2023

Notice of annual general meeting

For the year ended 30 September 2023

QUANTUM FOODS

Quantum Foods Holdings Limited

Notice of annual general meeting, proxy form and summary consolidated financial statements for the year ended 30 September 2023

Salient features	2023	2022
Revenue	**R6 953 million**	R6 021 million
Operating (loss)/profit	**(R36 million)**	R33 million
Operating (loss)/profit (before items of a capital nature)*	**(R35 million)**	R37 million
Headline earnings (loss)/profit	**(R35 million)**	R28 million
Earnings (loss)/profit per share	**(17.8 cents)**	12.0 cents
Headline earnings (loss)/profit per share	**(17.4 cents)**	14.1 cents
Total dividend per share	**Nil**	8 cents

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

The summary consolidated financial statements for the year ended 30 September 2023 are a summary of the audited consolidated annual financial statements for the year ended 30 September 2023 ("AFS") and have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified audit opinion thereon. The auditors report on the summary consolidated financial statements appears on page 24 of this notice. The auditor also expressed an unmodified audit opinion on the AFS from which these summary consolidated financial statements were derived.

A copy of the AFS, including the auditor's report thereon, can be obtained from the Company on written request from Veronica Basson (info@quantumfoods.co.za) or the company secretary, Ziyanda Wakashe (Ziyanda.Wakashe@quantumfoods.co.za), and is available on the company's website.

Both the summary consolidated financial statements and the AFS were prepared under the supervision of AH Muller, CA(SA), the chief financial officer.

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Letter to the shareholders

14 December 2023

Dear shareholder

Notice of annual general meeting and related matters

We are pleased to enclose herewith the notice of Quantum Foods Holdings Limited's ("Quantum Foods" or "the Company" or "the Group") 10th annual general meeting to be held at 11:00 on Friday, 23 February 2024, entirely through electronic means as more fully set out in the notice of annual general meeting ("Notice").

The Notice includes:

- summary consolidated annual financial statements for the financial year ended 30 September 2023 with explanatory notes and commentary; and
- a proxy form.

The proxy form includes instructions on how to complete the form itself. However, should you have questions, do not hesitate to contact our offices.

In an effort to support environmental initiatives, printed copies of Quantum Foods' full 2023 annual integrated report ("AIR") and the full audited annual consolidated financial statements for the year ended 30 September 2023 ("AFS") will only be mailed to shareholders on request. The full AIR and the full AFS are available for download on our website at www.quantumfoods.co.za.

However, should you require a printed copy of the full AIR or the full AFS, please contact Veronica Basson at info@quantumfoods.co.za or Ziyanda Wakashe at Ziyanda.Wakashe@quantumfoods.co.za.

Yours sincerely

ZP Wakashe
Company Secretary

Notice of annual general meeting

For the year ended 30 September 2023

Notice is hereby given to all shareholders recorded in the securities register of Quantum Foods as at Friday, 12 January 2024, that the 10th annual general meeting of Quantum Foods will be held at 11:00 on Friday, 23 February 2024 ("AGM").

The AGM will be conducted entirely through electronic communication in accordance with the provisions of the Companies Act, No. 71 of 2008, as amended (the "Companies Act") and the memorandum of incorporation ("MOI") of the Company, and accordingly, shareholders or their proxies will attend, participate in and vote at the AGM by electronic communication.

Purpose

The purpose of the AGM is to transact the business set out in the agenda below and any other business as may be attended to at an annual general meeting in terms of the Companies Act and the Company's MOI.

Agenda

1. Presentation of the audited annual consolidated financial statements of the Company, including the reports of the directors, the audit and risk committee and the social, ethics and transformation committee, and the unmodified audit opinion for the year ended 30 September 2023. The audited annual consolidated financial statements are available on the Company's website at www.quantumfoods.co.za/financial-reports/.
2. Resolutions:
   - To consider and, if deemed fit, pass, with or without modification, ordinary resolutions 1 to 8.
   - To consider and, if deemed fit, pass, with or without modification, the special resolutions 1 to 4.
3. Notice of alteration to the Company's MOI.

Ordinary resolutions

Ordinary resolution number 1

Appointment of auditors

"Resolved that Ernst & Young Inc. (with the designated external audit partner being Mr Pierre du Plessis, registered in accordance with the Auditing Profession Act, No. 26 of 2005) be and are hereby appointed as the auditors of the Group for the ensuing financial year on the recommendation of the audit and risk committee of the Company."

The audit and risk committee of the Company conducted an auditor suitability assessment on the audit firm and the designated external audit partner in terms of paragraph 3.84(g)(iii) as read with paragraph 22.15(h) of the JSE Limited Listings Requirements ("JSE Listings Requirements") and the provisions of the Companies Act, and recommends their appointment.

The change in auditors from PricewaterhouseCoopers Inc. to Ernst & Young Inc. was initiated by the board of directors of the Company ("Board"), having regard for the merits of periodic auditor rotation and on recommendation by the Company's audit and risk committee, following a comprehensive tender process.

Reason for ordinary resolution number 1

In terms of the Companies Act, the Company, being a public company, must have its financial statements audited by an auditor, and such auditor must be appointed or re-appointed, as the case may be, at each annual general meeting.

Ordinary resolution number 2

Re-election of director retiring by rotation

"Resolved that Mr Gary Vaughan-Smith, who retires by rotation in terms of clause 29.3.4.1 of the Company's MOI and, being eligible and offering himself for re-election, be and is hereby re-elected as a director of the Company."

Pursuant to clause 29.3.5 of the Company's MOI, the Board recommends the re-election of Mr Vaughan-Smith, taking into account his past performance and contribution.

Ordinary resolution number 3

Re-election of director retiring by rotation

"Resolved that Mr Geoffrey George Fortuin, who retires by rotation in terms of clause 29.3.4.1 of the Company's MOI and, being eligible, and offering himself for re-election, be and is hereby re-elected as a director of the Company."

