Astral

Integrated Report

for the year ended 30 September 2022

2022

CONTENTS

Navigation

Our Six Capitals

- Financial Capital
- Intellectual Capital
- Natural Capital
- Human Capital
- Social and Relationship Capital
- Manufactured Capital

UN SDGs applicable to Astral

- 1 NO POVERTY
- 2 ZERO HUNGER
- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

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 187 and 189.

Other documents available on the website:

- ESG Summary Table
- King IV™ Compliance Report
- B-BBEE Certificate

OUR BUSINESS

Profile

Astral is South Africa's leading integrated poultry producer. 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 2022, Astral employed 12 417 (2021: 12 183) people across its operations. As at 30 September 2022, the Company had 5 265 shareholders and a market capitalisation of R8.3 billion (2021: R7.6 billion).

Astral's integrated operations include:

Feed

Astral produced
1 418 396
tons of feed for 2022

Astral has
8 feed mills

Poultry Agriculture

Astral has, at any given time, approximately
39 000 000
broilers under its management

Astral production on
178 agricultural sites

Poultry Commercial

Astral processes approximately
5 800 000
broilers per week and processed
519 380 tons of poultry product for 2022

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 is pleased to present its Integrated Report for the financial year ended 30 September 2022.

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 2022. It aims to provide 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.

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 2022.

Reporting frameworks

This Integrated Report was prepared in accordance with IFRS, the requirements of the Companies Act, the JSE 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	✓	✓
JSE Listings Requirements	✓	✓
Companies Act	✓	✓
IFRS	✓	✓
King IV™	✓	✓
UN SDGs	✓	–
JSE Sustainability Disclosure Guidance June 2022	✓	–

While our approach to reporting has not changed, Astral, in seeking alignment with most recent developments in global reporting standards, has this year taken into consideration the voluntary recommendations of the recently released JSE Sustainability and Climate Change Disclosure Guidance.

In line with these recommendations, we are satisfied that this Integrated Report (incorporating our ESG Report) details our most significant impacts. We are, however, committed to an ongoing 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.

As Astral's ESG reporting journey continues, the Group will also consider implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in acknowledgement that climate change, as tangibly demonstrated by changing and extreme weather patterns, including climate catastrophes, will likely impact our operations and those of our customers in the future.

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.

As a critical element of this journey, Astral announced the establishment of an ESG Committee as part of the Group's governance structure, effective from 10 August 2022. The purpose of the committee is to support our ongoing 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 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 Committee, following a comprehensive tender process, to appoint Deloitte Inc ("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 2022 Audited Annual Financial Statements and the Integrated Report on 16 November 2022.

Theuns Eloff
Chairman

Diederik Fouché
Chairman: Audit and Risk Management Committee

Chris Schutte
Chief Executive Officer

Daan Ferreira
Chief Financial Officer

30 November 2022

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Tel: +27 12 667 5468

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Investor Relations Consultant
Keyter Rech Investor Solutions CC
E-mail: mkeyter@kris.co.za
Tel: +27 87 351 3810

ASTRAL AT A GLANCE

OUR GROUP ACTIVITIES

Astral is South Africa's leading integrated poultry producer.

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 chicken 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 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 day old broiler chicks for the Zambian and future export market.

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.

The other African operations consist of a feed mill in Lusaka (Zambia).

How we are structured to create value

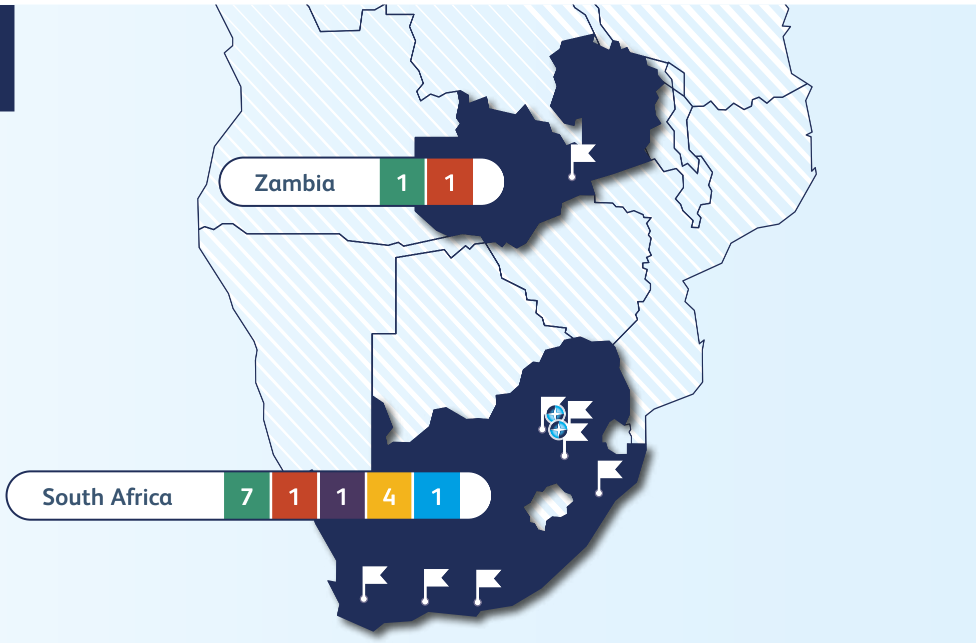
Feed Operations | Poultry Operations | Investment Holdings

Astral Foods Limited

- 100% **National Chicks Limited**
- 100% **Astral Operations Limited**
  - Goldi
  - Festive
  - Mountain Valley
  - National Chicks
  - Ross Poultry Breeders
  - County Fair
  - Meadow Feeds Randfontein
  - Meadow Feeds Delmas
  - Meadow Feeds Paarl
  - Meadow Feeds Ladismith
  - Meadow Feeds Pietermaritzburg
  - Central Analytical Laboratories
  - 100% **Meadow Feeds Standerton (Pty) Ltd**
  - 100% **Meadow Feeds Eastern Cape (Pty) Ltd**
- 100% **Africa Feeds Ltd (Zambia)**
  - 100% **Progressive Poultry Ltd**

Where we create value

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

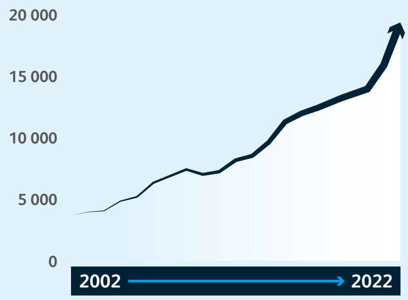


FINANCIAL HIGHLIGHTS

Revenue

UP 22%

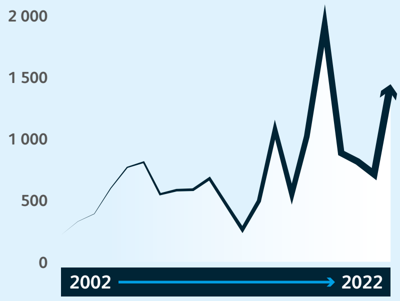
Revenue (Rm)



Operating profit

UP 103%

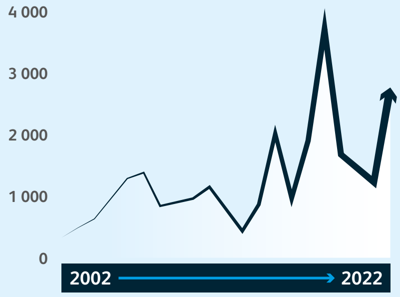
Operating profit (Rm)



HEPS

UP 125%

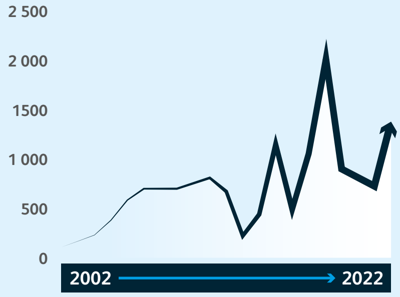
HEPS (cents)



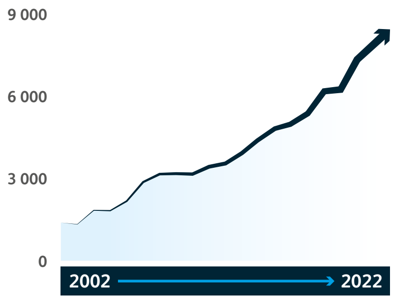
Total dividend per share

UP 97%

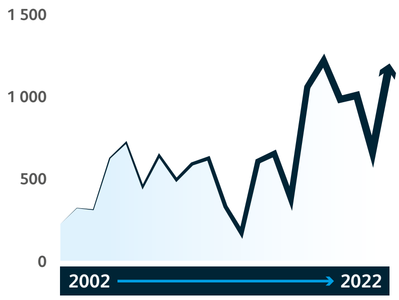
Dividend per share (cents)



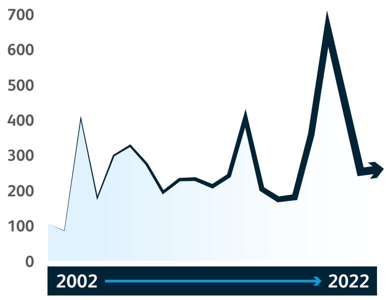
Total assets (Rm)



Cash generated from operating activities (Rm)



Capital investment (Rm)



NON-FINANCIAL HIGHLIGHTS

Total training spend

R11.7 million

UP **64.8%**

CSI spend

R5.6 million

UP **7.7%**

10 858 employees

participated in Astral's Winter Wellness Programme

6 501 kWh'000

less electricity used

0.9 billion litres

Water recycled

679 tons

Waste recycled

CHAIRMAN'S STATEMENT

Theuns Eloff
Chairman

"Despite another very challenging financial year, Astral still managed to produce a commendable set of results. To Chris and his team, well done!

This year, we have made a concerted effort to enhance our ESG Report to demonstrate our commitment to matters relating to Astral's impact on the environment, our people and our stakeholders, as well as on the communities in which we operate and trade in."

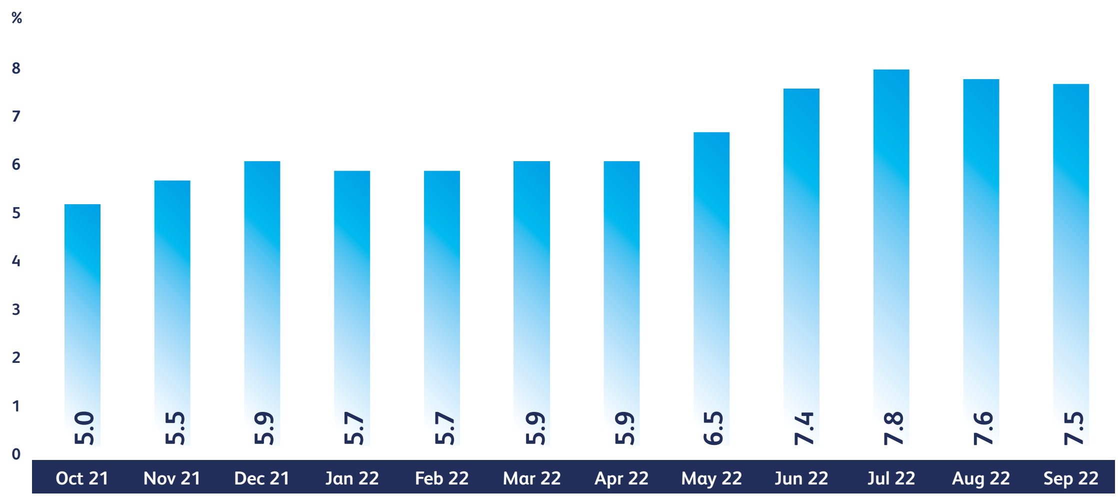
The year in perspective

The 2022 financial year again proved to be exceptionally challenging, despite the Covid-19 lockdowns easing and then finally being lifted in mid-June 2022. The outbreak of HPAI (Avian Influenza), the sustained high cost of raw materials, load shedding and water supply constraints, as well as the continued unregulated import of poultry products, all contributed to placing severe strain on Astral's operations. Given these high risk-related matters, the results reported for the year ended 30 September 2022 are remarkable.

With the South African economy still facing unabated headwinds, the country may have entered a technical recession according to some economists. High fuel prices, the impact of prolonged high commodity prices, especially for maize, on basic food products, and the 75 basis points increase in the repo rate in July 2022 – the biggest increase in almost two decades – all placed serious pressure on consumer spend. Despite the unemployment rate improving from 2021, with the latest statistics standing at 33.9% (Second Quarter 2022 report, Statistics South Africa), the financial health of the consumer continues to deteriorate.

To add to the economic woes, the unprecedented load shedding that has taken place since January 2022 and the rapidly deteriorating water infrastructure have made operating in South Africa extremely difficult. Government has simply failed in its duty to provide basic utilities to meet the needs of its people. It is difficult to remain positive and it is widely acknowledged that drastic political change is needed.

Consumer Price Inflation



Source: TRADINGECONOMICS.COM/Statistics South Africa

All of the above contributed to the increase in the overall Consumer Food Price Inflation (CPI) rate, which was 7.5 % at the end of September 2022, up from the average 4.5 % recorded in 2021, further affecting the ability of the poor, in particular, to purchase food.

The Minister of Trade, Industry and Competition, Minister Ebrahim Patel, has opted to suspend the anti-dumping duties on chicken imported from five countries for the next 12 months, citing as reasons the fight against food inflation and its effects on the poor. With neither provisional nor permanent duties in place, this move puts South Africa's second-largest agricultural industry at risk of anti-competitive behaviour, with SAPA saying the negative effects can already be measured and could lead to high employment losses. The temporary duties range from between 3 % and 265 % and were applied to exports from Brazil, Poland, Ireland, Denmark and Spain in December 2021 in a bid to protect the local industry from anti-competitive behaviour. SAPA has made an appeal to Government to reconsider this ruling.

Reflective of the world's view of South Africa, RSA Inc. has an 85 % chance of being greylisted by the Paris-based Financial Action Task Force (FATF), a global body that oversees compliance with anti-money laundering and counter-terrorism financing measures, in February 2023. The greylisting of certain countries is a global attempt to prevent illicit funds from being channelled towards terrorism, as well as an indication of the risk that the rest of the world attaches to a country's companies and individuals as counterparties to transactions. According to the FATF, South Africa was found to be partially compliant or non-compliant with 20 of FATF's 40 recommendations. This is regardless of South Africa's well-regulated financial system, which plays a part in both domestic and global transactions. These recommendations follow an evaluation of South Africa, which found significant flaws mostly related to state capture and the country's inability to bring criminals to justice for money laundering.

The probability of RSA Inc. being greylisted and the inability of Government to address the severe electricity and water constraints, according to the RMB and Bureau for Economic Research (BER)'s Quarterly Business Confidence Index, South African business confidence deteriorated from 42 to 39 in the third quarter of 2022.

Astral reported only one incident of HPAI at one of its breeding farms at the start of the year. According to the Department of Agriculture, Land Reform and Rural Development, a total of 32 HPAI cases have been reported between 1 October 2021 and 30 September 2022. As HPAI poses a significant threat to the South African poultry industry, SAPA continues to urge poultry farmers to be vigilant.

ESG-related matters

On 10 August 2022, the Board established an ESG Committee as part of the Group's governance structure. The ESG Committee's purpose is to support Astral's ongoing commitment to sustainability, with specific emphasis on environmental stewardship, corporate governance and accountable social engagement. The members of the ESG Committee are Mrs AD Cupido (Chairman), Mrs TM Shabangu and myself. Mr Gary Arnold, Group COO, was appointed to this committee on 16 November 2022.

CHAIRMAN'S STATEMENT (CONTINUED)

Broiler farm

In addition, we have enhanced the ESG Report by including an ESG Summary Table with all the key data and statistics, which is available on Astral's website.

Environment

Astral's responsibility to the environment extends beyond legal and regulatory requirements and the Group therefore embraces all three of the pillars related to ESG reporting.

Long-term business sustainability is about doing all that is necessary to sustain a well-governed, well-managed and financially stable business in the short to medium term. Astral therefore continues to keep its carbon footprint to a minimum. The Group also launched/continued to maintain new projects aimed at sustainable water and power supply.

Please refer to pages 104 to 110 of this Report for further detail on the environment projects implemented by the Group.

Social

The "Astral Cares" initiative is primarily aimed at the well-being of the Group's employees and the communities in which it operates and trades. This initiative, together with the food distributed to both employees and other charities, with the main focus being to feed the poorest of the poor, has resulted in a CSI spend of R5.6 million (2021: R5.2 million), an increase of 7.7%.

Please refer to pages 100 to 103 in this Integrated Report for comprehensive detail on the major CSI projects that Astral was involved in during the financial year.

Governance

Good corporate governance provides the framework within which Astral strives to create superior levels of performance to the benefit of all our stakeholders.

We believe that our governance practices are sound and, in all material respects, conform to the Companies Act, as well as the principles embodied within the King IV™ Report and the JSE Listings Requirements.

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

The annual performance assessments were also completed by each director of the Board, the Board committees, the Chairman, the CEO and the Group Company Secretary, in line with the Board's mandate.

During the financial year, Mrs Anita Cupido was appointed as Non-Executive Director to the Board. Her experience in organisational dynamics and strategising will serve Astral well. Mr Frans van Heerden joined the Board as Executive Director on 1 October 2021. There were no other Board changes during the financial year ended 30 September 2022, other than the newly constituted ESG Committee.

Broiler day old chicks

Water storage tanks

We have frank and robust discussions with all our stakeholders on a regular basis on a range of matters, including the King IV™ principles. For more information on Astral's stakeholder engagements and material matters, please refer to pages 31 to 41 of this Integrated Report.

Conclusion and appreciation

The outlook for the coming financial year is less positive, with the financial health of the consumer set to deteriorate further, and raw material costs and other variable costs such as electricity and fuel, likely to remain high given the local and global challenges as well as business sentiment towards RSA Inc. becoming increasingly negative.

The lack of Government to provide the country with basic needs like electricity and water places immense pressures on both companies and individuals alike. I am under no illusion that there is an easy or quick solution to these problems, but I do know that Government will have to address these issues as a matter of urgency to ensure the commercial survival of companies.

The Group maintains a resilient balance sheet, a strong focus on cash management and this, together with a proven strategy of being the best low cost producer of protein, will continue to ensure that Astral remains the leading poultry producer in South Africa.

My sincere thanks to Chris Schutte and his executive team who continued to lead the Group through the various challenges that are faced in the day-to-day execution of their duties. Your dedication and hard work are appreciated and reflected in the results reported.

A special thank you to Daan Ferreira, the current CFO, who will be retiring at the AGM in February 2023, for his unwavering commitment to Astral. Daan, you have been an integral part of the Astral team in building the business to what it is today. Over the past 13 years your astute leadership and operational discipline have contributed to the success of the Group, and we wish you a productive, yet restful retirement.

To my fellow Non-Executive Directors, thank you for your support and active participation in both Board and committee meetings. Your valuable insights and contributions are appreciated.

To our external stakeholders, including our shareholders, customers, suppliers and industry regulators, thank you for your continued support during these challenging times.

Last, but definitely not least, a heartfelt thanks to all the Astral employees for your hard work and commitment during another demanding year. You have contributed concretely to a good year for Astral.

Theuns Eloff
Chairman

16 November 2022

BOARD OF DIRECTORS

Non-Executive Directors


Theunis Eloff


Diederik Johannes Fouché


Tshepo Monica Shabangu


Saleh Mayet


Willem Frederick Potgieter


Anita Deline Cupido

Executive Directors


Christiaan Ernst Schutte


Daniel Dirk Ferreira


Gary Desmond Arnold


Frans Gerryts van Heerden

Audit and Risk Management Committee

Human Resources, Remuneration and Nominations Committee

Social and Ethics Committee

ESG Committee

Board composition statistics

as at 10 November 2021

Executive vs Non-executive

4	Executive
6	Non-Executive

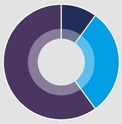
Gender

8	Male
2	Female

Ethnicity

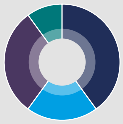
7	White
3	African/Indian/Coloured

Age



1	40 – 49 years
3	50 – 59 years
6	60+ years

Tenure



4	0 – 5 years
2	6 – 10 years
3	11 – 15 years
1	>15 years

Skills

10	Directorship	1	Engineering
10	Management	1	Agriculture
4	Finance	1	Legal

Non-Executive Directors

Theunis Eloff (67)

BJur (Econ), ThB, ThM, ThD
Chairman

Appointed 8 May 2007, Chairman from June 2014

Experience: Theuns served as minister of religion in Pretoria from 1983 to 1989. He completed his Doctorate in theological ethics. Theuns 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. Theuns acted as CEO of the FW de Klerk Foundation until 31 May 2019.

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

Diederik Johannes Fouché (68)

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.

Tshepo Monica Shabangu (51)

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

Appointed 1 July 2013

Experience: Tshepo 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. Tshepo 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. Tshepo 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 2021-2022, and included in the Best Lawyer Intellectual Property Law in South Africa list, from 2018 to 2022.

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

BOARD OF DIRECTORS (CONTINUED)

Saleh Mayet (66)	*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 (65)	*B Eng (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-Grootrivier Nature Reserve (Pty) Ltd.

Anita Deline Cupido (52)	*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.

Executive Directors

Christiaan Ernst Schutte (62)	**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 the Astral's Board in 2006. In 2009 Chris was appointed as Chief Executive Officer of Astral.

External appointments: None

Daniel Dirk Ferreira (66)	*BCom, BCompt (Hons), CA(SA)* **Chief Financial Officer**	Appointed 1 May 2009 Retiring 28 February 2023

Experience: Daan was employed by ICS Group Ltd (ICS) before the acquisition of ICS by Tiger Brands Ltd, where he held positions in operational, financial management, tax management, project management and later as Group Financial Manager. He later joined Genfood (Pty) Ltd for two years before joining Astral in February 2001 as Group Financial Manager. He was appointed as CFO in May 2009.

External appointments: None

Gary Desmond Arnold (50)	*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. This position is to optimise expansion opportunities and continuous improvement initiatives, whilst effectively allocating capital and human resources across all Astral divisions.

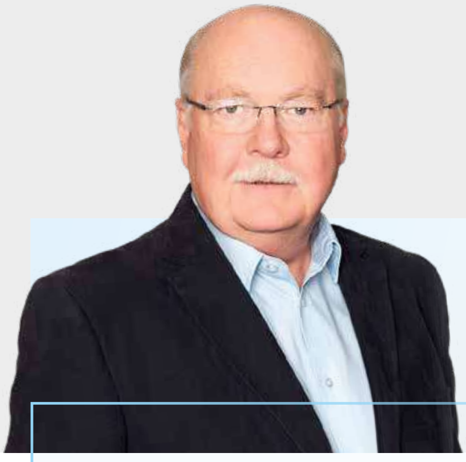
External appointments: None

Frans Gerryts van Heerden (42)	*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 15 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

CHIEF EXECUTIVE OFFICER'S REPORT



Chris Schutte
CEO

"The Group has reported one of its best set of results in its 21 year history, benefiting from good sales volume growth and somewhat of a recovery in margins, albeit under challenging market conditions which have seen various macroeconomic headwinds over the past year."

The year in perspective

This is Astral's 22nd Integrated Report, and provides an overview of the Group's financial and operational performance and achievements for the year under review.

The outlook for 2022 leaned towards negative macroeconomic conditions for the local poultry industry, as volatility in the soft commodity markets supported ever increasing feed prices, lifting the cost of producing a live broiler. This was exacerbated by the outbreak of the Russian and Ukrainian conflict in February 2022, that brought even more uncertainty to global raw material markets as coarse grain exports from those countries were negatively impacted. Together with rapid increases in energy prices, poultry production costs have continued to escalate. However, the Group benefited 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 created growth in profitable product categories. In addition, the higher input costs were recovered through the increases in the selling price for poultry, which led to some margin improvement in the broiler operations.

A number of headwinds faced the Group during the reporting period, and leading these was the increasing cost of maize and soya meal, driven to new record highs on SAFEX. These increases were driven by factors on the international coarse grain markets, and coupled to a weak and volatile Rand saw prices on our bourse lifting once again. Notwithstanding an above average local maize crop for a third year in a row, SAFEX did not trade local fundamentals. Feed prices increased sharply for the year under review, and in a market reflecting negative sentiment in the consumer environment, raising poultry prices was fraught with many challenges. Intense promotional activity and the roll-out of new capacity in the retail sector supported higher levels of sales and volume growth for Astral for the year under review.

Feed made up approximately 70 % of the total cost to produce a live broiler ready for slaughter. Broiler feed prices increased by 11.6 % for the year under review (2021: 15.8 %), and whilst broiler selling prices rose by 12.5 % over the same period (2021: 8.1 %), this was not sufficient to recover the full impact of rising feed costs together with increases in non-feed expenses (predominantly fuel and energy), resulting in a negligible recovery increase in broiler margins to 3.5 % for the year (2021: 0.2 %).

The results include a number of extraordinary costs, amongst these costs associated with national load shedding which has reached record levels during 2022, water supply interruptions, a case of HPAI (Avian Influenza) in the Group's broiler breeding operations, and continued municipal infrastructure challenges in Standerton, in total costing the Group R152 million for the year.

The state of the South African economy is unfortunately characterised by consistent high unemployment and decreased levels of 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 have remained under pressure and are below what could be considered an acceptable return on invested capital.

Salient points

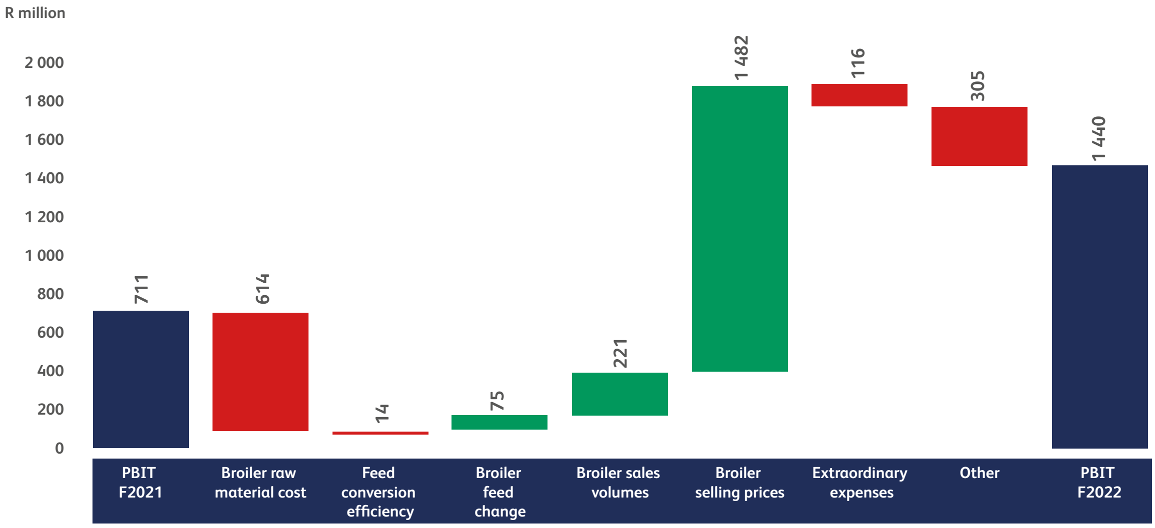
- **Feed sales volumes increased on higher internal broiler feed requirements due to an increase in bird numbers slaughtered following the expansion of Astral's processing capacity.**
- **Feed input costs increased significantly on the back of higher maize and soya prices, supported by higher international prices for soft commodities and a weaker local currency.**
- **On-farm broiler production results improved year-on-year, although the feed conversion ratio was impacted negatively by operational inefficiencies due to Stage 6 load shedding in September 2022.**
- **A case of HPAI was experienced in one of Astral's broiler breeding operations, as bird flu continues to cause untold harm to commercial poultry around the globe.**
- **Poultry slaughter numbers increased, averaging approximately 5.8 million broilers per week (2021: 5.4 million birds per week).**
- **Poultry sales realisations improved year-on-year, but lagged the substantial increase in input costs.**
- **Poultry imports remained at relatively high levels, with average monthly volumes for the period under review being approximately 22% of local consumption (2021: 25%) at an average of 33 318 tons.**
- **Eskom load shedding and municipal infrastructure challenges continued to negatively impact operational efficiencies, adding a cost burden to the Group.**
- **Cash flow generated from operations for the year of R1 492 million resulted in a strong balance sheet with net surplus cash on hand of R701 million.**

Financial and operational performance at a glance

The respectable year-on-year increase of 103% in the operating profit, was driven by an increase in poultry sales volumes and higher poultry selling prices for the year under review. This growth must be seen in context of the low base in the comparative year, as well as the fact that the Group's net operating margin is still below its long-term average. We are however pleased with the performance during the year under trying conditions.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

This resulted in the respectable recovery at a **profit before interest and tax** level between the prior year and the year ended 30 September 2022.



Source: Own Data

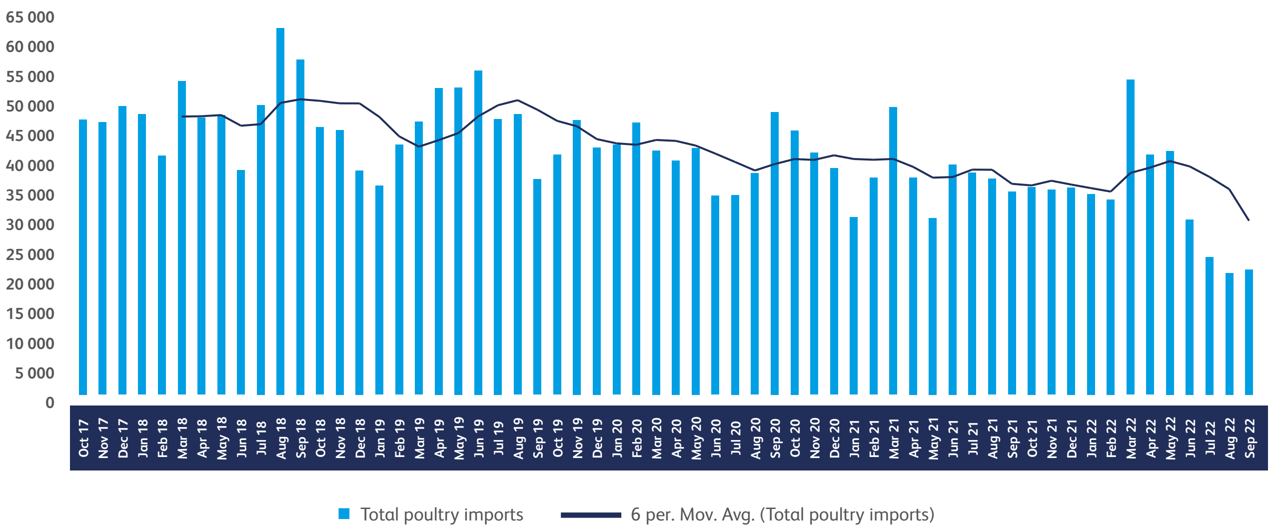
Broiler sales volumes increased by 8.9% with an increase in broiler slaughter numbers of 400 000 birds to an average of 5.8 million birds per week (2021: 5.4 million birds per week).

Extraordinary costs that impacted the results for the year under review, included water and electricity supply interruptions (R147 million) and HPAI (R5 million). The water and load shedding cost reflects a year-on-year increase of R116 million.

On-farm broiler performances showed an improvement during the year, however slightly more feed was used for live weight gain over the year. A broiler feeding programme on lower density diets (implemented on significantly higher raw material input costs), realised a net benefit to the Group as the lower feed cost savings more than offset the higher feed conversion rate. The feeding programme is continuously reviewed to optimise the margin over feed cost, whilst striving to exploit the genetic potential of the broiler.

Total poultry imports averaged 33 318 tons per month for the year under review (2021: 37 610 tons per month). For the year under review, total poultry imports were equivalent to just under 6 million birds per week and made up approximately 22% of local consumption. Brazil remained the largest exporter to South Africa notwithstanding the provisional anti-dumping duties implemented between December 2021 and June 2022.

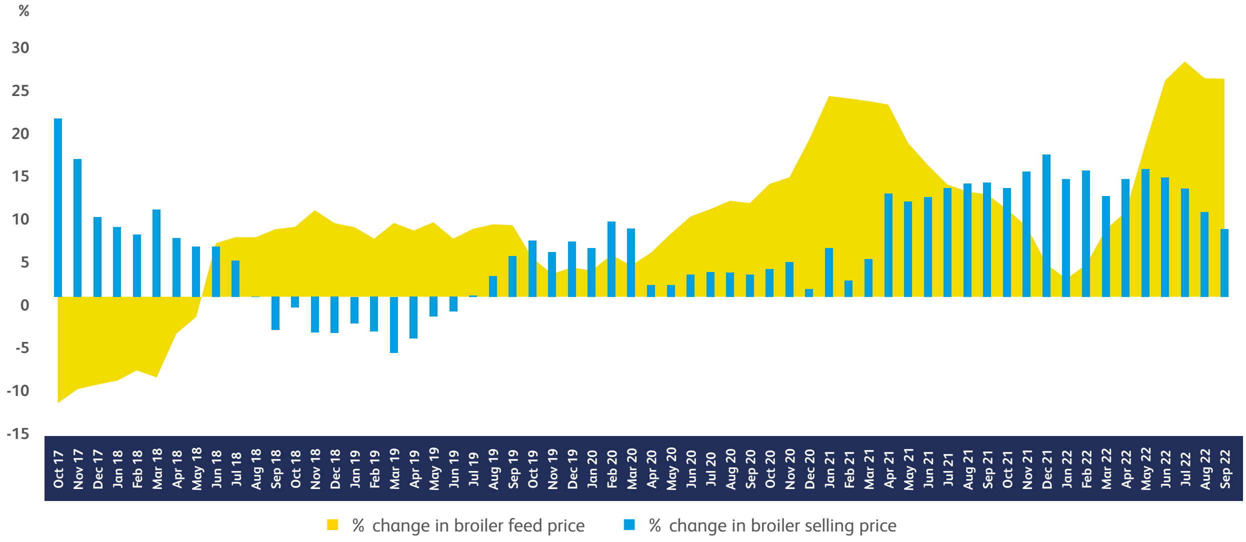
Total imports in tons per month



Source: SAPA

The graph below reflects the annual monthly year-on-year change to the broiler feed price against the change in the broiler selling price. Against this backdrop, Astral has seen rapidly escalating broiler feed costs, however broiler selling prices have not kept pace with the inflation in feed costs through the second half of F2022, resulting in a margin squeeze.

