise to deferred tax assets	105 411	(18 702)	–	(3 097)	83 612
Right-of-use assets	(95 208)	14 339	–	2 888	(77 981)
Provision for retirement benefit obligations	(25 124)	(421)	1 870	846	(22 829)
Provision for long-term retention payments	(27 300)	805	–	946	(25 549)
Provision for outstanding leave pay	(33 147)	(657)	–	1 207	(32 597)
Rental equalisation reserve	–	–	–	–	–
Provision for incentive bonuses	(24 229)	(43 593)	–	2 422	(65 400)
Provision for claims and trade discounts	(34 382)	(8 056)	–	1 516	(40 922)
Provision for long service awards	(2 881)	(7 857)	–	–	(10 738)
Tax losses utilised to reduce deferred tax liability	–	–	–	–	–
Other	7 000	15 474	–	(297)	22 177
	704 279	100 363	1 870	(28 682)	777 830
2023					
Temporary differences giving rise to deferred tax liabilities					
Accelerated tax allowances on assets	673 741	(4 370)	–	–	669 371
Temporary difference on livestock and farming consumables					
Lease liability	274 316	(28 323)	–	–	245 993
Temporary differences giving rise to deferred tax assets	83 612	(10 161)	–	–	73 451
Right-of-use assets	(77 981)	10 073	–	–	(67 908)
Provision for retirement benefit obligations	(22 829)	(404)	1 958	–	(21 275)
Provision for long term retention payments	(25 549)	11 828	–	–	(13 721)
Provision for outstanding leave pay	(32 597)	(883)	–	–	(33 480)
Provision for incentive bonuses	(65 400)	57 309	–	–	(8 091)
Provision for claims and trade discounts	(40 922)	13 429	–	–	(27 493)
Provision for long service awards	(10 738)	7 830	–	–	(285 137)
Tax losses utilised to reduce deferred tax liability	–	(76 987)	–	–	(17 540)
Other	22 177	(238 992)	–	–	8 875
	777 830	(259 651)	1 958	–	520 137

A deferred tax liability of R35 506 000 (2022: R29 393 000) has not been recognised in respect of withholding tax in the event of all the retained earnings of the foreign subsidiaries are distributed by future dividend declarations.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	Post-employment medical benefits (Note 25) R'000	Long-term retention benefits R'000	Performance incentives and long service awards R'000	Outstanding leave obligations R'000	Total R'000
24. Employee benefit obligations					
GROUP					
2022					
Balance at 1 October 2021	89 730	97 500	89 611	118 382	395 223
Less: Held for sale operations	–	–	–	–	–
Payments against provision	–	(52 731)	(102 322)	–	(155 053)
Increase/(decrease) in provision	(5 179)	49 857	265 673	2 348	312 699
Balance at 30 September 2022	84 551	94 626	252 962	120 730	552 869
Non-current provision	76 556	50 473	–	–	127 029
Current provision	7 995	44 153	252 962	120 730	425 840
	84 551	94 626	252 962	120 730	552 869
2023					
Balance at 1 October 2022	84 551	94 626	252 962	120 730	552 869
Less: Held for sale operations	–	–	–	–	–
Payments against provision	–	(45 257)	(257 341)	(10 765)	(313 363)
(Decrease)/increase in provisions	(5 755)	1 449	45 115	14 034	54 843
Balance at 30 September 2023	78 796	50 818	40 736	123 999	294 349
Non-current provision	70 075	25 629	7 693	–	103 397
Current provision	8 721	25 189	33 043	123 999	190 952
	78 796	50 818	40 736	123 999	294 349

The amounts provided for payment in respect of long-term retention benefits have been discounted at rates varying between 7% and 9% (2022: 7.0 – 9.0%).

The long term retention benefits are based on achieving certain performance conditions over a three-year vesting period from the date of allocation of the benefit. Allocations are made every year effective 1 October. The provision is based on an assessment to the extent that performance targets will be achieved. It is estimated that not all performance targets will be achieved.

The decrease in the employee benefit obligations is mainly as result of the decrease in short-term incentives, following the load shedding and HPAI driven loss for the year.

25. Post-employment medical benefits

The Group provides post-retirement healthcare benefits to some of its current and retired employees – refer to paragraph 18 of the accounting policies for more detail regarding the post-employment medical plan. Benefits paid and the movement in the provision are charged against profits in the current period. Re-measurements are charged to other comprehensive income.

	GROUP	
	2023 R'000	2022 R'000
Present value of funded obligations per actuarial valuation at 30 September		
Balance at beginning of year	84 551	89 730
Current service cost	311	385
Interest costs	9 187	8 773
Re-measurement	(7 258)	(6 677)
Benefits payments	(7 995)	(7 660)
Balance at end of year	78 796	84 551
Amounts recognised in the profit and loss:	9 498	9 158
Current service costs	311	385
Interest costs	9 187	8 773
Amounts recognised in other comprehensive income:		
Re-measurement	(7 258)	(6 677)
Arising from changes in financial assumptions	(8 821)	(6 019)
Arising from changes in demographic assumptions	1 505	(563)
Miscellaneous	58	(95)
Estimated employer benefits payable during next 12 months	8 721	7 995
The liability recognised in the financial statements was actuarially valued at 30 September 2023 (previous valuation date: 30 September 2022). The liability was valued using the Projected Unit Credit valuation method which is the same method used in the prior year.		
Discount rate	11.80%	11.44%
Health care cost inflation:		
In service members	8.21%	8.45%
Continuation members	8.31%	8.45%

Pre-retirement mortality rates as per SA 85-90 (Light) ultimate table.

Post-retirement mortality rates as per PA (90) ultimate table rated down two years plus an improvement of 0.75% per annum from a base year of 2006.

	Accrued liability	% change
Sensitivity analysis		
Discount rate increases by 1% p.a.	73 553	(7%)
Discount rate reduces by 1% p.a.	84 793	8%
Subsidy inflation increases by 1% p.a.	85 189	8%
Subsidy inflation reduces by 1% p.a.	73 094	(7%)
Mortality rate decreases by 1 year	81 087	3%

A deterministic model has been used to calculate the projected cash flows and the corresponding sensitivity results. The results are point estimations and a limitation of this model is that a limited range of results is available for the sensitivity results.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

25. Post-employment medical benefits (continued)

The present values of the defined benefit obligation and the experience adjustment were as follows:

	R'000	Experience adjustment
30 September 2023	78 796	(9%)
30 September 2022	84 551	(9%)
30 September 2021	89 730	(7%)
30 September 2020	89 477	(3%)
30 September 2019	98 629	12%

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
26. Trade and other payables				
Financial instruments				
Trade payables	1 826 043	1 679 404	–	–
Accruals and other payables	373 488	248 955	701	535
Non-financial instruments				
VAT payable	26 484	641	–	–
Provision for contribution to local government water supply infrastructure repairs	307	4 584	–	–
HPAI provision	16 000	–	–	–
Other	3 679	32 916	–	–
	2 246 001	1 966 500	701	535

Payment terms for trade payables are usually 30 days from date of statement.

The HPAI related accruals and provision was raised and carries significant judgement in determining its quantum. The approach followed aligned with the technical guidelines followed by the veterinary practices to manage the spread of the HPAI virus. It was also evidenced that the HPAI virus, once present in an epidemiologic unit (in this case a farm), was present in all birds contained within that unit. Accordingly, costs associated with biological assets defined as "in-contact birds" and therefore quarantined at year-end, was provided for on the reporting date.

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

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
SA Rand	2 178 146	1 927 514	–	–
Zambian Kwacha	49 638	30 144	–	–
Mozambican Meticals	1 258	927	–	–
US Dollar	16 959	7 915	–	–
	2 246 001	1 966 500	–	–

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
27. Net borrowings/surplus cash				
27.1 Bank overdrafts and other borrowings				
Loans from subsidiaries	–	–	44 118	44 118
Bank overdrafts	1 744 089	22 332	–	–

The general banking facilities (“GBFs”) are unsecured on-demand in nature. They carry no covenant obligations. The banks providing the GBF’s are providing such facilities on a pari passu exposure basis. The facilities are reviewed multiple times during the year with each of the lenders as consideration is given to the changing landscape within which the Group conducts its operating activities, particularly during the current financial year. The liquidity risk these facilities pose is considered by the Board on a continuous basis. Also refer to note 29.5 for discussion of the liquidity risks.