Pursuant to clause 29.3.5 of the Company's MOI, the Board recommends the re-election of Mr Fortuin, taking into account his past performance and contribution.

Reason for ordinary resolutions numbers 2 and 3

In terms of the Company's MOI, one-third of the non-executive directors are required to retire by rotation at each annual general meeting and are eligible for re-election by shareholders at the annual general meeting.

A brief *curriculum vitae* ("CV") of each of the directors up for re-election to the Board appears in Annexure 3 to this Notice.

Ordinary resolution number 4

Election of member of the audit and risk committee

"Resolved that, conditional on the passing of ordinary resolution 3, Mr Geoffrey George Fortuin, being eligible and availing himself for election, be and is hereby elected as a member of the Company's audit and risk committee."

Ordinary resolution number 5

Election of member of the audit and risk committee

"Resolved that Mr Larry Wilson Riddle, being eligible and availing himself for election, be and is hereby elected as a member of the Company's audit and risk committee."

Ordinary resolution number 6

Election of member of the audit and risk committee

"Resolved that Ms Tanya Justine Annalene Golden, being eligible and availing herself for election, be and is hereby elected as a member of the Company's audit and risk committee."

Reason for ordinary resolutions numbers 4 to 6

In terms of the Companies Act, the Company, being a public company, is required to have an audit committee and the members of the audit committee must be elected by shareholders at each annual general meeting.

A brief CV of each of these independent non-executive directors appears in Annexure 4 to this Notice. As is evident from the CVs of these directors, all have academic qualifications or experience in one or more of the following areas: economics, law, corporate governance, finance, accounting, commerce, public affairs or human resources.

The Board recommends, after taking into account and evaluating, *inter alia*, the qualifications, experience, independence, past performance and contribution of the relevant independent non-executive directors, that the persons referred to in ordinary resolution numbers 4, 5 and 6 be elected as members of the Company's audit and risk committee at the AGM.

Non-binding advisory votes

Ordinary resolution number 7

Non-binding advisory vote on Quantum Foods' remuneration policy

"Resolved that the Company's remuneration policy, as set out in the remuneration report in Annexure 5 to this Notice, be and is hereby endorsed by way of a non-binding advisory vote."

Reason for ordinary resolution number 7

The King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV")[1] recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting. This enables shareholders to express their views on the remuneration policy. Ordinary resolution number 7 is of a non-binding advisory nature only. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy, and to the extent that this resolution is voted against by 25% or more of the voting rights exercised in relation thereto, the Company will engage with shareholders.

Ordinary resolution number 8

Non-binding advisory vote on Quantum Foods' implementation report on the remuneration policy

"Resolved that the Company's implementation report in respect of its remuneration policy, as set out in the remuneration report in Annexure 5 to this Notice, be and is hereby endorsed by way of a non-binding advisory vote."

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

Reason for ordinary resolution number 8

King IV recommends, and the JSE Listings Requirements require, that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting. This enables shareholders to express their views on the implementation of a company's remuneration policy. Ordinary resolution number 8 is of a non-binding advisory nature only. However, the Board will take the outcome of the vote into consideration when making amendments to the Company's remuneration policy and the implementation thereof, and to the extent that this resolution is voted against by 25% or more of the voting rights exercised in relation thereto, the Company will engage with shareholders.

Special resolutions

Special resolution number 1

Approval of the non-executive directors' remuneration

"Resolved that, in terms of sections 66(8) and (9) of the Companies Act, and without detracting from the resolution passed by shareholders in terms of sections 66(8) and (9) of the Companies Act at the Company's 2023 annual general meeting authorising the payment of remuneration to non-executive directors, the payment of non-executive directors' remuneration (exclusive of value added tax ("VAT")) be approved on the basis that this resolution shall be valid for a period of 24 months from the date of the passing of this resolution or until shareholders approve the payment of non-executive directors' remuneration at the Company's next annual general meeting, whichever period is shorter, as follows:

	Proposed fees per annum Rand (exclusive of VAT)	Approved fees per annum Rand (exclusive of VAT)
Chairman of the Board	439 500	414 615
Lead independent director	377 100	355 745
Board member (other than the chairman of the Board or the lead independent director)	312 560	294 870
Committee chairman – audit and risk committee	107 730	101 630
Committee chairman (remuneration and social, ethics and transformation committees)	75 410	71 140
Committee member – audit and risk committee	97 680	92 155
Committee member (remuneration and social, ethics and transformation committees)	69 770	65 820
Committee chairman – investment committee	75 410	–
Committee member – investment committee	69 770	–

Reason for special resolution number 1

In terms of the Companies Act, unless the MOI provides otherwise, remuneration may only be paid to directors for their services as such in accordance with a special resolution approved by the shareholders within the previous 2 years. The MOI does not prohibit the payment of such remuneration. A special resolution proposing the approval of the non-executive directors' remuneration was passed at the Company's annual general meeting held on 24 February 2023 ("Previous Remuneration Authorising Resolution"). The purpose of special resolution number 1 is to approve an increase to the remuneration payable to non-executive directors for their services as directors. The Company proposes that, similar to the other committees of the Board, the chairman and members of the investment committee be remunerated by the Company for their services rendered taking into consideration the extent of the work that this committee has been required, and continues, to do. In the event that special resolution number 1 is not passed, then the Company will continue to remunerate non-executive directors in accordance with the Previous Remuneration Authorising Resolution.

Special resolution number 2

General authority of the Company and/or its subsidiaries to acquire shares issued by the Company

"Resolved, that the Company and the subsidiaries of the Company be and are hereby authorised, by way of a general authority, to acquire any of the shares issued by the Company upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements, and provided that:

- any acquisition 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 only be valid until the next annual general meeting of the Company or for 15 months from the date of the passing of this resolution, whichever period is shorter;
- the acquisition of shares in any one financial year shall not, in aggregate, exceed 20% of the Company's issued share capital as at the date of passing special resolution number 2; and
- acquisitions may not be made at a price greater than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period."