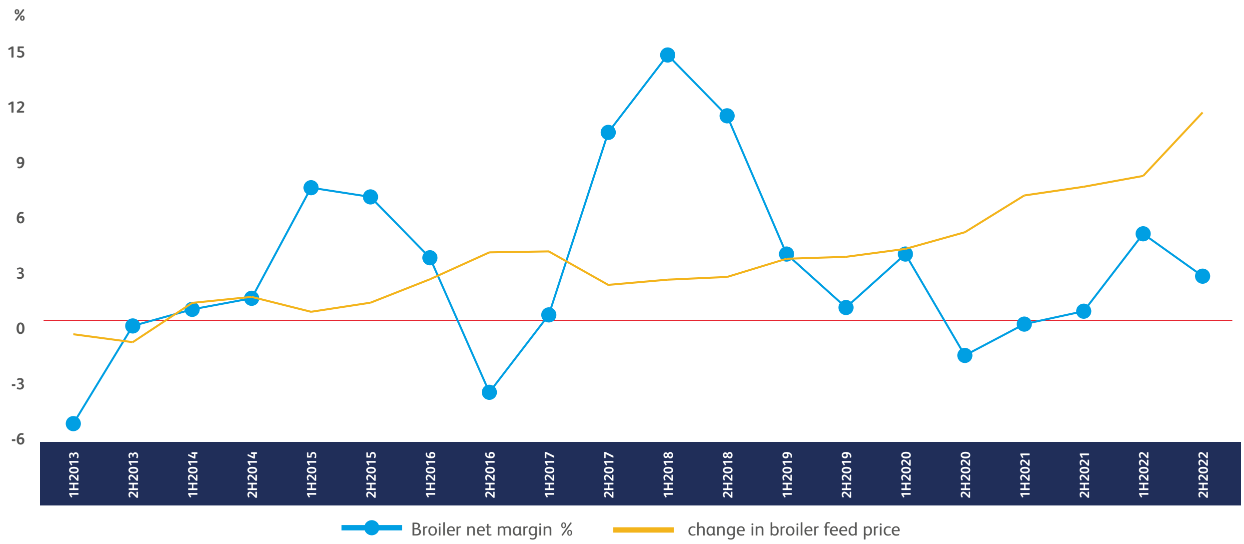
Monthly year-on-year change in broiler selling price vs. change in feed price



Source: Own Data

During Astral's reporting period broiler margins improved on the prior year, however the margins are extremely thin, and sensitive to any further increase in input costs.

Broiler net margins vs. the change in broiler feed prices



Source: Own Data

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Water Recycling Plant at Goldi

Astral's Other Africa operations reported a good improvement in earnings year-on-year, with a good performance reported from the Zambian operations.

During 2021 Astral reported that the National Chicks Swaziland operation was held for sale, as Astral had agreed to sell its 67 % interest to its joint venture partner in the business. In addition, Astral received a firm offer which was accepted for the purchase of the assets held within the Mozambican operations. The transactions surrounding these matters were closed during the year under review.

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 50 to 60 as well as the Chief Financial Officer's Report on pages 112 to 114 of the Integrated Report.

Key investments

Capital expenditure for the year under review was R258 million compared to the prior year's R260 million. This amount represents expenditure on normal ongoing and major replacement, and includes R21 million towards the replacement of a broiler breeder site at County Fair in the Western Cape, R27 million on a new value-added production line at Festive in Gauteng, and R37 million towards the expansion of broiler breeding capacity at Festive.

Key challenges going forward

Industry

The past two years has seen an expansion of poultry processing capacity in the local industry, with projects now completed and some in the making. This is a positive step forward for the industry and a commitment to South Africa's localisation drive, where under the Poultry Sector Masterplan (Masterplan) all stakeholders agreed to a number of actions that would support local production of chicken so that it could make up a greater proportion of local consumption. However, for such a plan to succeed certain measures were required for implementation to negate the threat the local industry faces from continued dumping and unfair trade. Investigations into dumping by Brazil, Ireland, Poland, Spain and Denmark were completed in late 2021 and a provisional anti-dumping duty was implemented for a period of six months and expiring on 14 June 2022.

Following the implementation of the provisional duties the International Trade Administration Commission (ITAC) called for comments from interested parties, and on the responses received to the essential facts letter, ITAC once again found that poultry is being dumped into the South African Customs Union (SACU) poultry industry, and that evidence of material harm to the industry can be demonstrated. ITAC in their latest findings recommended to the Minister of the Department of Trade Industry and Competition (the DTIC) that it would be appropriate to implement anti-dumping duties against the mentioned countries. However, the Minister of the DTIC chose to suspend the implementation of the anti-dumping duties against the aforementioned countries for a period of 12 months from his announcement in August 2022.

Poultry producers feel strongly that the Minister's announcement flies against the spirit of the Masterplan, which specifically listed tariff measures as an important pillar to put a stop to dumping. As such, the decision calls into question the trust that was invested in the Masterplan process, as the latest decision seems to demonstrate that dumping is "okay", even if for only a period of 12 months. The decision will not assist South Africa's efforts towards localisation, job creation, transformation, investment or developing the rural economy. In fact, it may actively cause harm and will certainly disrupt industry investment plans for the foreseeable future.

The local economy remains under severe pressure, and with escalating energy costs and Eskom load shedding adding to the woes of the consumer, the country will need to see a major stimulus if jobs are to be created, at a time when record unemployment levels are the order of the day. As disposable income levels wane any upside growth potential to poultry consumption is capped. The failure of local government to deliver basic services to industry and local communities is playing havoc with business efficiencies, and issues in Standerton continue to impact our operations based in the town.

Poultry selling prices

Astral focuses on producing the lowest cost kilogram of white meat in alignment with its best-cost strategy. A key challenge is to continuously optimise financial returns by achieving a poultry selling price that allows for the satisfactory recovery of input costs to ensure sufficient cash holdings for future investment in the business and provide reserves to counter the volatility that is inherent in the poultry industry. The recovery of input costs during the year under review has assisted the profits reported for the year, but as input costs continue to rise it is becoming extremely difficult to recover the cost base, which is largely been driven by macroeconomic factors outside of Astral's control. Astral has during the second half of this reporting period been subsidising a large proportion of the broiler cost base, and as this not a sustainable situation Astral is unfortunately forced to go the market with further poultry selling price increases. Astral understands the plight of the consumer and is sympathetic to the soaring cost of living, however to ensure the long-term sustainability of the business and its commitment to local food security we are faced with a situation where costs beyond our control will have to be recovered from the market.

Market developments

Poultry remains the most affordable source of protein with consumers preferring the affordability of chicken over red meat and pork products. Promotional retail activity during the year, an ever-expanding footprint of outlets by the major retail chains and the continued payment of the basic income grant has seen an improvement in sales volumes for the Group during the period under review. However, the ability to recover the substantial increase in broiler feed prices as well as extraordinary cost increases from the market is proving to be a challenge. At the time of writing this report, Astral is operating in an environment which is seeing record high costs for maize and other key feed ingredients, as well as extraordinary costs associated with national load shedding and municipal infrastructure failures.

Astral's sales and marketing strategy seeks to feed all consumers across the entire income range. The Group has remained committed to the production of IQF products whilst adding processing capacity to grow in the fresh and further processed product categories, as well as the QSR channels. The Festive expansion in Olifantsfontein was bedded down and the Group was able to increase fresh sales in the wholesale and retail market segments. The flexibility and scale of the Festive expansion will further enhance with the completion of dedicated Quick Service Restaurant processing capacity in the coming months.

Astral's focus is to maintain a balance in the wholesale and retail market segments supplying frozen, fresh and value-added products. The Group concentrates on optimising returns by managing product and customer mix on an ongoing basis in order to pursue the best available margins at any given time. Customer service, quality products, product innovation and efficient routes to market are key requirements in the pursuit of this objective.

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 28 to 43 of the Integrated Report.

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

- Biosecurity.
- 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 market.

Environmental, social and governance (ESG) developments

Astral places high importance on ESG-related matters to ensure that we maintain our culture of being an organisation that cares for our people and the community in which we operate, adhere to good governance principles by applying best practices as well as reduce our environmental footprint. Astral has formed an ESG Committee who will support our ongoing commitment to sustainability, with specific emphasis on environmental stewardship, corporate governance and accountable social engagement. We continue to enhance our ESG disclosure and have provided an ESG Summary Report that is available on our website.

The retention of our **employees** and skill set are critical to Astral's long-term success, and hence our emphasis on an integrated training and skills development framework. Training and skills development is focused at delivering competency 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. We are proud to announce that we have instituted a number of new training programmes, like the waste management programme, during the year. In total, 28% of our employees attended one or more training programmes with a total training spend of R11.7 million. For more information on our skills

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

development programmes, please refer to page 79 of the Integrated Report.

Astral is committed to transformation and gender diversity and endeavours to align its empowerment transformational and gender diversity initiatives to promote the development of previously disadvantaged employees. 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 nearly 300 persons with disabilities and aim to make the workplace accessible to all. Information on our employees commences on page 76 of the Integrated Report.

Our "Astral Cares" initiatives, Astral's CSI programme, continued to assist communities in desperate need, focusing on supporting the most vulnerable in society. The national feeding programme this year concentrated on large soup kitchens and community feeding institutions, supporting 15 children's homes and 32 feeding schemes by supplying more than 500 000 meals to people in need.

Seriti, Astral's CSI partner, provides social impact support for Goldi employees, their families and the local community of Standerton. 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.

During the year, Astral Cares invested substantially in expanding our employee assistance programme (EAP) value offering to employees and their families with a number of new initiatives introduced. One such initiative is 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. Our social involvement initiatives commence on page 100 of the Integrated Report.

We acknowledge that Astral's responsibility to the **environment** extends beyond legal and regulatory requirements and understand that business sustainability is about doing all that is necessary in the short to medium term in return for a sustainable business in the long term. During this financial year, Astral used 6.5 billion litres of water throughout its business operations. Since South Africa is a naturally water-scarce country, we acknowledge water security is a risk to our communities and business operations. With this in mind, we took strategic action over the years and embarked on various water projects, and in 2022 recycled 0.9 billion litres of water and treated 0.3 billion litres to potable standards. Direct energy sources used by Astral are coal, 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, back-up generators and other equipment. 52% of Astral's material energy is derived from coal, and we acknowledge our high dependence on coal is a risk and this remains a concern. For further details on our environmental impact and initiatives, please refer to pages 104 to 110 of the Integrated Report.

Our **governance** structure and principles are set out on pages 66 to 69 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:

- Consistently high unemployment levels and a soaring cost of living, have led to pressure on consumer spending with lower disposable income levels.
- Record high raw material costs, notwithstanding the good South African maize crops for the past three years, and which is expected to be repeated in 2023.
- Collapsing municipal infrastructure and national load shedding continue to impact Astral's operational efficiencies negatively, which adds a significant cost burden.

Festive Olifantsfontein

- Production cutbacks have been implemented to limit the negative impact of the current load shedding, with significant capital expenditure in diesel generator capacity.
- The continued threat of Highly Pathogenic Avian Influenza, with rapidly rising infection numbers in Europe and North America.
- Astral will endeavour to increase poultry selling prices to claw back on current negative broiler margins.
- Astral has a strong and resilient balance sheet, which will support Astral in navigating through the negative headwinds facing the poultry industry.

Stated strategy

At a strategic workshop held in March 2022, Astral's Board reaffirmed the Group's strategy:

"Astral's strategy is to be the best-cost integrated poultry producer in selected African countries".

In addition, it was stressed that Astral's "anchors" must remain:

- effectiveness of capital allocation;
- best-cost focus; and
- pure poultry integration.

It was stressed that the Company, as a pure integrated poultry company, must continue investing in its integrated poultry operations to create organic growth, whilst continuously pursuing value creating acquisition opportunities. Astral must continuously reinvest in activities that create sustainable shareholder value.

At this juncture, I would like to thank the Board for their unanimous and clear support of management's proposed strategic intent, action plans and capital investments.

Appreciation

In closing, I extend my gratitude to all our loyal customers for their continued support this past year and to all our alliance partners, suppliers and strategic service providers – A big thank you.

My sincere appreciation and thanks go to all my colleagues in management and our employees for their support. Once again, Astral faced many operational challenges brought about by circumstances beyond our control, but your resilience and effort saw us through very trying times.

Not only were we faced with rapidly rising input costs, municipal service supply issues and bird flu, but we were also faced with unprecedented levels of load shedding which has placed each and everyone of us under tremendous operational pressure.

A special word of appreciation goes to Daan Ferreira, the Group CFO. Daan retires at the time of the Group's AGM in February 2023, and will leave Astral after a long and fruitful career. Daan has been an extremely valuable asset to the Group over all these years, and has undoubtedly created a financial and governance platform that will carry the Group forward and stand us in good stead. Daan has been an extremely supportive colleague and friend as well as an objective and honest soundboard, and I thank him for the time that he has served with me in an Executive capacity. Daan, best wishes to you and your family for the new chapter in your life, you have worked endlessly to the benefit of the Group and deserve the well-earned next phase of your life. 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, a special word of thanks for your consistent support of the Executive Management team in their endeavours to remain the leading poultry producer in a very difficult and challenging environment.

Chris Schutte
Chief Executive Officer

16 November 2022

OUR STRATEGY

Astral has a simple strategy:

To be the best cost integrated poultry producer

MAIN STRATEGIC FOCUS AREAS

Focus on performance reliability and sustainability

Investment in high quality best-cost operations

Invest in our people

Focus on strengthened external relationships

Duty of care to protect the natural environment in which we operate

HOW DOES ASTRAL EXECUTE ITS STRATEGY?

The existence of key best practices underpinning good corporate citizenship and the identification of the main business risks and procedures for ongoing risk control and management, documented targets for strategic growth plans and strategic objectives as well as systems to manage and protect key assets, Astral strives to ensure that a long-term sustainable results driven performance will be delivered.

Astral ensures that through continuous investment in replacing assets and incorporating new technology, enhanced by an effective workplace improvement programme, a best cost culture is fostered to support productivity and efficiency improvements.

Through competitive remuneration structures, targeted transformation programmes, broad-based skills development programmes, visible succession plans and a culture of promoting from within, Astral ensures that staff development and retention embeds strong support for the Group’s long-term goals.

Astral is passionate about our engagement with external stakeholders and a committed orientation towards this ideal is supported by a culture of open and transparent communication, product responsibility, quality management systems, statutory and regulatory compliance coupled with a strong sense of self-regulation and high ethical standards.

Astral is committed to promoting sustainable social and environmental transformation to mitigate its environmental impacts, to ensure the continued responsible waste management and prudent use of water and energy to safeguard the continuing viability of our business.

OUR INVESTMENT CASE

1. Astral is the leading integrated poultry producer in Southern Africa

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

2. Leading brands

Astral owns 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 TIGERChicks 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.
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.
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.
Imbalance of poultry supply and demand		The over-supply of poultry products in the industry could have a serious negative impact on sales realisations and profitability.
	Poultry prices	▪ 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.
	Product mix	▪ 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.
	Poultry imports	▪ 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.
	The consumer market	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.

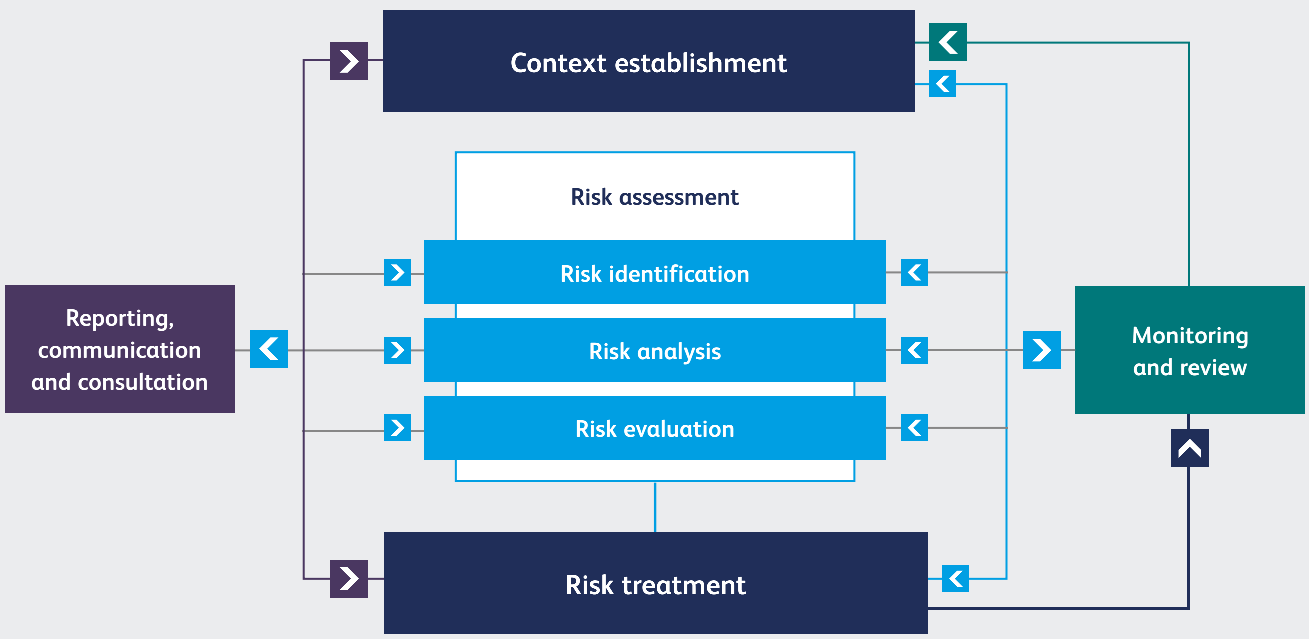
Business risk management

Astral is committed to the following risk management action plan:

- identifying the risks which the Group are 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.

Risk management framework

Risk management process



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.

Risk 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:

- appointing an independent consultant to assess the 2021 Integrated Report and identify areas for improvement;
- comparing material matters identified in 2021 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.

Our engagement methods with each stakeholder group are as follows:

Shareholders

Our shareholder base is broad and includes private and institutional investors (local and international), private and public companies and insurance companies.

- Website
- SENS
- Trading updates
- Bi-annual results presentations
- Investor relations
- Face-to-face meetings
- Site visits

Employees

Our staff complement consists of permanent and contract employees.

- Confidential hotline through "Tip-offs Anonymous"
- Bi-annual road shows
- Management and Union meetings
- Internal newsletters and notice boards

Customers

Our key customers lie primarily in top-end retail chains and wholesalers, mainly independently owned. We also have QSR customers with some of the leading QSR franchises in South Africa.

- Face-to-face meetings
- Regular discussions
- Advertising through media
- Formal review meetings with major customers

Suppliers

We source products and services from a diversified and reputable supplier base.

- Presentations by suppliers to our procurement function
- Annual negotiations
- Quotation-based supply
- Ongoing engagement with key suppliers

Regulatory authorities

We are a participant in the food industry therefore we comply with the strictest standards and are continuously monitored by internal and external parties to verify adherence.

- Adherence to laws and regulations
- Regular training of staff to understand laws and regulations
- Face-to-face meetings
- Independent assurance

Industry

Astral and its employees are members of and/or participate in various organisations.

- Regular attendance of industry body meetings
- Subscribing to industry publications
- Participation in industry forums

Communities

We play an active role in the communities in which we operate through a social investment strategy which focuses on education and community upliftment.

- Identifying causes where relief is sought
- Management of a wellness programme
- Evaluation of calls for assistance in communities where we operate

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

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Stakeholders impacted

Covered in peer reports

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

- Additional 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 level of bi-security, including suppliers.
- Availability of current vaccination procedures.
- Culling and disposal protocols.
- Control of vectors e.g. bird proofing.
- Cleaning and disinfection programs.
- 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 outbreak 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

- Additional biosecurity measures ensure that the risks related to the raising of animals, including illnesses, are minimalised 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. 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 licences can be lower than business requirement.
- Restrictions in the availability of electricity can negatively affect operations.

Impact on Six Capitals

UN SDGs impacted: 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION

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 a little less dependent on Government.

Material topics: Sustainability of the business | Optimal capital expenditure allocation and management

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 Six Capitals

UN SDGs impacted

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Stakeholders impacted

Covered in peer reports

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 coordinated.
- 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 Six Capitals

UN SDGs impacted

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Stakeholders impacted

Covered in peer reports

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.

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

- Increased monitoring and testing.
- Enhanced cleaning programmes.
- All processing facilities FSSC22 000 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.
- Ongoing improvement in quality and production technology.

Potential stakeholder concern

Impact of food borne pathogens on food safety and consumer well-being.

Trade-off/opportunities

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

Material topics: Customer safety | Governance | Compliance

5.

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:
- Poultry prices
- Poultry imports
- Product mix
- 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 Six Capitals

UN SDGs impacted

2 ZERO HUNGER

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Stakeholders impacted

(Price)

(Product mix)

Covered in peer reports

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.

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

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 Six Capitals

UN SDGs impacted

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Stakeholders impacted

Covered in peer reports

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 continued 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

7.

Innovation and technology

Description of the risk/matter

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

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 Six Capitals

UN SDGs impacted

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Stakeholders impacted

Covered in peer reports

Impact on value

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

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 Six Capitals

UN SDGs impacted

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

2 ZERO HUNGER

Stakeholders impacted

Covered in peer reports

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.

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 environmentally-friendly packaging, will lead to improvements in natural capital.

Material topics				
	Waste	Carbon emissions	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 Six Capitals

UN SDGs impacted None

Stakeholders impacted

Covered in peer reports

Impact on value

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

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.

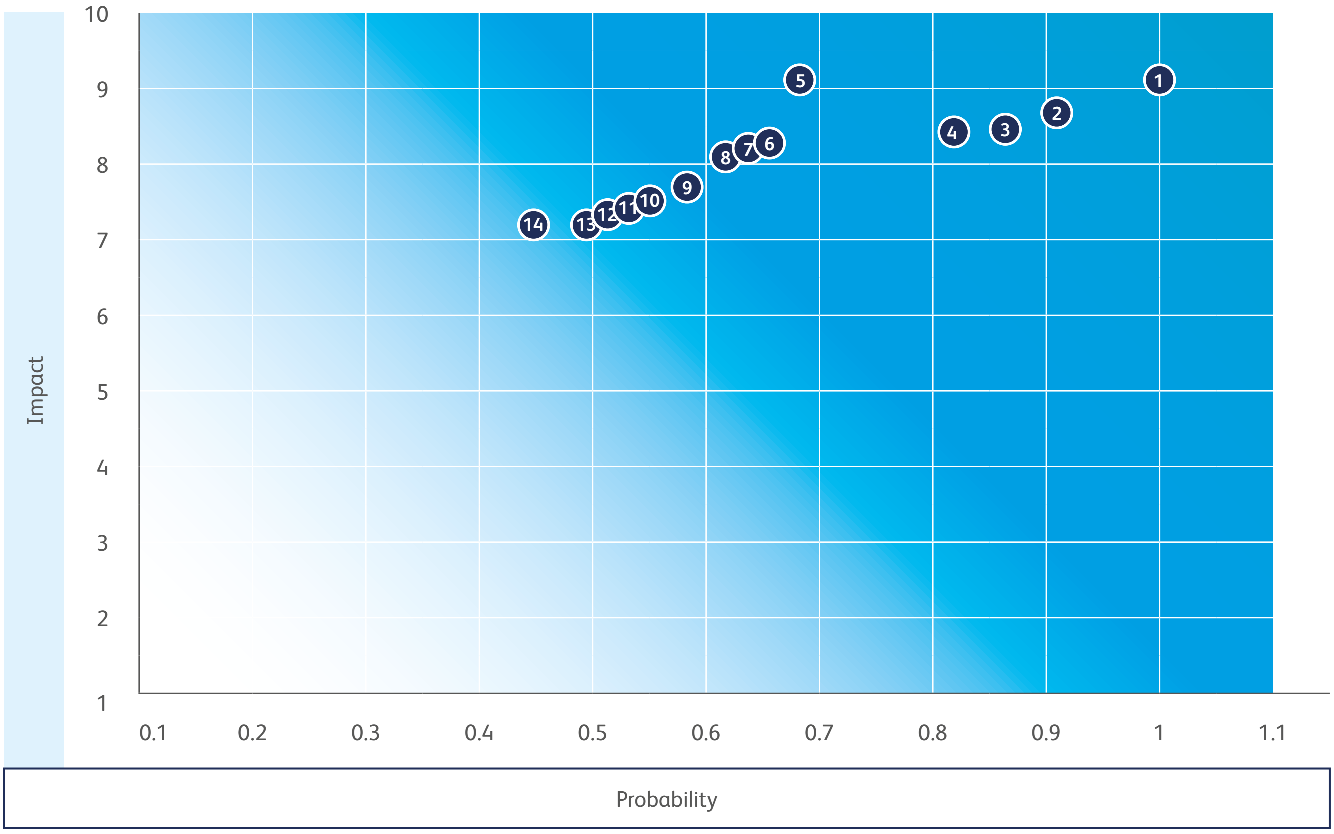
Material topics	Ethics	Governance

BUSINESS RISKS AND MATERIAL MATTERS REPORT (CONTINUED)

Major risks

2022	2021	Change	Astral's major risks	Business risk and material matters category	Page
1	1.	–	HPAI outbreak.	1. Biosecurity.	33
2	4.	▲	Electricity: security of supply and cost.	2. Water and electricity infrastructure constraints.	34
3	3.	–	Prolonged higher raw material costs.	3. Raw material availability and/or price.	35
4	7.	▲	Water supply and quality.	2. Water and electricity infrastructure constraints.	34
5	2.	▼	Prolonged imbalance in the supply and demand of poultry meat.	5. Imbalance of poultry supply and demand.	37
6	6.	–	Poultry products contaminated with bacterium that cause serious infections.	4. Food safety.	36
7	8.	▲	A breakdown in biosecurity and threat of new diseases.	1. Biosecurity.	33
8	9.	▲	Premix micro ingredient deficiency and/or contamination with undesirable substances.	4. Food safety.	36
9	10.	▲	Non-conformance to final feed specifications impact on the breeding programme.	7. Innovation and technology – genetics performance.	39
10	11.	▲	Lack of continuous genetic improvement.	7. Innovation and technology – genetics.	39
11	12.	▲	Malicious damage – cyber and virus attacks.	7. Innovation and technology – technology.	39
12	13.	▲	Fraud, theft and dishonesty due to the nature of the Group's products.	9. Ethics and transparency.	41
13	16.	▲	Loss of strategic employee skills.	6. Our employees and conditions of employment.	38
14	5.	▼	Impact of global pandemic, such as Covid-19 and the hard lockdowns.	5. Imbalance of poultry supply and demand.	37

Inherent risk rating

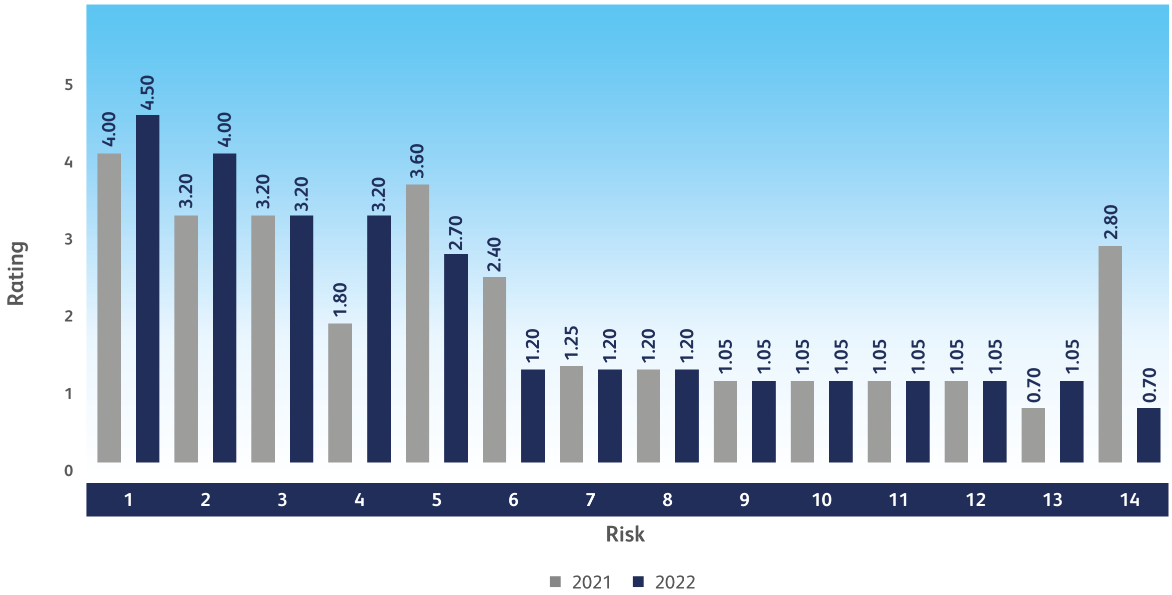


Residual risk status

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



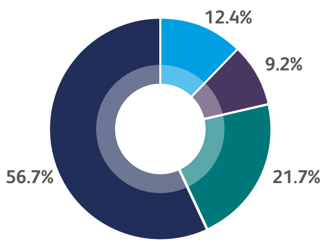
BUSINESS RISKS AND MATERIAL MATTERS REPORT (CONTINUED)

Value-added statement

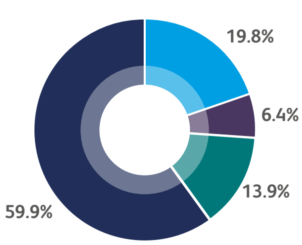
Distribution of economic value generated for stakeholders

	Year ended 30 September			
	2022 R'm	2022 %	2021 R'm	2021 %
Value added:				
Sales of goods and services	19 334		15 866	
Less: Cost of materials and services	(15 165)		(12 464)	
Value added from trading operations	4 168	99.3	3 402	99.6
Income from investments	31	0.7	14	0.4
Total value added	4 199	100.0	3 416	100.0
Value distributed:				
To labour	2 380	56.7	2 046	59.9
To Government	386	9.2	217	6.4
– Income tax	370		203	
– Skills development levy	16		14	
To providers of capital	521	12.4	677	19.8
– Dividends to shareholders	458		418	
– Interest on lease liabilities	58		205	
– Interest on borrowings	5		54	
Total distributions	3 287	78.3	2 940	86.1
Income retained in the business	912	21.7	476	13.9
– Depreciation and amortisation	308		422	
– Retained income for the year	604		54	
Total value distributed and reinvested	4 199	100.0	3 416	100.0
Revenue generated in South Africa	98%		98 %	
Employees	12 417		12 183	
Revenue generated per employee (R'000)	1 557		1 302	
Value distributed per employee (R'000)	338		280	

September 2022



September 2021



Providers of capital ■ Government ■ Reinvested ■ Labour

OPERATIONAL OVERVIEW AND PERFORMANCE

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

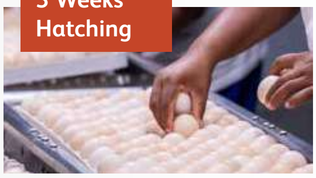
Social and Relationship Capital
- Reliable contract growers
- Loyal suppliers
- Give back to communities in which we operate

Natural Capital
- Own water purification systems
- Reduce carbon footprint where possible

EXTERNAL SUPPLIERS

GRANDPARENT BREEDING

ROSS An Aviagen Brand



3 Weeks Hatching

PARENT BREEDING

National Chicks

BREEDING AND BROILER OPERATIONS

Goldi, County Fair, Festive, Mountain Valley

POULTRY AGRICULTURE

FEED SUPPLY

AL LABS, Meadow More than just feed

POULTRY COMMERCIAL

PROCESSING OPERATIONS

Goldi, County Fair, Festive, Mountain Valley

Integrated across the animal feed and poultry production chain

22 Weeks Rearing

40 Weeks Laying

EXTERNAL CUSTOMERS

OUTPUTS

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 supports the key operational performance areas of the Group.


Chris Schutte

Chris Schutte (62)

Chief Executive Officer

Chris joined Astral in 2002. Refer to page 17 for his CV.


Daan Ferreira

Daan Ferreira (66)

Chief Financial Officer

Daan joined Astral in 2001. Refer to page 17 for his CV.


Gary Arnold

Gary Arnold (50)

Group Chief Operating Officer

Gary joined Astral in 2006. Refer to page 17 for his CV.


Michael Schmitz

Michael Schmitz (61)

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

Frans van Heerden (42)

Managing Director: Poultry Commercial

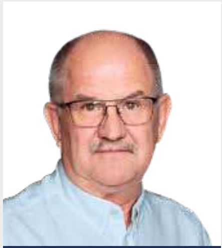
Frans joined Astral in 2007. Refer to page 17 for his CV.


Obed Lukhele

Obed Lukhele (47)

Managing Director: Poultry Agriculture

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.


Hugo Buys

Hugo Buys (63)

Group Procurement Manager

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


Dries Ferreira

Dries Ferreira (44)

Chief Financial Officer Designate

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 CFO and Executive Director of Dawn Limited in 2007. Subsequently, Dries established a business providing niche turnaround, corporate finance advisory and various other C-suite solutions to clients in South Africa and Europe. This included serving as the CFO of Newpark REIT Limited as well as European CFO of a multinational ICT turnaround group. Dries has extensive experience serving as Executive Director in the listed company space. He was appointed as CFO Designate of Astral on 10 January 2022.

Gideon Jordaan

Gideon Jordaan (48)

Human Resources Executive

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

Nikki Moodley

Nikki Moodley (52)

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

Evert Potgieter (52)

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

Gerhard Pretorius (46)

Nutrition Executive

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

Anil Rambally

Anil Rambally (50)

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.

Colin Smith

Colin Smith (61)

Marketing Executive

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

Louis Vermaas

Louis Vermaas (50)

Sales Executive

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

Gerrit Visser

Gerrit Visser (64)

Processing Executive

Gerrit joined County Fair in 1989 as an Industrial Engineering Technician and became COO of County Fair in 2008. He has been in the role of Processing Executive since 2017.

CORPORATE SERVICES

Leonie Marupen

Leonie Marupen (50)

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

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 More than just feed	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.
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 2022:

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

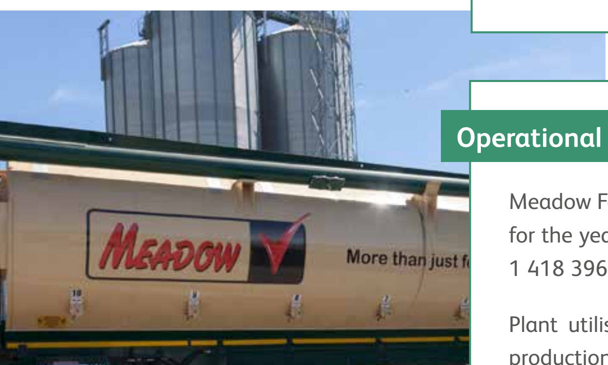
ISO 22000:2018	*Food Safety Management Systems Certification.*
ISO 9001:2015	*Quality Management Systems Certification.*
AFRI Compliance	*Compliance to AFRI Compliance Protocol – Legal Focus on Act 36 of 1947.*
AFMA	*Feed Industry Code of Conduct in South Africa.*
✓	*Comply.*

Financial performance – 2022

Revenue increased by 20.7% to R10.0 billion (2021: R8.3 billion) as a direct result of higher selling prices on the back of the increase in raw material costs. SAFEX yellow maize prices increased to an average of R4 112 per ton for the year under review (2021: R3 371 per ton) up R740 per ton year-on-year. Soya meal prices also increased from an average of R8 216 per ton in 2021 to R9 629 per ton in 2022, up R1 413 per ton year-on-year, further exacerbating the increase in the price of feed.

Feed sales volumes increased by 6.6%, as the internal requirement for broiler feed increased by 8.7% due to the strategic expansion in broiler production numbers, with higher external sales volumes of 3.4% reported off the back of an increase in feed sales across most sectors, despite the fact that livestock markets remained under pressure from higher feed prices.

The operating profit for this division increased by 13.6% to R599 million (2021: R527 million), but with a decrease in the operating profit margin to 6.0% (2021: 6.4%). Net Rand per ton margins increased by 6.6% 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 2022 was R12 million.



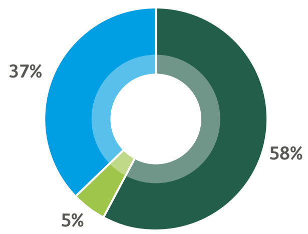
Operational performance – 2022

Meadow Feeds supplied 61% of its total volume to the Group's downstream Poultry operations for the year ended 30 September 2022. Total sales volumes increased by 6.6% year-on-year to 1 418 396 tons per annum (2021: 1 330 991 tons).

Plant utilisation for the year under review was stable year-on-year at 73%, on a national production capacity of approximately 1.98 million tons per annum.