The carrying amounts of the Group’s borrowings are denominated in the following currencies:

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
SA Rand	1 720 598	–	44 118	44 118
Zambian Kwacha	23 491	22 332	–	–
	1 744 089	22 332	44 118	44 118
27.2 Net debt/surplus cash reconciliation				
Bank surplus funds	713 436	723 350	92 687	42 547
Bank overdrafts	(1 744 089)	(22 332)	–	–
Cash and cash equivalents per statement of cash flows	(1 030 653)	701 018	92 687	42 547
Lease liabilities	(272 042)	(309 673)	–	–
Net (debt)/surplus funds	(1 302 695)	391 345	92 687	42 547

		Cash and cash equivalents		Total R'000
		Leases R'000	R'000	
27.3 Financing activities				
GROUP				
Balance at 30 September 2021 – continuing operations	(376 468)	277 692	(98 776)	
Balance at 30 September 2021 – discontinued operations	–	3 435	3 435	
Cash flows	89 661	405 893	495 554	
Effect of exchange rate changes	–	13 998	13 998	
New leases	(200 192)	–	(200 192)	
Termination of leases	186 801	–	186 801	
Re-measurements	(9 475)	–	(9 475)	
Balance at 30 September 2022 – continuing operations	(309 673)	701 018	391 345	
Cash flows	82 070	(1 129 262)	(1 047 192)	
Effect of exchange rate changes	–	(2 409)	(2 409)	
Less: Held for sale operations	–	–	–	
New leases	(64 293)	–	(64 293)	
Termination of leases	21 095	–	21 095	
Re-measurements	(1 241)	–	(1 241)	
Balance at 30 September 2023	(272 042)	(430 653)	(702 695)	

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	GROUP				COMPANY			
	Fair value through other comprehensive income R'000	Amortised cost R'000	Financial liabilities at amortised costs R'000	Total R'000	Amortised cost R'000	Financial liabilities at amortised costs R'000	Total R'000	
28. Financial instruments								
2022								
Financial assets at fair value through other comprehensive income								
Shares held in Quantum Foods Limited*	94 431	–	–	94 431	–	–	–	
Current receivables	–	–	–	–	–	–	–	
Trade receivables	–	1 549 855	–	1 549 855	4 000	–	4 000	
Cash and cash equivalents								
Cash and bank	–	723 350	–	723 350	–	–	–	
Current borrowings								
Bank overdrafts	–	–	22 332	22 332	–	–	–	
Loans from subsidiaries	–	–	–	–	–	44 118	–	
Shareholders for dividend	–	–	3 273	3 273	–	3 273	3 273	
Current financial liabilities								
Trade payables	–	–	1 679 404	1 679 404	–	–	–	
Accruals	–	–	248 955	248 955	–	535	535	
2023								
Financial assets at fair value through other comprehensive income								
Shares held in Quantum Foods Limited	97 755	–	–	97 755	–	–	–	
Current receivables								
Trade receivables	–	1 517 459	–	1 517 459	–	–	4 000	
Cash and cash equivalents								
Cash and bank	–	713 436	–	713 436	–	–	–	
Current borrowings								
Bank overdrafts	–	–	1 744 089	1 744 089	–	–	–	
Loans from subsidiaries	–	–	–	–	–	44 118	44 118	
Shareholders for dividend	–	–	3 350	3 350	–	3 350	3 350	
Current financial liabilities								
Trade payables	–	–	1 826 043	1 826 043	–	–	–	
Accruals	–	–	373 488	373 488	–	701	701	

* The comparative note was adjusted to include the financial instruments with a designation of "Fair value through other comprehensive income".

Trade receivables represents the payment of principal amounts and interest, are held for contractual cash flows and are therefore accounted at amortised costs.

29. Financial Risk Management

The responsibility of the overall financial risk of the Group vests with the Board of Directors which has an overall responsibility to ensure the Group operates within acceptable risk parameters.

In exercising this responsibility, the Board assesses amongst others, the appropriate levels of capital investment on expansion projects, the quantum of dividend payments, and strategy on procurement of raw materials against the outlook of near and longer term trading conditions.

The Board is assisted in this function by the Audit and Risk Management Committee which also assesses the business risks, as identified by management from time to time, and the appropriate compensating controls to manage and mitigate the impact of the risks.

The Group is exposed to the following major financial risks:

29.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Trade receivables and deposits with banks are subject to credit risk and are managed by the Group Credit Executive and Chief Financial Officer.

Trade receivables:

The Group's main credit risk is concentrated in the aggregate balance of trade receivables.

Trade receivables are categorised according to the different business segments as the profile of customers differs between the operating segments.

The credit risks of each individual customer within these categories are reviewed annually.

- Trade receivables from the Poultry segment consist mainly of retail and wholesale customers with the balance consisting of poultry farmers.
- Trade receivables in the Feed segment consist mainly of farming customers with limited exposure to retail customers.

The Group assesses credit risk on initiation and continuously monitors exposure.

Initially: The granting of credit in relation to trade receivables is controlled by the application of a number of credit controlling procedures, namely;

- Credit risk insurance cover.
- Customers' credit risks are individually assessed and, where necessary, additional security is requested from the customer.
- Credit limits are set for customers and control procedures are in place to ensure adherence to those limits.
- Requirement that customers should provide updated statements of assets and liabilities.
- No credit terms to customers regarded as high risk as per the internal credit risk assessment.
- New credit terms are approved and signed off by the Chief Executive Officer.

Subsequently: The subsequent credit control procedures include:

- Regular visits and communication with customers,
- Annual re-assessment of the credit worthiness of customers,
- Immediate follow-up on late payments,
- In the event a customer is unable to pay, further trading with the customer is suspended.
- Changes to existing credit terms are approved and signed off by the Chief Executive Officer.

Exposure to trade receivables comprise a large, widespread customer base within each business segment/category and is as follows at 30 September:

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Current				
Accounts receivable	1 488 943	1 526 183	–	–
Less: Provision for doubtful debts	(906)	(2 329)	–	–
Net accounts receivable	1 488 037	1 523 854	–	–
Other financial instrument receivables	29 422	26 001	–	4 000
	1 517 459	1 549 855	–	4 000

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
29. Financial Risk Management (continued)				
29.1 Credit risk (continued)				
The table below sets out fully performing, past due but not impaired as well as the impaired receivables and the provision against such receivables:				
Fully performing – due by up to 30 days	1 487 211	1 523 844	–	–
Outstanding longer than 30 days	1 732	2 339	–	–
Past due by 31 to 60 days	704	2	–	–
Past due by more than 60 days	1 028	2 337	–	–
	1 488 943	1 526 183	–	–

The receivables outstanding longer than 30 days per category:

	Poultry R'000	Feed R'000	Total R'000
GROUP			
2022			
Past due by 31 to 60 days	–	2	2
Past due by more than 60 days	–	2 337	2 337
	–	2 339	2 339
2023			
Past due by 31 to 60 days	–	704	704
Past due by more than 60 days	–	1 028	1 028
	–	1 732	1 732

Loss allowance

The trade receivables do not have a significant financing component and the simplified approach have been applied to calculate the loss allowance based on lifetime expected credit losses.

A loss allowance is calculated by each individual business unit in the Group, based on its historical loss experience and its particular customer profile which represents trade receivables with shared characteristics and specific characteristics which are influenced by the geographical area where they operate as well as the nature of their businesses.

Provision for losses against specific trade receivables are made in the event circumstances indicate to a high probability of non-payment. A loss allowance is then calculated on the balances of the population of trade receivables excluding the delinquent isolated cases of non-payment. These are very few and usually limited to less than five customers across the entire Group.