Reason for special resolution number 2

In terms of the JSE Listings Requirements, the Company may only undertake a general repurchase of shares, *inter alia*, if shareholders approve such repurchase by way of a special resolution, which approval shall be valid until the next annual general meeting of the Company or for 15 months from the date of the resolution, whichever period is shorter. The reason for special resolution number 2 is to grant the directors a general authority in terms of the MOI and the JSE Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis set out in the special resolution.

The intention of the Board is that any repurchase undertaken pursuant to the authority granted by shareholders in terms of special resolution number 2 will be effected as and when the Board deems such repurchases to be appropriate, having regard for prevailing market and business conditions.

Additional information relating to special resolution number 2

In terms of the JSE Listings Requirements, the Company's shares may only be acquired by the Company and/or any of its subsidiaries subject to, *inter alia,* the following:

- At any one time, the Company may only appoint one agent to effect any repurchase.
- In the case of acquisitions of shares by a subsidiary of the Company, such acquisitions, together with shares held by all subsidiaries of the Company, shall be limited to an aggregate maximum of 10% of the Company's issued share capital.
- The acquisitions are authorised by the Company's and/or subsidiary's MOI.
- Resolutions by the Board that it has authorised the repurchase, that the Company and/or its subsidiaries have passed the solvency and liquidity test as envisaged in section 4 of the Companies Act and that, since the test was performed, there have been no material changes to the financial position of the Group.
- Unless otherwise permitted by the JSE, neither the Company nor its subsidiaries may repurchase securities during a prohibited period (as defined in the JSE Listings Requirements) unless it has in place a repurchase programme. In this regard, the Company must instruct only one independent third party, which makes its investment decisions in relation to the Company's shares independently of, and uninfluenced by, the Company, 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 and must include the details required in terms of paragraph 5.72(h) of the JSE Listings Requirements.

Furthermore, an announcement complying with the JSE Listings Requirements must be published as soon as the Company and/or a subsidiary of the Company have cumulatively acquired 3% (three percent) of the initial number of shares of the relevant class in issue at the time that the general authority is granted and for each 3% in aggregate of the initial number of shares of that class acquired thereafter, containing full details of such acquisitions.

Statement by the Board

In accordance with paragraph 11.26 of the JSE Listings Requirements, the Board states that:

- having considered the effect of the maximum number of shares that may be acquired pursuant to the general authority under special resolution number 2, and subject to the board approving the terms of each repurchase programme, a resolution has been passed by the board authorising the repurchase and confirming that the Company and its subsidiaries have passed the solvency and liquidity test contemplated in section 4 of the Companies Act. Since the test was done there have been no material changes to the financial position of the Group; and
- having considered the effect of the maximum number of shares that may be acquired pursuant to the general authority under special resolution number 2, and subject to the Board approving the terms of each repurchase programme, for a period of 12 months following the date of this Notice:
  - the Company and the Group will be able, in the ordinary course of business, to pay its debts as and when they become due;
  - the assets of the Company and the Group will be in excess of the liabilities of the Company and Group, with the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
  - the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
  - the working capital for the Company and the Group will be adequate for ordinary business purposes.

General information

General information including major shareholders and the share capital of the Company is contained in Annexure 2 and Annexure 9 to this Notice, respectively. Other than the facts and developments reported on and disclosed in the AFS, there have been no other material changes in the financial or trading position of the Company and its subsidiaries subsequent to the financial year end on 30 September 2023.

The directors of the Company, whose names appear on pages 54 to 55 of the 2023 annual integrated report ("AIR"), collectively and individually accept full responsibility for the accuracy of the information given 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 that this Notice contains all information required by law and the JSE Listings Requirements.

Special resolution number 3

General authority to provide financial assistance to related and inter-related companies and corporations

"Resolved that the Board be and is hereby authorised in terms of and subject to section 45 of the Companies Act, to authorise the Company to provide any direct or indirect "financial assistance" (as envisaged in section 45(1) of the Companies Act) to any of the Company's "related" or "inter-related" (as defined in section 2 of the Companies Act) companies or corporations from time to time, on such terms and conditions and for such amounts as the Board may determine."

Reason for special resolution number 3

The Companies Act provides that the Company may only provide direct or indirect financial assistance to related or inter-related companies or corporations pursuant to a special resolution of shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category.

The reason for special resolution number 3 is for shareholders to grant the Board the authority to authorise the Company to provide inter-group loans and other financial assistance for purposes of funding the activities of the Company and its Group.

Special resolution number 4

General authority to provide financial assistance for the subscription, or acquisition, of options or securities in the Company and in related and inter-related companies

"Resolved that the Board be and is hereby authorised, in terms of and subject to section 44 of the Companies Act, to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a "related" or "inter-related" (as defined in section 2 of the Companies Act) company, or for the purchase of any securities of the Company or a "related" or "inter-related" company, on such terms and conditions and for such amounts as the Board may determine."

Reason for special resolution number 4

The Companies Act provides that the Company may only provide financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, pursuant to a special resolution of shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category.

The reason for special resolution number 4 is for shareholders to grant the Board authority to authorise the Company to provide financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or related or an inter-related company or for the purchase of any securities of the Company or a related or inter-related company.

Notice of alteration of the MOI

In compliance with section 17(1) of the Companies Act, notice is hereby given to shareholders that the Board intends to alter the Company's MOI to correctly reflect the Company's registration number on the cover page of the Company's MOI.

The Company will file the appropriate notice of alteration with the Companies and Intellectual Property Commission ("CIPC") in accordance with the applicable provisions of the Companies Act, as read with the Companies Regulations, 2011.

The updated MOI will be made available on the Company's website following the filing of the notice of alteration with the CIPC.

Record dates

In terms of section 59 of the Companies Act, the record date for shareholders to be recorded in the securities register of the Company in order to:

- receive this Notice is Friday, 12 January 2024; and
- attend, participate in and vote at the AGM is Friday, 16 February 2024, with the last day to trade being Tuesday, 13 February 2024.