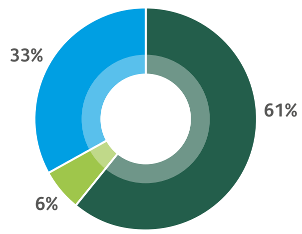
DIVISIONAL OVERVIEW AND PERFORMANCE (CONTINUED)

Meadow Feeds' sales 2021



1 330 991 tons

Meadow Feeds' sales 2022



1 418 396 tons

Volume increase = 6.6 %

■ 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 once again increased over the year under review. Despite South Africa producing two large maize crops in a row, international corn prices, coupled with a weakening Rand have countered the expected downward move of local Rand prices. The Ukraine and Russian conflict, robust US corn demand for ethanol and exports as well as corn production losses in the US and Europe were the main drivers for corn prices. As a result, the SAFEX yellow maize price rose by 22 % (an average of R740 per ton) for the financial year ended 30 September 2022 relative to the comparable year.

Local prices have remained closely correlated to the export parity price of maize, with volatility in pricing originating from changes in corn prices on the CBOT and changes in the Rand/Dollar exchange rate. The Rand/Dollar weakened for the year under review from a yearly average of R14.83 in 2021 to R15.83 in 2022 (6.74 %). The fourth quarter of 2022 saw the biggest move on the Rand from R16.45 to R18.09 (10 %).

The continued conflict between Ukraine and Russia has seen a negative impact on corn prices, due to global end users having to find other origins of import. There has been some movement of both grain and oilseeds from Ukraine through a trade agreement with Russia, which saw deep sea exports from the Black Sea region resume, but the market is still sensitive to escalating hostilities in the eastern parts of the Ukraine.

Despite the increase in the local production of soybeans and the supply of soybean meal, local prices are still determined by an import parity calculation from Argentina. This parity calculation has various components which includes CBOT soybean meal futures, freight, Argentine premiums and the Rand/Dollar exchange rate. All components have increased with soybean meal futures increasing by an average of 8.76 % year-on-year. Lower river levels in Argentina brought upon by two years of below normal rainfall due to the La Niña weather phenomenon have increased freight costs significantly, and this, coupled with a weaker Rand, has resulted in the imported soybean meal prices increasing by an average of R1 413 per metric ton or 17.2 % in 2022.

The Crop Estimates Committee have increased their local crop forecast in their last report, and a maize crop of 15.3 million metric tons is expected for the 2022 harvest. This will be sufficient to satisfy local feed, food and export demand. Planting intentions for the new crop are not yet published but another large area with above normal production is expected. In South Africa, weather models are indicating above normal rainfall for the current crop planting season brought about by a third consecutive La Niña. If this materialises, maize prices could remain at export parity for an extended period.

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

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.

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 39 000 000 birds on farm at any given point in time in order to supply approximately 5 800 000 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.

DIVISIONAL OVERVIEW AND PERFORMANCE (CONTINUED)

Bird welfare

We consider the well-being 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.

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.

DIVISIONAL OVERVIEW AND PERFORMANCE (CONTINUED)

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 trade mark 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 ongoing 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 practised 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.

Financial performance – 2022

Revenue increased by 21.1% to R15.8 billion (2021: R13.1 billion) supported by an increase in broiler sales volumes and a partial recovery in poultry selling prices, together with improved sales of broiler parent stock into the external market.

Broiler slaughter volumes increased by 7.7% benefiting from the Festive expansion volumes. Sales volumes increased by 8.9% for the year under review (42 630 tons) on the back of higher slaughter volumes.

Broiler sales realisations increased by 12.5%, reflecting an effort to recover the significant increase in feed prices on the back of higher maize and soya meal costs, as well as rapidly rising energy costs through the period under review.

Trading conditions remained under pressure due to record high unemployment levels and weak economic growth, however promotional sales activity by the retailer sector resulted in higher sales volumes for Astral. The QSR and Fresh sales categories continued to grow in line with the strategic expansion of processing capacity in this area. This positively impacted product mix and led to a stable supply of chicken into the frozen categories.

Broiler feed prices increased by 11.6% 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 reflected an improvement during the year, notwithstanding slightly more feed being used to achieve the targeted broiler live weights in 2022 due to the impact of load shedding in the last month of the period under review.

Operating profit for the Poultry Division increased by 419.9% to R763 million (2021: R147 million). The operating profit margin improved to 4.8% (2021: 1.1%). Non-feed costs in the division increased year-on-year, negatively impacted by the direct cost of load shedding (R126 million) and water supply interruptions (R9 million), as well as a case of HPAI (R5 million) in the breeding operations.

Operational performance – 2022

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 satisfactory result for the year as the operation recovered from an outbreak of highly pathogenic bird flu in 2021.

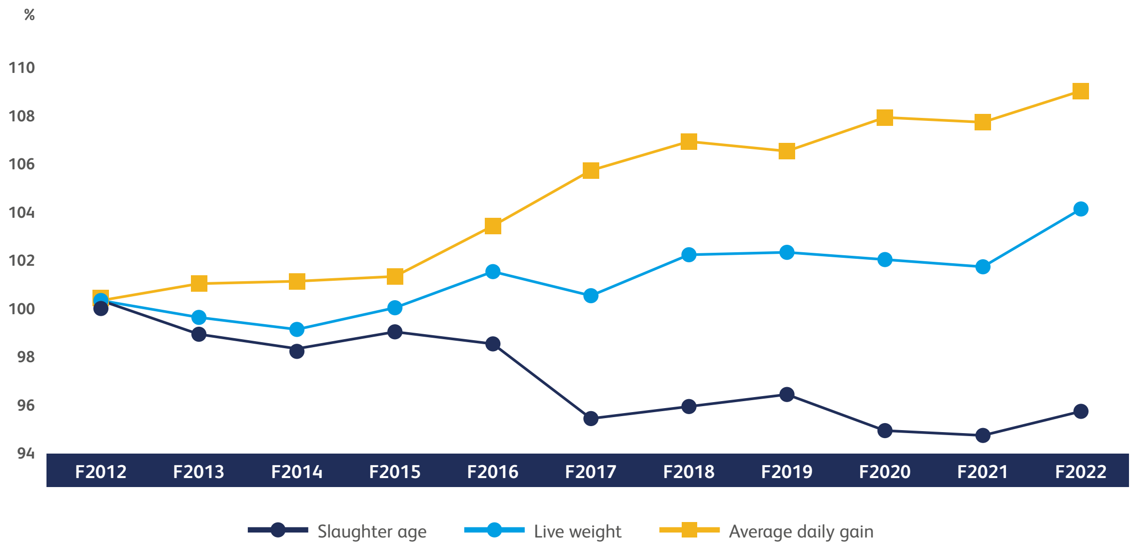
Broiler operations

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 5.8 million birds per week for the year ended 30 September 2022.

Birds per week (average)	2022	2021
Festive (Olifantsfontein)	**2 222 000**	1 940 000
Goldi (Standerton)	**1 768 000**	1 695 000
County Fair (Agter-Paarl)	**1 650 000**	1 593 000
Mountain Valley (Camperdown)	**195 000**	192 000
Total	**5 835 000**	5 420 000

DIVISIONAL OVERVIEW AND PERFORMANCE (CONTINUED)

Broiler production performance – age and weight



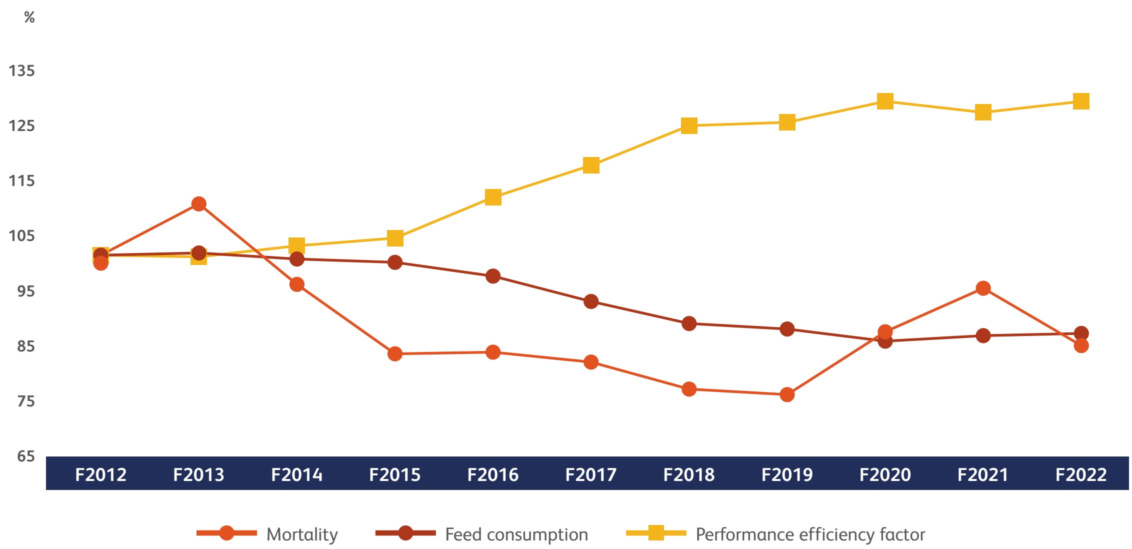
Source: Own Data

Continuous improvement in nutrition and feeding programmes, together with focused on-farm management practices has seen Astral continue to exploit the Ross birds' genetic potential, with emphasis on improving average daily weight gain and feed conversion efficiency.

Slaughter age increased slightly during the year, and as a consequence of the improved daily growth rates the final live weight at slaughter increased. Feed conversion rates decreased marginally during the year under review, as a result of the negative impact of load shedding during the last month of the year under review. Due to delays in the slaughter programme, birds were held on farm for a longer period during September 2022, negatively impacting the feed conversion ratio as the older birds were moved onto a maintenance feeding programme.

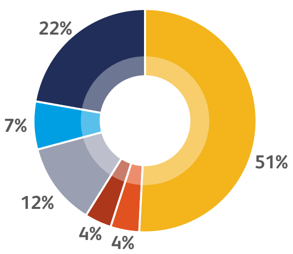
Broiler mortality rates decreased year-on-year, as management interventions continue to deliver improvements in this area.

Broiler production performance – mortality, feed consumption and PEF



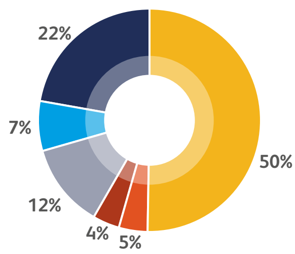
Source: Own Data

Sales mix 2021



476 750 tons

Sales mix 2022



519 380 tons

Volume increase = 8.9 %

IQF mixed portions · IQF Single portions · Frozen · Fresh · Value-added · Tertiary

Source: Own data

Sales product mix was relatively stable year-on-year with IQF products making up 55 % of total sales in 2022. The value-added and QSR segment as well as fresh sales volumes year-on-year, reflect an increase on the sales achieved through the expansion of the new processing capacity commissioned in 2020.

Festive Fresh Processing expansion

DIVISIONAL OVERVIEW AND PERFORMANCE (CONTINUED)

OTHER AFRICA DIVISION

Business overview

TIGER ANIMAL FEEDS ZAMBIA

More than just feed

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.

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.

Financial performance – 2022

Revenue from continued operations for the division increased by 62.6 % to R471 million (2021: R289 million). Both selling prices and sales volumes increased for the year under review, driven by a very good performance from the Zambian operations. Operating profit from continued operations increased to R65 million (2021: R35 million).

The transactions surrounding the disposal of Astral's interest in the National Chicks Swaziland joint venture, as well as the assets held within the Mozambican operations were closed during the year under review.

Operational performance – 2022

Astral's African operations comprised animal feed production facilities in both Mozambique and Zambia, and day-old chick broiler hatcheries with broiler breeder farms located in Zambia, Mozambique and Swaziland. The commentary provided below focuses on continuing operations only.

Zambia

Feed sales in Tiger Animal Feeds were 5.4 % higher year-on-year, and this together with improved feed margins saw profitability increase markedly year-on-year. Tiger Chicks reported a good increase in profitability over the comparable year, driven by higher day-old chick and hatching egg sales volumes, assisted by export sales to Zimbabwe.

ESG REPORT

SOCIAL AND ETHICS COMMITTEE REPORT

Dear shareholders

I have pleasure in presenting to you the 2022 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 functions on behalf of the Group in relation to social and economic development, governance, ethics, safety and health, environmental sustainability and employment matters.

South Africa continues to deal with widely reported ethics and socio-economic challenges in terms of governance, fraud, corruption and environmental sustainability. The committee has thus sustained its efforts to ensure the Astral culture, value and belief system subscribe to the Six Capitals model (Financial, Manufactured, Human, Social, Natural and Intellectual Capitals), which forms the basis of our approach to responsible and accountable governance and sustained socio-economic investment.

This year, we assessed our potential impact in terms of the 17 UN SDGs and have narrowed our focus in terms of only including those UN SDGs that we believe are relevant to the Group. References to the Six Capitals and to the relevant UN SDGs are used throughout the Integrated Report for ease of reference.

The committee is satisfied that it has fulfilled its responsibilities as detailed in its Mandate and Terms of Reference for the 2022 financial year.

I would like to thank the members of the committee for their hard work, commitment and contribution towards achieving our objectives as mandated by the Board.

TM Shabangu
Chairman

16 November 2022

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 69 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:

- social and economic development;
- responsible corporate citizenship;
- environment, health and public safety;
- consumer relationships;
- labour and employment;
- organisational ethics; and
- workplace productivity.

The committee will take the following actions on their 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)
- Environmental 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.

- **Environment**
  To support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies in terms of:
  - water resources management;
  - energy resource management;
  - waste resource management; and
  - carbon emissions.

- **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.

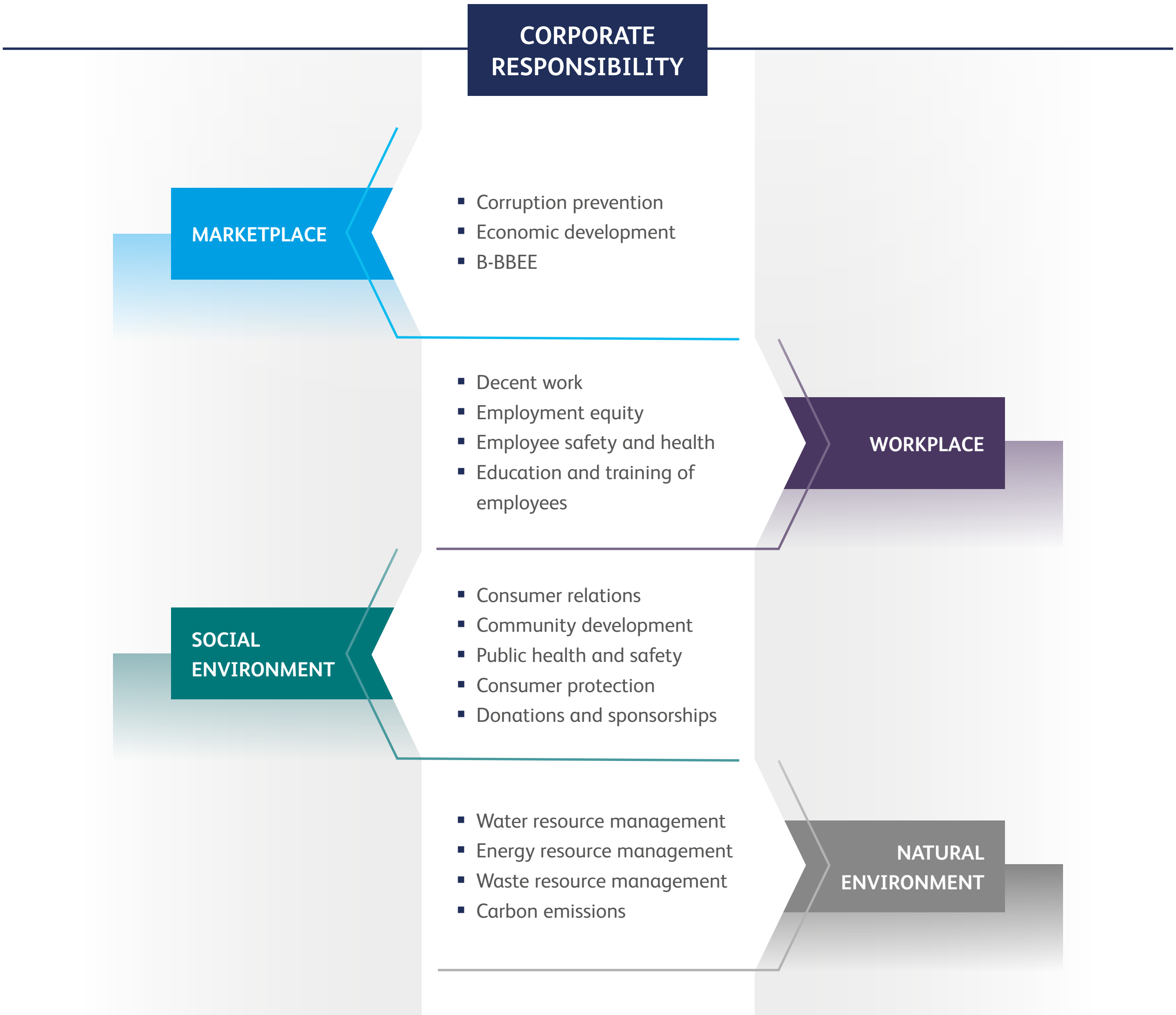
- **Community upliftment and donations**
  To develop guidelines for charities and sponsorships. The Astral Cares CSI programme continued with its excellent work during the 2022 financial year, with enormous contributions made to local communities and beneficiaries in dire need of support. Please refer to the social involvement section of the report, pages 100 to 103.

SOCIAL AND ETHICS COMMITTEE REPORT (CONTINUED)

SECTION 3: ANNUAL WORK PLAN (CONTINUED)

- **Consumer development**
  To ensure compliance with the Consumer Protection Act.
- **Environment and sustainability reporting**
  To investigate areas which do not fall within the scope of responsibilities of the Audit and Risk Management Committee.

  The committee also identified four areas in which the work of Astral must be evaluated ethically:
  – the marketplace;
  – the workplace;
  – the social environment; and
  – the natural environment.



SECTION 4: 2022 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. Plans for the next year include procedures to review/address external audit findings as well as documenting targets for achieving strategic growth plans and strategic objectives.

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.
- Supplier and Customers: Baseline risk assessments and privacy readiness process flows concluded.
- Information technology: Policy and additional security measures introduced during the year.

4.4 Environmental sustainability

A number of environmental sustainability projects were introduced during the year:

- Water – in 2022, we recycled 0.9 billion litres of water and treated 0.3 billion litres to potable standards. The percentage of water recycled and treated to potable standards in 2022 based on total water used is at 14% and 4%, respectively. The high volumes of water recycled and treated to potable standards is a result of 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 WRI and recycled 679 tons of packaging material.
- Waste recycling – Astral invested R3.7 million on an onsite waste recycling pilot project at Mountain Valley in Ingomankulu and Meadow Feeds in Pietermaritzburg. The purpose of the project is to investigate onsite waste recycling, working with local business and learners from the business community. A 51% black owned company, Mandaterri, has been appointed to train learners on practical waste management and Umndeni Corporation was appointed to educate learners on environmental waste management. Two bailing machines valued at R0.35 million were purchased for the waste recycling project for each business unit.
- Coal: 986 tons less coal were used during the year as a result of boiler energy efficiency improvement projects.
- Electricity – 6 501 kWh'000 less electricity was used due to:
  - the application of variable speed drives on compressors;
  - the shutdown of the ammonia compressor during the winter period;
  - implementation of verification control, ensuring shutdown of equipment at the end of each shift; and
  - energy generated from solar power.

4.5 Scope of the committee

Additional areas that would be included in the responsibilities of the committee have been identified, including:

- review of Executive and Senior Management commitment to the ethics programme;
- review of applied governance structures and organisational capacity to ensure sound ethics performance;
- introduce an independent assessment of ethics performance; and
- review of the overall ethical profile of the Group.

4.6 Planned 2023 activities

During the next financial year, the committee will continue to monitor the seven areas where legislation and codes of best practice are relevant. These are:

- social and economic development;
- responsible corporate citizenship;
- environment, health and safety;
- consumer relationships;
- labour and unemployment;
- organisational ethics; and
- workplace productivity and well-being.

GOVERNANCE

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

GOVERNANCE STRUCTURE

Board

- Audit and Risk Management Committee
- Human Resources, Remuneration and Nominations Committee
- Social and Ethics Committee
- ESG Committee

Operational management

Executive management

CEO

CFO

Group COO

Managing Director: Poultry Commercial

Managing Director: Poultry Agriculture

Managing Director: Feed

Director: Risk Management

Human Resources Executive

Nutrition Executive

Sales Executive

Marketing Executive

Processing Executive

Purchasing and Sustainability Executive

Group Procurement Manager

Corporate

Group Company Secretary

Group Credit Manager

Good Corporate Governance provides the framework within which we strive to create superior levels of performance to the benefit of all our stakeholders.

We believe that our governance practices are sound and, in all material respects, conform to the principles embodied within the King IV™ Report and the JSE Listings Requirements. We are also cognisant of the Public Investment Corporation's corporate governance and proxy voting policy as well as the Code for Responsible Investing in South Africa 2011 and have implemented measures to comply with their requirements as far as possible.

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

Over and above this, our newly established ESG Committee underlines our commitment to supporting all aspects of ESG, including the critical role that good governance plays in ensuring the ongoing sustainability of the Group.

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 172 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 2022, 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, who has been a director 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, he is still regarded by the Board as an Independent Non-Executive Director.

GOVERNANCE (CONTINUED)

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;
- 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 JSE 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 17 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 JSE 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:

Scheduled Board meetings

Director	22 Oct 2021	10 Nov 2021	3 Feb 2022	10 May 2022	10 Aug 2022
GD Arnold	✓	✓	✓	✓	✓
T Eloff	✓	✓	✓	✓	✓
AD Cupido*	–	✓	✓	✓	✓
T Eloff	✓	✓	✓	✓	✓
DD Ferreira	✓	✓	✓	✓	✓
DJ Fouché	✓	✓	✓	✓	✓
S Mayet	✓	✓	✓	✓	✓
WF Potgieter	✓	✓	✓	✓	✓
CE Schutte	✓	✓	✓	✓	✓
TM Shabangu	✓	✓	✓	✓	✓
FG van Heerden	✓	✓	✓	✓	✓

✓ *Present.*
* *Appointed 10 November 2021.*

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 JSE 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	13 Oct 2021	10 Nov 2021	10 May 2022
DJ Fouché	✓	✓	✓
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	14 Oct 2021	25 Oct 2021	18 Nov 2021	24 Feb 2022	3 Aug 2022
WF Potgieter	✓	✓	✓	✓	✓
T Eloff	✓	✓	✓	✓	✓
DJ Fouché	✓	✓	✓	✓	✓

✓ *Present.*

Social and Ethics Committee

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

Member	25 Oct 2021	24 Feb 2022	3 Aug 2022
TM Shabangu	✓	✓	✓
T Eloff	✓	✓	✓
GD Arnold	✓	✓	✓
LW Hansen (Independent)	✓	✓	✓

✓ *Present.*

ESG Committee

The ESG Committee was established effective 10 August 2022 and held no meetings during the financial year ended September 2022, however, a number of workshops were held to draft the ESG Charter.

GOVERNANCE (CONTINUED)

Non-Executive Directors' fees

The Non-Executive Directors' proposed fees for 2023 as well as the fees received during the 2022 financial year:

	2023[1] R'000	2022 R'000
Chairman of the Board	565	**538**
Member of the Board	393	**374**
Lead Independent Director	249	**237**
Chairman of the Audit and Risk Management Committee	319	**304**
Member of the Audit and Risk Management Committee	166	**158**
Chairman of the Human Resources, Remuneration and Nominations Committee	212	**202**
Member of the Human Resources, Remuneration and Nominations Committee	120	**114**
Chairman of the Social and Ethics Committee	188	**179**
Member of the Social and Ethics Committee	112	**107**
Chairman of the ESG Committee	188	**–**
Member of the ESG Committee	112	**–**

1. A 5% increase in Non-Executive Directors' fees will be proposed at the AGM to be held on 2 February 2023.

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 17 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 JSE 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 Non-Executive	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 120 to 124 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 Non-Executive	Period
T Eloff (Chairman for Nominations section)	Yes	June 2014 to date
DJ Fouché	Yes	June 2016 to date
WF Potgieter (Chairman for Human Resources and Remuneration section)	Yes	November 2020 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 75 to 110 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.
- **Environment**
  To support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.
- **Anti-corruption**
  To work against corruption in all its forms, including extortion and bribery.
- **Social and ethical awareness**
  To conduct ethical climate surveys.
- **Community upliftment and donations**
  To develop guidelines for charities and sponsorships.

- **Consumer development**
  To ensure compliance with the Consumer Protection Act.

- **Environment and sustainability reporting**
  To investigate areas which do not fall within the scope of responsibilities of the Audit and Risk Management Committee.

For more information regarding the activities of the committee, refer to the Social and Ethics Report on pages 62 to 65 of this Integrated Report.

ESG Committee

The purpose of this committee, which was established effective 10 August 2022, 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 protect 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 JSE 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 ongoing 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 JSE Listings Requirements on an annual basis. For further information on the Group Company Secretary, please refer to Corporate Services on page 49.

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 80 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
- 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 and the Board, I take pleasure in presenting the 2022 committee report.

During the 2022 financial year, the poultry industry was challenged by record high poultry feed input cost, continued pressure on poultry margins and subdued consumer spending. Record levels of unemployment, load shedding, high energy and fuel prices, disconcerting trends such as poor service delivery and ineffective government policies continue to subdue investments.

Effective and efficient Human Capital optimisation receives the highest priority from the committee. Skills attraction, development and retention to manage the magnitude of the daily risks within a niche business successfully, are key to Astral's success. The importance of our human resources, market-related remuneration and succession strategies cannot be emphasised enough.

The committee focuses on formulating a strategic human resources policy framework that aligns adequate skill availability and financial performance with shareholder returns. This is done within a transparent, fair and comprehensive corporate governance framework informed by applied corporate governance and ESG material topics.

The committee continuously reviews, analyses and benchmarks its policies against market practice and peer competitors. Human Capital management, the remuneration policy, remuneration implementation governance and the Nominations Committee's decisions are aligned with business strategy.

This report deals with the functional sections of the committees' responsibilities and provides an overview of 2022 activities against its annual work plan. The goal is to align shareholder interest and sustainability through enabled human resources strategies. The committee considered the overall risk environment, the risk appetite and risk profile of the Group against the capability to attract, retain and motivate key talent. Human Capital within Astral is a competitive advantage and delivers on performance objectives within a fair, responsible and best-in-class framework.

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 always remains committed to Astral's values of transparency, integrity, accountability, sustainability and governance compliance. The Nominations Committee recommended to the Board the formation of an ESG Committee. The subsequent approval and appointment of the ESG Committee underpins the Board's commitment to sustained shareholder value.

I would like to thank the members of the committee for their hard work, commitment and contributions to achieve our objectives for the year.

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 and delivering excellent and industry leading results for the year.

The Astral team has gone above and beyond their call of duty and the committee applauds their hard work, dedication and commitment.

Willie Potgieter
Chairman

16 November 2022

GOVERNANCE (CONTINUED)

SECTION 1: HUMAN RESOURCES

Astral's long-term sustainability rests on its ability to attract, develop and retain internationally competitive employees engaged in our organisational culture. Astral's human resources strategy is focused on driving Human Capital, operational excellence and continuous improvement. Employee development, skills training and leadership development continue to bolster the Astral culture.

Financial and operational performance standards linked to transparent and fit for purpose remuneration and reward structures enable sustained shareholder value. Our human resources value offering across the employee life cycle enables our people to achieve a good quality of life for themselves, their families and within their communities.

Human Capital overview

Risks associated with current social-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 were successfully dealt with in terms of the Human Capital risk mitigation framework.

Summary of Human Capital activities

	Unit of measure	2022	2021
Employment opportunities			
Job opportunities sustained	%	**100%**	100 %
Job opportunities declared redundant	%	**Nil**	Nil
New job opportunities created	number	**148**	68
Employees trained			
Employees receiving technical skills training	number	**790**	588
Employees receiving safety and health training	number	**1 175**	1 097
Employees receiving managerial training	number	**60**	131
Employees receiving leadership and organisational culture training	number	**267**	146
Employees receiving training (other than the above)	number	**337**	305
Community training			
Unemployed youths trained	number	**120**	25
Unemployed people with disabilities trained	number	**35**	Nil
Unemployed people who received training (other than the above)	number	**356**	281
Employment demographics			
Permanent employees in employment	number	**9 236**	9 088
Part-time employees in employment	number	**3 181**	3 095
Employee relations and organised labour			
Permanent employees belonging to a trade union	number	**3 395**	3 453
Part time employees belonging to a trade union	number	**595**	470
Working hours lost due to protected strike action	number	**Nil**	Nil
Working hours lost due to unprotected strike action	number	**172**	188
Trade unions within different operational bargaining entities	number	**12**	9
Gender equality and disabilities			
Female employees in employment	%	**49%**	51 %
Male employees in employment	%	**51%**	49 %
Disabled employees in employment	%	**2.4%**	1.3 %

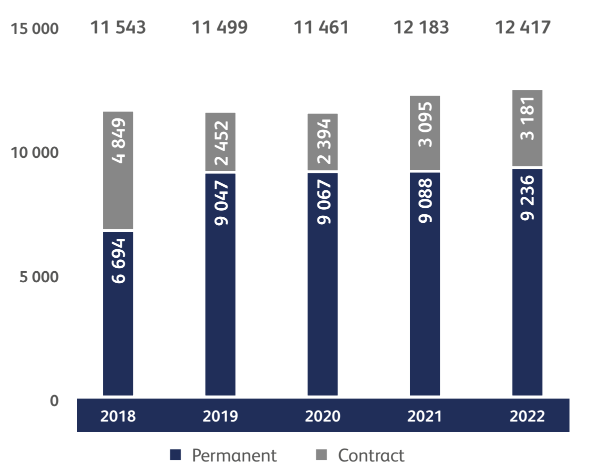
	Unit of measure	2022	2021
Transformation and socio demographics			
Board members defined as black	%	**30%**	25 %
Managerial categories defined as black	%	**39%**	41 %
Skilled categories defined as black	%	**59%**	59 %
Semi-skilled categories defined as black	%	**96%**	95 %
Unskilled categories defined as black	%	**100%**	100 %
Employee assistance programme participation			
Employees vaccinated under the Astral Covid-19 vaccine programme	%	**72%**	51 %
Employees on HIV/AIDS counselling an education support programmes	number	**1 650**	1 144
Employees on the medicine dispensation programme	number	**785**	694
Employees on the health screening programme	number	**9 102**	8, 774
Employees on the winter wellness programme	number	**10 858**	10, 776
Employees and family members partaking on the Ask Nelson EAP programme	number	**350**	58
Employees registered on the Crisis-on-Call emergency support programme	number	**228**	Nil
Regulatory compliance			
Department of Employment and Labour audit findings	number	**Nil**	Nil
B-BBEE Commissioner audit findings	number	**Nil**	Nil
Child labour deployed	number	**Nil**	Nil
Client HR audit findings	number	**Nil**	Nil
Workplace attendance			
Confirmed positive Covid 19 cases for the year	number	**365**	901
Absent without permission for the year	%	**<2%**	<2 %
Overtime hours worked for the year	number	**3 015 749**	2 604 298
Normal time hours worked for the year*	number	**24 908 310**	24 149 664
Working hours cancelled due to load shedding	number	**13 596**	3 379

** Total number of employees: 12 417 (2021: 12 183).*

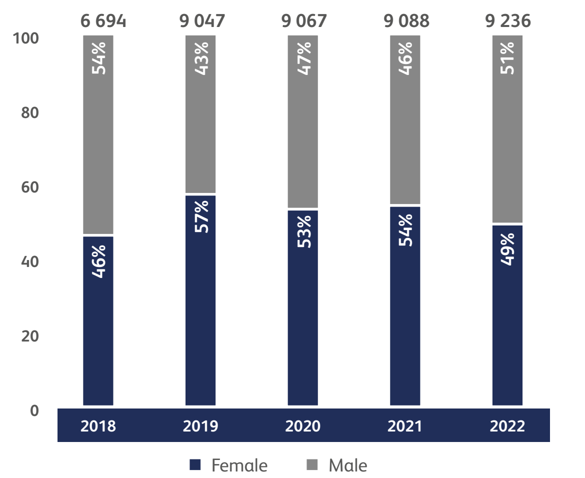
Employee statistics

For the year ended 30 September

Total employees *(excludes contracted services)*

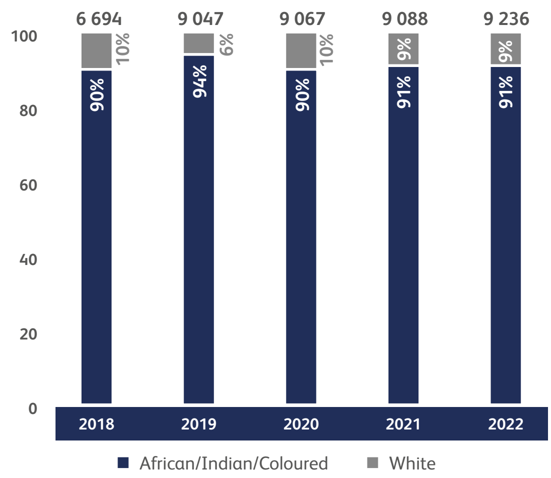


Permanent employees by gender

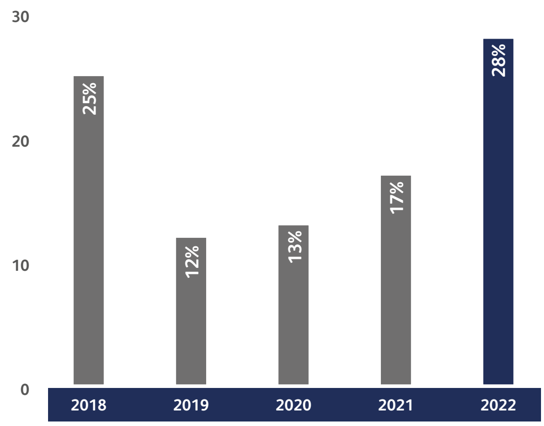


GOVERNANCE (CONTINUED)

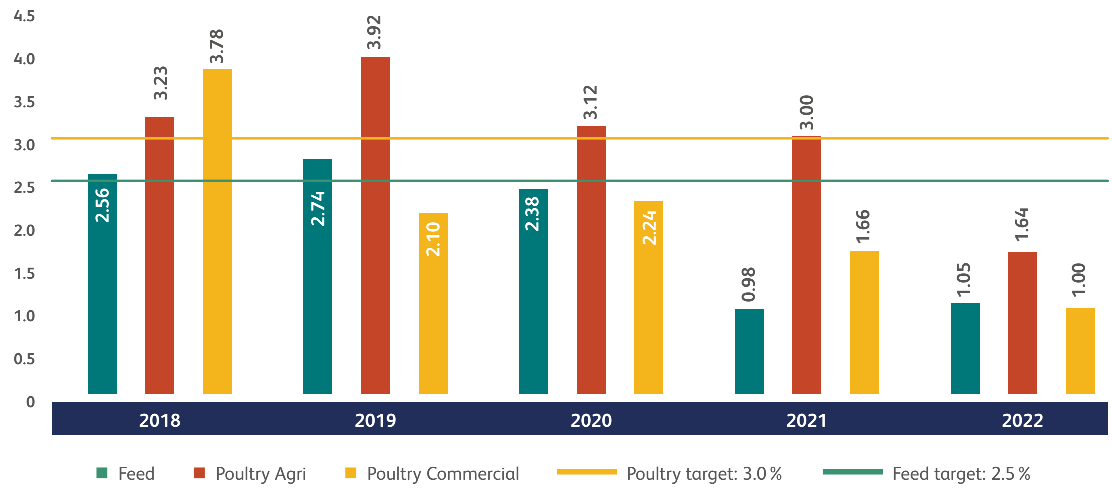
Permanent employees by ethnic group



Employees trained



Lost Time Injury Frequency rate



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 HR value offering.