2023

No expected credit loss (ECL) allowances was calculated for the year as the client portfolios are not experiencing credit losses as a portfolio of clients. The losses incurred during the year was isolated instances with unique circumstances for only two debtors.

2022

The assessment of the requirement for an ECL was performed. Based on the population not indicating any material risk of loss the calculation resulted in a nil-answer. Accordingly, no expected credit loss (ECL) allowances for the year is considered necessary as the client portfolios are not experiencing credit losses as a portfolio of clients. The losses incurred during the year was isolated instances with unique circumstances for only two debtors.

The movement in the impairment loss allowance in respect of trade receivables was as follows:

	GROUP	
	2023 R'000	2022 R'000
Balance at the beginning of the year	(2 329)	–
Net movement for the year	1 423	(2 329)
Reversal of prior year loss allowance	1 423	–
Current year loss allowance	–	–
Provision against specific trade receivables	–	(2 329)
Balance at end of year	(906)	(2 329)

Movement in the loss allowance have been included in the profit and loss as part of administrative expenses under Other expenses.

The change in the quantum of the provision was due to the collection of amounts provided at the previous balance sheet date, during the course of the current financial year.

The loss allowance is categorised as follows:

	Poultry R'000	Feed R'000	Total R'000
GROUP			
2022			
Farming	–	(2 329)	(2 329)
Retail and wholesale	–	–	–
	–	(2 329)	(2 329)
2023			
Farming	–	(906)	(906)
Retail and wholesale	–	–	–
	–	(906)	(906)

Prior year nil.

The Group holds the following security over trade receivables in the form of bank guarantees, covering bonds over property and credit guarantee insurance cover:

	Poultry R'000	Feed R'000	Total R'000
GROUP			
2022			
Bank guarantees	6 500	14 471	20 971
Notarial bonds over moveable assets	22 000		22 000
Credit Guarantee Insurance Cover	443 603		443 603
	472 103	14 471	486 574

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

	Poultry R'000	Feed R'000	Total R'000
29. Financial Risk Management (continued)			
29.1 Credit risk (continued)			
2023			
Bank guarantees	–	10 052	10 052
Corporate guarantees		1 065	1 065
Notarial bonds over moveable assets	22 000	10 395	32 395
Credit Guarantee Insurance Cover	383 683		383 683
	405 683	21 512	427 195

The credit quality of the trade receivables can be illustrated according to the different risk profiles:

	Poultry R'000	Feed R'000	2023 Total R'000	2022 Total R'000
GROUP				
Low risk	1 170 967	316 244	1 487 211	977 178
General risk	505	308 754	309 259	546 666
High risk	71	957	1 028	2 339
	1 171 543	309 711	1 488 943	1 526 183

Trade receivables are categorised into the following risk profiles:

- Low risk: National customers with a low risk profile
- General risk: All other customers not classified as low or high risk
- High risk: Customers with solvency and liquidity concerns, and existing customers in arrears as a result of financial difficulties.

The largest single credit risk at 30 September amounts to R523 million (2022: R568 million) in the Poultry segment which has a low credit risk profile.

Cash and cash equivalents:

Dealings with counterparties arising from derivative instruments are limited to well-established financial institutions of high credit standing.

Cash at bank represent surplus funds on current bank and overnight call accounts. These funds are held by financial institutions of good standing with Standard & Poor's ratings for short term local currency of B.

29.2 Market risk – interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk is limited to surplus funds on cash deposits, loan liabilities and funds borrowed on bank overdrafts.

Interest is at variable rates which are linked to money market related rates and the bank prime lending rates.

Interest rate risk is managed by the Chief Financial Officer considering the Group's net borrowings and surplus funds, as well as considering forward levels of interest rates from time to time.

Based on the financial instruments as at 30 September 2023, the after tax effect of a 1 % movement in the interest rates on the statement of comprehensive income would be R7 421 000 (2022: R547 000).

The Group's main income and operating cash flows are substantially independent of changes in the market interest rates.

29.3 Market risk – foreign exchange rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group enters into transactions from time to time in currencies which are different from the functional currencies in which it conducts its business activities, which result in exposure to foreign exchange rate fluctuations.

Exposure to exchange rate fluctuations is managed by utilising forward exchange contracts and currency option contracts in consultation with the Chief Financial Officer when management regards it prudent. Forward exchange contracts entered into are related to specific statement of financial position items.

The following rand value items reported in the financial statements are exposed to foreign exchange rate fluctuations at 30 September:

	US Dollar R'000
2022	
Financial assets – cash and cash equivalents	39 297
Financial liabilities – Trade and other receivables	1 696
Financial liabilities – Trade and other payables	(7 915)
	33 078
2023	
Financial assets – cash and cash equivalents	7 107
Financial liabilities – Trade and other receivables	5 471
Financial liabilities – Trade and other payables	(25 450)
	(12 872)

A 10% movement in the exchange rate against the US Dollar, will result in a R927 000 after tax effect in the profits of the Group (2022: R2 382 000).

There were no open foreign exchange contracts at 30 September 2023 (2022: nil).

29.4 Market risk – price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Commodity price risk

The prices of commodities used by the Group fluctuate widely and in a competitive market it is not always possible to recover material commodity price increases from customers. This 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 Company.

These risks are managed through an established process whereby the various conditions which influence commodity prices are monitored on a daily basis. Hedging against these risks are done by appropriate decision on the procurement of raw materials which includes entering into forward contracts for delivery of raw materials at pre-determined prices. These procurement decisions are 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. In all cases the Group takes physical delivery of each procurement decision.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

29. Financial Risk Management (continued)

29.4 Market risk – price risk (continued)

Poultry products price risk

Poultry producers have limited influence over prices of broiler products in the retail market. These prices are highly sensitive to the supply and demand balance for broiler products. Imbalances in supply and demand are caused by a combination of a number factors; the uncontrolled import and dumping of chicken products on to the South African market, production levels and supply from local producers, and the financial strength of the local consumer are the more important factors.

The management of this risk is done by the poultry management team through appropriate production planning, cost control, improvement in efficiencies and reduction of costs through continuous upgrading of processes, equipment and facilities.

Investments

The value of the interest in Quantum Foods Holding Ltd is exposed to changes in the value of its shares which are listed on the Johannesburg Stock Exchange.

In the event the value of the shares change with 1 %, it will have a R978 000 (2022: R944 000) impact on other comprehensive income.

29.5 Going concern and liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group has borrowings and other financial liabilities.

The Group has good cash flow generation capabilities. During periods of normalised profit margins, i.e. when there are no prolonged adverse movements in the cost of commodities and/or prices of poultry products, surplus cash is generated and accumulated in the business. During periods of lower profit margins, both working capital requirements as well as capital expenditures on property, plant and equipment, are financed from cash generated from business activities and available short term bank facilities.

During the current financial year, the Group was subjected to significant adverse external factors causing major financial losses. Firstly, load shedding caused major operational disruptions and caused the Group to incur unplanned additional costs amounting to R1,65 billion (refer notes 1 and 2). Secondly, the HPAI outbreak of the H7N6 virus caused the Group to incur costs and write-downs amounting to R400 million. These events placed pressure on the Group's liquidity position.

Considering the major adverse external factors, exacerbated by a weak consumer market, the Group's ability to generate cash flows from its operations came under pressure during the financial year. Liquidity facilities were put in place with the Group's lenders to ensure all of the Group's liquidity requirements are met on a day-to-day basis. These facilities (also refer note 27) are on demand facilities with major banks and are reviewed on a regular basis to reflect current market conditions and developments in the sustainability and quantum of such facilities.

Further to the additional liquidity lines being put in place, management has undertaken a turnaround intervention with a "Reset-Refocus-Restart" action list. This is proving successful with all of the controllable metrics performing well. The market remains constrained though, and this places continued pressure on the liquidity position of the Group further emphasising the Group's dependency on the banks' continued support in the form of existing general banking facilities, the amount available from three banking institutions on a pari passu basis amounts to unutilised facilities of R1.4 billion.