Approvals required for ordinary and special resolutions

Ordinary resolutions numbers 1 to 8 contained in this Notice each require approval by more than 50% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM.

Special resolutions numbers 1 to 4 contained in this Notice each require approval by at least 75% of the voting rights exercised on the resolution by shareholders present or represented by proxy at the AGM.

Attendance, participation and voting by shareholders or proxies

Shareholders who have not dematerialised their shares, or who have dematerialised their shares with own name registration, are entitled to attend, participate in and vote at the AGM and are entitled to appoint a proxy or proxies (for which purpose a proxy form is included with this Notice) to attend, speak and vote in their stead. Presentation of suitable identification by such proxies and proof of authority will be required when registering their participation in the AGM. The person so appointed as proxy need not be a shareholder of the Company.

Proxy forms must be completed, signed and lodged together with the proof of authority of the person signing the form in a representative capacity, and lodged with the transfer secretaries of the Company, being Computershare Investor Services (Pty) Ltd, *via* email to proxy@computershare.co.za. For administrative reasons, shareholders are urged to lodge their proxy forms with the Company's transfer secretaries, by no later than Wednesday, 21 February 2024, at 11:00 (South African time), provided that any proxy form not received by the transfer secretaries by this time may be emailed to proxy@computershare.co.za prior to the commencement of the AGM.

Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and within the time stipulated in their agreement to furnish them with their voting instructions, or in the event that they wish to attend and vote at the AGM, to obtain the necessary authority to do so in the form of, *inter alia*, a letter of representation.

Proof of identification required

In terms of the Companies Act, any shareholder or proxy who intends to attend or participate at the AGM must present reasonably satisfactory identification at the AGM for such shareholder or proxy to attend and participate at the AGM. A barcoded identification document issued by the South African Department of Home Affairs, a valid driver's licence or a passport will be accepted as sufficient identification, which identification will be required when registering for participation in the AGM.

Electronic participation

1. The AGM will be held entirely by way of electronic communication. Accordingly, the Company has retained the services of its transfer secretaries to remotely host the AGM on an interactive electronic platform to facilitate remote attendance, participation and voting by shareholders. The transfer secretaries will also act as scrutineer for purposes of the AGM.
2. Shareholders wishing to attend, participate in and/or vote at the virtual AGM should register online at https://meetnow.global/za, by no later than 11:00 on Wednesday, 21 February 2024. Shareholders may still register online after this date and time; however, in order for them to attend, participate and/or vote electronically at the AGM, they must be verified and registered before the commencement time of the AGM.
3. During this registration process, shareholders will be required to upload proof of identification (i.e. a South African identity document, or a valid South African driver's licence or passport) and authority (where acting in a representative capacity) and, in the case of a dematerialised shareholder without own name registration, the letter of representation referred to above, as well as provide their name, email address and telephone number.
4. Following successful registration, shareholders will receive a meeting link and invitation code from the transfer secretaries in order to connect electronically to the AGM.
5. Shareholders should note that the cost of electronic participation (e.g. mobile data consumption or internet connectivity) in the AGM will be for their own account.
6. The Company cannot guarantee that there will not be a break in communication which is beyond the control of the Company.
7. By registering, each participant acknowledges and agrees that the electronic communication services are provided by a third party and indemnifies the Company, it directors and employees against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exhaustively, each participant acknowledges that he/she/it will have no claim against the Company, its directors and employees, whether for any consequential damages, arising from the use of the electronic communication services or any defect in it or from total or partial failure of the electronic communication services and connections linking the electronic communication services to the AGM.
8. Shareholders should note that voting at the AGM will take place by way of a poll and accordingly, each shareholder will have one vote in respect of each share held.

By order of the Board

Ziyanda Wakashe

Company Secretary

Quantum Foods Holdings Limited

14 December 2023

Annexure 1

Commentary

Joint report of the Chairman and CEO

The animal feeds business did very well. The layer farms recovered well and were on track for much improved performance prior to the highly pathogenic avian influenza ("HPAI") outbreaks of April 2023 in the Western Cape and August and September 2023 in the Gauteng and North West provinces. Zambia delivered a strong operational performance and Bergvlei Chicks started coming into its own. The egg business has entered an upward pricing cycle but volumes were affected by the outbreak of HPAI.

Performance at a glance

The animal feeds business has been able to grow volumes while managing costs tightly through a long and continued upward feed price cycle (compounded annual growth rate of raw material cost increases c. 14.8% since 2018). The Malmesbury feed mill is running at full capacity.

The eggs business returned to profitability in the last few months and benefitted from a focused approach following the operational restructure that expanded value chain control.

The Hartbeespoort broiler hatchery expansion was completed, but broiler performance was under pressure.

Layer farming showed significant performance improvements with promising cross-border opportunities but was severely affected by HPAI outbreaks.

The African businesses came under pressure with much higher feed costs impacting demand for day-old livestock and feed.

Annexure 1 (continued)

A perspective on load shedding impacts and mitigation

Interrupted electricity supply has direct and indirect impacts on Quantum Foods' operations. We delayed further investment in renewable energy this year to address urgent energy requirements during longer load shedding periods. Although we used less electricity from the grid due to less availability, the cost to the business is evident. These include R52 million in additional diesel cost to run generators and R35 million investment in additional generators.

Quantum Foods has a fleet of more than 115 generators, enabling all operations to continue during load shedding. However, the lifespan of the equipment is impacted by the substantial increase in required hours of operation and as generators require more frequent maintenance and replacement, lead times increased. We had to invest in additional generator capacity to be deployed in case of emergency.

The birds on our farms require electricity to regulate ambient temperature and to ensure airflow, water and feed. In environmentally controlled closed poultry houses, birds cannot survive for more than a few hours if there is no electricity available. We are committed to protecting our flock's welfare and have invested in additional protection measures this year.

We have plans in place to mitigate against the risk of total grid failure. This includes securing diesel with enough storage capacity, planning to continue farming manually and using satellite connectivity for communication.