A recruitment system was successfully introduced during the year and integrates data across multiple search platforms locally and internationally. The strategy to mitigate risks in terms of skills availability and critical talent requirements are working well in terms of succession planning and talent pools introduced.

Employee relations

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

Training and development

Astral is registered as an accredited training service provider with the AgriSETA for a number of accredited training programmes. During 2022 Astral trained 84 employees as accredited trainers for these programmes and more than 1 100 employees were trained on food safety and biosecurity programmes.

Astral spent R11.7 million (2021: R7.1 million) on training for the year under review, an increase of 64.8 %.

The Group introduced a number of new training initiatives during the year:

- a waste-recycling enterprise and supplier development project were introduced in KwaZulu-Natal to develop and train unemployed community members on new business start-ups;
- renewable energy training programmes were added to artisan learnerships and training programmes; and
- 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.

Succession planning

The attraction, development and retention of key talent is an identified 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 profitability 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 retain the people who implement our strategy.

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 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; and
- **Continuous improvement:** Periodically review the relevance and appropriateness of the above endeavours to ensure continual improvement in the Group's health and safety efforts.

LTIF rates are calculated on a daily basis to ensure effective risk mitigation and is a non-financial performance target. The Group has achieved its LTIF rate target of 2.5 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.

GOVERNANCE (CONTINUED)

	Poultry – Agriculture		Poultry – Commercial		Feed		Total	
Description	2022	2021	2022	2021	2022	2021	2022	2021
Number of fatalities	1[1]	1[2]	Nil	1[3]	Nil	1	1	3
Number of first aid cases	17	19	144	25	6	19	167	63
Number of medical treatment cases	4	6	20	13	4	12	28	31
Number of disabling injuries	79	84	135	179	18	10	232	273
Number of recordable injuries	101	110	299	218	28	42	428	370
Injury frequency rate	1.65	3.00	1.00	1.66	1.05	0.98	1.18	1.70

1. Astral employee – fatal accident;
2. Independent contractor – fatal accident; and
3. Independent contractor – fatal accident.

Retirement funds

An independent review was conducted during the year, with Astral's retirement benefits and insurance products value offering 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.

At its meeting in February 2022 fund administrators submitted a report to the committee confirming that the funds are solvent.

In addition to the benefits already described as part of their total cost of employment packages, Executive Directors and senior management also receive a death-in-service benefit.

Human rights and Code of Ethics

Human rights are addressed in Astral's Code of Ethics, including:

- 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 and they may also 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	2022	2021
Number of calls received	36	26
Number of reports generated	31	17
Number of reports investigated	31	17
Number of convictions	2	Nil

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	2022	2021
Theft	Nil	2
Human resource complaints	28	13
Fraud	2	1
Unethical behaviour	Nil	Nil
Customer complaints	1	1

A whistle blower policy has been introduced to protect the rights of the individual on such an event materialising.

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

Restraint of trade agreements

There is currently no restraint of trade agreements in place for any Executive Director, prescribed officer or senior management.

SECTION 2: REMUNERATION

PART 1: SHAREHOLDER ENGAGEMENT

King IV™ and JSE Listings Requirements

This section of the report provides stakeholders with the key components of the remuneration policy, its strategic financial and non-financial performance objectives, the rewards implemented and retention objectives.

In terms of King IV™ and the JSE 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 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	3 February 2022	4 February 2021
Endorsement of the Remuneration Policy	75.10%	61.75%
Endorsement of the implementation of the Remuneration Policy	62.22%	42.00%

The following feedback was received from Astral's interaction with two (2) concerned shareholders, who submitted requests in writing after the 2022 AGM.

- **Endorsement of the policy**
  "A comprehensive remuneration policy with multiple financial and non-financial indicators with weightings and a distribution of targets to be included."

  Committee remarks: *Shareholders are advised that the remuneration policy includes multiple internationally applied financial indicators with a combination of different weightings to measure performance. The policy includes PEF as an international recognised non-financial indicator to measure poultry production efficiencies against multiple performance targets with different weightings.*

- **Endorsement of the implementation of the policy**
  "The Remuneration Policy excludes ESG non-financial performance targets."

  Committee remarks: *In response, the committee confirmed that the review of the Group's ESG performance framework remains a focus area.*

The Group Company Secretary attends all meetings of the committee as secretary. The CEO and the Human Resources Executive attend meetings by invitation. No attendee may participate in any discussion or decision regarding personal remuneration.

Independent advisors and peer group comparison

In order to ensure that we remunerate our executive management and senior management competitively, the committee consults with external independent advisors from time to time on market information and remuneration trends. During 2022, advice was received from:

- 21st Century Pay Solutions Group; and
- PwC.

The committee approved the implementation of the 21st Century pay scale system to do industry, market and peer competitor remuneration benchmarks in terms of remuneration scales and equal reward for work of equal value. In line with its annual work plan, the committee reviewed peer competitor reports during its August 2022 meeting. Peer comparators used was based on a metrics that included revenue, market capitalisation, size of operations, number of employees, industry and operation complexity.

The committee further considered the views of the CEO on the remuneration and performance of his colleagues on the Board and the executive committee.

The committee confirms that it was satisfied with the independence and objectivity of the remuneration consultants and advisors utilised during 2022. They provided independent unbiased advice. The committee confirms that all decisions taken were recommended by management and approved by the committee.

GOVERNANCE (CONTINUED)

PART 2: REMUNERATION ACTIVITIES UNDERTAKEN AND KEY FOCUS AREAS FOR 2023

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 2022 was remarkable, despite difficult trading conditions during the financial year. This was achieved despite slow economic recovery post Covid-19 lockdowns, continued load shedding, poor service delivery, government's stance on import/dumping duties and record levels of unemployment resulting in subdued consumer spending.

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.

In terms of its annual work plan, the committee 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 2021 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.

The committee 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 the committee for 2023 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;
- sustain and develop the Astral culture; and
- further refine ESG materiality risk mitigation with the newly established ESG committee in line with local and international trends.

PART 3: REMUNERATION POLICY

3.1 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 well-being, through an integrated wellness programme; and
- employee benefit administration in terms of insurances, retirement funds, medical aids and conditions of employment.

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
	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	

GOVERNANCE (CONTINUED)

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.

3.2 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 2022, no incidents occurred to trigger the clawback conditions.

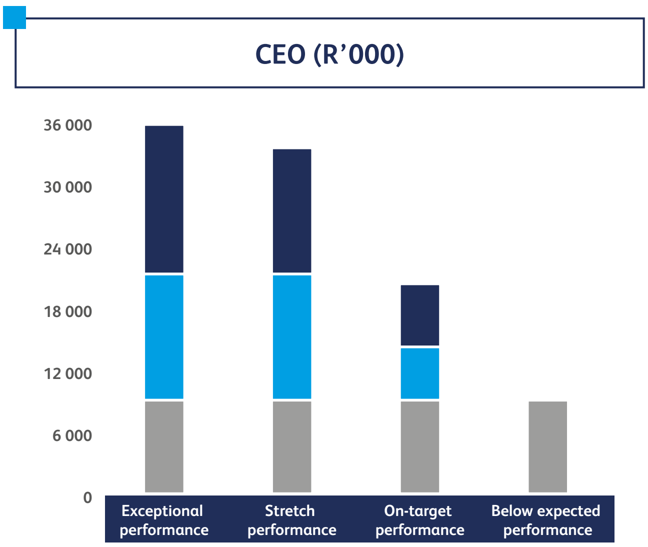
3.3 Executive management remuneration

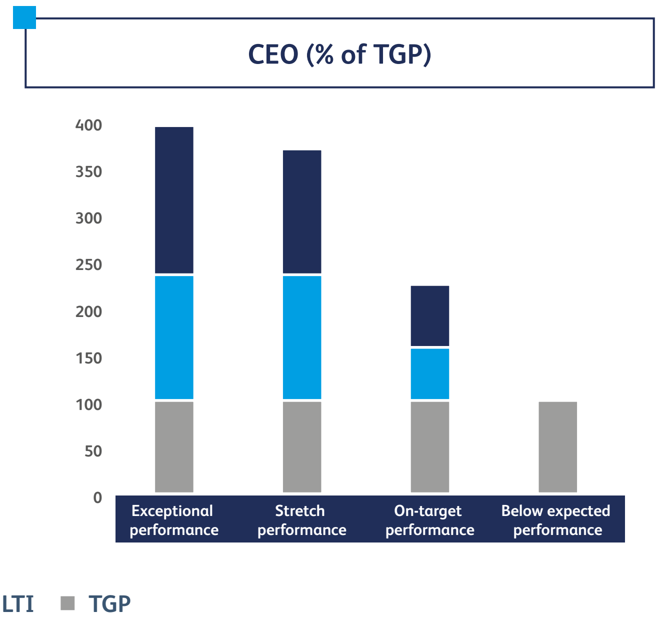
3.3.1 Performance scenarios

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 2022 is dealt with in Part 4.

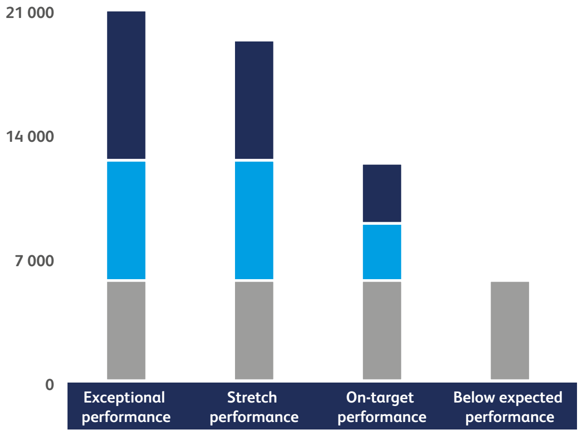
The remuneration opportunities for the CEO, CFO, Group COO, Executive Directors and prescribed officers under the different performance scenarios are illustrated below:

a. Executive Directors

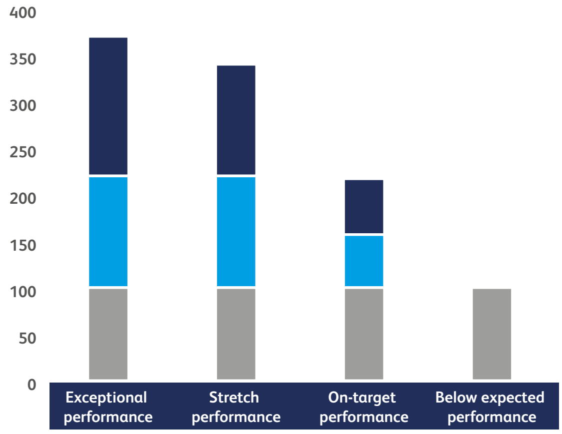




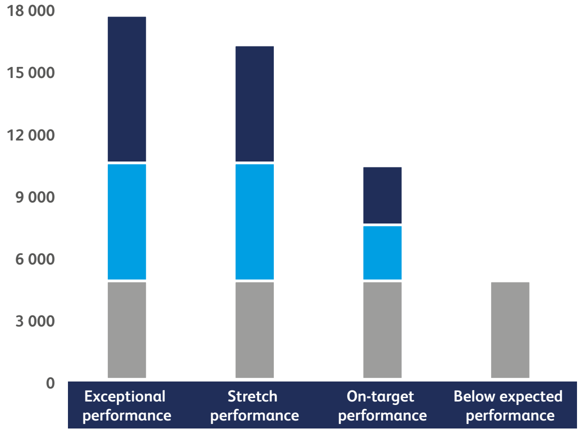
CFO (R'000)



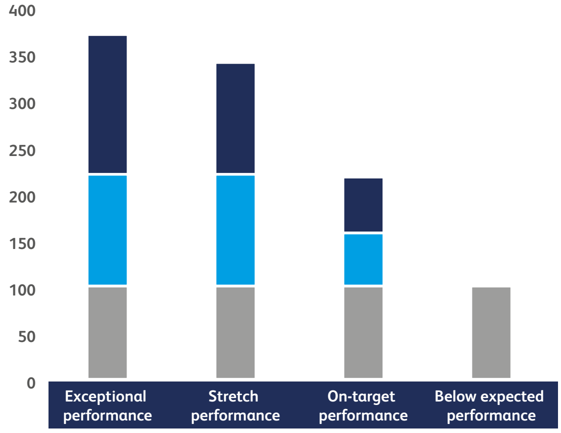
CFO (% of TGP)



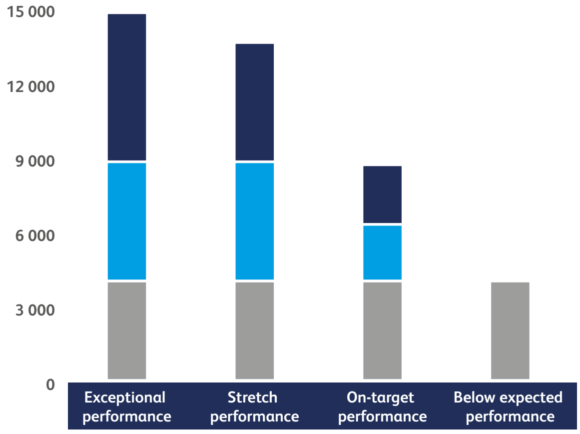
Group COO (R'000)



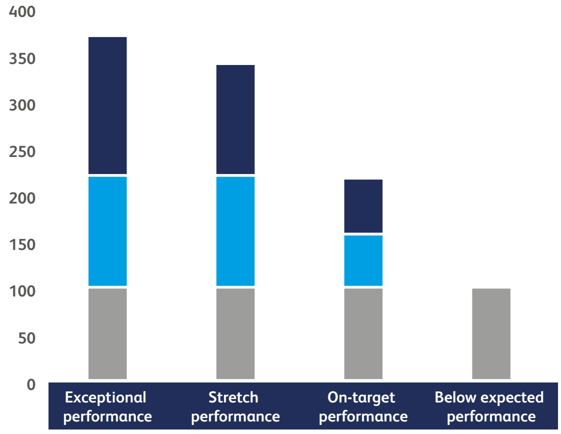
Group COO (% of TGP)



Managing director – Commercial (R'000)



Managing director – Commercial (% of TGP)

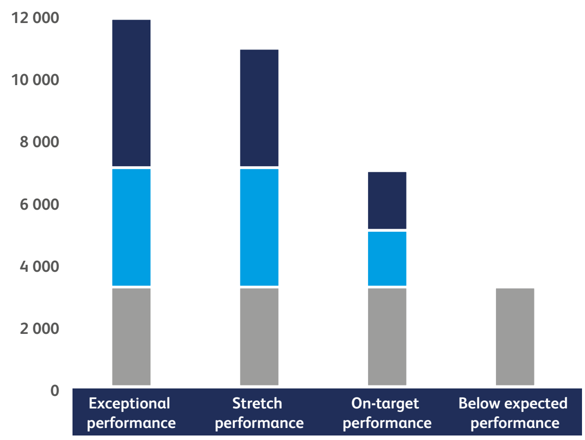


■ STI ■ LTI ■ TGP

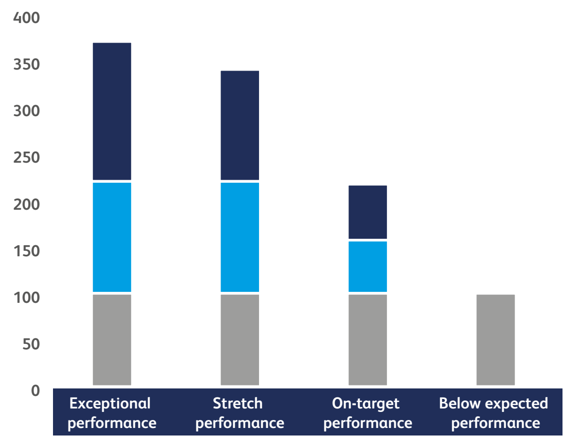
GOVERNANCE (CONTINUED)

b. Prescribed officers

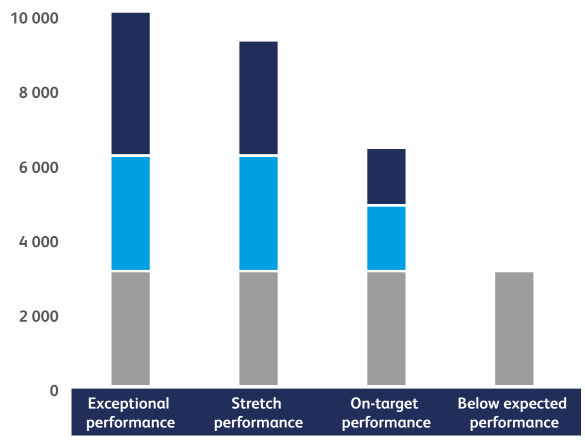
Managing director –
Feed and Agriculture (R'000)



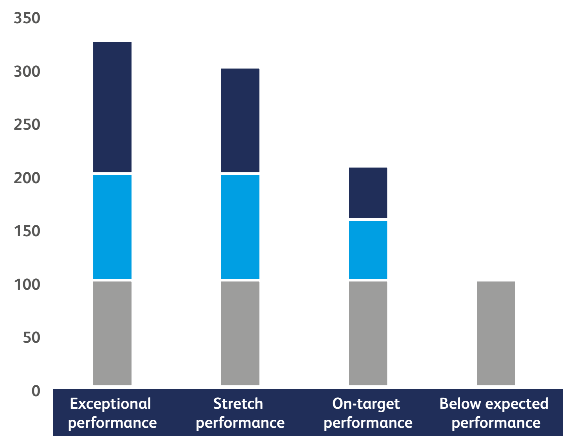
Managing director –
Feed and Agriculture (% of TGP)



Risk director and Human
Resources Executive (R'000)

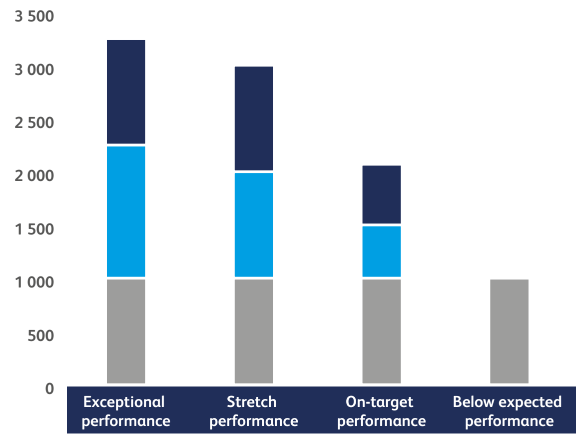


Risk director and Human
Resources Executive (% of TGP)

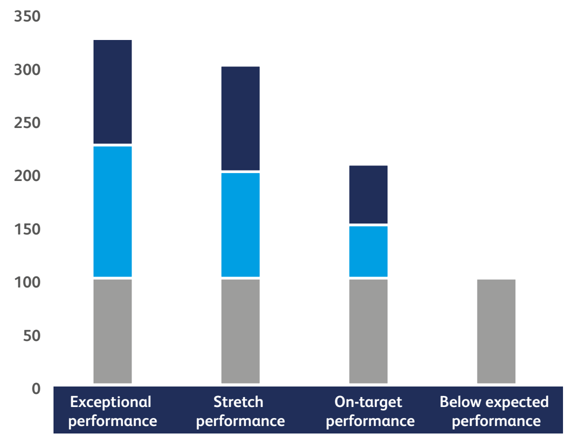


c. Company Secretary

Group Company Secretary (R'000)



Group Company Secretary (% of TGP)



STI LTI TGP

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

3.3.2 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 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 reward specialists. 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 the committee, as mandated by the Board, to remunerate key senior and executive management employees within the upper percentile quarter in order to retain such employees, should this be required.

3.3.3 Short-Term Incentives (STI)

3.3.3.1 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. The committee satisfies itself that annual performance targets applied 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.

3.3.3.2 EVA Incentive Bonus Scheme

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

- business development;
- working capital management;
- investment;
- 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 NOPAT, over the required return on average net assets in operation during the period under review calculated at a 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 predetermined percentages, irrespective of the total bonus payments being within the 20 % share of the EVA.

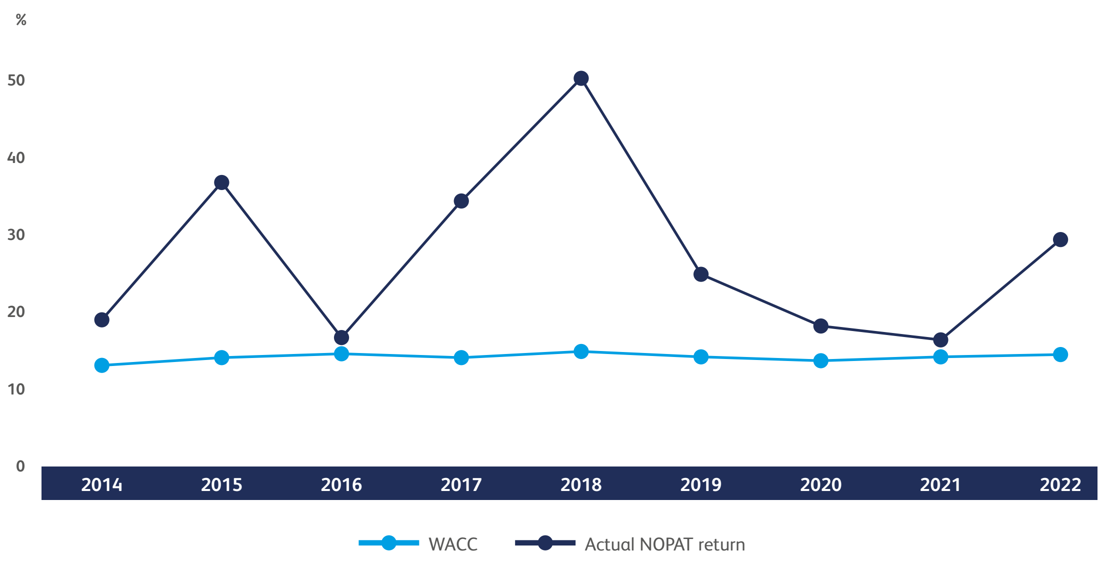
Incentive bonuses for executive management are 100 % of their TGP based on achieving EVA targets. For senior management it is 50 % based on achieving EVA targets and 50 % based on achieving operating profit targets at the respective business unit employed.

The committee sets the annual threshold and individual annual target bonuses at different managerial levels. Individual STI incentives payable are capped as follows:

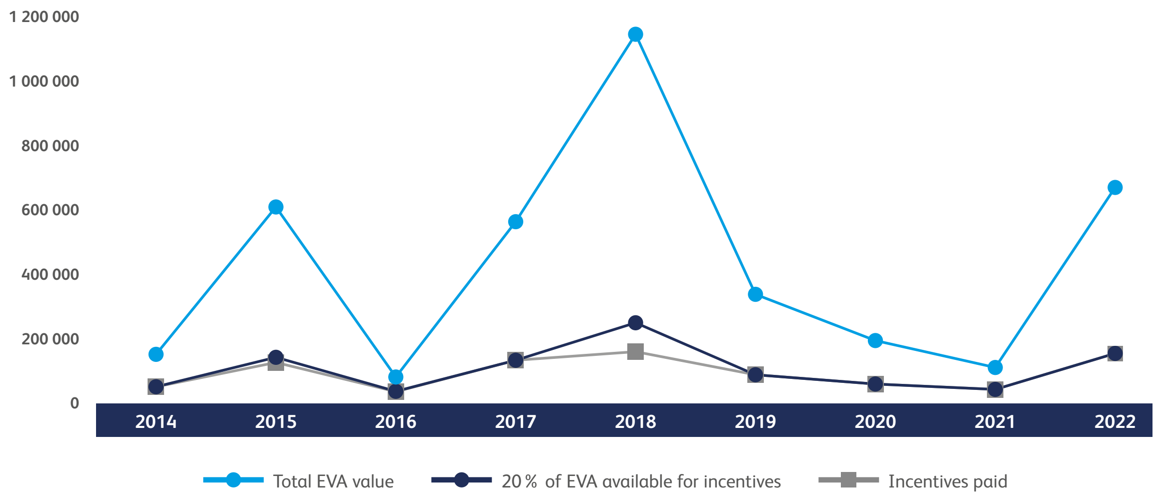
Managerial level	Stretched performance Maximum STI – % of TGP	Exceptional performance Maximum STI – % of TGP
CEO	135%	160%
CFO	120%	150%
Group COO	120%	150%
Managing Director	120%	150%
Executive Management	100%	125%
Senior Management	80% to 100%	100% to 125%

The EVA for Astral during the period 2016 to 2022 compared to STI allocations were as follows:

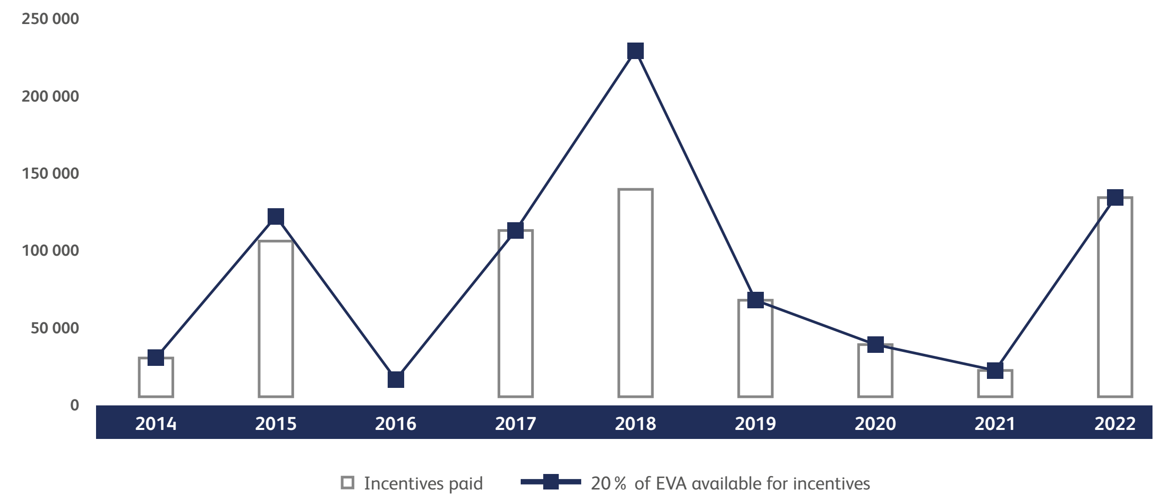
Actual NOPAT return versus WACC



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



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



3.3.3.3 PBIT Incentive Bonus Scheme at Divisional and Operational level

The incentive bonus payable to employees participating in this scheme are 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.

GOVERNANCE (CONTINUED)

3.3.3.4 Key performance incentives

The delivery of key strategic projects and critical operational risk mitigation, approved against predetermined performance indicators in support of the Group's strategy is recognised by the committee.

These incentives are payable outside of the STI and LTI incentive schemes and 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 Management team for approval by the committee.

3.3.4 Long-Term Incentives (LTI)

3.3.4.1 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.

Allocations are capped in terms of the award quantum as per the below table:

	Participation		Maximum award quantum allowed of TGP
	Maximum allocation split		
Managerial level	LRP	FSP	
CEO	100%	100%	135%
CFO	100%	50%	120%
Group COO	100%	50%	120%
Managing director	100%	50%	120%
Executive management	100%	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).

Terminations due to reasons of resignation, dismissal for 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.

3.3.4.2 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 the committee 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-month 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.

The following applies in respect of the performance conditions set for the LRP:

- **33% 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 @ CPI +5 % will secure a vesting payment equal to 33 % of the allocated amount while an annualised increase in the average HEPS @ 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.

- **34% 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 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.

- **33% 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 33 % while an average RONA of 18 % will secure a vesting payment equal to 25 %.

The criteria above are applicable to allocations since 1 October 2018.

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

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.

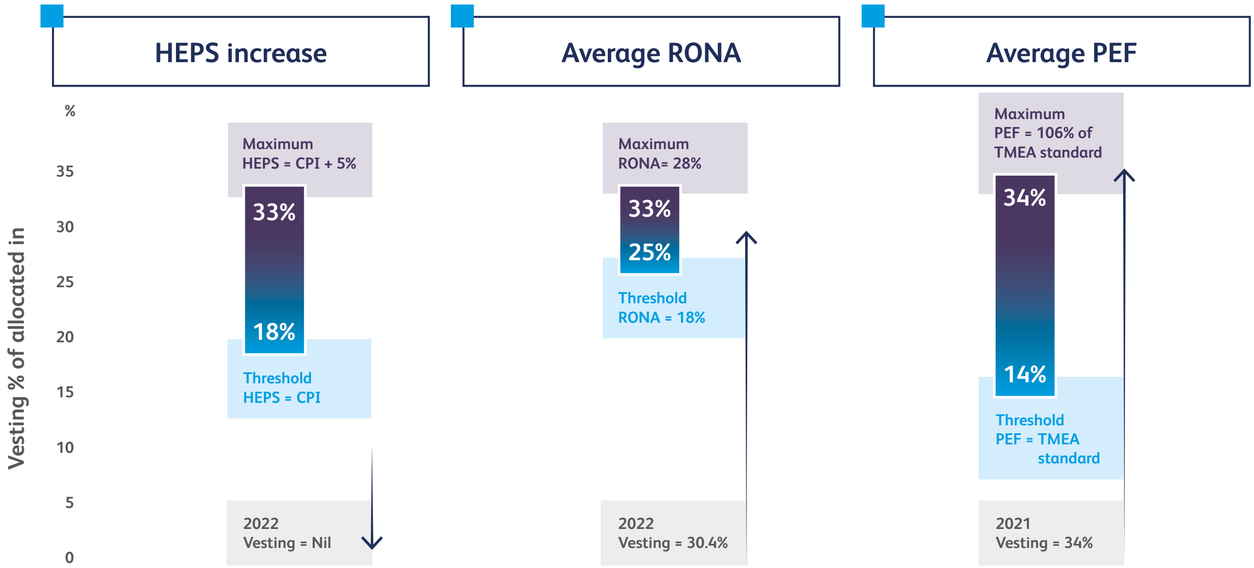
(i) **PEF explanatory note:** *Applied international best practice used for broiler production efficiency and performance. The formula used to calculate PEF is:*

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

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 74% in F2022 of the total cost per kilogram of meat produced.

GOVERNANCE (CONTINUED)

The remuneration opportunities under the LTI are illustrated below:



3.3.4.3 *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 allocation[1];
- the maximum number of shares which may be settled under the FSP shall not exceed 2 142 039 (two million one hundred 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 predetermined performance conditions during the applicable 36-month vesting period. FSP awards are forfeitable if employment and performance conditions are not met.

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 JSE 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.

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

The performance conditions relating to the vesting of the restricted shares are the same as that applied to the LRP:

Measurement	Performance condition
HEPS	33%
PEF	34%
RONA	33%

Shares are settled by the appointed share broker purchasing shares in the open market as governed in terms of JSE 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.

3.4 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.

3.5 Non-Executive Directors' fees

The Board applies accountable corporate governance and ethics principles for Non-Executive Director fees and associated market changing trends. Governance of directors', executive and senior management remuneration is undertaken by the committee. Non-Executive Director fee levels are subject to approval by the Board.

The committee 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 the committee and will be presented for approval at the AGM in February 2023.

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 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 on page 192 of this Integrated Report at the 2 February 2023 AGM. For information regarding fees for acting as Non-Executive Director and member of the various Board committees, refer to the Corporate Governance Report on page 70.

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 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 – 2022

The TGP's 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 as stated in note 32 of the Annual Financial Statements (for the 1 October 2021 to 30 September 2022 period) were implemented as follows:

Description	TGP % Adjustments 2022	TGP % Adjustments 2021
Executive Directors		
CEO	5.5%	4.5 %
CFO	5.5%	4.5 %
Group COO (2021 Promotion)[1]	5.5%	14.2 %
Managing Director: Commercial (2021 Adjustment)[2]	5.5%	11.1 %
Prescribed officers		
Managing Director: Feed (2021 Adjustment)[4]	5.5%	10.3 %
Managing Director: Agriculture (Promotion)[3]	5.5%	10.0 %
Director Risk (2021 Adjustment)[4]	5.5%	12.8 %
Human Resources Executive (2021 Adjustment)[4]	5.5%	13.5 %
Group Company Secretary (2021 Adjustment)[4]	6.0%	13.2 %
Senior and middle management		
E-band management	6.0%	4.5 %
D-band management	6.0%	4.5 %
Supervisory and other		
C-band employees	6.3%	5.0 %
A to B-band employees	6.5%	5.5 %

1. Appointed as Group COO with effect from 1 October 2021;
2. Appointed as Managing Director 1 November 2020, salary adjusted 1 October 2021 in line with peer groups in the market;
3. Appointed as Managing Director: Agriculture 1 January 2022; and
4. Salary adjustments 1 October 2021 in line with peer groups in the market.

4.3 Short-Term Incentives 2022 (STI)

STI bonuses for Executive Directors and prescribed officers are based on EVA performance targets achieved for the financial year. The EVA graphs on page 89 are illustrative of the trends of payments over the past years.

Level	2022 STI R'000	STI as % of TGP	2021 STI R'000	STI as % of TGP
Executive Directors				
CE Schutte	**10 728**	**119%**	885	10 %
DD Ferreira	**5 968**	**106%**	492	9 %
GD Arnold	**5 016**	**106%**	378	9 %
FG van Heerden	**4 224**	**106%**	363	10 %
Prescribed officers				
E Potgieter	**2 728**	**88%**	208	7 %
G Jordaan	**2 728**	**88%**	207	7 %
MJ Schmitz	**4 224**	**106%**	330	9 %
OM Lukhele[1]	**3 173**	**99%**	211	7 %
L Marupen	**880**	**88%**	67	7 %
JAI Ferreira[2]	**2 864**	**64%**	Nil	Nil

1. Promoted 1 January 2022, amount for 2021 includes PBIT bonuses earned in previous role; and
2. Appointed 10 January 2022, CFO designated, STI calculated based on pro rata months in service.

The payment of annual STI bonuses have been 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 2022 (LTI)

In 2022, the Group utilised a combination of deferred cash (LRP) and restricted share (FSP) as part of the LTI policy[1].