The following table compares the contractual cash flows of debt owed at 30 September 2023, with the carrying amount in the consolidated balance sheet, in Rands. The contractual amounts reflect the differences from carrying amounts due to the effects of discounting and premiums. Interest is estimated assuming interest rates applicable to variable rate debt, remain constant.

	Within 1 year R'000	Between 1 and 5 years R'000	More than 5 years R'000	Total R'000
GROUP				
2022				
Lease payments	101 674	254 543	11 908	368 125
Trade and other payables	2 233 469			2 233 469
Shareholders for dividend	3 273			3 273
Bank overdraft	22 332			22 332
	2 360 748	254 543	11 908	2 627 199
2023				
Lease payments	111 589	188 146	32 450	332 185
Trade and other payables	2 266 484			2 266 484
Shareholders for dividend	3 350			3 350
Bank overdrafts and other borrowings (refer to note 27 for more detailed disclosures)	1 744 089			1 744 089
	4 125 512	188 146	32 450	4 346 108
COMPANY				
2022				
Lease payments				–
Trade and other payables	535	–	–	535
Shareholders for dividend	3 273	–	–	3 273
Loan from National Chicks (subsidiary) (restated)	44 118	–	–	44 118
	47 926	–	–	47 926
Comparatives were restated to include the loan from a subsidiary as part of the liquidity risk profile				
2023				
Lease payments				–
Trade and other payables	701	–	–	701
Shareholders for dividend	3 350	–	–	3 350
Loan from National Chicks (subsidiary)	44 118			44 118
	48 169	–	–	48 169

The following table sets out the contractual terms of the borrowings and other financial liabilities:

	Repayment date	Fixed/variable interest	Interest rate	Security or other relevant terms
Trade payables	current	n.a.	n.a.	none
Accruals	current	n.a.	n.a.	none
Bank overdrafts – ZAR denominated	current	variable	10.0% – 10.5% (2022: 8%)	none
Bank overdrafts – Kwacha denominated	current	variable	14.5 – 15.8% (2022: 14.8 – 15.3%)	Mortgage bond over property and floating charge over inventory and trade receivables

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

29. Financial Risk Management (continued)

29.5 Liquidity risk(continued)

The liquidity risks are managed by the Chief Financial Officer on a group level through a combination of the following;

- monitoring of trading stock levels,
- monitoring of outstanding trade receivables,
- monitoring of daily bank balances,
- calculating an eight-week rolling forecast of bank balances on a weekly basis,
- conducting long term cash flow forecasts at regular intervals, and
- the arrangement of access to short and long term borrowing facilities from financial institutions.

Financing of major capital expenditure items are done from a combination of borrowed funds as well as from surplus cash when accumulated over a period of time.

The general borrowing facilities from the banks, together with cash generated from operating activities are utilised to finance the normal on-going operating requirements of the Group, which include working capital requirements, normal capital expenditure and payment of dividends.

Group borrowing facilities

The borrowing facilities, which are reviewed on a regular basis, are held at three different banks and R1 392 838 000 is immediately accessible, and may be drawn at any time.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
The Group has the following general borrowing facilities at floating interest rates:				
– Denominated in SA Rand				
Total facilities (refer to note 27 for more detailed disclosure)	2 400 000	1 600 000	–	–
Unutilised facilities at year end	1 392 838	1 600 000	–	–
– Denominated in Zambian Kwacha				
Total facilities	29 604	29 604	–	–
Unutilised facilities at year end	6 113	7 310	–	–
The facilities at the Zambian subsidiaries are covered by securities over assets with the following carrying values:				
Land and buildings	19 613	1 864	–	–
Inventory	114 742	67 823	–	–
Trade receivables	27 674	14 471	–	–

29.6 Capital risk

The Group manages its capital in order not to have exposure to abnormal high debt position and to provide adequate return on capital employed.

The Group continuously monitors its net debt to equity ratio.

Debt incurred from time to time by the Group consists mainly of the following;

- bank overdrafts
- long term loans for the financing of specific major expansion projects when required

Surplus cash situations occur from time to time as result of cyclical in profits.

Equity comprises all components of equity as disclosed in the statement of financial position.

The Group is in a net surplus cash position with the net surplus cash relative to equity as at 30 September as follows:

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash and cash equivalents – refer note 20	713 436	723 350	92 687	42 547
Total debt – refer note 27	(1 744 089)	(22 332)	–	–
Net (overdraft)/surplus cash	(1 030 653)	701 018	92 687	42 547
Total capital				
Equity	4 019 463	4 786 007	278 520	232 661
Debt as % of equity	25.6%	0.0%	0.0%	0.0%

30. Share based payments

Forfeitable share plan

The forfeitable share plan which is equity settled, allows the allocation of Astral Foods Ltd shares to participants in the scheme. The allocated shares are subject to a three year vesting period during which the shares are disclosed as treasury shares.

The shares are registered in the name of the participants and they are entitled to receive dividends on the shares. Dividends paid are accounted for as cash-settled share-based payments.

Upon vesting, the fair value delivered to the participants is based on the fair value attached to the shares (i.e. its market price). The cost to the Company remains the historical cost it paid for the relevant shares.

Detail of restricted shares acquired during the year are as follows:

Shares acquired during by Astral Operations Limited at a cost of R13 279 000 (2022: R26 831 000).

78 790 (2022: 160 320) shares were acquired which were allocated to executive directors and prescribed officers. Refer to note 32 for detail.

The service cost recognised in the income statement by the Group in the current year in respect of the restricted shares granted, amounts to R12 273 000 (2022: R16 168 000).

31. Related party transactions

Directors' remuneration

Details of directors' remuneration is given in note 32. Executive directors are eligible for an annual performance related bonus payment linked to appropriate group targets. The structure and payment of bonuses are decided by the Human Resources, Remuneration and Nominations Committee.

Details of participation in the forfeitable share plan are given in note 32.

Key management

Employees fulfilling the role of key management are the executive directors and the prescribed officers as listed in note 32.

Principal subsidiary undertakings

Details of subsidiaries in the Group are set out in note 35 to the financial statements.

Cross guarantees

Astral Operations Limited is the borrower-entity. A cross guarantee incorporating a pledge and cession of loan funds between the bank, the borrower and its subsidiaries and parent company as guarantors has been given by Astral Foods Limited, Meadow Feeds Eastern Cape (Pty) Limited and Meadow Feeds Standerton (Pty) Limited in respect of borrowing facilities.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

31. Related party transactions (continued)

Dividends received from subsidiaries

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Subsidiaries of the parent	–	–	300 000	513 000

32. Directors and prescribed officers remuneration

	Directors' fee/basic salary R'000	Travelling allowance and other payments R'000	Short-term incentives R'000	Long-term incentives R'000	Total 2023 R'000	Total 2022 R'000
Non-Executive Directors' fees						
For services as directors (excluding VAT)	4 987				4 987	4 294
T Eloff	1 302	–	–	–	1 302	1 133
DJ Fouché	1 081	–	–	–	1 081	1 030
TM Shabangu	859	–	–	–	859	711
S Mayet	559	–	–	–	559	532
WF Potgieter	605	–	–	–	605	576
A Cupido	581	–	–	–	581	312*
Executive Directors' remuneration						
For managerial services	24 369	2 939	–	13 664	40 972	54 596
CE Schutte	9 526	151	–	5 603 ^{\$}	15 280	19 790
GD Arnold	5 011	106	–	2 046	7 163	11 351
DD Ferreira	2 447	2 498	–	5 281	10 226 ^{#A}	13 656
FG van Heerden	4 220	138	–	734	5 092	9 799
JAI Ferreira	3 165	46	–	–	3 211*	–
Total directors' fees and remuneration	29 356	2 939	–	13 664	45 959	58 890
Prescribed officers' remuneration						
For managerial services	16 781	469	–	5 036	22 286	39 159
MJ Schmitz	4 220	74	–	1 693	5 987	9 489
E Potgieter	3 271	102	–	1 127	4 500	6 708
G Jordaan	3 271	86	–	1 120	4 477	6 698
O Lukhele	3 376	101	–	946	4 423	8 142 [@]
L Marupen	1 060	67	–	150	1 277	1 940
JAI Ferreira	1 583	39	–	–	1 622*	6 182 [@]
Total directors and prescribed officers remuneration	46 137	3 408	–	18 700	68 245	98 049

Fee/salary paid to date of retirement as director/prescribed officer.