Another year of devastating disease

HPAI has had a severe impact on Quantum Foods and is currently regarded as our most severe risk for poultry farming, eggs and indirectly for animal feeds. Following outbreaks in 2017, 2018, 2021 and 2022, HPAI was again identified at the Lemoenkloof farm in the second half of April 2023, which is the third time this farm has been affected. Lemoenkloof supplies about 13% of Quantum Foods' eggs and was repopulated in July 2022 after culling c. 400 000 hens during the previous outbreak.

Towards the end of the financial year, multiple further outbreaks at Quantum Foods farms in Gauteng and the North-West province were detected. The value of biological assets (layer hens and breeding stock) written off during FY2023 amounted to R155 million. This excludes the further cost of feed and eggs that had to be destroyed as well as the direct cost of destroying birds and disinfecting facilities. Additional costs to move eggs to areas impacted by HPAI had to be incurred and we lost the potential income from selling birds and eggs.

HPAI outbreaks have become endemic in South Africa. It can result in operations shutting down between six and nine months and impacts the entire value chain.

Layer farms and breeders are more at risk than commercial broilers, as layer and breeder flocks remain on farms much longer. HPAI causes sudden drops in demand for animal feed and necessitates layoff agreements with employees. Although this will enable employees to return to work once the farms are operational again, it has a negative financial impact on them and their families.

The South African Government has in principle approved the use of vaccination to mitigate against the risk of HPAI infection. Approving a feasible protocol for vaccination is an important and urgent next step in ensuring the sustainability of the poultry industry in South Africa

Segmental performance summaries
Animal feeds

Revenue	Adjusted operating profit	Total volumes
R3 359 million	**R104 million**	**0.9% up**
+24.9% from FY2022	(FY2022: R93 million)	from FY2022

Highlights	Areas of concern/improvement
• Load shedding risk mitigated by installing generators at all plants • Efficiency improvements • Good price-volume-management • External volume growth achieved	• Load shedding had a negative financial impact • Product mix shifts impacted efficiencies • Customers relying more on external feed consultants • Increased supply chain challenges impacted costs, resources and efficiencies

The animal feeds business performed very well in a difficult environment, increasing revenue by 25% to R3 359 million. External volumes increased by 6.7%, but the segment experienced lower internal demand for layer feed due to shrinking the layer bird flock and the impact of HPAI.

Generators were installed at all our mills between December 2022 and June 2023. While we still had to deal with load shedding during the period, we continued serving customers by transporting feed between the mills. This added cost pressure but demonstrated our commitment to keep customers satisfied.

Whereas c. 70% of maize was delivered to the Malmesbury mill by rail seven years ago, we now deliver more than 80% via road due to the failing rail infrastructure in the country. This had a significant impact on transport costs over time.

We maintained margins through careful price/volume management.

Volumes increased through a combination of new customers and additional volumes taken up by a few bigger customers. This was despite also losing customers that closed down due to HPAI outbreaks. Volumes remained well balanced between different species.

A major challenge this year was the supply of hominy chop and wheat bran, which are by-products from wheat and maize processing. Irregular supply caused by load shedding and market disruptions resulted in higher-cost alternatives being included in feed products. This brought further complexity, such as formula adaptations and operational adjustments, due to a change in the physical composition of feeds.

Both the Malmesbury and Paterson feed mills were running at full capacity.

Annexure 1 (continued)

Farming

Revenue

R1 829 million

+15.2% from FY2022

Adjusted operating loss

R80 million

that includes a HPAI biological asset write-off of R155 million (FY2022: R15 million)

Total volumes

Day-old pullet volumes

down 6.1%

Day-old broiler chick volumes

up 1.1%

Highlights

Broiler farming

- Opening of expanded and upgraded Hartbeespoort hatchery
- Genetic conversion from Cobb500 to Ross 308
- Significant improvement in chicks per hen housed
- Hatchability improvements
- Gas use management and improvement in efficiency

Layer farming

- Repositioned Bergvlei Chicks
- Significant cost savings achieved
- Good selection of point-of-lay customers
- Reduced breeder flocks' size to be in line with hatching egg supply requirement
- Implementation of a proactive pricing model
- Volume targets for day-old pullets and point-of-lay hens achieved
- Improvement of layer feed conversion ratio

Areas of concern/improvement

Broiler farming

- Broiler performance below target with a negative impact on profitability
- Outbreak of HPAI at North West province breeder operation in September 2023

Layer farming

- Lack of opportunities for parent exports following border closures
- Targeted margins for day-old pullets and point-of-lay hens not achieved
- Decline in domestic market share
- HPAI outbreaks in the Western Cape in April and in Gauteng/North West provinces in August and September
- Higher level of 2nd grade eggs at some farms

Broiler farming

Broiler farming revenue increased by 19.3% to R1 641 million in a year of significant change for the segment. We expanded and upgraded the hatchery at Hartbeespoort and transitioned from Cobb500 to the Ross 308 breed.

Top technology for Hartbeespoort hatchery

We opened the new state-of-the-art Bellevue Chix hatchery at Hartbeespoort on 25 May 2023. The hatchery was expanded at a cost of R72 million to double its floor size and now has the capacity to handle 690 000 eggs per week. It applies the latest incubation technology, including automated egg turning. Strict hygiene and biosecurity controls are enforced, and the hatchery is regularly fumigated against pathogens, viruses and moulds. It also has spray vaccination capabilities. The chick holding room features low-level dark blue lighting that has a calming influence on the birds, preserving their energy. The chicks are placed on farms on the day of hatching, allowing them early access to feed and water.

Previously, the broiler farming business imported grandparent stock of the Cobb500 breed. From September 2022, we purchased day-old parent chicks of the world-leading Ross 308 breed locally.

At the breeder level, we transitioned 100% of chicks and will have fully phased in the new breed by October 2023. The last Cobb500 chicks will exit the broiler farms in January 2024. We developed standard operating procedures for the transition and trained employees to assist in managing the breed transition.