4.4.1 The LTI has the following weighted performance conditions and time periods:

Performance conditions	Weight	Measurement of performance condition	Threshold	Target
HEPS[2]	**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
PEF[3]	**34%**	Annual average measured over the three-year vesting period	Annual average agreed to PEF measured by TMEA = 11 %	Annual average of 106 % of PEF measured by TMEA = 34 % 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 %	An average RONA equal to 28 % will secure a payment = 33 %
Total	**100%**			

Multi-year performance and reward cycles for implementing LTI

Description	**Period**	**Period**	**Period**
Date of allocation	October 2020	October 2021	October 2022
Vesting date	September 2023	September 2024	September 2025
Payment date	January 2024	January 2025	January 2026

GOVERNANCE (CONTINUED)

4.4.2 The LTIs payable have vested as follows:

		Vested	
Performance conditions	**Weight**	**2022**	**2021**
HEPS	33 %	**Nil (criteria were not met)**	Nil (criteria were not met)
PEF	34 %	**34% (100% achieved)**	34 % (100 % achieved)
RONA[4]	33 %	**30% (91% achieved)**	28 % (85 % achieved)
Total	100 %	**64%**	62 %

Additional notes:

1. *Refer to page 91 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; and*
4. *Please refer to page 93 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:

	Long-Term Incentives Award allocation					
	Rand value of LRP (cash component) (R'000) Allocation date			Rand value of FSP (share component) (R'000) Allocation date		
Description	**October 2019**	**October 2020**	**October 2021**	**October 2019**	**October 2020**	**October 2021**
CE Schutte	Nil	Nil	**Nil**	11 216 (shares: 54 242)	11 665 (shares: 81 389)	**12 189 (shares: 72 837)**
DD Ferreira	3 120	3 245	**3 391**	3 120 (shares: 15 089)	3 245 (shares: 22 640)	**3 391 (shares: 20 261)**
GD Arnold	2 398	2 494	**2 850**	2 398 (shares: 11 559)	2 494 (shares: 17 403)	**2 850 (shares: 17 030)**
FG van Heerden	2 348	2 160	**2 400**	Nil	2 160 (shares: 15 071)	**2 400 (shares: 14 340)**
MJ Schmitz	1 910	2 176	**2 400**	1 910 (shares: 9 237)	2 176 (shares: 15 180)	**2 400 (shares: 14 340)**
OM Lukhele[1]	2 676	2 783	**2 908**	Nil	Nil	**Nil**
E Potgieter	1 321	1 373	**1 550**	1 321 (shares: 6 387)	1 373 (shares: 9 583)	**1 550 (shares: 9 262)**
G Jordaan	1 313	1 365	**1 550**	1 313 (shares: 6 347)	1 365 (shares: 9 524)	**1 550 (shares: 9 262)**
L Marupen[2]	Nil	442	**500**	Nil	442 (shares: 3 084)	**500 (shares: 2 988)**
JAI Ferreira[3]	Nil	Nil	**Nil**	Nil	Nil	**Nil**

1. *Promoted 1 January 2022;*
2. *Promoted 1 March 2020; and*
3. *Appointed 10 January 2022.*

	Long-Term Incentives					
	LTI vested and expected future benefit					
	LRP (cash component) R'000 Vesting date			FSP (share component) Number of shares Vesting date		
Description	September 2022* (2019 allocation)	September 2023[1] (2020 allocation)	September 2024[1] (2021 allocation)	September 2023* (2019 allocation)	September 2024[1] (2020 allocation)	September 2025[1] (2021 allocation)
CE Schutte	**Nil**	Nil	Nil	**34 910**	51 666	72 837
DD Ferreira[2]	**2 008**	2 057	2 261	**9 711**	10 928	5 433
GD Arnold	**1 543**	1 671	2 850	**7 465**	11 047	17 030
FG van Heerden[3]	**1 511**	1 365	4004	**Nil**	9 567	14 340
MJ Schmitz	**1 229**	1 375	4 004	**5 945**	9 636	14 340
OM Lukhele[4]	**1 722**	1 759	2 908	**Nil**	Nil	Nil
E Potgieter	**850**	868	1 550	**4 111**	6 083	9 262
G Jordaan	**845**	863	1 550	**4 085**	6 046	9 262
L Marupen[5]	**Nil**	279	500	**Nil**	1 958	2 988

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

1. *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;*
2. *Retires 28 February 2023, pro rata LRP allocation based on months in service. Restricted shares vest on retirement (all open cycles) as per policy;*
3. *Promoted 1 November 2020; nil FSP 2019 allocation;*
4. *Promoted 1 January 2022, nil FSP 2019 allocation; and*
5. *Promoted 1 March 2020, nil FSP 2019 allocation.*

Broiler farm

GOVERNANCE (CONTINUED)

4.5 Total cost of employment

Total remuneration earned by Executive Directors and prescribed officers for 2022 and 2021 was as follows:

Name	Year	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	**2022**	**9 029**	**10 728**	**Nil**	**32**	**19 789**	**34 910**
	2021	8 641	885	6 644	19	16 189	Nil
DD Ferreira[10]	**2022**	**5 651**	**5 968**	**2 008**	**29**	**13 656**	**9 711**
	2021	5 408	492	3 696	13	9 609	Nil
JAI Ferreira[6]	**2022**	**4 500**	**2 864**	**Nil**	**25**	**7 389**	**Nil**
	2021	Nil	Nil	Nil	Nil	Nil	Nil
GD Arnold	**2022**	**4 750**	**5 016**	**1 543**	**42**	**11 309**	**7 465**
	2021	4 157	378	2 841	39	7 415	Nil
FG van Heerden[7]	**2022**	**4 000**	**4 224**	**1 511**	**64**	**9 799**	**Nil**
	2021	3 300	363	1 385	42	8 343	Nil
E Potgieter	**2022**	**3 100**	**2 278**	**850**	**49**	**6 277**	**4 111**
	2021	2 764	208	1 565	35	4 555	Nil
G Jordaan	**2022**	**3 100**	**2 278**	**845**	**46**	**6 269**	**4 085**
	2021	2 730	207	Nil	30	2 967	Nil
MJ Schmitz	**2022**	**4 000**	**4 224**	**1 229**	**36**	**9 489**	**5 945**
	2021	3 626	330	2 263	24	6 243	Nil
OM Lukhele[8]	**2022**	**3 200**	**3 173**	**1 722**	**70**	**8 165**	**Nil**
	2021	2 783	211	1 578	48	4 620	Nil
L Marupen[9]	**2022**	**1 000**	**880**	**Nil**	**60**	**1 940**	**Nil**
	2021	884	67	Nil	31	983	Nil
Total	**2022**	**42 330**	**42 535**	**9 768**	**453**	**84 653**	**82 588**
	2021	32 876	2 926	18 394	232	53 147	Nil

1. *TGP includes basic salary, retirement fund and medical aid contributions.*
2. *The 2022 STI award based on the EVA performance targets achieved for the 2022 financial year.*
3. *The 2022 LRP (deferred cash) amount awarded based on vesting conditions achieved for the 2019 – 2022 LTI period. The 2021 LRP (deferred cash) amount awarded based on vesting conditions achieved for the 2018 – 2021 LTI period.*
4. *"Other" includes the variable portion of travelling allowance, long service awards, etc.*
5. *The 2022 FSP (restricted shares) amount vesting is based on vesting conditions achieved for the 2019 – 2022 LTI period ended 30 September 2022 and 64% of the 2019 allocated restricted shares will vest. Shares vest in February 2023. No FSP (restricted shares) were allocated for the 2018 – 2021 LTI period.*
6. *Appointed 10 January 2022.*
7. *Promoted 1 November 2020.*
8. *Promoted 1 January 2022.*
9. *Promoted 1 March 2020.*
10. *Retires 28 February 2023. All open cycle unrestricted shares to vest on retirement as per FSP scheme rules.*

4.6 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 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 Memorandum of Incorporation, 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 2022.

The annual adjustment that will be requested for approval from the shareholders at the AGM in February 2023 will be based upon the considerations as set out in the Notice of AGM on page 192 of the Integrated Report.

Fees for the Non-Executive Directors in 2022 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	538	–	–	–	–	–
Lead Independent	–	238	–	–	–	–
Board member fee	374	374	374	374	374	312*
Audit and Risk Management Committee Chairman	–	304	–	–	–	–
Audit and Risk Management Committee member	–	–	158	158	–	–
Human Resources, Remuneration and Nominations Committee Chairman	–	–	–	–	202	–
Human Resources, Remuneration and Nominations Committee member	114	114	–	–	–	–
Social and Ethics Committee Chairman	–	–	179	–	–	–
Social and Ethics Committee member	107	–	–	–	–	–
ESG Committee Chairman	–	–	–	–	–	25
ESG Committee member	15	–	15	–	–	–
Total	1 148	1 030	726	532	576	337

* *Fees paid from date of appointment.*

SECTION 3: NOMINATIONS COMMITTEE

The committee concluded a number of key activities during the year:

- The key appointment of Mr JAI Ferreira as Group Financial Manager (Designated CFO) with effect from 10 January 2022 to allow for the timeous handover and succession of Mr DD Ferreira who will resign as an Executive Director at the February 2023 AGM and officially retires on 28 February 2023 (the two gentlemen are not related);
- The appointment of Ms AD Cupido as Non-Executive Director to fill a vacant Non-Executive Director position on the Board, effective February 2022;
- Recommended the establishment of an ESG committee to further support the Group's ongoing commitment to sustainability, with specific emphasis on environmental stewardship, accountable social engagement and corporate governance; and
- Following Board approval, the appointment of the following Non-Executive Directors to the ESG committee with effect from 10 August 2022: Mrs AD Cupido (Chairman), Dr T Eloff and Mrs TM Shabangu. Mr GD Arnold was appointed to this committee on 16 November 2022.

SOCIAL INVOLVEMENT

The "Astral Cares" Corporate Social Investment (CSI) programme

South Africa continues to be plagued by socio-economic challenges, exacerbated by increasing load shedding, the collapse of public infrastructure, poor service delivery, record high levels of unemployment and growing community discontent, all of which negatively impact the quality of living of Astral's communities.

Astral continues to grow its social impact support in order to assist communities in desperate need. This year's total CSI spend amounted to R5.6 million (2021: R5.2 million), an increase of 7.7 %.

The Group continues to make a telling difference through its "Astral Cares" programme, which involves the following six key areas:

- 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."

Astral continued food donations to communities in need, which are focused on supporting the most vulnerable in society. The national feeding programme this year concentrated on large soup kitchens and community feeding institutions, supporting 15 children's homes and 32 feeding schemes by supplying more than 500 000 meals to people in need.

The Group's sponsorship of the Northwest University feeding project provided a further 40 000 meals. One ton of Goldi chicken was donated to the South African Chef's Association for Nelson Mandela Day initiatives and Astral enabled the distribution of 67 000 litres of soup through the initiative.

ii Care for those living with cancer

> “Supporting people living with cancer.”

Astral Cares is privileged to assist organisations that provide critical support to children and adults living with cancer. Astral Cares partnered with Cancer.vive and CHOC during the year through a number of sponsorships, assisting our partner organisations to reach out to those in need. Initiatives included the following:

- In partnership with Ronloth, Astral Cares sponsored a charity golf day and donated more than R395 000 to the St Laurence Haven and CHOC.
- Astral Cares donated R100 000 to the Childhood Cancer Foundation to upgrade facilities at the Polokwane provincial hospital, and supported several CHOC Houses, Boys and Girls Town campuses and Children Safe Havens with monthly chicken donations during the year.
- Our sponsorship of Cancer.vive supported cancer awareness training in rural areas. This year, the focus was on the Limpopo and Mpumalanga provinces, with training and education sessions presented at oncology units at local hospitals. Astral Cares donated R250 000 in support of the initiative. Astral Cares also sponsored cyclists participating in the annual Nelson Mandela Legacy RIDE4HOPE cycle tour.

The Group thanks its partners that provide support groups, awareness, education and manage care centres that provide physical and emotional support, and highly values the work these organisations do.

iii Care for our Astral family

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.

SOCIAL INVOLVEMENT (CONTINUED)

iv Care for our communities

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.

> "It has been an absolute delight working with Seriti and Astral to fight unemployment in our community – partnering with Seriti enabled us to employee more than 700 youth under different programmes in Standerton."
>
> *– Lekwa Community Representative*

The aRe Babaleng and Work.Learn.Grow programmes were further expanded during the year, with 250 local residents participating in the community farming and social agri-enterprise initiatives, thereby strengthening the local food value chain.

Community clean-up drives have been identified by local communities within the greater Lekwa geographical area identified as an immediate need. Work opportunities will be created to improve natural habitat zones through the planting of water-wise and indigenous fauna and flora. The Goldi/Seriti greenhouse tunnel and community vegetable garden project continued during the year.

> "I have seen Standerton going from good to bad over the years and it seems we are going back to the old ways of life where we will use donkey carts because the potholes in Standerton can swallow a car. It is heart-warming to see the youth and community organisations working together with Goldi and Seriti to tackle some of the Standerton issues."
>
> *– Lekwa resident*

Astral Cares invested more than R4 million on a waste recycling project implemented at Mountain Valley and Meadow Feeds in KwaZulu-Natal. Twenty unemployed community learners from Ingomankulu and Pietermaritzburg were employed on a learnership programme. Astral partnered with Mandaterri and Umndeni Corporation to train and develop these learners on environmental waste management and business start-ups. Astral also purchased waste baling machines to support the programme.

Astral Cares pledged more than R6 million to employment opportunities for 45 unemployed youths and providing training opportunities. The project provides technical and practical training for artisan learners with disabilities. The learners were employed across Astral's operations in Gauteng.

v Care for our 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 safe animal livelihood – Astral salutes their dedication."

Astral Cares pledged over R800 000 during the year towards safeguarding and protecting animals in need, with 10 animal shelters benefiting from the programme's contributions. Astral further donated R1 000 000 to the NSPCA and continued its support of the Wet Nose project and the World of Birds through monthly feed donations. Astral Cares supplied animal medicine and our veterinarians provided support services to animal care centres in need.

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 is not available locally.

Discretionary procurement spend (2021/2022)

Type of procurement categories	Total discretionary procurement spend (R'million)	B-BBEE procurement spend (R'million)	Percentage of spend with B-BBEE companies 2022	Percentage of spend with B-BBEE companies 2021
Capital	163	15	9.0%	16.3 %
Consumables	12 288	471	3.8%	5.4 %
Services	5 446	1 243	22.8%	22.3 %
Total	17 897	1 729	9.7%	10.8 %

ENVIRONMENTAL IMPACT

Businesses locally and globally are dependent on the environment for critical resources such as clean air, water, energy and raw materials, with extreme climatic events such as heat waves, droughts and floods are having an increasingly negative effect on their ability to operate. Climate change is therefore having an impact on businesses around the world and will continue to have a greater effect going forward. It is also acknowledged that businesses also contribute to climate change through their impact on the environment.

Climate scientists overwhelmingly agree that the global economy must reach net-zero GHG emissions by 2050 to ward off catastrophic effects of climate change. According to the Intergovernmental Panel on Climate Change (IPCC), the UN's body for assessing the science related to climate change, the world needs to act now and reduce carbon emissions by 50% if we are to limit the global average temperature increase to 1.5 degrees by 2030 and to reach net-zero emissions by 2050.

Astral acknowledges that its responsibility to the environment extends beyond legal and regulatory requirements and understands that business sustainability is about doing all that is necessary in the short to medium term in return for a sustainable business in the long term.

Environmental performance indicators

	Unit of measure	September 2022	September 2021	September 2020
Energy consumption				
Material direct energy consumption (non-renewable fuels burned)	GJ	**2 343 642**	2 198 135	2 127 907
Material direct energy consumption per bird	GJ/bird	**0.0077**	0.0078	0.0079
Total electricity self-generated from renewable sources (solar, wind, etc.)	%	**0.001**	0.001	0.001
Total direct and indirect energy consumed	GJ	**3 475 842**	3 343 570	3 270 277
Total direct energy spent as a percentage of operational expenses	%	**8.6%**	7.7%	7.1%
Total electricity spent as a percentage of operational expenses	%	**10.1%**	10.3%	9.6%
Total direct and indirect energy spent as a percentage of total operational expenses	%	**18.7%**	18.0%	16.7%
Carbon emissions				
Material environmental aspects – Scope 1 direct emissions	tCO_2e	**195 467**	184 272	180 049
▪ Coal	tCO_2e	**160 971**	154 541	153 107
▪ LPG	tCO_2e	**22 680**	20 890	16 809
▪ Diesel	tCO_2e	**11 817**	8 840	10 133
Material environmental aspects – Scope 2 indirect emissions	tCO_2e	**336 515**	340 448	339 539
▪ Electricity	tCO_2e	**336 515**	340 448	339 539
Material environmental aspects – Direct and indirect emissions	tCO_2e	**531 982**	524 720	519 588
Material environmental aspects – Energy efficiency/energy saved	GJ	**51 023**	53 916	20 268
Material environmental aspects – Carbon emission reduction	tCO_2e	**9 769**	9 670	6 024
▪ Coal	tCO_2e	**2 301**	2 710	–
▪ LPG	tCO_2e	**–**	–	–
▪ Diesel	tCO_2e	**–**	–	–
▪ Electricity	tCO_2e	**7 468**	6 960	6 024
Carbon tax	Rand (000)	**–**	6 799	6 369
Scope 1 – direct carbon emissions per man hour worked	tCO_2e/man hour	**0.008**	0.007	0.008
Scope 2 – indirect carbon emissions per man hour worked	tCO_2e/man hour	**0.014**	0.014	0.015
Scope 1 and Scope 2 – direct and indirect carbon emissions per man hour worked	tCO_2e/man hour	**0.022**	0.021	0.023

	Unit of measure	September 2022	September 2021	September 2020
Stationery fuels				
Coal	GJ	**1 811 796**	1 739 426	1 723 281
Coal used per bird	GJ/bird	**0.0060**	0.0062	0.0064
Coal saved due to conservation and efficiency improvements	GJ	**25 896**	30 498	–
LPG	GJ	**351 640**	323 915	267 433
Mobile fuels				
Diesel	GJ	**180 206**	134 794	137 193
Energy usage				
Electricity	GJ	**1 132 200**	1 145 435	1 142 370
Electricity used per bird	GJ/bird	**0.0037**	0.0041	0.0042
Energy saved	GJ	**25 127**	23 418	20 268
Water usage				
Water consumption	kl	**6 480 689**	6 102 502	5 759 399
Water consumption per bird	kl/bird	**0.0214**	0.0217	0.0214
From boreholes	kl	**1 300 794**	1 217 139	1 269 534
From municipal sources	kl	**5 179 895**	4 885 363	4 489 865
Water saved due to conservation and efficiency improvements	kl	**2 251**	2 581	2 510
Recycled water	kl	**895 991**	946 690	1 084 997
Recycled water as a percentage of total water	%	**14%**	16 %	19 %
Water treated to potable standards	kl	**267 779**	615 667	377 518
Potable water as a percentage of total water	%	**4%**	10 %	7 %
Materials				
Packaging material	Tons	**11 439**	9 445	9 376
Packaging material waste	Tons	**1 181**	1 055	1 020
Recycled – packaging material recycled	Tons	**679**	545	490
Effluents and waste				
Waste to landfill	Tons	**6 727**	6 394	7 375
Hazardous waste disposed	Tons	**50**	24	14
Water discharged	kl	**2 829 661**	2 736 850	2 641 758
Litter	m^3	**419 685**	418 872	399 891
Waste to rendering plant	Tons	**7 727**	7 779	8 004
Hatchery waste	Tons	**5 252**	4 799	4 913
Recycled – hatchery waste	Tons	**2 234**	2 403	2 339
Number of significant spills	Number	**–**	–	–
Recycled litter	m^3	**416 479**	416 175	397 646
Recycled waste as a percentage of total waste	%	**97%**	97 %	97 %
Other				
Number of environmental non-compliance prosecution and fines*	Number	**–**	–	–

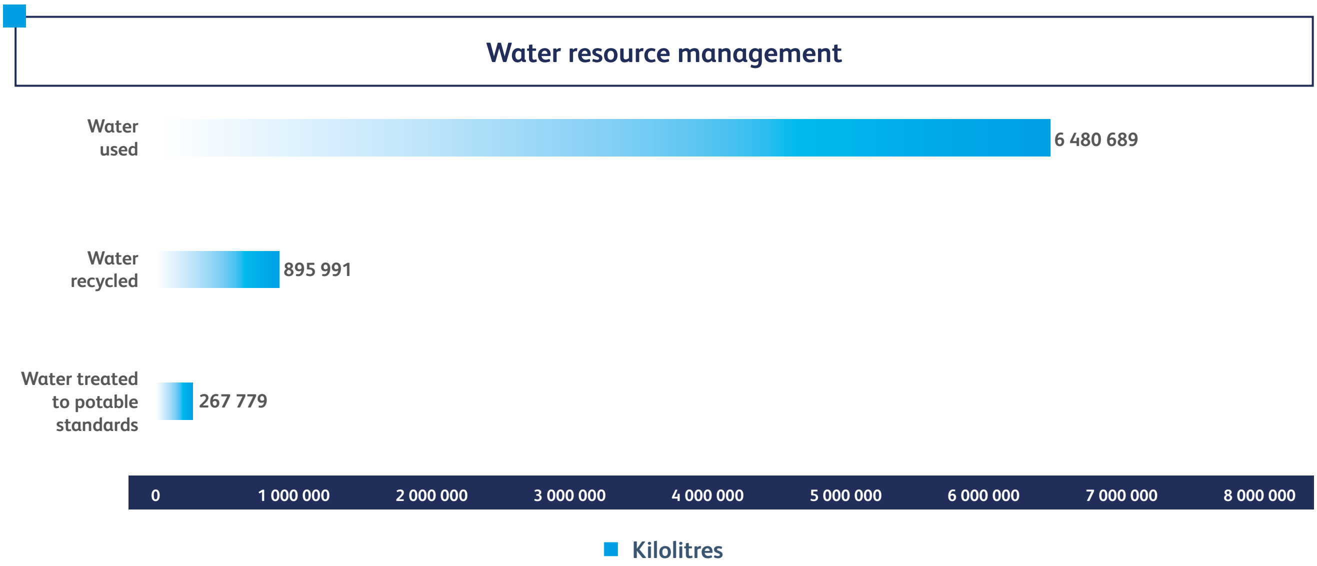
* *Meadow Mozambique – fined for not having an environmental licence. Environmental licence was not a prerequisite at commencement of business.*

- *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. With carbon emissions showing no signs of abating, the risk of more droughts in South Africa is high.



During this financial year, Astral used 6.5 billion litres of water throughout its business operations. Since South Africa is a naturally water-scarce country, the 30th-driest in the world, we acknowledge water security is a risk to our communities and business operations. With this in mind, we took strategic action over the years and embarked on various water projects, and in 2022 recycled 0.9 billion litres of water and treated 0.3 billion litres to potable standards. The percentage of water recycled and treated to potable standards in 2022 based on total water used is at 14% and 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 in 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 around the world and in South Africa in particular, these water treatment plants are crucial to our sustainability and promote Astral's brands. Kentucky Fried Chicken (KFC), one of Astral's renowned customers, was complimentary to Astral for investing in these projects.

Since abattoirs are massive users of water, the recycling and treatment of water to potable standards leads to a reduction of water drawn from source. Less water drawn from source contributed to more water being available for the community at Goldi in Standerton, which led to enhanced business and community relationships.

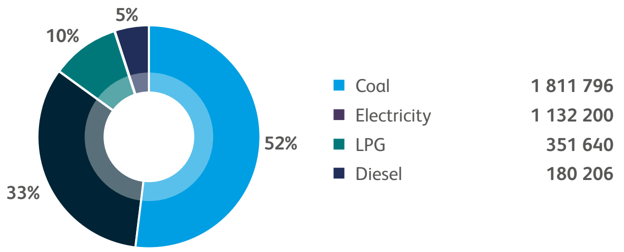
Due to the impact of climate change and water scarcity, the cost of water is on the rise in Africa. Since climate change is expected to have a greater impact on water availability, such projects will be invaluable in the future and will yield significant cost savings for Astral.

Energy resource management

Almost 80% of South Africa's energy is generated from coal. The Global Carbon Atlas has ranked the country as being the 12th highest carbon emitter in the world and given that South Africa is a signatory to the Paris Agreement, a key focus must be on reducing carbon emissions.

Shown in the graph below are Astral's material energy usage in gigajoules. Direct energy sources used by Astral are coal, 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. 52% of Astral's material energy is derived from coal, and we acknowledge our high dependence on coal is a risk and this remains a concern.

Material energy usage (GJ)



Over the years, the Group has taken 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, had contributed to the lack of progress in this regard. However, better progress has been made in working with a boiler expert and sourcing better quality coal in 2022, with the Group saving 25 896GJ of energy derived from coal as a result of these initiatives.

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 whilst competing with chicken imports.

In this financial year, through conservation and energy efficient improvements, Astral saved 25 127GJ of electricity.

To further reduce the use of coal, the Group is testing the use of a so-called "Economizer" at our farms – in August this year approval was granted to work with an energy efficient company that uses artificial intelligence (AI) technologies to improve energy efficiency. Investigations are also in progress to source green energy via a solar farm for Mountain Valley and the Kaalfontein Hatchery. Neither project will require significant capital expenditure at this stage of exploration but will contribute to energy efficiency and cost savings if implemented. The Group has already invested R3.1 million in capital to install a solar plant at National Chicks Boschkop, which was implemented in 2019.

With respect to diesel, there is a trial project in progress using an additive that works as a catalyst to reduce diesel consumption and carbon emissions. At County Fair in Western Cape, we are working with an international company to investigate the possibility of converting chicken litter into biogas, which will be further processed into compressed natural gas (CNG) to replace LPG at the farms.

The above 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 of these. Effective waste management is thus critical for the conservation of limited natural resources, making it central to ensuring a sustainable future.

With the above in mind, Astral has adopted a "zero waste to landfill" strategy and is placing significant focus on finding innovative waste solutions towards realising this goal. This includes a detailed waste analysis, and the involvement of like-minded waste partners at our business operations. The Group acknowledges that it has a "cradle to grave" responsibility in managing its waste, as irresponsible waste management can have a serious negative impact on stakeholders and business.

During this financial year, Astral generated 440 622 tons of waste as follows:

No.	Description	Tons
1	Chicken litter	419 685
2	Hazardous waste	50
3	Waste processed via rendering plant	7 727
4	Hatchery waste	5 252
5	Packaging material waste	1 181
6	Waste to landfill	6 727
Total		**440 622**

ENVIRONMENTAL IMPACT (CONTINUED)

During 2022, 97 % of Astral's total waste generated was recycled as follows:

No.	Description	Tons	Comments
1	Chicken litter	416 479	Sold to compost manufacturers
3	Waste processed via rendering plant	7 727	Waste processed to produce bio-based products, poultry oil, etc.
4	Hatchery waste	2 234	Used in the manufacture of compost
5	Packaging material waste	679	Waste recycled to produce various products such as plastics chairs, tables, etc.
Total		**427 119**	

The 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. Mountain Valley sells the waste its operations generate 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).

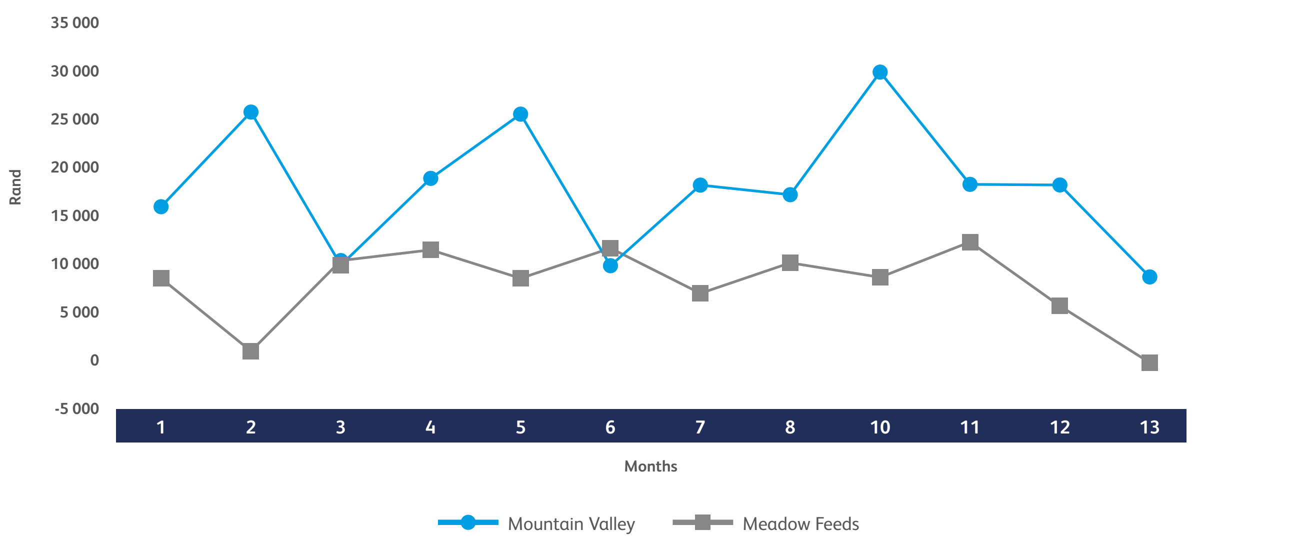
Biological waste bin

In 2021, aligned with the Group's zero waste to landfill goal, we sourced an innovative service provider that uses a biological bin that converts hatchery waste into compost. Apart from reducing waste to landfill, we managed to significantly reduce waste disposal costs at National Chicks Boschkop. The compost from the bin is supplied to a farmer who uses the compost to enrich the soil. The project contributes to carbon reduction since hatchery waste is no longer taken to landfill sites.

On-site waste recycling at Mountain Valley and Meadow Feeds Pietermaritzburg

This year 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. The purpose of the project is to investigate onsite waste recycling, working with local business and learners from the community. Ten community-based learners from Mountain Valley in Ingomankulu and 10 from Meadow Feeds in Pietermaritzburg are appointed on a learnership programme for one year. A 51 % black owned company, Mandaterri, was appointed to train learners on practical waste management and Umndeni Corporation is appointed to educate learners on environmental waste management. Two bailing machines valued at R0.35 million were purchased for the waste recycling project for each business unit.

Waste recycling programme (net waste cost after recycling rebate)



Waste recycling container

As 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. From the graph above, it is evident all parties are putting their training into practice as the net waste cost after packaging rebate is decreasing, month on month at both business units.

The plan for the next six months is to place more focus on the zero waste to landfill goal, which will contribute to additional cost reductions and, if all goes as planned, then the opportunity exists to roll out onsite waste management to other business units.

Food loss and waste

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 UNSDG 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 play 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 in reducing food loss and waste are being made.

In August 2022, Astral timeously submitted its second food loss and waste report to the WRI.

Waste recycling trainees

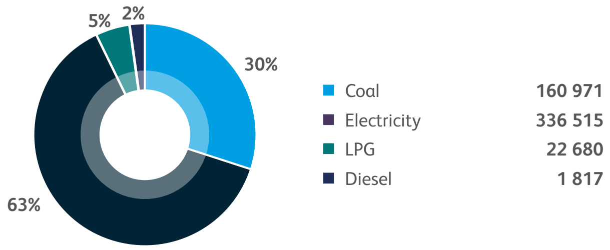
ENVIRONMENTAL IMPACT (CONTINUED)

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.

Material carbon emissions (Tons)



Material carbon emissions emitted in 2022 are:

- Scope 1 – Direct emissions:
  a. Coal: 30 % of total direct and indirect carbon emissions.
  b. LPG: 5 % of total direct and indirect carbon emissions.
  c. Diesel: 2 % of total direct and indirect carbon emissions.
- Scope 2 – Indirect emissions:
  a. Electricity: 63 % of total direct and indirect carbon emissions.

Carbon emissions emitted per man hour worked in 2022 are:

- Direct carbon emissions per man hour worked: 0.008 tCO_2e/man hour.
- Indirect carbon emissions per man hour worked: 0.014 tCO_2e/man hour.
- Total direct and indirect emissions per man hour worked: 0.022 tCO_2e/man hour.

Carbon emission reduction in 2022:

- Coal: 2 301 tCO_2e.
- Electricity: 7 464 tCO_2e.

Carbon Tax

In March 2022 Astral's GHG emission report was timeously submitted to the Department of Environment, Forestry & Fisheries (DEFF) and in July 2022, timeous payment of Astral Operation's Carbon Tax of R6.8 million was made to SARS. The Carbon Tax payment was in respect of the 2021 year. In September 2022, we did an impact assessment of the Carbon Tax proposed by government for the second phase, which commences in 2026. The financial impact of the proposed Carbon Tax between 2026 and 2030 is substantial. Hence, the Group has subsequently put plans in place to take adaptable action from early 2023.

Section 12L energy efficiency allowance

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 due to the impact of Covid-19.

In 2022, the Group appointed a company to investigate the section 12L energy efficiency rebate. We are making good progress, claiming the 12L allowance on a coal saving project implemented by Goldi last year.

FINANCIAL STATEMENTS

CHIEF FINANCIAL OFFICER'S REPORT

Financial results

Continuing operations	2022 R'million	2021 R'million	Change %
Revenue	19 334	15 866	21.9
Cost of raw materials	(11 039)	(8 995)	22.8
Gross profit	4 023	2 841	41.6
Total expenses (excluding cost of raw materials)	(6 855)	(6 168)	11.2
PBIT/operating profit	1 440	711	102.5
Operating profit margin	7.4%	4.5 %	
Net finance costs	(15)	(49)	(69.3)
Profit for the year – continuing operations	1 055	460	129.3
Profit for the year – discontinued operations	16	14	14.3
Profit for the year	1 071	474	125.9

Summarised balance sheet

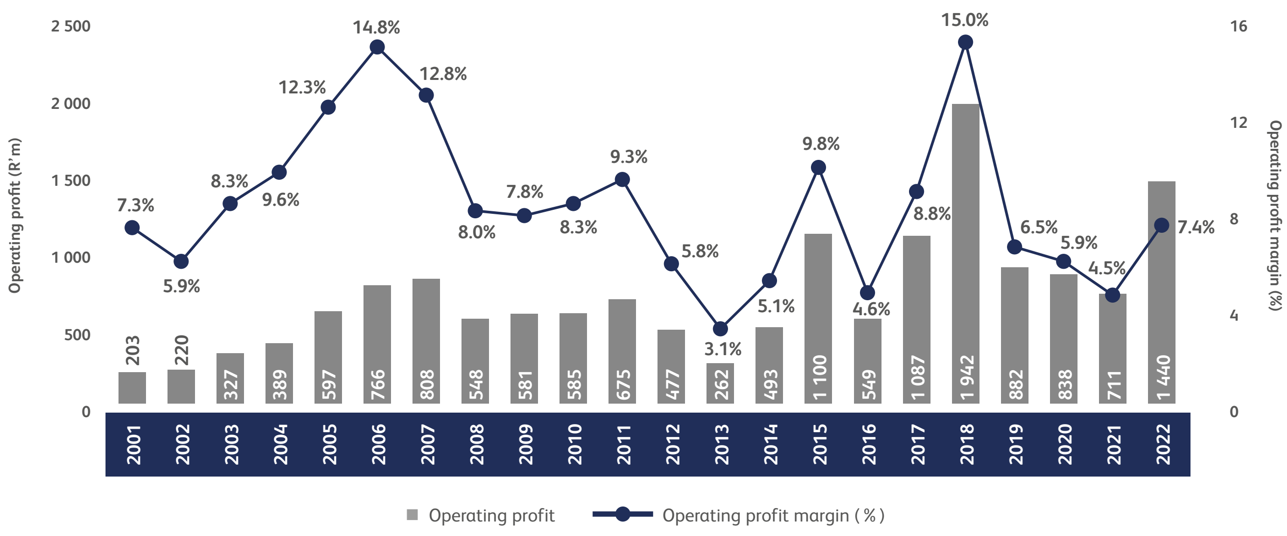
	2022 R'million	2021 R'million	Change %
Non-current assets	3 548	3 575	(0.7)
Current assets (excluding cash, including assets-held-for-sale)	4 167	3 592	16.0
Total assets (excluding cash)	7 715	7 167	7.6
Non-current liabilities	(1 136)	(1 105)	2.8
Current liabilities (excluding borrowings, including liabilities-held-for-sale)	(2 494)	(2 179)	14.5
Net assets	4 085	3 883	5.2
Net cash	701	278	152.2
Net assets	4 786	4 161	15.0
Financed by:			
Shareholders' interest	4 786	4 161	15.0

Revenue reported for the year ended 30 September 2022 was R19.3 billion, an increase of 21.9 % compared to the prior year at R15.9 billion. The Poultry Division contributed 81.0 %, Feed Division 16.6 % and the Other Africa Division 2.4 % to total external revenue. The increase in revenue of R3.5 billion was primarily attributable to the broiler operations in the Poultry Division contributing R2.8 billion, which was as a result of both an increase in broiler sales volumes of 8.9 % and an increase in sales realisations of 12.5 % (R1.5 billion). The other major contribution to the increase in revenue was from external feed sales of R484 million (17.8 %) following increases in feed raw material costs. Other African operations contributed growth in revenue of R181 million, an increase of 62.6 %.