@ Salary paid from date of appointment as prescribed officer.

* Fee/salary paid from date of appointment as director.

\$ 100% of LTI allocation made on FSP. Refer FSP tables below for information on the vesting of number of shares.

^ Includes pro rata delivery of long-term incentives on date of retirement based on 'good-leaver' status. The delivery is in terms of the remuneration policy.

Prescribed officers of the Group consist of the Company Secretary and employees who fulfil key roles in the management of the Group.

Indicative Long-term incentives (LTI) payable

Effective dates of allocation	1 Oct 2020	1 Oct 2021	1 Oct 2022		
Vesting dates of performance conditions	30 Sep 2023	30 Sep 2024	30 Sep 2025	Total	Total
Payment dates	25 Jan 2024	25 Jan 2025	25 Jan 2026	2023	2022
	R'000	R'000	R'000	R'000	R'000
Executive Directors:					
CE Schutte	–	–	2 624	2 624	–
GD Arnold	848	969	1 533	3 350	5 969
DD Ferreira	1 103	769	2 433*	4 305	6 320
FG van Heerden	734	816	1 291	2 841	5 276
JAI Ferreira	–	–	1 211*	1 211	–
Expected payments on condition performance targets are achieved	2 685	2 554	9 092	14 331	17 565
Liability included in Employee benefit obligations (note 23)	(2 685)	(1 703)	(3 031)	(7 418)	(10 298)
Contingent liability – included in Contingencies (note 34)	–	851	6 061	6 913	7 267
Prescribed officers:					
MJ Schmitz	739	816	1 291	2 846	5 004
E Potgieter	467	527	834	1 828	3 268
G Jordaan	464	527	834	1 825	3 258
O Lukhele	946	989	1 033	2 968	6 389
L Marupen	150	170	270	590	779
Expected payments on condition performance targets are achieved	2 766	3 029	4 262	10 057	18 698
Liability included in Employee benefit obligations (note 24)	(2 766)	(2 019)	(1 421)	(6 206)	(10 372)
Contingent liability – included in Contingencies (note 34)	–	1 010	2 841	3 851	8 326

* Represent pro rata portion of expected amount to vest due to retirement.

Securities issued

Shares in Astral Foods Ltd were issued in terms of the forfeitable share plan. The shares are restricted and vesting is after three years from date of allocation, subject to certain performance conditions are met.

Date of allocation	1 Dec 2020	1 Dec 2021	1 Dec 2022		
Vesting date of performance conditions	30 Sep 2023	30 Sep 2024	30 Sep 2025	Total	Total
Date for vesting as unrestricted shares	1 Dec 2023	1 Dec 2024	1 Dec 2026	2023	2022
	R'000	R'000	R'000	R'000	R'000
Costs of restricted shares allocated					
Executive Directors					
CE Schutte	11 665	12 190	5 144	28 999	35 071
GD Arnold	2 494	2 850	1 503	6 847	7 742
DD Ferreira	3 245	3 390	–	6 635	9 755
JAI Ferreira	–	–	1 187	1 187	–
FG van Heerden	2 160	2 400	1 266	5 826	2 400
	19 564	20 830	9 100	49 494	54 968

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

32. Directors and prescribed officers remuneration (continued)

Date of allocation	1 Dec 2020	1 Dec 2021	1 Dec 2022		
Vesting date of performance conditions	30 Sep 2023	30 Sep 2024	30 Sep 2025	Total	Total
Date for vesting as unrestricted shares	1 Dec 2023	1 Dec 2024	1 Dec 2026	2023	2022
	R'000	R'000	R'000	R'000	R'000
Prescribed officers					
MJ Schmitz	2 176	2 400	1 266	5 842	6 486
O Lukhele	–	–	1 013	1 013	2 160
E Potgieter	1 373	1 550	818	3 741	4 243
G Jordaan	1 365	1 550	818	3 733	4 227
L Marupen	442	500	264	1 206	942
	4 914	6 000	4 179	15 535	18 058
	24 478	26 830	13 279	65 029	73 026

Date of allocation	1 Dec 2020	1 Dec 2021	1 Dec 2022		
Vesting date of performance conditions	30 Sep 2023	30 Sep 2024	30 Sep 2025	Total	Total
Date for vesting as unrestricted shares	1 Dec 2023	1 Dec 2024	1 Dec 2026	2023	2022
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
Number of restricted shares allocated					
Executive Directors					
CE Schutte	81 389	72 837	30 523	184 749	208 468
GD Arnold	17 403	17 030	8 920	43 353	46 032
DD Ferreira	22 640	20 261	–	42 901	57 990
JAI Ferreira			7 042		
FG van Heerden	15 071	14 340	7 511	36 922	29 411
	136 503	124 468	53 996	307 925	341 901
Prescribed officers					
MJ Schmitz	15 180	14 340	7 511	37 031	38 757
O Lukhele	–	–	6 009	6 009	–
E Potgieter	9 583	9 262	4 851	23 696	25 232
G Jordaan	9 524	9 262	4 851	23 637	25 133
L Marupen	3 084	2 988	1 572	7 644	6 072
	37 371	35 852	24 794	98 017	95 194
	173 874	160 320	78 790	405 942	437 095

Date of allocation	1 Dec 2020	1 Dec 2021	1 Dec 2022		
Vesting date of performance conditions	30 Sep 2023	30 Sep 2024	30 Sep 2025	Total	Total
Date for vesting as unrestricted shares	1 Dec 2023	1 Dec 2024	1 Dec 2026	2023	2022
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
Number of restricted shares expected to vest					
Executive Directors					
CE Schutte	27 672	24 765	10 378	62 815	159 413
GD Arnold	5 917	5 790	3 033	14 740	35 542
DD Ferreira	–	–	–*	–	26 072
JAI Ferreira	–	–	2 394	2 394	–
FG van Heerden	5 124	4 876	2 554	12 554	23 907
	38 713	35 431	18 359	92 503	244 934
Prescribed officers					
MJ Schmitz	5 161	4 876	2 554	12 591	29 921
O Lukhele	–	–	2 043	–	–
E Potgieter	3 258	3 149	1 649	8 056	19 456
G Jordaan	3 238	3 149	1 649	8 036	19 393
L Marupen	1 049	1 016	534	2 599	4 946
	12 706	12 190	8 429	31 282	73 716
	51 419	47 621	26 788	123 785	318 650

* Shares vested pro rata on retirement date in terms of FSP scheme rules.

Note 1 – Long-term incentives (LTI)

The Executive Directors and prescribed officers participate in both a Long-term Retention Plan (LRP) which is a deferred cash scheme, and in a Forfeitable Share Plan (FSP), in terms of which restricted shares are allocated to participants.

Details of the allocations made, are as follows:

- **1 October 2020 with vesting date 30 September 2023**

Allocations are apportioned between the LRP and the FSP.

Performance conditions for both schemes relate to above-threshold production performance (PEF), headline earnings per share (HEPS) growth and return on net assets (RONA) which must be achieved over the three-year vesting period. Refer to the remuneration report for more detail on the scheme.

Not all of the performance conditions have been achieved, and both payments and vesting of number of shares, are lower.

- **1 October 2021 with vesting date 30 September 2024**

Allocations are apportioned between the LRP and the FSP.

Performance conditions for both schemes relate to above-threshold production performance (PEF), headline earnings per share (HEPS) growth and return on net assets (RONA) which must be achieved over the three-year vesting period. Refer to the remuneration report for more detail on the scheme.