We are seeing early benefits with breeder egg numbers ahead of forecast, with good fertility and feed conversion rates. The licence for distributing the Ross 308 breed in South Africa is held by Astral Foods.

We faced challenges with the transition at the commercial broiler level as we had different breeds at the same facilities, with different environmental and feeding requirements. This affected the quality and performance of the broiler business, which, despite improving from FY2022, performed below expectation. We did not meet benchmark performance indicators. Interventions started delivering the desired results by September 2023.

Overall hatchability improved compared to the previous year and day-old chick volumes increased by 1.1%, with higher volumes sold from the Hartbeespoort and Bulhoek hatcheries. The total weight of live broilers sold increased by 1.8%, due to a slight increase in the average weight of broilers produced.

Layer farming

Layer farming revenue decreased by 11.7% to R187 million in a difficult year. Producers faced significant cash flow challenges due to rising input costs. The strategic decisions to change our operational structure and reduce production worked to our advantage.

Bergvlei Chicks now includes the layer grandparent operation, layer parent breeding operation and layer point-of-lay farms dedicated to producing layer hens for the external market.

Farm closures and decommissioning of some poor-performing layer houses at other farms were successfully completed. This reduced the cost burden.

Annexure 1 (continued)

With a smaller layer livestock business, we targeted key customers based on the efficiency and soundness of their businesses, which reduced fluctuations in demand. Planning and forecasting were more accurate, and production was based on firm orders.

The layer segment improved margins by introducing a proactive pricing model based on feed price movements. Market demand declined during the year but still exceeded supply, which supported the pricing strategy.

Although demand is expected to increase going forward, HPAI impacts will likely limit layer flock availability. We plan to capitalise on the market opportunities that will open for egg producers who can increase their supply in the future.

Day-old chick exports have done exceptionally well this year. Growth in volumes to three countries was based on the quality of the birds and an agent well-versed in local languages. Export volumes assist in diluting our cost base.

However, exports are at risk of border closures due to HPAI outbreaks. Zambia, Uganda and Namibian borders closed for imports from South Africa during the year, whereas the Botswana border remained open for exports.

Eggs

Revenue	Adjusted operating loss	Volumes
R1 322 million	**R42 million**	**14.4% down**
-2.1% from FY2022	(FY2022: R42 million)	from FY2022

Highlights	Areas of concern/improvement
• Packing station efficiencies at high level • Improvement in farm and packing station interaction • Informal market sales target reached	• Financial performance at some pack stations disappointed

Following the implementation of a new operating model that allows the egg business better control of its value chain, efficiencies and quality focus improved markedly. Operational focus are, *inter alia,* determined by returns in the egg business and drive increasing volumes of first-grade eggs to the market.

Revenue for eggs decreased by 2.1% to R1 322 million. Egg prices increased by 13.8% on average, and volumes decreased by 14.4% due to lower availability.

In the past year, there was a deliberate reduction in our layer flock to adjust to lower demand, secure efficiencies, and improve margins before entering the next growth cycle. Profitability has been under pressure for a number of years. As the flock in South Africa declines, and with the correction in supply, margins for egg producers like Quantum Foods, who endured through the bottom curve of the cycle, should improve.

Formal retail egg prices increased substantially from April 2023, and feed prices started to decline. With these benefits, the egg business returned to profitability on a monthly basis from May 2023.

Egg supply was negatively impacted by HPAI, which usually results in a supply interruption of between six and nine months.

Volumes handled by our pack stations decreased, but volumes sold in informal markets increased. We serve the informal market by delivering directly to wholesalers from the farms. This is a cash market where prices are negotiated almost daily. By serving both the formal and informal markets, we build on a more responsive model that captures opportunities and enables us to manage margin risk better.

Packing station efficiencies remained high, and cost management was well executed. The engineering team automated the process to label and scan boxes and designed an automated egg carry pack machine in collaboration with a supplier. These innovations improved efficiency.

Other African countries

Revenue

R443 million

+12.3% from FY2022

Adjusted operating profit/loss

R1 million loss

(FY2022: profit of R19 million)

Egg volumes

up 5.1%

Day-old chick volumes

down 18.3%

Highlights	Areas of concern/improvement
• Commercial egg production and sales in Zambia improved • High-quality senior appointments • Improvement in layer breeder production in Uganda	• Record-high feed costs in all three countries • Disease challenges in Copperbelt and Kampala breeder farm • Significant cost increases in energy and workforce • Very low demand for day-old chicks in Zambia and Uganda • Weak commercial egg production in Uganda

Annexure 1 (continued)

Performance in Zambia and Mozambique was strong this year, but Uganda disappointed. Overall revenue increased by 12.3% to R443 million.

Mega Eggs continued to be the backbone of the Zambian business. Trade is cash-based of which a large component is US Dollar-priced, with almost half of the sales in the Copperbelt area at the Democratic Republic of Congo border. Although the business performed well, the Kwacha/Dollar exchange rate impacted costs as some salaries are pegged to the Dollar and constitute a significant cost element.

Maize costs increased by 43% compared to last year despite a record maize harvest and remain speculative in nature. Day-old chick sales dropped significantly as the market contracted due to high maize costs.

In Uganda, the landscape changed following the substantial increase in maize cost last year. We had to shrink the business significantly over this period. Demand for day-old chicks picked up towards the end of the current financial year, but we made a strategic decision not to grow. We need to improve efficiency and address disease challenges first. The farm in Kampala, which is at risk due to urban sprawl, continued to be impacted by disease challenges and a decision was made to terminate broiler breeder production at the farm.

The operational performance of the Mozambique egg business improved from last year but remained subject to the same input cost and pricing challenges as eggs in South Africa.

Outlook

Prior to the HPAI outbreak in August and September 2023, the outlook for Quantum Foods improved compared to the preceding year and even the preceding six months. The upward curve in egg prices is expected to positively impact profitability, complemented by a decline in raw material input prices, which reduces the pressure on margins. Unfortunately, the further HPAI outbreaks towards the end of the financial year clouded performance prospects for the next year.