Gross profit increased by 41.6 % to R4.0 billion (2021: R2.8 billion) resulting in an increase in the gross profit margin from 17.9 % (2021) to 20.8 %. This was achieved mainly as a result of increased volumes supporting the production efficiencies as well as the recovery of the prior year's increased feed costs through net selling prices of poultry. Operating profit for the year under review increased by 102.5 % to R1.44 billion, with the operating margin improving from 4.5 % (2021) to 7.4 %.

The benefit of incremental revenue from added volumes is evident in the level of operating profit which is the second highest in the history of Astral, whilst the operating margin at 7.4 % compares adversely to the 15.0 % achieved in the 2018 financial year. This is mainly as a result of the extraordinary high feed costs the Group had to absorb.

Operating profit history



Headline earnings increased by 124.0 % to R1 061.3 million (2021: R473.7 million). The Group delivered good results in a very tough operating environment.

The Group's results for the year includes the following abnormal costs and income:

- **Disruption in water and electricity supply** – costs amounted to approximately R116 million.
  Ongoing problems were being experienced with water supply at our Standerton and Olifantsfontein facilities and escalating load shedding across South Africa.
- **Insurance proceeds** against HPAI costs incurred during FY2021 – income of R38.9 million.

The Group benefited from further utilisation of capacity expansion at the Festive processing plant with additional 22.6 million broilers processed during the financial year (2021: 8.5 million) of the additional 41.6 million broilers per annum capacity created.

The capital expenditure for the financial year was maintained at normalised levels at R258.5 million (2021: R238.3 million), representing ongoing replacements in order to maintain the operations in good operating conditions and also includes some smaller improvements in processes and equipment.

Net working capital increased by R411.3 million mainly as result of increased inventory (R256.3 million) and biological assets (R260.3 million) following the increased broiler production volumes outlined above. The higher feed input costs during the financial year amplified the increased volumes.

The Group generated R405.9 million net cash inflows during the year (2021: R265.3 million outflow). The strong cash generated from operating activities amounted to a net inflow of R1 197.9 million (2021: R676.4 million inflow).

Astral continues to manage its funding resources well and the Group remained in a cash positive position at all times during the current financial year. The net surplus cash at the end of the year was R701.0 million (2021: R277.7 million).

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Discontinued operations

During the year the Group disposed of its controlling interests in National Chicks Swaziland and the assets of the two Mozambican operations at a net gain after tax of R26.3 million. The trading results after tax from the discontinued operations generated R16.0 million in the current year.

Dividend

The Company declared a final dividend of 590 cents per share. The total dividend for the year amounts to 1 380 cents per share which represents a dividend cover of 2.0 times compared to headline earnings.

Outlook

Persistently higher feed costs are locking up cash resources in the Group's working capital cycle despite a very efficient net working capital profile. Capital commitments of R737 million over the next 18 months are higher than the norm and will be funded from a combination of available cash resources as well as specific term funding linked to certain underlying assets.

The Group has sufficient access to cash resources and existing facilities to fund all operational cash flow requirements.

The Group's balance sheet further underpins its healthy financial position and affords the Group with a sound foundation to execute its long-term strategy.

Appreciation

This is my last report before I retire at the February 2023 AGM. I would like to express my appreciation to all the finance teams in Astral at the different business units for their hard work and dedication. It has been a privilege and pleasure to be part of this team. I am pleased that I am leaving the Group's CFO responsibilities in the capable hands of Dries Ferreira, my successor, with the firm belief that the successes of Astral will continue for many years still to come.

Daan Ferreira
Chief Financial Officer

16 November 2022

FINANCIAL RATIOS AND STATISTICS

For the year ended 30 September		2022	2021	2020	2019	2018	2017	2016	2015	2014
Profit information										
Revenue[1]	R'm	**19 334**	15 866	13 932	13 485	12 979	12 417	11 954	11 266	9 602
EBITDA[1]	R'm	**1 741**	1 133	1 216	1 059	2 093	1 235	693	1 254	627
EBITDA margin	%	**9.0**	7.1	8.7	7.8	16.1	9.9	5.8	11.1	6.5
Operating profit[1]	R'm	**1 440**	711	813	882	1 942	1 086	549	1 100	493
Operating profit margin	%	**7.4**	4.5	5.8	6.5	15.0	8.7	4.6	9.8	5.1
Profit after tax	R'm	**1 071**	474	561	648	1 431	761	372	780	341
Headline earnings	R'm	**1 061**	472	558	650	1 439	736	373	780	330
Financial position										
Total assets	R'm	**8 438**	7 835	7 331	6 239	6 174	5 364	4 979	4 814	4 375
Total equity	R'm	**4 786**	4 161	4 122	3 796	3 737	3 039	2 373	2 373	1 945
Total liabilities	R'm	**2 516**	3 674	3 209	2 443	2 437	2 325	2 607	2 442	2 430
Net assets	R'm	**5 055**	6 055	4 153	3 789	3 443	2 935	3 060	2 843	2 566
Asset management										
Return on total assets	%	**17.8**	9.7	12.4	14.2	33.8	21.0	11.3	24.1	11.9
Return on equity	%	**23.9**	11.4	14.1	17.1	42.4	28.0	15.8	36.3	18.7
RONA	%	**28.5**	15.1	19.6	24.4	60.9	36.0	18.6	40.7	20.0
Net asset turn	%	**3.8**	3.3	3.3	3.7	4.1	4.1	4.1	4.2	3.9
Shareholders' ratios										
EPS	cents	**2 781**	1 225	1 435	1 659	3 691	1 948	964	2 013	884
HEPS	cents	**2 762**	1 228	1 441	1 674	3 712	1 899	965	2 016	864
Dividend per share	cents	**1 380**	700	775	900	2 050	1 055	490	1 150	440
Dividend cover*	times	**2.0**	1.8	1.9	1.9	1.8	1.8	2.0	1.8	2.0
Stock exchange statistics										
Market value per share										
– At year-end	cents	**19 318**	17 643	13 153	14 700	24 658	17 208	11 775	17 414	15 225
– Highest	cents	**22 166**	18 530	22 252	25 908	33 519	17 634	18 490	20 679	16 000
– Lowest	cents	**13 234**	11 079	12 029	14 300	16 850	11 600	8 820	14 051	7 950
Closing dividend yield	%	**7.1**	4.0	5.9	6.1	8.3	6.1	4.2	6.6	2.9
Closing earnings yield*	%	**14.3**	7.0	11.0	11.4	15.1	11.0	8.2	11.6	4.8
Closing PE ratio	times	**7.0**	14.4	9.1	8.9	6.7	8.8	12.2	8.7	20.7
Shares in issue	'000	**42 922**	42 922	42 922	42 922	52 887	42 841	42 775	42 761	42 723
Shares in issue less treasury shares	'000	**38 397**	38 834	38 834	38 799	38 799	38 752	38 686	38 672	38 634
Number of transactions	'000	**167 049**	211 170	274 811	262 590	280 590	122 620	156 224	179 049	54 683
Number of shares traded	R'000	**32 262**	35 179	43 755	41 970	47 981	32 276	34 453	36 676	26 440
Number of shares traded as % of issued shares	%	**75**	82	102	90	124	83	81	86	62
Value of shares traded	R'm	**5 744**	4 896	7 517	7 159	12 586	4 697	4 277	6 405	2 947
Market capitalisation based on shares in issue	R'm	**8 292**	7 573	5 646	6 310	10 575	7 372	5 037	7 446	6 505
Market capitalisation based on shares in issue less treasury shares	R'm	**7 502**	6 851	5 108	5 703	9 567	6 668	4 555	6 734	5 882

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 2022, 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

30 November 2022

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

In terms of section 3.84(k) of the JSE Listings Requirements, each of the directors, whose names are stated on page 14, hereby confirm that:

(a) the Annual Financial Statements set out on pages 130 to 182, 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 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

DD Ferreira
Chief Financial Officer

30 November 2022

PREPARATION AND PUBLICATION OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended 30 September 2022 that were published on 21 November 2022, available on the Group's website www.astralfoods.com as well as contained in this Integrated Report, have been prepared under my supervision and by the Chief Financial Officer Designate, Dries Ferreira CA(SA).

DD Ferreira
Chief Financial Officer

30 November 2022

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the year ended 30 September 2022

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. 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 2023 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 16 November 2022 and were signed on its behalf by

CE Schutte
Chief Executive Officer

DD 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 2022.

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:

92 Koranna Avenue, Doringkloof, Centurion, 0157. Postnet Suite 278, Private Bag X1028, Doringkloof, 0140.

Financial results

The results for the year are set out in the Annual Financial Statements presented on pages 130 to 182 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, 160 320 shares (2021: 173 874 shares) were acquired and disclosed as treasury shares.

Dividends

The following ordinary dividends were declared:

	2022 R'000	2021 R'000
Interim dividend: 790 cents per share (2021: 300 cents per share)	339 086	128 767
Less: Dividends on treasury shares	(35 753)	(13 096)
Final dividend: (No 42) of 590 cents per share declared post year-end (2021: 400 cents per share)	253 241	171 689
Less: Dividends on treasury shares	(26 701)	(18 103)
Total dividend at 1 380 cents per share (2021: 700 cents per share)	**529 873**	269 257

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 574 901 (2021: 429 334) 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 2022 and the date of approval of the Annual Financial Statements on 16 November 2022.

Share option incentive scheme

As at 30 September 2022, 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

A final dividend of 590 cents per share has been declared on 21 November 2022. The payment of the dividend will be on Monday, 16 January 2023. 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 2022 and the date of this Integrated Report.

Annual Financial Statements

The Annual Financial Statements for the year ended 30 September 2022 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 2022 was R19.3 billion, an increase of 21.9% compared to the prior year at R15.9 billion. The Poultry Division contributed 81%, Feed Division 17% and Other Africa Division 2% to total external revenue. The increase in revenue (R3.4 billion) was mainly attributable to an increase from the broiler operations of the Poultry Division contributing R2.8 billion, which was the direct result of a growth in broiler sales volumes as well as a recovery in the selling price of poultry.

The operating profit margin increased to 7.4% (2021: 4.6%) as a result of the improvement in the profitability of the Poultry Division at R763 million (2021: R147 million), whilst the Feed Division reported an operating profit of R599 million (2021: R530 million).

The Group generated R1,2 billion in operating cash flow during the year, after funding working capital expansion and tax payments. The cash generated was applied to fund investing activities of R179 million, financing activities of R156 million as well as R457 million in dividends payments.

A net cash inflow for the year of R406 million is reported and the Group remains in a net cash surplus position. Net surplus cash at the end of the year was R701 million, and the Group is therefore well positioned to fund the payment of the final dividend declared post year-end of 590 cents per share from existing surplus cash resources.

Solvency and liquidity

As at 30 September 2022, the Consolidated Balance Sheet reflects total equity of R4.8 billion. In addition to the R701 million net surplus cash at 30 September 2022, the Group has access to R1.6 billion of facilities at various banks and remained in a net surplus cash position throughout the year.

It is expected that the Group will continue to have a strong balance sheet for the foreseeable future.

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 16 November 2022 and were signed on their behalf by

Chris Schutte
Chief Executive Officer

Daan 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 2022 financial year.

On behalf of the Audit and Risk Management Committee

Diederik Fouche
Chairman

16 November 2022

Constitution and duty of the committee

The Audit and Risk Management Committee (the committee) was appointed by the shareholders at the AGM in February 2022.

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 69 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.

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 62 to 65 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 regularly independently monitored by appointed risk analysts.

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:

- Three IT Steering Committees 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)

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.

During the prior year, the Internal Audit Department was subject to an Independent External Quality Assurance review conducted by the Institute of Internal Auditors.

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:

	2022 R'000	2021 R'000
Audit fees	**7 922**	7 686
Non-audit services	**1 638**	310
General expenses	**43**	106
Underprovision	**717**	276
Total	**10 320**	8 378

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 Foods Ltd	Cyber security review	Tax consulting services
Astral Operations Ltd	PAYE: 2023 housing directive application assistance	Tax consulting services
Astral Operations Ltd	PAYE: Accommodation VDP application and accommodation directive application 2021 update top up additional fee	Tax consulting services
Astral Operations Ltd	IRP5 and EMP501 amendment support in respect of VDPs filed	Tax consulting services
Astral Operations Ltd	County Fair – VAT export memo	Tax consulting services

Astral's Board has endorsed the recommendation by its Audit and Risk Committee, following a comprehensive tender process, to appoint Deloitte Inc ("Deloitte") as the External Auditor of Astral, with effect from the financial year starting 1 October 2023. We have recommended the re-appointment of PwC to the Board and the shareholders for the year ending 30 September 2023 to ensure that a comprehensive transition is done 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 2022.

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 for the remainder of his term with Astral. We have also reviewed the performance, appropriateness and expertise of the CFO, Mr DD Ferreira, and confirmed his suitability in terms of the JSE Listings Requirements. As Mr DD Ferreira will retire at the AGM to be held on 2 February 2023, Astral has appointed Mr JAI Ferreira as CFO Designate from 10 January 2022 to ensure a smooth transition and succession. Mr JAI Ferreira's expertise, resources and experience of the Group's financial function have also been reviewed during the financial year and we are satisfied that these are adequate and effective for the forthcoming year.

Integrated Report

The committee oversees the compilation of the Integrated Report, 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 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 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 AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)

Audit Committee statement

The committee considered and discussed the Annual Financial Statements and the Integrated Report, which includes the ESG 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 of Astral Foods Limited

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 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Astral Foods Limited's consolidated and separate financial statements set out on pages 130 to 182 comprise:

- the consolidated and separate balance sheets as at 30 September 2022;
- 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.

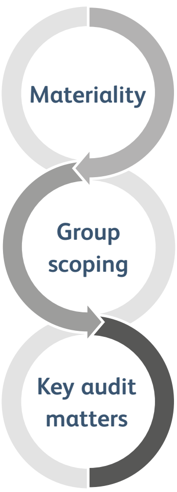
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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



Overall group materiality

- Overall group materiality: R56,000,000, which represents 5 % of the average consolidated profit before tax

Group audit scope

- Full scope audits were performed over eleven financially significant components in South Africa
- Review procedures were performed on an additional three components and analytical review procedures were performed on the remaining components

Key audit matters

- Goodwill impairment assessment.

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	R56,000,000
How we determined it	5% of the average consolidated profit before tax
Rationale for the materiality benchmark applied	We chose consolidated average profit 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 before tax figure as this is representative of the normal earnings cycle of this industry. 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 three principal reportable operating segments that align with its organisational design namely Poultry, Feed, and Other Africa.

The Group's consolidated financial statements are a consolidation of twenty nine reporting components, which make up the Group's three operating segments. Of these reporting components, we selected eleven for full scope audit testing due to their financial significance, limited to an appropriate allocation of the Astral Foods Limited consolidated materiality. These reporting components are all located in South Africa. Review procedures were performed at three additional reporting 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 communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters to report with respect to the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
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. International Accounting Standard (IAS) 36: Impairment of Assets requires goodwill to be tested annually for impairment, or more frequently if impairment indicators are identified. As at year end, the Group had recognised goodwill amounting to R136 million. The most significant balances of goodwill related to the Goldi/Festive and the Mountain Valley cash generating units (CGU), which had a carrying amount of R106 million and R15.6 million respectively as at 30 September 2022. Management tested goodwill for impairment within all CGUs, and apart from one CGU which had an impairment of R15.6 million, concluded that there were no other impairments relating to any of the identified CGUs as all the recoverable amounts exceeded the carrying amounts as per management's assumptions. 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: ▪ Growth rates; ▪ Discount rates; ▪ Broiler feed costs; and ▪ Selling prices of poultry products. We considered the goodwill impairment assessment to be a matter of most significance to the current year audit due to the following: ▪ 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.	We obtained an understanding of the process and procedures applied by management during their impairment assessment of CGUs containing goodwill. Our audit procedures included, among others, testing of the principles and integrity of management's value in use calculations. We evaluated management's calculation by: In respect of goodwill relating to the Goldi/Festive and Mountain Valley CGUs, we performed the following procedures: ▪ 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. We compared the Group's 2021 and 2022 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. We tested the discount rate and growth rates applied by management in their impairment assessment of goodwill by performing the following procedures: ▪ 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. 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. 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.

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 and Separate Annual Financial Statements for the year ended 30 September 2022" 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, and the other sections of the document titled "Astral Integrated Report for the year ended 30 September 2022", 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 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 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 and separate 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 22 years.

PricewaterhouseCoopers Inc.
Director: EJ Gerryts
Registered Auditor

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Waterfall City
Jukskei View
2090

Private Bag X36
Sunninghill
2157
Johannesburg
South Africa

18 November 2022

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 September 2022

		GROUP		COMPANY	
	Notes	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Revenue	1	19 333 850	15 865 938	513 000	468 883
Cost of sales	2	(15 310 513)	(13 024 968)	–	–
Gross profit		4 023 337	2 840 970	513 000	468 883
Administrative expenses	2	(944 950)	(746 092)	(7 171)	(6 665)
Distribution costs	2	(1 412 646)	(1 149 456)	–	–
Marketing expenditure	2	(292 252)	(243 994)	–	–
Other income	4	49 457	10 911	–	–
Other gains/(losses)	5	16 832	(1 340)	–	–
Profit before interest and tax		1 439 778	710 999	505 829	462 218
Finance income	6	29 412	12 426	3 155	736
Finance expense	6	(44 118)	(61 103)	(79)	–
Profit before tax		1 425 072	662 322	508 905	462 954
Tax expense	7	(370 456)	(202 681)	(989)	(206)
Profit for the year from continuing operations		1 054 616	459 641	507 916	462 748
Profit for the year from discontinued operations		15 960	14 082	–	–
Profit for the year		1 070 576	473 723	507 916	462 748
Other comprehensive income for the year, net of tax		36 315	(2 113)	–	–
Items that may subsequently be reclassified to profit and loss		44 132	11 402	–	–
Currency gain on investment loans to foreign subsidiaries		878	1 064	–	–
Foreign currency translation gain		43 254	10 338	–	–
Items that will not be reclassified to profit or loss		(7 817)	(13 515)	–	–
Re-measurement of post-employment benefit obligations (note 25)		6 677	2 684	–	–
Deferred tax on re-measurement of post-employment benefit obligations		(1 870)	(754)	–	–
Transactions with minorities		(1 480)	–	–	–
Changes in fair value of equity instruments		(11 144)	(15 445)	–	–
Total comprehensive income for the year		1 106 891	471 610	507 916	462 748
Profit for the year attributable to:					
Equity holders of the Company		1 068 397	472 504	507 916	462 748
Arising from					
– Continuing operations		1 054 616	459 641	507 916	462 748
– Discontinued operations		13 781	12 863	–	–
Non-controlling interest		2 179	1 219		
Profit for the year		1 070 576	473 723	507 916	462 748
Total comprehensive income attributable to:					
Equity holders of the Company		1 104 712	470 391	507 916	462 748
Arising from					–
– Continuing operations		1 090 931	457 528	507 916	462 748
– Discontinued operations		13 781	12 863	–	–
Non-controlling interest		2 179	1 219	–	–
Total comprehensive income for the year		1 106 891	471 610	507 916	462 748

Shareholders' information on shares		Cents per share	Cents per share
Earnings per share			
Earnings per share	8	2 781	1 225
Diluted earnings per share	8	2 751	1 217
Headline earnings per share			
Headline earnings per share	9	2 762	1 228
Diluted headline earnings per share	9	2 733	1 220
Dividends			
Dividends declared in respect of the current year's profits	10	1 380	700

CONSOLIDATED BALANCE SHEETS

at 30 September 2022

	Notes	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Assets					
Non-current assets					
Property, plant and equipment	11	**3 002 712**	2 942 859	**–**	–
Intangible assets	12	**41 947**	49 984	**–**	–
Right-of-use assets	14	**288 817**	340 029	**–**	–
Goodwill	15	**120 536**	136 135	**–**	–
Financial assets at fair value through other comprehensive income	16	**94 431**	105 575	**–**	–
Investments at cost	16	**–**	–	**233 997**	233 991
		3 548 443	3 574 582	**233 997**	233 991
Current assets					
Biological assets	17	**1 245 888**	976 316	**–**	–
Inventories	18	**1 178 496**	921 104	**–**	–
Trade and other receivables	19	**1 708 292**	1 595 721	**4 091**	8 142
Current tax asset		**33 840**	27 146	**–**	124
Cash and cash equivalents	20	**723 350**	668 532	**42 547**	4 741
		4 889 866	4 188 819	**46 638**	13 007
Assets held for sale		**–**	71 584	**–**	–
		4 889 866	4 260 403	**46 638**	13 007
Total assets		**8 438 309**	7 834 985	**280 635**	246 998
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	**21 139**	(39 161)	**–**	–
Treasury shares		**(277 464)**	(250 633)	**–**	–
Retained earnings		**4 951 932**	4 348 271	**142 261**	145 120
		4 786 007	4 148 877	**232 661**	235 520
Non-controlling interest		**–**	12 314	**–**	–
Total equity		**4 786 007**	4 161 191	**232 661**	235 520
Liabilities					
Non-current liabilities					
Deferred tax liabilities	23	**777 830**	704 279	**–**	–
Employee benefit obligations	24	**127 029**	126 653	**–**	–
Leases	14	**231 302**	274 371	**–**	–
		1 136 161	1 105 303	**–**	–
Current liabilities					
Trade and other payables	26	**1 966 500**	1 785 351	**535**	491
Employee benefit obligations	24	**425 840**	268 570	**–**	–
Current tax liabilities		**19 825**	8 240	**48**	–
Leases	14	**78 371**	102 097	**–**	–
Borrowings	27	**22 332**	390 840	**44 118**	7 941
Shareholders for dividend		**3 273**	3 046	**3 273**	3 046
		2 516 141	2 558 144	**47 974**	11 478
Liabilities held for sale		**–**	10 347	**–**	–
		2 516 141	2 568 491	**47 974**	11 478
Total liabilities		**3 652 302**	3 673 794	**47 974**	11 478
Total equity and liabilities		**8 438 309**	7 834 985	**280 635**	246 998

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 September 2022

	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							
2021							
Balance at 1 October 2020	90 400	(228 111)	(59 596)	4 304 572	4 107 265	15 055	4 122 320
Profit for the year:							
– from continuing operations	–	–	–	459 641	459 641	–	459 641
– from discontinued operations	–	–	–	12 863	12 863	1 219	14 082
Other comprehensive income/(loss) for the year, net of tax:							
– from continuing operations	–	–	11 402	(13 515)	(2 113)	–	(2 113)
Increase in share-based payment reserve	–	–	9 033	–	9 033	–	9 033
Shares acquired in terms of restricted share incentive scheme	–	(24 920)	–	–	(24 920)	–	(24 920)
Shares sold in terms of restricted share incentive scheme	–	2 398	–	(894)	1 504	–	1 504
Dividends declared and paid	–	–	–	(414 396)	(414 396)	(3 960)	(418 356)
Balance at 30 September 2021	90 400	(250 633)	(39 161)	4 348 271	4 148 877	12 314	4 161 191
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)**
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**
COMPANY							
2021							
Balance at 1 October 2020	90 400	–	–	143 786	234 186	–	234 186
Profit for the year:							
– from continuing operations	–	–	–	462 748	462 748	–	462 748
Dividends declared and paid	–	–	–	(461 414)	(461 414)	–	(461 414)
Balance at 30 September 2021	90 400	–	–	145 120	235 520	–	235 520
2022							
Balance at 1 October 2021	**90 400**	**–**	**–**	**145 120**	**235 520**	**–**	**235 520**
Profit for the year:							
– from continuing operations	**–**	**–**	**–**	**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**

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the year ended 30 September 2022

		GROUP		COMPANY	
	Notes	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash flows from operating activities					
Cash operating profit	A	1 905 735	1 155 792	505 829	462 218
Changes in working capital	B	(413 382)	(343 625)	95	151
Cash generated from operations		1 492 353	812 167	505 924	462 369
Tax paid	C	(294 454)	(135 738)	(817)	(181)
Cash generated from operating activities		1 197 899	676 429	505 107	462 188
Cash (outflows)/inflows from investing activities		(179 189)	(241 343)	7 149	5 068
Purchases of property, plant and equipment	D	(280 271)	(259 233)		
Costs incurred on intangibles		(564)	(237)		
Proceeds on disposal of property, plant and equipment		478	3 855		
Proceeds from disposal of controlling interest in subsidiary/ investments	F	69 954	–	4 000	4 000
Finance income		29 650	12 317	3 155	1 068
Dividends received		1 564	1 955		
Increased investment in Zambian subsidiary through purchase of additional shares		–	–	(6)	–
Cash outflows from financing activities		(612 817)	(700 370)	(466 509)	(461 539)
Dividends paid to the Company's shareholders	E	(456 692)	(414 190)	(510 548)	(461 207)
Dividends paid to non-controlling shareholders		(1 055)	(3 960)		
Lease payments – principal element		(89 661)	(204 557)		
Finance cost paid on lease contracts		(32 105)	(48 208)	(79)	(332)
Treasury shares acquired in terms of the Forfeitable Share Plan		(26 831)	(24 920)		
Finance expense on borrowings		(4 993)	(6 039)		
Transaction with minorities		(1 480)	–	–	–
Proceeds from the sale of treasury shares		–	1 504		
Loans received from subsidiary		–	–	44 118	–
Net inflow/(outflow) of cash and cash equivalents		405 893	(265 284)	45 747	5 717
Effects of exchange rate changes		13 998	283	–	–
Disclosed as assets held for sale		–	(3 435)	–	–
Cash and cash equivalents at beginning of year – discontinued operations		3 435	–		
Cash and cash equivalents at beginning of year – continuing operations		277 692	546 128	(3 200)	(8 917)
Cash and cash equivalents at the end of the year	20	701 018	277 692	42 547	(3 200)

NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

for the year ended 30 September 2022

		GROUP		COMPANY	
		2022 R'000	2021 R'000	2022 R'000	2021 R'000
A.	**Cash operating profit**				
	Profit before interest and tax				
	– from continued operations	1 439 778	710 999	505 829	462 218
	– from discontinued operations	17 743	20 427	–	–
	Adjustments for:				
	Depreciation and amortisation	308 462	424 865	–	–
	Scrapping of property, plant and equipment	3 138	5 426	–	–
	Loss/(profit) on disposal of property, plant and equipment	2 719	(3 437)	–	–
	Profit on early termination of capitalised leases	(21 660)	(1 830)	–	–
	Gain on disposal of controlling interest in subsidiaries	(28 908)	–	–	–
	Impairment of goodwill and provisions against carry values of assets	16 070	–	–	–
	Change in provision for employee benefit obligations	173 263	(4 123)	–	–
	Fair value adjustments	(3 306)	5 420	–	–
	Dividends received	(1 564)	(1 955)	–	–
	Cash operating profit	1 905 735	1 155 792	505 829	462 218
B.	**Changes in working capital**				
	Increase in inventories	(256 347)	(58 949)		
	Increase in biological assets	(260 316)	(137 789)		
	(Increase)/decrease in trade and other receivables	(78 926)	(382 890)	51	73
	Increase in trade and other payables	182 207	236 003	44	78
	Total change in working capital	(413 382)	(343 625)	95	151
C.	**Tax paid**				
	Balance at beginning of year	18 787	24 437	124	149
	Normal tax provision	(301 281)	(141 256)	(989)	(206)
	Translation differences	(2 159)	(496)		
	Interest accrued	413	364	–	–
	Movement in provision against recoverability of tax receivable balance of a foreign subsidiary	1 176	–	–	–
	Less: Disposed as part of sale of subsidiary/Disclosed as liabilities held for sale	2 625	119		
	Net balance at the end of the year	(14 015)	(18 906)	48	(124)
	Net tax paid	(294 454)	(135 738)	(817)	(181)
D.	**Purchases of property, plant and equipment**				
	Purchase of property, plant and equipment to improve and/or expand operations	(100 157)	(88 399)		
	Purchase of property, plant and equipment to maintain operations	(157 040)	(166 244)		
	Total purchases	(257 197)	(254 643)	–	–
	Increase in advance capital expenditure payments	(3 066)	(3 715)		
	Decrease in outstanding capital expenditure payments	(20 008)	(875)		
	Purchases of property, plant and equipment	(280 271)	(259 233)	–	–
E.	**Dividends paid**				
	Balance at beginning of year	(3 046)	(2 839)	(3 046)	(2 839)
	Per statement of changes in equity	(456 919)	(414 397)	(510 775)	(461 414)
	Balance at the end of the year	3 273	3 046	3 273	3 046
	Total dividends paid	(456 692)	(414 190)	(510 548)	(461 207)
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	28 908	–	–	–
	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 2022

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 three operating segments, Poultry, Feed, and Other Africa. The business activities are grouped in these segments based on the nature of their business and in the case of Other Africa, the geographical area in which they conduct their business activities. 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. During the year the Group disposed of its controlling interests in the Swaziland (equity) and Mozambique (operating assets), reducing the Other Africa segment to only the Zambian operation in the current year.

Revenue per segment

Revenue in respect of all three 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.

Other Africa: Revenue comprises the sale of animal feed and day-old broilers to external customers.

	External customer revenue R'000	Inter-segment revenue R'000	Total segment revenue R'000
GROUP			
2021			
Poultry	12 856 308	221 156	13 077 464
– Poultry products	12 030 064	–	–
– Day-old broilers, hatching eggs and day-old parents	826 244	–	–
Feed	2 720 195	5 581 760	8 301 955
Other Africa	289 435	–	289 435
– Feed products	214 761	–	–
– Day-old broilers, and hatching eggs	74 674	–	–
From continuing operations	15 865 938	5 802 916	21 668 854
From discontinued operations	181 300	–	181 300
	16 047 238	5 802 916	21 850 154

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

	External customer revenue R'000	Inter-segment revenue R'000	Total segment revenue R'000
1. Segment information (CONTINUED)			
2022			
Poultry	15 659 219	179 086	15 838 305
– Poultry products	14 734 005	–	–
– Day-old broilers, hatching eggs and day-old parents	925 214	–	–
Feed – Feed products	3 204 003	6 812 835	10 016 838
Other Africa	470 628	–	470 628
– Feed products	345 761	–	–
– Day-old broilers, and hatching eggs	124 867	–	–
From continuing operations	19 333 850	6 991 921	26 325 771
From discontinued operations	125 795	–	125 795
	19 459 645	6 991 921	26 451 566

	2022 R'000	2021 R'000
The Group revenue is denominated in the following currencies:		
Revenue denominated in South Africa Rand	18 863 222	15 576 503
Revenue denominated in foreign functional currencies	470 628	289 435
	19 333 850	15 865 938
Revenue from the top five customers are all from the Poultry segment		
Customer 1	6 302 368	4 529 129
Customer 2	3 191 205	2 868 415
Customer 3	641 933	611 903
Customer 4	627 188	523 753
Customer 5	576 658	408 014
Revenue from customer 1 and 2 individually exceeds 10 % of total revenue		
Operating profit per segment		
Contribution to the Group profit is as follows:		
Poultry	762 848	146 742
Feed	598 694	529 615
Other Africa	64 927	34 642
Impairment of goodwill	(15 599)	–
Net gain on disposal of controlling interest in subsidiaries	28 908	–
Profit before interest and tax	1 439 778	710 999
Finance income	29 412	12 426
Finance expense	(44 118)	(61 103)
Profit before tax	1 425 072	662 322
Tax expense	(370 456)	(203 228)
Profit for the year from continuing operations	1 054 616	459 094
Profit for the year from discontinued operations	15 960	14 082
Profit for the year	1 070 576	473 176

	Property, plant and equipment and intangibles		Right-of-use assets	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Depreciation, amortisation and impairment				
Poultry	181 504	187 444	61 073	69 627
Feed	25 603	23 755	32 924	136 158
Other Africa	3 550	2 410	–	–
Corporate	366	339	1 741	2 089
Continuing operations	211 023	213 948	95 738	207 874
Discontinued operations	1 701	3 043	–	–
	212 724	216 991	95 738	207 874

	Property, plant and equipment		Right-of-use assets	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Capital expenditure				
Poultry	207 913	219 819	78 995	24 025
Feed	43 824	24 776	121 197	286
Other Africa	5 666	3 175	–	–
Corporate	170	105	–	–
Continuing operations	257 573	247 875	200 192	24 311
Discontinued operations	188	7 005	–	–
	257 761	254 880	200 192	24 311

	Inventory		Trade receivables	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Other				
Poultry	694 051	536 904	1 204 558	1 190 767
Feed	414 634	328 287	304 291	238 064
Other Africa	69 811	55 913	15 005	9 196
	1 178 496	921 104	1 523 854	1 438 027

	2022 R'000	2021 R'000
COMPANY		
Dividends received from subsidiaries	513 000	468 883

The revenue is denominated in South African Rand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

	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					
2021					
Cost of raw material	8 994 805	–	–	–	8 994 805
Inventory written down and losses	51 125	–	–	–	51 125
Fair value adjustment to biological assets	5 852	–	–	–	5 852
Lease costs	44 177	4 866	3 031	448	52 522
Amortisation of intangibles	–	5 489	–	–	5 489
Depreciation on property, plant and equipment	195 426	10 085	2 766	128	208 405
Amortisation right-of-use assets	41 315	7 080	159 533		207 928
Repairs and maintenance	514 448	9 269	8 730	14	532 461
Water	131 067	177	38		131 282
Energy	742 568	4 897	7 849	2 299	757 613
Information technology related costs	67	71 773	18	2	71 860
Advertising, marketing, promotional related costs	–	–	–	169 659	169 659
Transport and distribution costs	28 942		780 244	–	809 186
Employee benefit expense (note 3)	1 508 204	364 626	77 173	56 932	2 006 935
Directors' remuneration (note 32)	–	39 214	–	–	39 214
Auditors' remuneration and related expenses	–	7 390	–	–	7 390
Other	766 972	221 226	110 074	14 512	1 112 784
	13 024 968	746 092	1 149 456	243 994	15 164 510
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**

	Cost of sales R'000	Administrative expenses R'000	Distribution costs R'000	Marketing expenditure R'000	Total R'000
COMPANY					
2021					
Directors' remuneration (note 32)	–	3 790	–	–	3 790
Auditors' remuneration and related expenses	–	508	–	–	508
Other	–	2 367	–	–	2 367
	–	6 665	–	–	6 665
2022					
Directors' remuneration (note 32)	**–**	**4 294**	**–**	**–**	**4 294**
Auditors' remuneration and related expenses	**–**	**536**	**–**	**–**	**536**
Other	**–**	**2 341**	**–**	**–**	**2 341**
	–	**7 171**	**–**	**–**	**7 171**

	GROUP	
	2022 R'000	**2021 R'000**
3. Employee benefit expense		
Cost of employment of permanent employees	**1 667 436**	1 566 205
Performance incentives		
– EVA-based incentives	**102 048**	15 272
– Operational PBIT-based incentives	**97 633**	37 322
– Operational target driven incentives	**32 396**	29 062
Long-term retention benefits	**59 217**	37 267
Essential service bonuses	**–**	20 000
Termination benefits	**4 725**	3 690
Post-employment benefits	**9 551**	9 211
	1 973 006	1 718 029
Cost of contracted labour	**348 398**	288 906
	2 321 404	2 006 935
Number of employees and contracted services at 30 September:		
– Permanent employees	**9 538**	9 088
– Contracted labour	**4 274**	3 095
	13 812	12 183

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
4. Other income				
Scrap sold	1 874	1 587	–	–
Amounts written off recovered	26	458	–	–
Storage fee income	2 931	3 604	–	–
Insurance recoveries related to costs incurred	38 965	–	–	–
Rental received	4 097	3 307	–	–
Dividend received	1 564	1 955	–	–
	49 457	10 911	–	–
5. Other gains/(losses)				
Foreign exchange losses on financial instruments and monetary items	(9 547)	(1 304)	–	–
Profit on sale of property, plant and equipment	192	3 515	–	–
Loss on sale of intangibles	(2 911)	–	–	–
Assets scrapped	(2 927)	(5 426)	–	–
Trade receivables written off	(187)	–	–	–
Profit on early termination of capitalised leases	21 656	1 830	–	–
Impairment of goodwill (refer to note 15)	(15 599)	–	–	–
Gain on disposal of controlling interest in subsidiaries	28 908	–	–	–
Movement in provision for doubtful debtors	(2 329)	–	–	–
Other	(424)	45	–	–
	16 832	(1 340)	–	–
6. Finance expenses/(income)				
Interest income				
Bank balances	(28 321)	(10 591)	(2 835)	(167)
Other	(1 091)	(1 835)	(320)	(569)
	(29 412)	(12 426)	(3 155)	(736)
Interest expense				
Bank borrowings	1 285	3 706	76	–
Interest accrued on lease liabilities	32 105	48 208	–	–
Unwinding of discount on long outstanding liabilities	6 948	6 856	–	–
Other	3 780	2 333	3	–
	44 118	61 103	79	–
Net finance expense/(income)	14 706	48 677	(3 076)	(736)

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
7. Tax expense				
Current tax	**297 919**	132 100	**989**	206
Deferred tax	**100 019**	67 140	**–**	–
	397 938	199 240	**989**	206
Deferred tax adjustment due to rate change to 27 %	**(28 682)**	–	**–**	–
Current tax – prior year	**456**	1 337	**–**	–
Deferred tax – prior year	**344**	1 021	**–**	–
Withholding tax	**400**	1 083	**–**	–
	370 456	202 681	**989**	206
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	**1 425 072**	662 322	**508 905**	462 954
Tax calculated at a tax rate of 28 % (2021: 28 %)	**399 020**	185 450	**142 493**	129 627
Effect of different tax rates in other countries	**(2 709)**	(4 175)	**–**	–
Deferred tax adjustment due to rate change to 27 %	**(28 682)**	–	**–**	–
Impairment of goodwill	**4 368**	–	**–**	–
Non-deductable fringe benefits tax in respect of housing benefits paid on behalf of employees/(over-provided)	**(1 296)**	14 714	**–**	–
Dividends paid recognised as cash-settled share-based payment	**1 457**	858	**–**	–
Capital gains portion not taxable	**(6 638)**	(194)	**–**	–
Training allowances received	**(587)**	(1 532)	**–**	–
Non-trading related expenses – holding company	**2 029**	1 866	**2 031**	1 866
Legal expenses and fines	**526**	597	**–**	–
Donations and social investments not tax deductible	**614**	436	**–**	–
Costs incurred by foreign subsidiaries not tax deductible	**1 369**	1 190	**–**	–
Other income/expenses not (taxable)/deductible for tax purposes	**(104)**	(472)	**–**	–
Temporary differences on which no deferred tax is recognised	**47**	66	**–**	–
Adjustments to prior year's normal tax provision	**456**	1 337	**105**	–
Adjustments to prior year's tax base used for calculating deferred tax	**344**	1 021	**–**	–
Withholding tax paid	**400**	1 083	**–**	–
Tax losses (utilised)/not utilised to reduce current and/or deferred tax	**257**	1 026	**–**	–
Dividends received	**(438)**	(547)	**(143 640)**	(131 287)
Finance charges not tax deductible	**23**	(42)	**–**	–
Tax charge per income statement	**370 456**	202 681	**989**	206

Further information about deferred tax is presented in note 23.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

	GROUP	
	2022 R'000	2021 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	**1 068 397**	472 504
– From continuing operations	**1 054 616**	459 641
– From discontinued operations	**13 781**	12 863

	2022 cents	2021 cents
Basic earnings per ordinary share	**2 781**	1 225
– From continuing operations	**2 745**	1 192
– From discontinued operations	**36**	33
Diluted earnings per share	**2 751**	1 217
– From continuing operations	**2 716**	1 184
– From discontinued operations	**35**	33

	2022 Number of shares	2021 Number of shares
Weighted average number of ordinary shares in issue during the year for calculating earnings per share	**38 420 537**	38 584 559
Adjustments for forfeitable shares	**413 121**	249 099
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.