It is expected that not all of the performance conditions will be achieved, and both lower payments and vesting of lower number of shares, are forecasted.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

32. Directors and prescribed officers remuneration (continued)

- 1 October 2022 with vesting date 30 September 2025

Allocations are apportioned between the LRP and the FSP.

Performance conditions relate to above-threshold production performance (PEF), headline earnings per share (HEPS) growth and return on net assets (RONA) which must be achieved over the three-year vesting period. Refer to the remuneration report for more detail on the scheme.

It is expected that all of the performance conditions will be achieved, and full payments and vesting of number of shares, are forecasted.

Note 2 – Short-term incentives (STI)

The Executive Directors and prescribed officers participate in an annual performance based bonus scheme.

The bonus is calculated based on a pro rata share of 20% of the economic value added (EVA tm) during the past year. The net operating profit after tax (NOPAT) was not in excess of a predetermined threshold for the past year and no bonus payments in terms of the scheme have been provided. Refer to the remuneration report for more detail on the scheme.

	2023 Number of shares held	2022 Number of shares held
33. Directors' shareholding		
Directly held number of shares		
Beneficial interests		
Non-Executive Directors		
T Eloff	1 150	1 150
DJ Fouché	9 571	9 571
S Mayet	1 000	1 000
WF Potgieter	2 000	2 000
TM Shabangu	1 200	1 200
Executive Directors		
CE Schutte	74 410	39 500
DD Ferreira (retired 3 February 2023 – disclosure as at date of retirement)	194 072	168 000
JAI Ferreira (appointed 3 February 2023)	–	–
GD Arnold	14 965	7 500
FG van Heerden	3 079	3 079
	301 447	233 000

The shareholdings represent discretionary investments by the directors.

There is no change in directors' shareholding up to date of publication of financial statements.

	2023 R'000	2022 R'000
34. Contingencies and commitments		
Commitments		
Raw material contracted amounts not recognised in the statement of financial position	2 749 006	2 079 376
The Group has contracted its raw material requirements from various suppliers in terms of future supply agreements.		
<i>Refer to note 13 for capital commitments regarding property, plant and equipment.</i>		
Long term retention incentives not recognised in the statement of financial position	48 879	71 076

The payment of the future contingency is on condition of achieving performance targets.

35. Interest in subsidiary companies

Details of the principal subsidiary companies in the Group are as follows:

		Issued ordinary capital		Effective percentage holding	
		2023 R'000	2022 R'000	2023 %	2022 %
Unlisted investments					
Astral Operations Limited	a	12	12	100	100
Meadow Feeds Eastern Cape (Pty) Ltd	c	–	–	100	100
Meadow Feeds Standerton (Pty) Ltd	c	–	–	100	100
Africa Feeds Limited (Zambia)^	c	29	24	100	100
Progressive Poultry Limited^	d	21	21	100	100
National Chicks Limited	b	dormant	dormant	dormant	dormant
Meadow Moçambique Limitada*	c	discontinued	discontinued	100	100
Mozpintos Limitada*	d	discontinued	discontinued	100	100
National Chicks Swaziland (Pty) Limited#	d	disposed	disposed	disposed	disposed

^ Incorporated in Zambia.

* Incorporated in Mozambique.

Incorporated in Swaziland.

Nature of business

- (a) Animal feed and pre-mix production, broiler genetics and broiler breeding production, broiler operations, production and sale of day old broilers and hatching eggs and analytical services.
- (b) Investment holding.
- (c) Animal feed production.
- (d) Production and sale of day old broilers and hatching eggs.

36. Events subsequent to balance sheet date

No other events took place between year-end and the date of issue of these financial statements that would have a material effect on the financial statements as disclosed.

37. Discontinued operations

(a) Description

As reported in the prior year, the Group entered into three agreements whereby its interests in National Chicks Swaziland, Meadow Mozambique and Moz Pintos (Mozambique) were disposed. These transactions were concluded during the prior year. These operations were reported in the financial statements for the year ending 30 September 2022 as discontinued operations.

National Chicks Swaziland Pty Ltd

The Swaziland subsidiary sale became unconditional with effect from 1 March 2022.

Meadow Mozambique Limitada and Mozpinto Limitada

Meadow Mozambique and Mozpinto sale of going concern assets became unconditional on 31 July 2022.

The legal companies has subsequent to the disposal of its going concern assets ceased its trading activities and will become dormant subsidiaries of the Group.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

38. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

38.1 Basis of preparation

The consolidated financial statements of Astral Foods Limited Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the SA Financial Reporting Requirements and the requirements of the South African Companies Act.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS 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 consolidated financial statements are disclosed in the relevant notes to the annual financial statements.

38.2 Interest in Group entities

Subsidiaries

Subsidiaries are all 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 involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group.

38.3 Foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other (losses)/gains – net'.

Foreign operations

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different to the company's presentation currency, are translated into the presentation currency as follows:

- (i) Assets and liabilities at the closing exchange rate at the reporting date;
- (ii) Income and expense items are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- (iii) Equity items are translated at the exchange rates ruling when they arose.

All resulting exchange differences are classified as a foreign currency translation reserve and recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings which are long term investments in nature, are taken to shareholders' equity.

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.

38.4 Property, plant and equipment

Land and buildings comprise mainly of feed mills, poultry processing facilities, poultry farms and offices which are measured at historical cost.

Land is not depreciated and its carrying value is stated at historical cost.

Plant and equipment consist mainly of equipment used in the production of feed, feeding of birds in poultry houses, hatchery equipment, the slaughtering of poultry in abattoirs and the processing and packaging of poultry meat products.

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. All other costs are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in profit or loss under other gains/losses.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate, taking into account technology developments and maintenance programmes.

38.5 Intangible assets

Computer software

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

Computer software recognised as assets are amortised, using the straight-line method, over their estimated useful lives. The estimated useful lives are reassessed on an annual basis.

38.6 Leases

The accounting policies regarding leases are described in note 14 to the financial statements

38.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises all purchase costs of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) incurred in bringing the inventories to their present location and condition. Borrowing cost is excluded.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

38. Accounting policies (continued)

38.8 Biological assets

The value of live broiler birds and hatching eggs are assessed based on fair values less estimated point-of-sale costs at appropriate reporting dates. Gains and losses arising from changes in the fair values are recorded in cost of sales for the period in which they arise.

Breeding stock includes grandparent breeding and parent rearing and laying stock which are carried at an approximated fair value using the cost approach, adjusted for accumulated obsolescence reflecting the deterioration in the fair value of the breeders and parents.

All the expenses incurred in establishing and maintaining the assets are recognised in cost of sales, except where it is capitalised. All costs incurred in acquiring biological assets are capitalised to the cost of the biological assets.

The valuation methodology used in Astral for eggs and broilers are not based on developed valuation techniques, but on transactions with external parties. These unobservable inputs used in the fair value calculations are the price of eggs sold by Astral in the external market, and the bought-in price paid to external contract growers for broiler birds. The most significant input into the fair value measurement is the contract price entered into with independent market participants. These prices change when contracts are renegotiated.

Assessment of control over contract growers

The Group utilises contract growers for the growing of broilers in exchange for a fee. Goods delivered to contract growers are not recognised as revenue as the Group retains ownership of the goods. These goods are recognised as biological assets. The Group assesses whether it exercises control over contract growers 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 grower, 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.

38.9 Impairment of non-financial assets

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 subsidiary at the date of acquisition.

Separately recognised goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

38.10 Financial assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument or secures other access to economic benefits. Such assets consist of cash, a contractual right to receive cash or another financial asset. Financial assets carried at reporting date include cash and bank balances, investments in equity instruments, and receivables.

The Group's receivables are held to collect the contractual cash flows and are classified in the following category:

- Amortised costs

Investments in equity instruments are classified in the following category:

- Fair value through other comprehensive income

Impairment

A loss allowance is calculated based on the lifetime expected credit losses of financial assets.