Strategic investment decisions in the next year include the following opportunities:

- The animal feeds business is at a point where it needs to increase capacity, with opportunities in more specialised feeds. The Board approved an expansion project at the Malmesbury feed mill that will increase our national production capacity by 13%.
- In the broiler business, we anticipate the benefits from the hatchery investment to start yielding better efficiencies and margins in the next year.
- Layer livestock farming is well positioned to increase cross-border sales activities and prospects will be determined by the availability of fertile hatching eggs and export restrictions.
- In the layer farming business, our key focus will be on recovering our layer flock, which was impacted by the outbreak of HPAI, and increase egg supply to the egg business to benefit from recovered margins.
- In Zambia, we invested in expanding the feed mill this year and look forward to the benefits from the automation and added silo capacity. We are also increasing pelletising capacity.

The HPAI outbreak continued to affect Company farms at the start of FY2024 with further flocks testing positive for the disease. This will delay the planned recovery of poultry flocks and continue to impact financial performance with further biological asset write-offs, lost production and costs to clean and prepare the farms for repopulation being incurred.

WA Hanekom Chairman	HA Lourens Chief Executive Officer

CFO Report

Financial performance picked up towards the end of the financial year as raw material costs decelerated and egg prices started increasing. All this changed in the last two months of the year when farms in the Gauteng and North West provinces experienced HPAI outbreaks.

Good momentum in revenue growth

Group revenue increased by 15.5% to R7.0 billion (FY2022: R6.0 billion) in a year characterised by:

- Continued increases in raw material pricing up until April 2023 when a slow decline commenced.
- Lower consumer demand due to disposable income pressure resulting from increased load shedding, higher food inflation, rising interest rates and fuel costs and failing infrastructure.
- Strategic decisions to close facilities, terminate farm rental contracts and reduce our layer flock size.
- Severe outbreaks of HPAI that affected operations in the Western Cape in April and Gauteng and North West provinces in August and September.

Revenue for South African operations increased by 15.7% to R6 510 million (FY2022: R5 626 million).

Revenue from other African operations increased by 12.3% to R443 million (FY2022: R394 million). Revenue from other African operations contributed 6.4% to total revenue, marginally down from 6.6% in 2022.

Costs were well managed, but generator fuel cost was much higher

Cost of sales increased by 17.5% to R5.8 billion (FY2022: R4.9 billion) and included:

- Persistent higher feed raw material costs, which include an increase in maize and soybean meal costs when compared to FY2022.
- Higher costs resulting from HPAI outbreaks, which include R155 million for biological assets written off.

Input price shifts

Compared to the previous financial year, average prices of:

- Yellow maize on Safex increased by 2.2%
- Landed (Cape Town harbour) soya meal increased by 26.1%
- Bran increased by 27.7%
- Sunflower increased by 33.4%

Accordingly, the weighted average comparative cost of layer and broiler feed increased by 15% and 20%, respectively.

Gross profit, excluding the fair value adjustments, decreased by R3 million to R1 119 million (FY2022: R1 116 million) at a margin of 16.1% (FY2022: 18.5%).

Aggregate cash operating expenses increased by 7.4% from the previous year, driven primarily by:

- An increased number of load shedding hours and R52 million increase in generator fuel expenses for the South African operations coupled with substantial increase in generator maintenance costs.
- Above inflation increases in the cost of fuel.
- Higher costs associated with monitoring flock health, HPAI preventative measures and cleaning of farms where HPAI infected birds had to be destroyed.

Operating loss reported

Operating profit before items of a capital nature decreased to a loss of R35 million (FY2022: profit of R37 million).

South African operations recorded an operating loss of R19 million (FY2022: profit of R36 million) at a margin of (0.3)% (FY2022: 0.6%). Other African countries recorded an operating loss of R1 million (FY2022: profit of R19 million) at a margin of (0.3)% (FY2022: 4.7%). Shared services costs decreased from R18 million in FY2022 to R15 million in FY2023.

Operating loss includes the value of biological assets written off of R155 million.

Eggs entering an upward cycle

Egg selling prices increased towards the end of the financial year, supported by lower egg supply from a reduced flock as some producers either exited the market or placed fewer birds as a result of the severe financial pressure in the egg industry. Further outbreaks of HPAI also impacted the market.

Although the upward price curve signals a turnaround for the eggs business, the recovery has not yet been sufficient for the business to be profitable. There is significant uncertainty as to how a further reduction in egg supply will impact egg selling prices.

A loss for the year but cash flow turned around

Headline earnings per share decreased to a loss of 17.4 cents from the profit of 14.1 cents in FY2022.

Cash flow from operating activities amounted to R276 million (FY2022: R78 million) and includes a decreased investment in working capital of R53 million (FY2022: increase of R87 million). The decrease in the investment in working capital for FY2023 includes the benefit of lower raw material costs, adjusted vendor payment terms for a key maize supplier and effective credit control. The write-off of biological assets was a non-cash flow item. Future cash flow will be affected by the investment required to restock poultry farms with birds.

Total inventory on hand decreased to R416 million (FY2022: R464 million). Total trade and other receivables decreased by R63 million to R691 million, and total trade and other payables increased by R24 million to R628 million.

Cash flow from investing activities includes capital expenditure on property, plant and equipment and intangible assets amounting to R143 million (FY2022: R125 million). In addition to maintenance capital, the main projects included the broiler hatchery expansion in the North-West province, the investment in additional generator backup capacity, and the upgrade of the feed mill in Lusaka. Capital expenditure on intangible assets amounted to R4 million (FY2022: R11 million) incurred on the project to implement Sage X3 as the Group's new enterprise resource planning system.

Profitability and cash flows were under pressure for the first seven months but improved from May. Non-cash flow write-offs of biological assets infected by HPAI in August and September resulted in a loss reported for the financial year.