	Gross R'000	Net R'000	Continuing operations R'000	Discontinued operations R'000
9. Headline earnings				
2021				
Net profit attributable to shareholders	–	472 504	459 641	12 863
Adjusted for:	1 989	1 243	1 188	55
Profit on sale of property, plant and equipment	(3 437)	(2 668)	(2 723)	55
Loss on assets scrapped	5 426	3 911	3 911	–
Headline earnings	–	473 747	460 829	12 918
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 and intangibles	**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**

	GROUP		COMPANY	
	2022 cents	2021 cents	2022 cents	2021 cents
Headline earnings per share (cents)				
Headline earnings per share (cents)	**2 762**	1 228	**–**	–
– From continuing operations	**2 726**	1 194	**–**	–
– From discontinued operations	**36**	34	**–**	–
Diluted headline earnings per share (cents)	**2 733**	1 220	**–**	–
– From continuing operations	**2 697**	1 187	**–**	–
– From discontinued operations	**36**	33	**–**	–

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
10. Dividends				
The following dividends (net of treasury shares) were declared in respect of the current year's profits:				
Interim dividend (Dividend no 41) – 790 cents per share (2021: 300 cents per share)	**303 332**	115 671	**339 086**	128 767
Final dividend (Dividend no 42) – declared on 21 November 2022 – 590 cents per share (2021: 400 cents per share)	**226 540**	153 587	**253 241**	171 689
Total dividends declared in respect of the year ended 30 September 2022 – 1 380 cents per share (2021: 700 cents per share)	**529 872**	269 258	**592 327**	300 456

The current year financial statements do not include the final dividend declared in respect of the financial year ended 30 September 2022.

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 2022

	Land and buildings R'000	Plant and equipment R'000	Vehicles R'000	Total R'000
11. Property, plant and equipment				
GROUP				
2021				
Net book amount at 1 October 2020	1 138 447	1 750 751	57 445	2 946 643
Changes for the year:				
Reclassifications	41 429	(41 429)	–	–
Exchange translation changes	1 433	1 623	364	3 420
Additions – Expansion/improvement	53 915	26 359	8 125	88 399
Additions – Replacement	36 602	108 564	21 078	166 244
Disposals		(341)	(44)	(385)
Assets scrapped	(1 351)	(3 904)	(171)	(5 426)
Depreciation recognised in the Statement of Comprehensive Income	(35 262)	(167 000)	(9 223)	(211 485)
Less: Held for sale operations	(25 692)	(16 435)	(2 424)	–
Closing net book amount	1 209 521	1 658 188	75 150	2 987 410
Balance at 30 September 2021:				
Cost	1 732 364	3 060 957	184 110	4 977 431
Accumulated depreciation	(522 843)	(1 402 769)	(108 960)	(2 034 572)
Closing net book amount	1 209 521	1 658 188	75 150	2 942 859
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)**	**(1 543 435)**	**(121 214)**	**(2 221 333)**
Closing net book amount	**1 262 705**	**1 666 513**	**73 494**	**3 002 712**

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 to 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	
	2022 R'000	**2021 R'000**
12. Intangible assets		
Software		
Opening net book amount	**49 984**	55 421
Changes for the year:		
Exchange translation changes	**50**	11
Capitalisation of costs incurred	**564**	237
Disposals	**(2 911)**	(33)
Amortisation – included in administrative expenses	**(5 740)**	(5 506)
Less: Held for sale operations	**–**	(146)
Closing net book amount	**41 947**	49 984
Cost	**93 680**	97 438
Accumulated amortisation	**(51 733)**	(47 454)
Closing net book amount	**41 947**	49 984
13. Capital commitments		
Capital expenditure approved not contracted for	**590 589**	185 517
Capital expenditure contracted but not recognised in the financial statements	**146 782**	54 743
Cost on intangibles contracted but not recognised in the financial statements	**–**	139

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 2022

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 varies 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 right-of-use assets and for the lease liabilities. Refer to 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				
	2021				
	Opening balance 1 October 2020	44 401	19 891	472 769	537 061
	Changes for the year:				
	Additions	809	19 860	3 642	24 311
	Re-measurements	(1 054)	62	9 058	8 066
	Derecognitions	–	–	(21 535)	(21 535)
	Amortisation	(7 440)	(6 861)	(193 573)	(207 874)
	Closing net book amount	36 716	32 952	270 361	340 029
	Balance at 30 September 2021:				
	Capitalised costs	52 429	41 913	571 797	666 139
	Accumulated amortisation	(15 713)	(8 961)	(301 436)	(326 110)
	Closing net book amount	36 716	32 952	270 361	340 029
	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**

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	
		2022 R'000	2021 R'000
14.2	**Lease liabilities**		
	Non-current	**231 302**	274 371
	Current	**78 371**	102 097
	Total	**309 673**	376 468
	Maturity profile of lease liabilities:		
	Capital payments next year	**78 363**	102 089
	Capital payments from the second up to the fifth year	**220 354**	257 063
	Capital payments after five years	**10 956**	17 316
		309 673	376 468
	Total lease payments relating to capitalised leases	**121 766**	252 765
	Interest expense on lease liability included in finance cost	**32 105**	48 208
	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.		
14.3	**Other leases**		
	Lease payments included in operating profit as lease expenses:		
	Lease payments relating to low value items	**6 026**	5 925
	Lease payments relating to short-term leases	**11 587**	12 404
	Variable lease payments not linked to an index or rate and not recognised in right-of-use assets	**26 268**	34 193
	Future commitments – Other leases:	**7 258**	8 486
	Not later than one year:		
	Short-term leases: property	**3 395**	3 570
	Short-term leases: plant and equipment	**472**	356
	Short-term leases: vehicles	**–**	180
	Low value items	**1 658**	2 007
	Later than one year and not later than five years:		
	Low value items	**1 613**	2 285
	Later than five years		
	Low value items	**120**	88

Short-term leases are those with terms of not more than 12 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 2022

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 higher than the previous year mainly due to increased 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.

Feed costs for broilers and the selling prices for poultry products are regarded as the two most critical assumptions that impact the profitability of the relevant business units. These two key assumptions are also exposed to the most volatility compared to other assumptions used in the forecasts.

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 6% 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.

Impairment

Goodwill allocated to the Mountain Valley operation was impaired during the year. An amount of R15 599 000 was written off through the Group's Statement of Comprehensive Income. The carry value of the goodwill was in excess of the recoverable amount of the Mountain Valley operation. The operating assets of the business unit were not impaired.

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.

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.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Balance at 1 October	136 135	136 135	–	–
Goodwill written off	(15 599)	–	–	–
Balance 30 September	120 536	136 135	–	–

	Discount rates	Forecast period (years)	Average perpetuity growth rates	Goodwill R'000
GROUP				
2021				
Poultry				
Goldi/Festive	13.3 %	5	5.0 %	106 020
Mountain Valley	13.3 %	5	5.0 %	15 599
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)	17.3 %	5	10.0 %	2 560
				136 135
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

The pre-tax discount rates are as follows:
Goldi/Festive (15.8 %), National Chicks (16.8 %), County Fair (14.7 %), Meadow (16.3 %) and Africa Feeds Limited (Zambia) (21.9 %). (2021: Goldi/Festive (15.9 %), Mountain Valley (15.7 %), National Chicks (15.7 %), County Fair (15.9 %), Meadow (16.2 %) and Africa Feeds Limited (Zambia) (22.1 %)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

15. Goodwill (CONTINUED)

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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Potential impairment if the discount rates are increased by 1 %	**(2 559)**	(8 687)	**–**	–
Potential impairment if the discount rates are increased by 2 %	**(2 559)**	(18 158)	**–**	–
Potential impairment if the net realisations of poultry products decrease by 1 %	**(2 559)**	(18 158)	**–**	–
Potential impairment if the net realisations of poultry products decrease by 3 %	**(2 559)**	(18 158)	**–**	–
Potential impairment if the net realisations of poultry products decrease by 5 %	**(2 559)**	(18 158)	**–**	–
Potential impairment if the broiler feed price increased by 1 %	**(2 559)**	(18 158)	**–**	–
Potential impairment if the broiler feed price increased by 3 %	**(2 559)**	(18 158)	**–**	–
Potential impairment if the broiler feed price increased by 5 %	**(6 308)**	(18 158)	**–**	–

16. 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 a strategic investment.				
An irrevocable election has been made to recognise changes in the fair value of the shares in this category.				
At cost – 19 550 855 shares	**155 306**	155 306		
Fair value adjustment	**(60 875)**	(49 731)		
Fair value	**94 431**	105 575		
The carrying value of the investment is based on the share price on 30 September as listed on the Johannesburg Stock Exchange (JSE), and it falls in level 1 of the fair value measurement hierarchy.				
Investments carried at cost				
Investments in subsidiaries – at cost (unlisted)			**233 997**	233 991

17. Biological assets

	Egg stock R'000	Broiler stock R'000	Breeding stock R'000	Total R'000
GROUP				
2021				
Fair value at 1 October 2020	118 250	311 675	421 327	851 252
Increase due to establishment costs	813 760	6 742 350	840 048	8 396 158
Decrease due to harvest/sales	(787 007)	(6 668 402)	(106 051)	(7 561 460)
Fair value adjustment	(3 225)	(1 336)	(695 499)	(700 060)
Less: Held for sale operations	(7 667)	–	(1 907)	(9 574)
Closing balance	134 111	384 287	457 918	976 316
Balance at 30 September 2021:				
At fair value	134 111	384 287	457 918	976 316

	Egg stock R'000	Broiler stock R'000	Breeding stock R'000	Total R'000
2022				
Fair value at 1 October 2021	134 111	384 287	457 918	976 316
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	(736 665)	(734 878)
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

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 IFRS 13) 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.

The comparatives in the table above have been adjusted to reflect this.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
18. Inventories				
Feed raw materials	**366 526**	284 102	**–**	–
Feed finished goods	**54 850**	43 981	**–**	–
Poultry products	**543 148**	409 418	**–**	–
Consumable stores	**213 972**	183 603	**–**	–
	1 178 496	921 104	**–**	–
The cost of inventories and value of biological assets recognised as an expense in profit and loss amounts to R11 039 million (2021: R8 995 million).				
Certain inventories at the Zambian subsidiaries serve as security for bank facilities – refer to note 29.5.				
19. Trade and other receivables				
Current				
Financial instruments				
Trade receivables	**1 526 183**	1 438 027	**–**	–
Provision for doubtful debts	**(2 329)**	–	**–**	–
Trade receivables – net	**1 523 854**	1 438 027	**–**	–
Other receivables	**22 001**	24 607	**–**	–
Receivable in respect of investment sold	**4 000**	8 000	**4 000**	8 000
Non-financial instruments				
Prepayments	**69 524**	55 653	**–**	–
Advance capital expenditure payments	**46 395**	26 387	**–**	–
VAT recoverable	**42 424**	42 901	**–**	–
Other receivables	**94**	146	**91**	142
	1 708 292	1 595 721	**4 091**	8 142
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	**1 686 596**	1 583 661	**4 091**	8 142
Zambian Kwacha	**21 696**	12 060	**–**	–
	1 708 292	1 595 721	**4 091**	8 142

Certain trade receivables at a Zambian subsidiary serve as security for bank facilities – refer to 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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Poultry	1 204 558	1 190 767	–	–
Farming	47 366	19 612	–	–
Retail and wholesale	1 157 192	1 171 155	–	–
Feed	306 620	238 064	–	–
Farming	279 439	219 259	–	–
Retail and wholesale	27 181	18 805	–	–
Other Africa	15 005	9 196	–	–
Farming	13 147	8 311	–	–
Retail and wholesale	1 858	885	–	–
	1 526 183	1 438 027	–	–

20. Cash and cash equivalents

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cash at bank and in hand	723 350	668 532	42 547	4 741
Cash and cash equivalents include the following for purposes of the cash flow statement:				
Cash at bank and in hand	723 350	668 532	42 547	4 741
Bank overdrafts (note 27)	(22 332)	(390 840)	–	(7 941)
Cash and cash equivalents per the statement of cash flow	701 018	277 692	42 547	(3 200)

21. Share capital

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Authorised share capital				
75 000 000 ordinary shares of 1 cent each (2021: 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 (2021: 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 2022	Number of shares 2021	Number of shares 2022	Number of shares 2021
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	(4 525 672)	(4 365 352)	–	–
	38 396 563	38 556 883	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 2022

	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					
2021					
Balance at 1 October 2020	3 525	782	(53 071)	(10 832)	(59 596)
Provision for equity-settled payment costs	9 033	–	–	–	9 033
Currency loss on investment loans to foreign subsidiaries	–	–	–	1 064	1 064
Currency translation differences arising in year	–	–	10 338	–	10 338
Balance at 30 September 2021	12 558	782	(42 733)	(9 768)	(39 161)
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**

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 conduct 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 % (2021: 28 %).

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.

	GROUP 2022 R'000	GROUP 2021 R'000
Deferred tax liabilities		
Movement on the deferred tax liability account is as follows:		
Opening balance	**704 279**	639 482
Less: Held for sale operations	**–**	(4 117)
Charge related to items in other comprehensive income	**1 870**	753
Charge to profit and loss	**71 681**	68 161
Originating and reversal of temporary differences	**100 019**	67 140
Effect of tax rate change to 27 %	**(28 682)**	–
Adjustment to amounts recognised in prior year	**344**	1 021
At the end of the year	**777 830**	704 279

	Opening balance R'000	Charge to profit and loss R'000	Charged/ (release) to other compre-hensive income R'000	Tax rate change to 27%	Closing balance R'000
Analysis of deferred tax liabilities:					
GROUP					
2021					
Temporary differences giving rise to deferred tax liabilities					
Accelerated tax allowances on assets	564 607	24 255	–	–	588 862
Temporary difference on livestock and farming consumables	218 848	26 429	–	–	245 277
Lease liability	160 164	(54 753)	–	–	105 411
Temporary differences giving rise to deferred tax assets					
Right-of-use assets	(150 377)	55 169	–	–	(95 208)
Provision for retirement benefit obligations	(25 054)	(823)	753	–	(25 124)
Provision for long-term retention payments	(37 074)	9 774	–	–	(27 300)
Provision for outstanding leave pay	(30 132)	(3 015)	–	–	(33 147)
Provision for incentive bonuses	(17 251)	(6 978)	–	–	(24 229)
Provision for claims and trade discounts	(29 188)	(5 194)	–	–	(34 382)
Provision for long service awards	(2 800)	(81)	–	–	(2 881)
Tax losses utilised to reduce deferred tax liability	(2 447)	2 447	–	–	–
Other	(13 931)	20 931	–	–	7 000
	635 365	68 161	753	–	704 279
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	**245 277**	**39 199**	**–**	**(10 160)**	**274 316**
Lease liability	**105 411**	**(18 702)**	**–**	**(3 097)**	**83 612**
Temporary differences giving rise to deferred tax assets					
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)**
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)**
Other	**7 000**	**15 474**	**–**	**(297)**	**22 177**
	704 279	**100 363**	**1 870**	**(28 682)**	**777 830**

A deferred tax liability of R29 393 000 (2021: R26 526 000) 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 2022

	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					
2021					
Balance at 1 October 2020	89 477	133 340	73 179	108 491	404 487
Less: Held for sale operations	–	(932)	(1 569)	(876)	(3 377)
Payments against provision	–	(80 114)	(78 488)	–	(158 602)
Increase/(decrease) in provision	253	45 206	96 489	10 767	152 715
Balance at 30 September 2021	89 730	97 500	89 611	118 382	395 223
Non-current provision	82 069	44 584	–	–	126 653
Current provision	7 661	52 916	89 611	118 382	268 570
	89 730	97 500	89 611	118 382	395 223
2022					
Balance at 1 October 2021	**89 730**	**97 500**	**89 611**	**118 382**	**395 223**
Payments against provision	**–**	**(52 731)**	**(102 322)**	**–**	**(155 053)**
Increase in provisions	**(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**

The amounts provided for payment in respect of long-term retention benefits have been discounted at rates varying between 7% and 9% (2021: 7.0% to 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 increase in the employee benefit obligations is mainly as result of an increase in short-term incentives, following the higher profits 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	
	2022 R'000	**2021 R'000**
Present value of funded obligations per actuarial valuation at 30 September		
Balance at beginning of year	**89 730**	89 477
Current service cost	**385**	433
Interest costs	**8 773**	9 957
Re-measurement	**(6 677)**	(2 684)
Benefits payments	**(7 660)**	(7 453)
Balance at the end of the year	**84 551**	89 730

	GROUP	
	2022 R'000	**2021 R'000**
Amounts recognised in the profit and loss:	**9 158**	10 390
Current service costs	**385**	433
Interest costs	**8 773**	9 957
Amounts recognised in other comprehensive income:		
Re-measurement	**(6 677)**	(2 684)
Arising from changes in financial assumptions	**(6 019)**	387
Arising from changes in demographic assumptions	**(563)**	(1 291)
Miscellaneous	**(95)**	(1 780)
Estimated employer benefits payable during next 12 months	**7 995**	7 661
The liability recognised in the financial statements was actuarially valued at 30 September 2022 (previous valuation date: 30 September 2021). The liability was valued using the projected unit credit valuation method which is the same method used in the prior year.		
Discount rate	**11.44%**	10.24 %
Health care cost inflation:		
In service members	**8.45%**	7.68 %
Continuation members	**8.45%**	7.68 %

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.	78 408	(7 %)
Discount rate reduces by 1 % p.a.	91 640	8 %
Subsidy inflation increases by 1 % p.a.	91 820	9 %
Subsidy inflation reduces by 1 % p.a.	78 027	(8 %)
Mortality rate decreases by 1 year	87 197	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.

The present values of the defined benefit obligation and the experience adjustment were as follows:

	R'000	Experience adjustment
30 September 2022	84 551	(8 %)
30 September 2021	89 730	(7 %)
30 September 2020	89 477	(3 %)
30 September 2019	98 629	12 %
30 September 2018	92 971	4 %

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
26. Trade and other payables				
Financial instruments				
Trade payables	1 679 404	1 484 797	–	–
Outstanding payment in respect of capital expenditure incurred	–	3 066	–	–
Accruals and other payables	248 955	256 758	535	491
Non-financial instruments				
VAT payable	641	2 722	–	–
Provision for contribution to local government water supply infrastructure repairs	4 584	4 845	–	–
Other	32 916	33 163	–	–
	1 966 500	1 785 351	535	491
Payment terms for trade payables are usually 30 days from date of statement.				
The carrying amounts of the Group's trade and other payables are denominated in the following currencies:				
SA Rand	1 927 514	1 760 116	–	491
Zambian Kwacha	30 144	19 171	–	–
Mozambican Meticals	927	3 197	–	–
US Dollar	7 915	2 867	–	–
	1 966 500	1 785 351	–	491
27. Net borrowings/surplus cash				
27.1 Current borrowings				
Loans from subsidiaries	–	–	44 118	–
Bank overdrafts	22 332	390 840	–	7 941
Bank overdrafts are repayable on demand.				
The carrying amounts of the Group's borrowings are denominated in the following currencies:				
SA Rand	–	377 387	44 118	7 941
Zambian Kwacha	22 332	13 453	–	–
	22 332	390 840	44 118	7 941
27.2 Net debt/surplus cash reconciliation				
Bank surplus funds	723 350	668 532	42 547	4 741
Bank overdrafts	(22 332)	(390 840)	–	(7 941)
Cash and cash equivalents per statement of cash flows	701 018	277 692	42 547	(3 200)
Lease liabilities	(309 673)	(376 468)	–	–
Net (debt)/surplus funds	391 345	(98 776)	42 547	(3 200)

		Leases R'000	Cash and cash equivalents R'000	Total R'000
27.3	**Financing activities**			
	GROUP			
	Balance at 30 September 2020	(572 013)	546 128	(25 885)
	Cash flows	204 557	(265 284)	(60 727)
	Effect of exchange rate changes	–	283	283
	Less: Held for sale operations	–	(3 435)	(3 435)
	New leases	(24 311)	–	(24 311)
	Termination of leases	23 365	–	23 365
	Re-measurements	(8 066)	–	(8 066)
	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	**(309 673)**	**701 018**	**391 345**

	GROUP			COMPANY		
	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						
2021						
Current receivables						
Trade receivables	1 470 776	–	1 470 776	8 000	–	8 000
Cash and cash equivalents						
Cash and bank	668 532	–	668 532	–	–	–
Current borrowings						
Bank overdrafts	–	390 840	390 840	–	7 941	7 941
Shareholders for dividend	–	3 046	3 046	–	3 046	3 046
Current financial liabilities						
Trade payables	–	1 484 797	1 484 797	–	–	–
Accruals	–	259 824	259 824	–	491	491

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

	GROUP			COMPANY		
	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 (CONTINUED)						
2022						
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	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

Trade receivables represent the payment of principal amounts and interest, are held for contractual cash flows and are therefore accounted for 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.
- Trade receivables in the Other Africa segment consist of both farmers and 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 creditworthiness 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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Current				
Accounts receivable	1 526 183	1 438 027	–	–
Less: Provision for doubtful debts	(2 329)	–	–	–
Net accounts receivable	1 523 854	1 438 027	–	–
Other financial instrument receivables	26 001	32 749	4 000	8 000
	1 549 855	1 470 776	4 000	8 000

The table below sets out fully performing, past due but not impaired as well as the impaired receivables and the provision against such receivables:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Fully performing – due by up to 30 days	1 523 844	1 426 669	–	–
Outstanding longer than 30 days	2 339	11 358	–	–
Past due by 31 to 60 days	2	8 286	–	–
Past due by more than 60 days	2 337	3 072	–	–
	1 526 183	1 438 027	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

29. Financial risk management (CONTINUED)

29.1 Credit risk (CONTINUED)

The receivables outstanding longer than 30 days per category:

	Poultry R'000	Feed R'000	Other Africa R'000	Total R'000
GROUP				
2021				
Past due by 31 to 60 days	8 142	144	–	8 286
Past due by more than 60 days	2 310	762	–	3 072
	10 452	906	–	11 358
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

Loss allowance

The trade receivables do not have a significant financing component and the simplified approach has 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 trade receivables.

2022

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 were isolated instances with unique circumstances for only two debtors.

2021

No loss allowances were calculated for the year as no credit losses were experienced during the year.

The movement in the impairment loss allowance in respect of trade receivables was as follows:

	2022 R'000	2021 R'000
Balance at the beginning of the year	–	(432)
Net movement for the year	(2 329)	432
Reversal of prior year loss allowance	–	432
Provision against specific trade receivables	(2 329)	–
Balance at the end of the year	(2 329)	–

Movement in the loss allowance has been included in the profit and loss as part of administrative expenses under Other expenses.

The loss allowance is categorised as follows:

	Poultry R'000	Feed R'000	Other Africa R'000	Total R'000
2022				
Farming	–	(2 329)	–	(2 329)
	–	(2 329)	–	(2 329)

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	Other Africa R'000	Total R'000
GROUP				
2021				
Bank guarantees	6 500	–	6 508	13 008
Notarial bonds over moveable assets	22 000	–	–	22 000
Covering bonds over property	–	2 000	–	2 000
Credit Guarantee Insurance Cover	327 407	–	–	327 407
	355 907	2 000	6 508	364 415
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**

The credit quality of the trade receivables can be illustrated according to the different risk profiles:

	Poultry R'000	Feed R'000	Other Africa R'000	2022 Total R'000	2021 Total R'000
GROUP					
Low risk	977 178	–	–	**977 178**	1 065 279
General risk	213 589	235 725	9 196	**458 510**	369 676
High risk	–	2 339	–	**2 339**	3 072
	1 190 767	238 064	9 196	**1 526 183**	1 438 027

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 R568 million (2021: R613 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 represents 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

29. Financial risk management (CONTINUED)

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 2022, the after tax effect of a 1% movement in the interest rates on the Statement of Comprehensive Income would be R547 000 (2021: R1 999 000).

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
2021	
Financial assets – cash and cash equivalents	2 163
Financial liabilities – trade and other payables	(2 867)
	(704)
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

A 10% movement in the exchange rate against the US Dollar will result in a R2 382 000 after tax effect in the profits of the Group (2021: R51 000).

There were no open foreign exchange contracts at 30 September 2022 (2021: 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 broiler 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 Astral.

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 predetermined 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."

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 Holdings 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 R944 000 (2021: R1 056 000) impact on other comprehensive income.

29.5 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.

The following table compares the contractual cash flows of debt owed at 30 September 2022, with the carrying amount in the consolidated balance sheet, in Rand. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

29. Financial risk management (CONTINUED)

29.5 Liquidity risk (CONTINUED)

	Within 1 year R'000	Between 1 and 5 years R'000	More than 5 years R'000	Total R'000
GROUP				
2021				
Lease payments	134 639	297 181	19 675	451 495
Trade and other payables	1 744 621	–	–	1 744 621
Shareholders for dividend	3 046	–	–	3 046
Bank overdraft	390 840	–	–	390 840
	2 273 146	297 181	19 675	2 590 002
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**

	Within 1 year R'000	Between 1 and 5 years R'000	More than 5 years R'000	Total R'000
COMPANY				
2021				
Trade and other payables	491	–	–	491
Shareholders for dividend	3 046	–	–	3 046
Bank overdraft	7 941	–	–	7 941
	11 478	–	–	11 478
2022				
Trade and other payables	**535**	**–**	**–**	**535**
Shareholders for dividend	**3 273**	**–**	**–**	**3 273**
	3 808	**–**	**–**	**3 808**

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	8 % (2021: 7 %)	None
Bank overdrafts – Kwacha denominated	Current	Variable	14.75 – 15.25 % (2021: 14.75 – 16.75 %)	Mortgage bond over property and floating charge over inventory and trade receivables

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 ongoing 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 an annual basis, are held at four different banks and R529 604 000 is immediately accessible, and may be drawn at any time. The balance of the facilities can be utilised on short notice, subject to a review by the lenders' credit committees.

	GROUP		COMPANY	
	2022 R'000	**2021 R'000**	**2022 R'000**	**2021 R'000**
The Group has the following general borrowing facilities at floating interest rates:				
– Denominated in SA Rand				
Total facilities	**1 600 000**	1 802 400	**–**	–
Unutilised facilities at year-end	**1 600 000**	1 602 819	**–**	–
– Denominated in Zambian Kwacha				
Total facilities	**29 604**	29 203	**–**	–
Unutilised facilities at year-end	**7 310**	15 750	**–**	–
The facilities at the Zambian subsidiaries are covered by securities over assets with the following carrying values:				
Land and buildings	**1 864**	2 363	**–**	–
Inventory	**67 823**	53 963	**–**	–
Trade receivables	**14 471**	6 509	**–**	–

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 Board of Directors mandates the long-term capital structure of the Group with debt as a percentage of equity not to exceed a target of 43%.

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 a result of cyclicality in profits.

Equity comprises all components of equity as disclosed in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

29. Financial risk management (CONTINUED)

29.6 Capital risk (CONTINUED)

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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash and cash equivalents – refer to note 20	723 350	668 532	42 547	4 741
Total debt – refer to note 27	(22 332)	(390 840)	–	(7 941)
Net surplus cash	701 018	277 692	42 547	(3 200)
Total capital				
Equity	4 786 007	4 161 191	232 661	235 520

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, and received by the participants, are disclosed as cash-settled remuneration and is expensed in the income statement.

Detail of restricted shares acquired during the year are as follows:

Shares acquired during the year by Astral Operations Limited at a cost of R26 831 000 (2021: R24 920 000).

160 320 (2021: 173 874) 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 R16 168 000 (2021: R12 098 000).

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 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

A cross guarantee incorporating a pledge and cession of loan funds between the bank and group companies has been given by Astral Foods Limited, Astral Operations Limited, Meadow Feeds Eastern Cape (Pty) Limited, and Meadow Feeds Standerton (Pty) Limited in respect of borrowing facilities.

Dividends received from subsidiaries

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Subsidiaries of the parent	–	–	513 000	468 883

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 2022 R'000	Total 2021 R'000
Non-executive directors' fees						
For services as directors (excluding VAT)	4 294				4 294	3 790
T Eloff	1 133	–	–	–	1 133	1 084
DJ Fouche	1 030	–	–	–	1 030	985
TM Shabangu	711	–	–	–	711	683
S Mayet	532	–	–	–	532	509
WF Potgieter	576	–	–	–	576	529
A Cupido	312	–	–	–	312*	–
Executive directors' remuneration						
For managerial services	23 431	167	25 936	5 062	54 596	35 424
CE Schutte	9 030	32	10 728	–♦	19 790	16 189
GD Arnold	4 750	42	5 016	1 543	11 351	7 415
DD Ferreira	5 651	29	5 968	2 008	13 656	9 609
FG van Heerden	4 000	64	4 224	1 511	9 799*	–
AB Crocker	–	–	–	–	–	2 211#
Total directors' fees and remuneration	27 725	167	25 936	5 062	58 890	39 214
Prescribed officers' remuneration						
For managerial services	17 580	286	16 597	4 696	39 159	19 838
MJ Schmitz	4 000	36	4 224	1 229	9 489	6 243
FG van Heerden	–	–	–	–	–	5 090◊
E Potgieter	3 081	49	2 728	850	6 708	4 555
G Jordaan	3 079	46	2 728	845	6 698	2 967
O Lukhele	3 127	70	3 173	1 772	8 142◊	–
L Marupen	1 000	60	880	–	1 940	983
JAI Ferreira	3 293	25	2 864	–	6 182◊	–
Total directors' and prescribed officers' remuneration	45 305	453	42 533	9 758	98 049	59 052

Fee/salary paid to date of resignation 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.*

Prescribed officers of the Group consist of the Group Company Secretary and employees who fulfil key roles in the management of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

32. Directors' and prescribed officers' remuneration (CONTINUED)

Indicative Long-term incentives (LTI) payable

Effective dates of allocation Vesting dates of performance conditions Payment dates	1 Oct 2019 30 Sep 2022 25 Jan 2023 R'000	1 Oct 2020 30 Sep 2023 25 Jan 2024 R'000	1 Oct 2021 30 Sep 2024 25 Jan 2025 R'001	Total 2022 R'000	Total 2021 R'000
Executive directors					
CE Schutte	–	–	–	–	6 644
GD Arnold	1 543	1 576	2 850	5 969	6 119
DD Ferreira	2 008	2 051	2 261*	6 320	7 960
FG van Heerden	1 511	1 365	2 400	5 276	–
Expected payments on condition performance targets are achieved	5 062	4 992	7 511	17 565	20 723
Liability included in employee benefit obligations (note 23)	(5 062)	(3 049)	(2 187)	(10 298)	(16 561)
Contingent liability – included in contingencies (note 34)	–	1 943	5 324	7 267	4 162
Prescribed officers					
MJ Schmitz	1 229	1 375	2 400	5 004	5 000
FG van Heerden	–	–	–	–	4 405
E Potgieter	850	868	1 550	3 268	3 370
G Jordaan	845	863	1 550	3 258	1 793
O Lukhele	1 722	1 759	2 908	6 389	–
L Marupen	–	279	500	779	296
Expected payments on condition performance targets are achieved	4 646	5 144	8 908	18 698	14 864
Liability included in employee benefit obligations (note 24)	(4 646)	(3 132)	(2 594)	(10 372)	(9 503)
Contingent liability – included in contingencies (note 34)	–	2 012	6 314	8 326	5 361

* *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 being met.