38.11 Financial liabilities

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or other financial assets or to exchange financial instruments with another on potentially unfavourable terms.

All the financial liabilities have been classified as: Financial liabilities at amortised costs.

38.12 Trade receivables

Adjustments in the provision for loss allowances are recognised in the statement of comprehensive income under administrative expenses. When a trade receivable is uncollectible it is written off in the statement of comprehensive income or when previously written off amounts are recovered, it is credited in the statement of comprehensive income, both within other gains/losses.

38.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

38.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

38.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated 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 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 reporting date.

38.16 Share capital

Ordinary shares are classified as equity.

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

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly incremental costs, is deducted from equity attributable to the company's equity holders until the shares are re-issued or disposed of.

38.17 Current and deferred tax

The charge for current tax is based on results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference will not reverse in the foreseeable future.

Upon the initial recognition of an asset or a liability in a transaction which is not a business combination, and the recognition does not affect accounting profit or taxable profit at the time of the transaction, the Group has made the policy choice to treat the asset and the liability separately for deferred tax purposes.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

38. Accounting policies (continued)

38.18 Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to foreign exchange and commodity price risks arising from operational activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at 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. It is the Group's policy not to apply hedge accounting.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately under other income/expenses in the statement of comprehensive income.

Over-the-counter (OTC) contracts

The Group enters into over-the-counter (OTC) forward purchases for the purchase of commodities for own use. These contracts are settled by taking physical delivery in the normal course of business and are therefore not regarded as financial instruments.

Fair value estimation

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

38.19 Employee benefits

Pension obligations

The Group operates defined contribution retirement schemes.

A defined contribution scheme is a pension plan under which the Group pays fixed contributions into a separate entity. The Group recognises the expense in the statement of comprehensive income as an employee benefit expense.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Post-employment medical benefits

The Group provides post-retirement healthcare benefits to some of its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to other comprehensive income. These obligations are valued every year, and the assumptions are reviewed annually, by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders. These profit sharing and bonus plans are approved annually by the board.

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term retention bonus scheme

The Group has a long-term retention bonus scheme for certain employees. In terms of the scheme, the allocations are 100% subject to specified performance conditions, measured over a three-year period, being met.

Once vested, amounts are paid at the end of the three-year vesting period.

The fair value of the employees' service received in exchange for participation in the scheme, is recognised as an expense over the vesting period.

Share-based plans

The **forfeitable share plan** which is equity settled, afford employees the opportunity to own shares in Astral through awarding of forfeitable shares. Participants receives the shares, with voting and dividend rights, on the date of the award subject to performance conditions and the risk of forfeiture during a three-year vesting period.

The shares acquired and subsequently awarded are disclosed as treasury shares.

The fair value of the employee service received in exchange for the awarding of the shares is based on the market value of the shares on grant date. The amount to be expensed over the three-year vesting period is determined by reference to the fair value of the shares awarded, adjusted the impact of non-market conditions on the assumptions of the number of shares that is expected to vest.

Dividends received by participants during the vesting period is regarded as a cash-settled portion of the scheme and is recognised as an employee benefit expense as and when dividends are paid.

20. Revenue recognition

Revenue comprises the contract price for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Refer to note 1 of the financial statements for a description of the revenue streams of the Group.

The Group recognises revenue when the control of the product sold passes to the customer (the entity has a present right to payment for the asset; the customer has legal title to the asset; the entity has transferred physical possession of the asset; the customer has the significant risks and rewards related to the ownership of the asset; and the customer has accepted the asset). At this stage the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below:

- Poultry – sales of poultry products are recognised when the products are delivered at the premises of the customer;
- Feed – sales of feed are recognised when the feed is delivered at the farm as agreed with the customer or when a customer collects it from the feed mills

In all instances, sales are recognised when upon delivery, the customer has accepted the products; and collectability of the related receivables is reasonably assured.

Volume rebates and settlement discounts are deducted from revenue where they can be reliably measured.

In the prior year, the Group made use of an intermediary company which purchased finished goods from the Group, and sold these to the retail market. Significant judgements were made by management when concluding whether the intermediary was transacting as an agent or as a principal. The assessment required an analysis of key indicators, specifically whether the intermediary:

- carried any inventory risk;
- had the primary responsibility for providing the goods or services to the retail market;
- had the latitude to influence pricing; and
- exercised control over the finished goods.

These indicators were used to determine whether significant risks and rewards associated with the sale of goods have passed to the intermediary company. Where significant risks and rewards have not transferred to the intermediary company, revenue is recognised when the goods are sold to the retail market.

Notes to the Financial Statements (continued)

for the year ended 30 September 2023

38. Accounting policies (continued)

38.20 Revenue recognition (continued)

Where the Group delivers finished goods to another party for sale to end customers, the Group evaluates whether the other party has obtained control of the finished goods at that point in time. Finished goods that have been delivered to another party are held in a consignment arrangement when the other party has not obtained control of the product. The Group does not recognise revenue where finished goods are delivered to another party if the finished goods are held on consignment.

This assessment required analysis of key indicators, specifically:

- The Group retains control over the finished goods until a specified event occurs, which is the sale of the finished goods to a customer;
- The Group is able to require the return of the finished goods or can transfer the finished goods to a third party;
- The other party does not have the unconditional obligation to pay for the product.

38.21 Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method and is recognised in profit or loss as part of other income.

38.22 Critical accounting assumptions and judgements

The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting assumptions and judgements. The areas where critical assumptions or judgements have been made are identified in the relevant notes to the financial statements.

38.23 New standards and interpretations

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on current standards.

There are no new standards and interpretations that is expected to impact the financial statements and reporting of the Group.



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Shareholders' Diary

Integrated Report for the year ended 30 September 2023 available on the website and Notice of AGM posted to shareholders	Friday, 8 December 2023
AGM (refer to important dates and times below)	1 February 2024
Interim results for the six months ending 31 March 2024	May 2024
Final results for the year ending 30 September 2024	November 2024

IMPORTANT DATES AND TIMES (Notes 1 and 2)

Record date for determining which shareholders are entitled to receive the Notice of AGM (Notice Record Date)	Friday, 1 December 2023
Notice of AGM posted to shareholders	Friday, 8 December 2023
Last day to trade in order to be eligible to participate and vote at the AGM	Tuesday, 23 January 2024
Record date for attending and voting at the AGM (Meeting Record Date)	Friday, 26 January 2024
Last day for shareholders to lodge Forms of Proxy by 08:00	Wednesday, 31 January 2024

NOTES:

1. All times referred to in this notice are local times in South Africa.
2. Any material variation to the above dates and times will be announced on SENS.
3. The Board has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive the Notice of the twenty second AGM is Friday, 1 December 2023 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 26 January 2024. Accordingly, only shareholders who are recorded in the register maintained by the transfer secretaries of Astral on Friday, 26 January 2024 will be entitled to participate in and vote at the AGM.