Date of allocation Vesting date of performance conditions Date for vesting as unrestricted shares	1 Feb 2020 30 Sep 2022 3 Feb 2023 R'000	1 Dec 2020 30 Sep 2023 1 Dec 2023 R'000	1 Dec 2021 30 Sep 2024 1 Dec 2024 R'000	Total 2022 R'000	Total 2021 R'000
Costs of restricted shares allocated					
Executive directors					
CE Schutte	11 216	11 665	12 190	35 071	22 881
GD Arnold	2 398	2 494	2 850	7 742	4 892
DD Ferreira	3 120	3 245	3 390	9 755	6 365
FG van Heerden	–	–	2 400	2 400	–
	16 734	17 404	20 830	54 968	34 138
Prescribed officers					
MJ Schmitz	1 910	2 176	2 400	6 486	4 086
FG van Heerden		2 160	–	2 160	2 160
E Potgieter	1 320	1 373	1 550	4 243	2 693
G Jordaan	1 312	1 365	1 550	4 227	2 677
L Marupen	–	442	500	942	442
	4 542	7 516	6 000	18 058	12 058
	21 276	24 920	26 830	73 026	46 196

Date of allocation Vesting date of performance conditions Date for vesting as unrestricted shares	1 Feb 2020 30 Sep 2022 3 Feb 2023 Number of shares	1 Dec 2020 30 Sep 2023 1 Dec 2023 Number of shares	1 Dec 2021 30 Sep 2024 1 Dec 2024 Number of shares	Total 2022 Number of shares	Total 2021 Number of shares
Number of restricted shares allocated					
Executive directors					
CE Schutte	54 242	81 389	72 837	**208 468**	135 631
GD Arnold	11 599	17 403	17 030	**46 032**	29 002
DD Ferreira	15 089	22 640	20 261	**57 990**	37 729
FG van Heerden	–	15 071	14 340	**29 411**	–
	80 930	136 503	124 468	**341 901**	202 362
Prescribed officers					
MJ Schmitz	9 237	15 180	14 340	**38 757**	24 417
FG van Heerden	–	–	–	**–**	15 071
E Potgieter	6 387	9 583	9 262	**25 232**	15 970
G Jordaan	6 347	9 524	9 262	**25 133**	15 871
L Marupen	–	3 084	2 988	**6 072**	3 084
	21 971	37 371	35 852	**95 194**	74 413
	102 901	173 874	160 320	**437 095**	276 775
Number of restricted shares expected to vest					
Executive directors					
CE Schutte	34 910	51 666	72 837	**159 413**	90 873
GD Arnold	7 465	11 047	17 030	**35 542**	19 431
DD Ferreira	9 711	10 928	5 433	**26 072**	25 279
FG van Heerden	–	9 567	14 340	**23 907**	–
	52 086	83 208	109 640	**244 934**	135 583
Prescribed officers					
MJ Schmitz	5 945	9 636	14 340	**29 921**	16 360
FG van Heerden	–	–	–	**–**	10 098
E Potgieter	4 111	6 083	9 262	**19 456**	10 700
G Jordaan	4 085	6 046	9 262	**19 393**	10 633
L Marupen	–	1 958	2 988	**4 946**	2 066
	14 141	23 723	35 852	**73 716**	49 857
	66 227	106 931	145 492	**318 650**	185 440

* *Shares to vest 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 2019 with vesting date 30 September 2022**

  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.

32. Directors' and prescribed officers' remuneration (CONTINUED)

- **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.

  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.

- **1 October 2021 with vesting date 30 September 2024**
  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.

	2022 Number of shares	2021 Number of shares
33. Directors' shareholding		
Directly held number of shares		
Beneficial interests		
Non-executive directors		
T Eloff	**1 150**	1 150
DJ Fouche	**9 571**	9 571
S Mayet	**1 000**	1 000
WF Potgieter	**2 000**	1 400
TM Shabangu	**1 200**	–
Executive directors		
CE Schutte	**39 500**	32 000
DD Ferreira	**168 000**	158 000
GD Arnold	**7 500**	6 000
FG van Heerden	**3 079**	n/a
	233 000	209 121

The shareholdings represent discretionary investments by the directors.

There is no change in directors' shareholding up to date of publication of financial statements.

	2022 R'000	2021 R'000
34. Contingencies and commitments		
Commitments		
Raw material contracted amounts not recognised in the Statement of Financial Position	**2 079 376**	1 687 543
The Group has contracted its raw material requirements from various suppliers in terms of future supply agreements.		
Refer to note 13 for capital commitments regarding property, plant and equipment.		
Long-term retention incentives not recognised in the Statement of Financial Position.	**71 076**	55 384

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	
		2022 R'000	2021 R'000	2022 %	2021 %
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	**24**	24	**100**	100
Progressive Poultry Limited◊	d	**10**	10	**100**	100
National Chicks Limited	b	**dormant**	23 720	**dormant**	100
Meadow Moçambique Limitada*	c	**discontinued**	4 393	**100**	80
Mozpintos Limitada*	d	**discontinued**	100	**100**	100
National Chicks Swaziland (Pty) Limited#	d	**disposed**	1	**disposed**	67

*◊ 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

A final dividend of 590 cents per share has been declared on 21 November 2022. The payment of the dividend will be on 16 January 2023.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

37. Discontinued operations

During the year the following agreements were reached:

(a) Description

During the 2021 financial year, the Group announced its intention to exit the Swaziland and Mozambique businesses after accepting offers to dispose of its interest in these entities. These operations are reported in the financial statements for the year ending 30 September 2022 as discontinued operations, in line with the comparative period disclosures. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

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.

(b) Financial performance and cash flow information

The associated assets and liabilities are presented as held for sale in the current year financial statements.

The financial performance and cash flow information for the years ended September 2022 and 2021, are set out below.

	2022 R'000	2021 R'000
Revenue	125 795	181 300
Cost of sales	(97 601)	(138 808)
Gross profit	28 194	42 492
Administrative expenses	(8 371)	(21 053)
Distribution costs	(2 574)	(3 014)
Marketing expenditure	(3 445)	(3 904)
Other losses	3 939	5 906
Profit before interest and tax	17 743	20 427
Finance income	723	255
Profit before tax	18 466	20 682
Tax expense	(2 506)	(6 600)
Profit for the year from discontinued operations	15 960	14 082
Statement of cash flows information		
Cash generated from operating activities	12 592	20 403
Cash generated/(used) in investing activities	535	(6 750)
Cash from financing activities	(14 871)	(3 960)
Statement of assets and liabilities disclosed as held for sale		
Non-current assets	–	44 696
Current assets	–	26 888
Total assets	–	71 584
Non-current liabilities	–	3 981
Current liabilities	–	6 366
Total liabilities	–	10 347

(c) **Details of the disposal of controlling equity interest in subsidiary**

	2022 R'000	2021 R'000
National Chicks Swaziland controlling equity holding:		
Net proceeds on disposal (disclosed on statement of cash flows)	44 984	–
Plus: Cash carried on Statement of Financial Position on date of disposal	6 016	–
Total disposal consideration received in cash (gross of cash disposed of)	51 000	–
Carrying amount of consolidated net assets sold	27 285	–
Gain on disposal before income tax	23 715	–
Income tax expense on gain	–	–
Net gain on disposal after income tax	23 715	–
Mozpintos' disposal of going concern assets:		
Total disposal consideration received in cash	12 426	–
Carrying amount of consolidated net assets sold	14 340	–
Loss on disposal before income tax	(1 914)	–
Income tax expense on disposal loss	(307)	–
Net loss on disposal after income tax	(2 221)	–
Meadow Mozambique's disposal of going concern assets:		
Total disposal consideration received in cash	12 544	–
Carrying amount of consolidated net assets sold	5 437	–
Gain on disposal before income tax	7 107	–
Income tax expense on gain	(2 274)	–
Gain on disposal after income tax	4 833	–

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") 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

38. ACCOUNTING POLICIES (CONTINUED)

38.2 INTEREST IN GROUP ENTITIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

38. ACCOUNTING POLICIES (CONTINUED)

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 cost.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

38. ACCOUNTING POLICIES (CONTINUED)

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, affords employees the opportunity to own shares in Astral through awarding of forfeitable shares. Participants receive 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 assumption 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.

38.20 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax, 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2022

38. ACCOUNTING POLICIES (CONTINUED)

38.23 NEW STANDARDS AND INTERPRETATIONS

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on current standards.

The following new International Financial Reporting Standards and amendments effective for the first time for September 2022 year-ends:

- IFRS 16: *Leases* COVID-19-Related Rent Concessions Amendment.
- Amendments to IFRS 9: *Financial Instruments*, IAS 39: *Financial Instruments: Recognition and Measurement*, IFRS 7: *Financial Instruments: Disclosures*, IFRS 4: *Insurance Contracts* and IFRS 16: *Leases* – interest rate benchmark (IBOR) reform (Phase 2).

The following International Financial Reporting Standards, interpretations and amendments issued but not effective:

- IFRS 17: *Insurance contracts.*
- IFRS 17: *Insurance contracts Amendments.*
- Annual improvements cycle 2018 – 2020. These amendments include minor changes to:
  IFRS 1: *First time adoption of IFRS* has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.
  IFRS 9: *Financial Instruments* has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10 % test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.
  IFRS 16: *Leases*, amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.
  IAS 41: *Agriculture* has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
- Amendments to IAS 37: *Onerous Contracts – Cost of Fulfilling a Contract*.
- Amendments to IAS 16: *Property, Plant and Equipment: Proceeds before Intended Use*.
- Amendment to IFRS 3: *Business combinations* – Asset or liability in a business combination clarity.
- Amendment to IAS 1: *Presentation of Financial Statements* on Classification of Liabilities as Current or Non-current.
- Amendments to IAS 12: *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.
- Narrow scope amendments to IAS 1: *Presentation of Financial Statements*, Practice statement 2 and IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*.

None of these new standards and interpretations is expected to impact the financial statements and reporting of the Group.

ADMINISTRATION

SHAREHOLDERS' DIARY

Integrated Report for the year ended 30 September 2022 and Notice of AGM posted to shareholders	Friday, 9 December 2022
Ordinary dividend No. 42 of 590 cents per share	
Last date to trade *cum* dividend	Tuesday, 10 January 2023
Shares commence trading *ex* dividend	Wednesday, 11 January 2023
Record date	Friday, 13 January 2023
Payment date	Monday, 16 January 2023
AGM (refer to important dates and times below)	2 February 2023
Interim results for the six months ending 31 March 2023	May 2023
Final results for the year ending 30 September 2023	November 2023

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, 2 December 2022
Notice of AGM posted to shareholders	Friday, 9 December 2022
Last day to trade in order to be eligible to participate and vote at the AGM	Tuesday, 24 January 2023
Record date for attending and voting at the AGM (Meeting Record Date)	Friday, 27 January 2023
Last day for shareholders to lodge Forms of Proxy by 08:00	Wednesday, 1 February 2023

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, 2 December 2022 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, 27 January 2023. Accordingly, only shareholders who are recorded in the register maintained by the transfer secretaries of Astral on Friday, 27 January 2023 will be entitled to participate in and vote at the AGM.

SHAREHOLDERS' ANALYSIS

for the year ended 30 September 2022

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 2022:

	Number of shareholders	% of total shareholders	Number of shares	% of issued shares
Shareholder spread				
1 – 1 000	4 020	76.35 %	782 840	1.82 %
1 001 – 10 000	866	16.45 %	2 934 120	6.83 %
10 001 – 100 000	298	5.66 %	9 205 402	21.45 %
100 001 – 1 000 000	79	1.50 %	19 343 311	45.07 %
Over 1 000 000	2	0.04 %	10 656 562	24.83 %
Total	**5 265**	**100.00%**	**42 922 235**	**100.00%**

	Number of shareholders	% of total shareholders	Number of shares	% of issued shares
Distribution of shareholders				
Assurance companies	41	0.78 %	1 259 135	2.93 %
Close corporations	29	0.55 %	35 520	0.08 %
Collective investment schemes	342	6.50 %	15 246 171	35.52 %
Custodians	46	0.87 %	651 009	1.52 %
Foundations and charitable funds	31	0.59 %	117 580	0.27 %
Hedge funds	9	0.17 %	519 621	1.21 %
Insurance companies	6	0.11 %	29 776	0.07 %
Investment partnerships	13	0.25 %	57 725	0.13 %
Managed funds	63	1.20 %	691 239	1.61 %
Medical aid funds	24	0.46 %	159 017	0.37 %
Organs of state	10	0.19 %	8 058 740	18.78 %
Private companies	113	2.15 %	4 298 342	10.01 %
Public companies	5	0.09 %	112 072	0.26 %
Public entities	4	0.08 %	3 670	0.01 %
Retail shareholders	3 873	73.56 %	2 642 609	6.16 %
Retirement benefit funds	294	5.58 %	4 141 102	9.65 %
Scrip lending	8	0.15 %	1 805 365	4.21 %
Sovereign funds	3	0.06 %	640 866	1.49 %
Stockbrokers and nominees	22	0.42 %	1 454 342	3.39 %
Trusts	324	6.15 %	997 576	2.32 %
Unclaimed scrip	5	0.09 %	758	0.01 %
Total	**5 265**	**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.*

SHAREHOLDERS' ANALYSIS (CONTINUED)

for the year ended 30 September 2022

	Number of shareholders	% of total shareholders	Number of shares	% of issued shares
Shareholder type				
Non-public shareholders	25	0.47 %	12 595 305	29.35 %
Directors and associates	15	0.28 %	574 901	1.34 %
Prescribed officers	4	0.08 %	95 194	0.22 %
Astral operations	1	0.02 %	4 088 577	9.53 %
Major shareholders > 10 %				
Government employees pension fund	5	0.09 %	7 836 633	18.26 %
Public shareholders	5 240	99.53 %	30 326 930	70.65 %
Total	**5 265**	**100.00%**	**42 922 235**	**100.00%**

	Number of shares	% of issued shares
Fund managers with a holding >5% of the issued shares		
Public Investment Corporation	6 790 092	15.82 %
Total	**6 790 092**	**15.82%**

	Number of shares	% of issued shares
Beneficial shareholders with a holding >5% of the issued shares		
Government Employees Pension Fund	7 836 633	18.26 %
Astral Operations Limited	4 088 577	9.53 %
Total	**11 925 210**	**27.79%**

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
"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
"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
“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
“UN”	United Nations
“USA” or “US”	United States of America
“VAT”	Value Added Tax
“WACC”	Weighted Average Cost of Capital

NOTICE OF ANNUAL GENERAL MEETING

TWENTY-SECOND ANNUAL GENERAL MEETING

This document is important and requires your immediate attention

If you are in any doubt as to what action to take, please consult your stockbroker, CSDP, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all your shares in the Company please forward this document, together with the enclosed Form of Proxy, to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Notice is hereby given that the twenty-second AGM of members of Astral Foods Limited will be held in the Boardroom, 92 Koranna Avenue, Doringkloof, Centurion and by way of electronic communication (in accordance with section 63(2) of the Companies Act) on Thursday, 2 February 2023 at 08:00, to transact the following business: (Salient dates for the AGM are listed below.)

Important dates

The Board has determined, in accordance with section 59(1)(a) and (b) of the Companies Act the following important dates:

Event	
Record date to receive the Notice of the AGM (Notice Record Date)	Friday, 2 December 2022
Notice of AGM distributed to shareholders	Friday, 9 December 2022
Last day to trade to be eligible to vote at the AGM	Tuesday, 24 January 2023
Record date for voting purposes at the AGM (Voting Record Date)	Friday, 27 January 2023
For administrative purposes, Forms of Proxy to be lodged by 08:00	Wednesday, 1 February 2023

ORDINARY RESOLUTIONS:

CONSIDERATION AND ADOPTION OF ANNUAL FINANCIAL STATEMENTS

Ordinary resolution number 1

Resolved to receive and consider the Annual Financial Statements for the Group for the year ended 30 September 2022, together with the Directors' and Independent Auditor's reports.

RE-ELECTION OF DIRECTORS

Ordinary resolution number 2

Resolved that in terms of article 34.4.1 of the Company's Memorandum of Incorporation (MoI), Dr T Eloff and Mrs AD Cupido retire by rotation at the AGM and being eligible, have offered themselves for re-election by individual separate resolutions.

2.1 Dr T Eloff

2.2 Mrs AD Cupido

It is proposed that any vacancies that occur as a result of the above directors not being available for re-election, will not be filled at the meeting and the normal nomination and selection processes as laid down by the Company's Human Resources, Remuneration and Nominations Committee will be followed for the appointment of new directors.

Brief particulars of the qualifications and experience of the above directors are available on pages 15 and 16 of the Integrated Report.

RE-APPOINTMENT OF MEMBERS OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Ordinary resolution number 3

Resolved to appoint by way of individual separate resolutions, the following Independent Non-Executive Directors as members of the Audit and Risk Management Committee:

3.1 Mr DJ Fouché

3.2 Mr S Mayet

3.3 Mrs TM Shabangu

The above members will hold office until the next AGM and will perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King IV™ Report and will perform such other duties and responsibilities as may from time to time be delegated by the Board of the Company and all subsidiary companies.

Brief particulars of the qualifications and experience of the above directors are available on pages 15 and 16 of the Integrated Report.

RE-APPOINTMENT OF MEMBERS OF THE SOCIAL AND ETHICS COMMITTEE

Ordinary resolution number 4

Resolved to appoint by way of individual separate resolution, the following directors/executives/consultants as members of the Social and Ethics Committee:

4.1 Mrs TM Shabangu (Non-Executive Director)

4.2 Dr T Eloff (Chairman of the Board) (subject to the passing of ordinary resolution 2.1)

4.3 Mr GD Arnold (Executive Director)

4.4 Mr LW Hansen (Independent Consultant)

The above members will hold office until the next AGM and will perform the duties and responsibilities as may from time to time be delegated by the Board.

Brief particulars of the qualifications and experience of Mrs Shabangu, Dr T Eloff and Mr GD Arnold are available on pages 15 to 17 of the Integrated Report.

Mr LW Hansen, an Independent Consultant to Astral:

Len was the Human Resources Executive of Astral from April 2001 until his retirement in March 2016. He was project leader for a 20 Keys Workplace Improvement Programme where Astral received international recognition. He was also project leader for Astral's Wellness Programme and the Pinnacle Management Development Programme at the North West University Business School. He served on the management committees of various provident funds for the past 21 years in the capacity as Chairperson and Principal Officer. During this period, he also consolidated more than 20 funds into three funds.

He initiated the Social and Ethics Committee of Astral together with the other members of this committee. He came back for six months during 2019 to assist Astral whilst searching for a Human Resource Executive.

APPOINTMENT OF THE INDEPENDENT AUDITOR

Ordinary resolution number 5

Resolved to appoint PricewaterhouseCoopers Incorporated, on the recommendation of the current Audit and Risk Management Committee, as independent registered auditor of the Group (with Mr EJ Gerryts as the individual designated auditor) for the 2023 financial year.

Ordinary resolution number 6

Resolved to appoint Deloitte Incorporated, on the recommendation of the current Audit and Risk Management Committee, as the independent registered auditor of the Group for the 2024 financial year.

Shareholders are reminded that the passing of this ordinary resolution is by way of an indicative non-binding vote.

AUTHORITY FOR DETERMINATION OF AUDITOR'S REMUNERATION

Ordinary resolution number 7

Resolved that the authority of the Audit and Risk Management Committee to determine the remuneration of the Independent Auditor, be confirmed.

APPROVAL OF THE REMUNERATION POLICY

Ordinary resolution number 8

Resolved to consider and approve the Remuneration Policy as contained in Section 3 of the Human Resources, Remuneration and Nominations Committee Report for the year ended 30 September 2022.

The Group's Remuneration Policy is set out on pages 83 to 93 of this Integrated Report which contains a summary of the Group's Remuneration Policy.

Shareholders are reminded that in terms of King IV™, the passing of this ordinary resolution is by way of a non-binding advisory vote. Should 25% or more of the votes cast be against this ordinary resolution, Astral undertakes to engage with shareholders as to the reasons therefore in the voting results announcement.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

APPROVAL OF THE IMPLEMENTATION OF THE REMUNERATION POLICY

Ordinary resolution number 9

Resolved to consider and approve Section 4 of the Human Resources, Remuneration and Nominations Committee Report setting out the implementation of the Remuneration Policy for the year ended 30 September 2022, details of which are set out on pages 94 to 99 of this Integrated Report.

Shareholders are reminded that in terms of King IV™, the passing of this ordinary resolution is by way of a non-binding advisory vote. Should 25% or more of the votes cast be against this ordinary resolution, Astral undertakes to engage with shareholders as to the reasons therefor in the voting results announcement.

SIGNATURE OF DOCUMENTATION

Ordinary resolution number 10

Resolved to authorise and empower any one director or the Group Company Secretary, to do all such things and sign all such documents and take all such actions as they consider necessary to implement the resolutions set out in the Notice of AGM.

SPECIAL RESOLUTIONS:

Resolved to consider and, if deemed fit, to pass, with or without modification, the following special resolutions in the manner required by the Companies Act and subject to the JSE Listings Requirements.

FEES PAYABLE TO NON-EXECUTIVE DIRECTORS

Special resolution number 1

Resolved that the level of Non-Executive Directors' fees be increased by 5% with effect from 1 October 2022 and in the case of the ESG Committee, the fees are effective from August 2022, on the basis as set out as follows:

	2023 R'000	2022 R'000
Chairman of the Board	565	**538**
Member of the Board	393	**374**
Lead Independent Director	249	**237**
Chairman of the Audit and Risk Management Committee	319	**304**
Member of the Audit and Risk Management Committee	166	**158**
Chairman of the Human Resources, Remuneration and Nominations Committee	212	**202**
Member of the Human Resources, Remuneration and Nominations Committee	120	**114**
Chairman of the Social and Ethics Committee	188	**179**
Member of the Social and Ethics Committee	112	**107**
Chairman of the ESG Committee	188	**–**
Member of the ESG Committee	112	**–**

Special resolution number 1 is proposed in order to comply with the requirements of the Companies Act and the Company's MoI. An additional amount equal to the Value Added Tax amount (currently 15%), will be payable to directors earning Non-Executive Directors fees in excess of R1 million per annum. The proposed remuneration is considered to be fair and reasonable and in the best interests of the Company.

Percentage of voting rights required for special resolution number 1 to be adopted: at least 75 percent of the voting rights exercised on the resolution.

Reason for and effect of special resolution number 1

The reason for proposing special resolution number 1 is to ensure that the level of fees paid to Non-Executive Directors remain competitive to enable the Group to attract and retain persons of the calibre required in order to make a meaningful contribution to the Group, having regard to the appropriate capability, skill and experience required.

The effect of special resolution number 1 is the level of fees as set out above is increased with effect from 1 October 2022 and in the case for the ESG Committee, the fees are effective from August 2022.

AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED COMPANIES

Special resolution number 2

Resolved that in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the Board may from time to time authorise the Company to provide any direct or indirect financial assistance, as defined in section 45(1) of the Companies Act, to any related or inter-related company or corporation as contemplated in section 45(2) of the Companies Act, for such amounts and on such terms and conditions as the Board may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the Company.

Percentage voting rights required for special resolution number 2 to be adopted: at least 75 percent of the voting rights exercised on this resolution.

Reasons for and effect of special resolution number 2

The reason for proposing special resolution number 2 is that the Company is a listed holding company with a number of subsidiary companies which together comprise the Group. Astral is not an operating company and all operations in the Group are conducted by subsidiary companies of Astral.

Astral is from time to time, as an essential part of conducting its business, required to provide financial assistance to its subsidiary companies including related and inter-related companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Companies Act.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subsidiaries and Astral seeks approval for the Board until the next AGM to authorise the provision by the Company of financial assistance to any related or inter-related company as contemplated in section 45(2) of the Companies Act. This means that the Company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries. The financial assistance will be provided as part of the day-to-day operations of the Company in the normal course of its business and in accordance with its MoI and the provisions of the Companies Act.

The effect of special resolution number 2 is that the directors of the Company will be granted the authority until the next AGM to authorise the provision by the Company of financial assistance to any related or inter-related company as contemplated in section 45(2) of the Companies Act. This means that the Company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries.

Compliance with section 45(3)(b) of the Companies Act

The directors of Astral will, in accordance with section 45(3)(b) of the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the Company satisfies the solvency and liquidity test set out in section 4(1) of the Companies Act.

Notice in terms of section 45(5) is hereby given that any financial assistance contemplated in special resolution number 2 will in all likelihood exceed one-tenth of one percent of the Company's net worth at the date of adopting such a resolution. This notice is also relevant for any trade union representing any employees of the Group.

GENERAL AUTHORITY TO REPURCHASE SHARES IN THE COMPANY

Special resolution number 3

Resolved that the Company, or any of its subsidiaries, be and they are hereby authorised, by way of a general authority, to acquire ordinary shares in the Company, subject to the provisions of the Companies Act and the JSE Listings Requirements, provided that:

- any repurchase of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
- the Company (or any of its subsidiaries) is duly authorised by its MOI to do so;
- acquisition of shares in the aggregate in any one financial year may not exceed 5 % of the Company's issued ordinary share capital as at the date of passing this special resolution;
- repurchases may not be made at a price greater than 10 % above the weighted average of the market value for the shares for the five business days immediately preceding the date on which the repurchase is effected;
- at any point in time the Company (or any of its subsidiaries) may appoint only one agent to effect repurchases on its behalf;

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

- repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless it has in place a repurchase programme where the quantities of securities to be traded during the relevant period are fixed. The Company must instruct only one independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, prior to the commencement of the prohibited period to execute the repurchase programme. The repurchase programme must be submitted to the JSE in writing prior to the commencement of the prohibited period;
- an announcement will be published when the Company has cumulatively repurchased 3% of the initial number of shares at the time that the general authority from shareholders was granted, and for each 3% in aggregate of the initial number acquired thereafter; and
- a resolution by the Board has been passed confirming that the Board has authorised the repurchase, that the Company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and that since that test was performed, there have been no material changes to the financial position of the Group.

The directors record that although there is no immediate intention to implement a repurchase of the shares of the Company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action.

The directors are of the opinion, after considering the effect of a repurchase of the maximum number of shares that may be repurchased, that for a period of 12 months after the date of Notice of the AGM:
- the Company and the Group will be able in the ordinary course of business, to pay its debts;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group, measured in accordance with the accounting policies used in the latest audited annual group financial statements; and
- the Company and Group's share capital, reserves and working capital will be adequate for ordinary business purposes.

Percentage voting rights required for special resolution number 3 to be adopted: at least 75 percent of the voting rights exercised on this resolution.

Reason for and effect of special resolution number 3

The reason for proposing the special resolution number 3 is to grant the Company a general authority or permit the Company or a subsidiary company to acquire ordinary shares in the Company. The effect of this special resolution is to confer a general authority on the Company or a subsidiary to repurchase ordinary shares in the Company which are in issue from time to time.

Disclosure in terms of section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are disclosed in the Consolidated Audited Annual Financial Statements and this Integrated Report as set out below:

Major shareholders	Refer to page 186
Share capital	Refer to page 153

Directors' responsibility statement

The directors, whose names appear on page 14 collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and this special resolution contains all the information required by law and the JSE Listings Requirements.

Material change

There have been no material changes in the financial or trading position of the Company and its subsidiaries since year-end.

VOTING AND PROXIES

All ordinary resolutions will, in terms of the Companies Act, require the support of more than 50 percent of the voting rights of members exercised thereon at the AGM to be approved.

On a show of hands a member of the Company present in person or by proxy shall have only 1 (one) vote irrespective of the number of shares he holds or represents, provided that a proxy shall irrespective of the number of members he represents have only 1 (one) vote. On a poll a member who is present in person or represented by proxy shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares issued by the Company.

A member entitled to attend, speak and vote at the AGM is entitled to appoint a proxy or proxies to attend, speak and vote in place of that member. A proxy need not be a member of the Company.

Registered holders of certificated Astral shares and holders of dematerialised Astral shares in their own name and who are unable to attend the AGM and who wish to be represented at the AGM, must complete and return the attached Form of Proxy in accordance with the instructions contained in the Form of Proxy. The completed Forms of Proxy must be lodged with the Transfer Secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132) by Wednesday, 1 February 2023, to be received by them not later than 08:00 (South African time) for administrative purposes, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the Chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.

Holders of Astral shares (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, CSDP or broker to enable them to attend and vote at the AGM or to enable their votes in respect of their Astral shares to be cast at the AGM by that nominee or a proxy or a representative. The completion of the form will not preclude the member from subsequently attending the AGM.

ELECTRONIC COMMUNICATION AND PARTICIPATION

Shareholders or their proxies may participate in the AGM by way of electronic communication and, if they wish to do so:

- must either register online using the online registration portal at https://lumiglobal.zoom.us/j/99112227952 by no later than 08:00 on Wednesday, 1 February 2023;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the AGM.

By order of the Board

Leonie Marupen
Group Company Secretary

Centurion

30 November 2022

NOTES

FORM OF PROXY

ASTRAL FOODS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1978/003194/06)
(Share code: ARL)
(ISIN code: ZAE000029757)

Form of Proxy for the use of shareholders, registered as such and who have not dematerialised their shares or hold own name dematerialised shares, at the twenty-second Annual General Meeting of the Company to be held at 92 Koranna Avenue, Doringkloof, Centurion and by way of electronic communication (in accordance with section 63(2) of the Companies Act) on Thursday, 2 February 2023 at 08:00.

Shareholders who have dematerialised their shares must inform their CSDP or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the AGM in person. Such shareholders must not return this Form of Proxy to the transfer secretaries.

I/We

of (address)

being the registered holder(s) of   shares

in the Company and unable to attend the AGM of the Company to be held on Thursday, 3 February 2023, do hereby appoint (see note below)

or failing him/her

or failing him/her

the Chairman of the meeting with the mandate to speak on my behalf, and to exercise my votes as instructed below, on the proposed resolutions and any amendments thereto that are within the scope of the notice convening the meeting.

Signature

Signed this   day of   2022

(Indicate instructions to proxy by way of a cross in the space provided below)*
Unless otherwise instructed, my/our proxy may vote as he/she thinks fit or abstain from voting.

		*In favour	*Against	*Abstain
	ORDINARY RESOLUTIONS			
1.	Consideration and adoption of Annual Financial Statements			
2.	Re-election of directors			
	2.1 Dr T Eloff			
	2.2 Mrs AD Cupido			
3.	Re-appointment of members of the Audit and Risk Management Committee			
	3.1 Mr DJ Fouché			
	3.2 Mr S Mayet			
	3.3 Mrs TM Shabangu			
4.	Re-appointment of members of the Social and Ethics Committee			
	4.1 Mrs T M Shabangu			
	4.2 Dr T Eloff (subject to the passing of ordinary resolution 2.1)			
	4.3 Mr GD Arnold			
	4.4 Mr LW Hansen (consultant)			
5.	Appointment of the Independent Auditor for 2023			
6.	Appointment of the Independent Auditor for 2024			
7.	Authority for determination of Auditor's remuneration			
8.	Approval of the Remuneration Policy			
9.	Approval of the implementation of the Remuneration Policy			
10.	Signature of documentation			
	SPECIAL RESOLUTIONS			
11.	Special resolution number 1 Fees payable to Non-Executive Directors			
12.	Special resolution number 2 Authority to provide financial assistance to related and inter-related companies			
13.	Special resolution number 3 General authority to repurchase shares in the Company			

FORM OF PROXY (CONTINUED)

NOTES TO FORM OF PROXY

A shareholder may insert the name or the names of two alternative proxies of his/her choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on the Form of Proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the Company, is entitled to attend, speak and vote on behalf of the shareholder.

A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder's instructions to the proxy must be indicated in the appropriate spaces.

If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the AGM be proposed, the proxy shall be entitled to vote as he thinks fit.

This Form of Proxy must be received by the Transfer Secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132) or electronically to proxy@computershare.co.za by Wednesday, 1 February 2023, to be received by them not later than 08:00 (South African time) for administrative purposes, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the Chairman of the meeting at any time before the appointed proxy exercises any shareholder rights at the AGM.

Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM on Thursday, 2 February 2023 at 08:00 via electronic communication (Participants), must preferably register online using the online registration portal at https://lumiglobal.zoom.us/j/99112227952.

Documentary evidence establishing the authority of the person signing the proxy in a representative capacity must be attached hereto unless previously recorded by the Company's Transfer Secretaries.

The completion and lodging of this Form of Proxy will not preclude a shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms of this Form of Proxy.

Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.

The Chairman of the meeting may accept or reject any Form of Proxy, which is completed and/or received other than in accordance with these notes.

Shareholders who have dematerialised their shares must inform their CSDP or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the necessary authorisation to attend the AGM or provide their CSDP or broker with their voting instructions should they not wish to attend the AGM in person but wish to be represented thereat. This must be done by the cut-off time as requested by the CSDP or broker.

If you are in any doubt as to what action you should take in relation to this notice of meeting and Form of Proxy, please consult your CSDP, broker, banker, investment adviser or other professional adviser immediately.

NOTES

NOTES

CORPORATE INFORMATION

Registration No. 1978/003194/06
Share code: ARL
ISIN number ZAE000029757

GROUP COMPANY SECRETARY AND REGISTERED OFFICE
L Marupen
92 Koranna Avenue
Doringkloof
Centurion, 0157, South Africa

POSTAL ADDRESS
Postnet Suite 278
Private Bag X1028
Doringkloof, 0140, South Africa
Telephone (012) 667 5468
E-mail: contactus@astralfoods.com

WEBSITE ADDRESS
www.astralfoods.com

AUDITOR
PricewaterhouseCoopers Inc.
4 Lisbon Lane
Waterfall City
Jukskei View, 2090, South Africa
Private Bag X36, Sunninghill, 2157, South Africa

PRINCIPAL BANKER
Nedbank Limited
135 Rivonia Road, Sandown, 2196, South Africa
PO Box 1144, Johannesburg, 2000, South Africa

SPONSOR
Nedbank Corporate and Investment Banking,
a division of Nedbank Limited
135 Rivonia Road, Sandown, 2196
PO Box 1144, Johannesburg, 2000
Telephone (011) 295 8525

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196, South Africa
Private Bag X9000, Saxonwold, 2132
Telephone (011) 370 5000

INVESTOR RELATIONS
Keyter Rech Investor Solutions CC
The Workspace, Unit 1, 299 Pendoring Road, Blackheath, 2195
Tel: +27 83 701 2021

MAJOR SUBSIDIARIES

Astral Operations Limited
Registration No. 1947/027453/06
Directors:
GD Arnold
DD 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
DD Ferreira
CE Schutte
CL Sexton

Meadow Feeds Standerton (Pty) Ltd
Registration No. 2003/021462/07
Directors:
GD Arnold
DD Ferreira
CE Schutte

Progressive Poultry Limited
Registration Number 70163
Directors:
GD Arnold
TD Banda*
H Nienaber
* *Zambian.*

Astral

www.astralfoods.com