Shareholders' Analysis

Through analysis of the Strate registered holdings and Combined Share Register, and pursuant to the provisions of Section 56 of the Companies Act, the following shareholder statistics have been prepared as at 30 September 2023:

Shareholder spread	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000	3 791	78.15 %	685 805	1.60 %
1 001 – 10 000	719	14.82 %	2 439 993	5.68 %
10 001 – 100 000	258	5.32 %	8 188 929	19.08 %
100 001 – 1 000 000	81	1.67 %	17 940 930	41.80 %
Over 1 000 000	2	0.04 %	13 666 578	31.84 %
Total	4 851	100.00%	42 922 235	100.00%

Distribution of shareholders	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Assurance Companies	39	0.80 %	371 083	0.86 %
Close Corporations	23	0.47 %	32 051	0.07 %
Collective Investment Schemes	324	6.68 %	12 000 110	27.96 %
Foundations and Charitable Funds	26	0.54 %	369 824	0.86 %
Hedge Funds	19	0.39 %	2 820 082	6.57 %
Insurance Companies	6	0.12 %	19 413	0.05 %
Investment Partnerships	12	0.25 %	46 269	0.11 %
Managed Funds	47	0.97 %	900 229	2.10 %
Medical Aid Funds	14	0.29 %	147 679	0.34 %
Organs of State	11	0.23 %	11 648 560	27.14 %
Private Companies	111	2.29 %	4 325 690	10.08 %
Public Companies	7	0.14 %	155 220	0.36 %
Public Entities	2	0.04 %	236	0.00 %
Retail Shareholders	3 668	75.61 %	2 486 567	5.79 %
Retirement Benefit Funds	222	4.58 %	3 806 120	8.87 %
Scrip Lending	9	0.19 %	1 228 185	2.86 %
Sovereign Funds	3	0.06 %	946 165	2.20 %
Stockbrokers and Nominees	20	0.41 %	631 991	1.47 %
Trusts	283	5.83 %	986 003	2.30 %
Unclaimed Scrip	5	0.10 %	758	0.00 %
Total	4 851	100.00%	42 922 235	100.00%

* In terms of Section 56(3) (a) and (b) and Section 56(5) (a), (b) and (c) of the Companies Act foreign disclosures have been incorporated into this analysis.

Shareholder type	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Non-Public Shareholders	23	0.47 %	4 580 176	10.67 %
Directors and Associates	14	0.29 %	379 441	0.88 %
Prescribed Officers	8	0.16 %	112 158	0.26 %
Astral Operations	1	0.02 %	4 088 577	9.53 %
Public Shareholders	4 828	99.53 %	38 342 059	89.33 %
Total	4 851	100.00%	42 922 235	100.00%

Shareholders' Analysis (continued)

	Number of shares	% of issued capital
Fund Managers with a holding > 5% of the issued shares		
Public Investment Corporation	9 831 662	22.91 %
Allan Gray	2 229 312	5.19 %
36One Asset Management	2 182 356	5.08 %
Total	14 243 330	33.18%

	Number of shares	% of issued capital
Beneficial shareholders with a holding > 5% of the issued shares		
Government Employees Pension Fund	11 387 304	26.53 %
Astral Operations Limited	4 088 577	9.53 %
Total	15 475 881	36.06%

	Number of shareholders
Total number of shareholders	4 851
Total number of shares in issue	42 922 235

Abbreviations and Definitions

The following abbreviations and definitions listed below have been used throughout this Integrated Report.

“AGM”	Annual General Meeting
“Astral”	Astral Foods Limited and its subsidiaries
“Aviagen”	Aviagen Limited
“Basic EPS”	Earnings for the year attributable to equity holders of Astral divided by the weighted average number of ordinary shares in issue during the year
“B-BBEE”	Broad-Based Black Economic Empowerment
“BEE”	Black Economic Empowerment
“CAGR”	Compound Annual Growth Rate
“CAL”	Central Analytical Laboratories
“CBOT”	Chicago Board of Trade
“CEO”	Chief Executive Officer
“CFO”	Chief Financial Officer
“CIO”	Chief Information Officer
“CIPC”	Companies and Intellectual Property Commission
“Closing earnings yield”	Headline earnings per share as a percentage of market value per share at 30 September
“Closing PE ratio”	Market value per share at 30 September divided by headline earnings per share
“Companies Act”	Companies Act No. 71 of 2008, as amended
“COO”	Chief Operating Officer
“CPI”	Consumer Price Index
“CSI”	Corporate Social Investment
“DEA”	Department of Environmental Affairs
“Deloitte”	Deloitte & Touche
“Dividend cover”	HEPS divided by dividend per share declared out of earnings for the year
“Dividend yield”	Dividend per share as a percentage of market value per share at year end
“Earnings yield”	HEPS as a percentage of market value per share at year end
“EBITDA”	Earnings before interest, taxation, depreciation and amortisation
“EPS”	Earnings per share, being net profit for the year divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares)
“ESG”	Environmental, Social and Governance
“EU”	European Union
“EVA”	Economic Value Added
“FMCG”	Fast Moving Consumer Goods
“1H” or “1Q”	First half or first quarter, or any reference in the same manner
“FY” or “HY”	Full Year or Half Year
“GDP”	Gross Domestic Product
“Gearing”	Interest-bearing borrowings less cash and cash equivalents as a ratio to total equity
“GJ”	Gigajoule
“HACCP”	Hazard Analysis & Critical Control Points

Abbreviations and Definitions (continued)

“Headline earnings”	Net profit for the year adjusted for profit/loss on sale of property, plant and equipment and investments
“HEPS”	Headline earnings per share, being headline earnings divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares)
“HPAI”	Highly Pathogenic Avian Influenza
“IAS”	International Auditing Standards
“IFRS”	International Financial Reporting Standards
“IQF”	Individually Quick Frozen
“ISSB”	International Sustainability Standards Board
“IT”	Information Technology
“JSE”	JSE Limited
“King IV™”	The King Code of Corporate Governance Principles and the King Report on Governance for South Africa 2016
“kl”	kilolitre
“KPI”	Key Performance Indicators
“Listings Requirements”	Listings Requirements of the JSE
“Ltd”	Limited
“MDM”	Mechanically Deboned Meat
“MoI”	Memorandum of Incorporation
“Net assets”	Total assets less total liabilities excluding cash and cash equivalents, borrowings, normal and deferred tax and shareholders for dividends
“Net asset turn”	Revenue divided by average net assets
“NOPAT”	Net operating profit after tax
“Operating profit margin”	Operating profit before interest and tax as a percentage of revenue
“PBIT”	Profit Before Interest and Tax
“PE”	Price/Earnings, being market value per share divided by HEPS
“PEF”	Performance Efficiency Factor
“POPIA”	Protection of Personal Information Act
“(Pty) Ltd”	Proprietary Limited
“PwC”	PricewaterhouseCoopers Inc.
“QSR”	Quick Service Restaurant
“Quantum”	Quantum Foods Holdings Limited
“R”	Rand, the South African currency
“Remco”	Human Resources, Remuneration and Nominations Committee
“Return on equity”/ “ROE”	Net profit attributable to ordinary shareholders as a percentage of average ordinary shareholders’ interest
“Return on net assets”/ “RONA”	Operating profit before interest and income tax as a percentage of average net assets
“Return on total assets”	Operating profit as a percentage of average total assets
“S&P”	Standard and Poor’s
“SA”	South Africa

“SAFEX”	South African Futures Exchange
“SAPA”	South African Poultry Association
“SASB”	Sustainability Accounting Standards Board
“SDGs”	Sustainable Development Goals
“SED”	Socio Economic Development
“SENS”	Stock Exchange News Service
“SETA”	Sector Education and Training Authority
“Strate”	Strate Limited
“TCFD”	Task Force on Climate-related Financial Disclosures
“the Board”	the Board of directors of Astral
“the Company”	Astral Foods Limited
“TMEA”	Aviagen Ross 308 Turkey Middle East Africa benchmark
“UN”	United Nations
“USA” or “US”	United States of America
“VAT”	Value Added Tax
“WACC”	Weighted Average Cost of Capital

Corporate Information

Registration number. 1978/003194/06

JSE share code: ARL

A2X share code: ARL

ISIN number ZAE000029757

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GD Arnold

JAI Ferreira

OM Lukhele

N Moodley

E Potgieter

CE Schutte

Africa Feeds Limited (Zambia)

Registration No. 36327

Directors:

GD Arnold

TD Banda*

NR Mwanyungwi*

H Nienaber

GNH Robinson*

* *Zambian*

Meadow Feeds Eastern Cape (Pty) Ltd

Registration No. 2003/021458/07

Directors:

GD Arnold

JAI Ferreira

CE Schutte

CL Sexton

Meadow Feeds Standerton (Pty) Ltd

Registration No. 2003/021462/07

Directors:

GD Arnold

JAI Ferreira

CE Schutte

Progressive Poultry Limited

Registration Number 70163

Directors:

GD Arnold

TD Banda*

H Nienaber

* *Zambian*