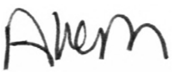
Cash and cash equivalents increased from a net overdraft of R11 million as at 30 September 2022 to a positive balance of R71 million as at 30 September 2023.

The Rand value of the Group's investment in the other African countries segment decreased by R50 million from 30 September 2022. The Rand appreciated against the Zambian Kwacha when measured at the reporting date. This decrease in the foreign currency translation reserve is included in other comprehensive income for the current reporting period.

The Group's borrowings as at 30 September 2023 comprised mainly lease liabilities as accounted for in terms of IFRS 16 – Leases.

Dividend declaration

The Board resolved not to declare a final dividend for FY2023.



A Muller
Chief financial officer

Independent auditor's report on the summary consolidated financial statements

To the shareholders of Quantum Foods Holdings Limited

Opinion

The summary consolidated financial statements of Quantum Foods Holdings Limited, set out on pages 25 to 37 of the Notice of Annual General Meeting, which comprise the summary consolidated statement of financial position as at 30 September 2023, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Quantum Foods Holdings Limited for the year ended 30 September 2023.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 29 November 2023. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.
Director: RJ Jacobs
Registered Auditor
Stellenbosch, South Africa
14 December 2023

Summary consolidated statement of financial position

as at 30 September 2023

	2023 R'000	2022 R'000
ASSETS		
Non-current assets	**1 420 267**	1 416 940
Property, plant and equipment	**1 353 253**	1 322 700
Right-of-use assets	**34 519**	67 601
Intangible assets	**12 268**	11 633
Investment in associate	**11 200**	10 130
Trade and other receivables	**2 827**	3 312
Deferred income tax	**6 200**	1 564
Current assets	**1 513 361**	1 713 853
Inventories	**415 630**	463 765
Biological assets	**338 380**	433 910
Trade and other receivables	**687 761**	750 558
Derivative financial instruments	**–**	53
Current income tax	**225**	1 722
Cash and cash equivalents	**71 365**	63 845
Total assets	**2 933 628**	3 130 793
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent	**2 015 936**	2 100 788
Share capital	**1 465 069**	1 465 069
Treasury shares	**(429)**	(1 390)
Other reserves	**(29 676)**	20 962
Retained earnings	**580 972**	616 147
Total equity	**2 015 936**	2 100 788
Non-current liabilities	**265 610**	322 165
Lease liabilities	**21 907**	56 021
Deferred income tax	**234 621**	257 178
Provisions for other liabilities and charges	**9 082**	8 966
Current liabilities	**652 082**	707 840
Trade and other payables	**627 870**	603 631
Derivative financial instruments	**58**	–
Current income tax	**1 774**	2 553
Lease liabilities	**21 299**	25 598
Provisions for other liabilities and charges	**1 081**	1 150
Bank overdraft	**–**	74 908
Total liabilities	**917 692**	1 030 005
Total equity and liabilities	**2 933 628**	3 130 793

Summary consolidated statement of comprehensive income

for the year ended 30 September 2023

	Notes	2023 R'000	2022 R'000
Revenue	3	**6 952 575**	6 020 558
Cost of sales		**(5 769 663)**	(4 910 916)
Gross profit		**1 182 912**	1 109 642
Other income		**18 853**	20 120
Other gains/(losses) – net	4	**(66 389)**	(5 870)
Sales and distribution costs		**(287 386)**	(288 322)
Marketing costs		**(12 572)**	(13 311)
Administrative expenses		**(154 987)**	(156 773)
Net impairment losses on trade and other receivables		**(5 941)**	(1 739)
Other operating expenses		**(710 413)**	(631 242)
Operating (loss)/profit		**(35 923)**	32 505
Investment income		**5 477**	4 244
Finance costs		**(23 585)**	(16 301)
Share of profit/(loss) of associate company		**1 070**	(180)
(Loss)/profit before income tax		**(52 961)**	20 268
Income tax credit		**17 387**	3 554
(Loss)/profit for the year		**(35 574)**	23 822
Other comprehensive income for the year			
Items that may subsequently be reclassified to profit or loss:			
Fair value adjustments to cash flow hedging reserve		**(3 000)**	1 035
For the year		**(39 378)**	65 176
Income tax effect		**10 632**	(17 598)
Realised to profit or loss		**35 269**	(64 002)
Income tax effect		**(9 523)**	17 459
Currency translation differences		**(50 333)**	85 993
Total comprehensive (loss)/income for the year		**(88 907)**	110 850
(Loss)/profit for the year attributable to owners of the parent		**(35 574)**	23 822
Total comprehensive (loss)/income for the year attributable to owners of the parent		**(88 907)**	110 850
Earnings per ordinary share (cents)	5	**(17.8)**	12.0
Diluted earnings per ordinary share (cents)	5	**(17.8)**	11.9

Summary consolidated statement of changes in equity

for the year ended 30 September 2023

	2023 R'000	2022 R'000
Share capital and treasury shares	**1 464 640**	1 463 679
Opening balance	**1 463 679**	1 456 754
Ordinary shares acquired by subsidiary	**(2 336)**	–
Ordinary shares transferred – share appreciation rights	**3 297**	6 925
Other reserves	**(29 676)**	20 962
Opening balance	**20 962**	(65 769)
Other comprehensive income for the year	**(53 333)**	87 028
Recognition of share-based payments	**6 391**	6 105
Ordinary shares transferred - share appreciation rights	**(3 696)**	(6 402)
Retained earnings	**580 972**	616 147
Opening balance	**616 147**	608 817
(Loss)/profit for the year	**(35 574)**	23 822
Dividends paid	**–**	(15 969)
Ordinary shares transferred - share appreciation rights	**399**	(523)
Total equity	**2 015 936**	2 100 788

Summary consolidated statement of cash flows

for the year ended 30 September 2023

	2023 R'000	2022 R'000
Cash flow from operating activities	**276 410**	77 792
Cash profit from operating activities	**232 158**	170 625
Working capital changes	**52 522**	(87 074)
Cash effect of hedging activities	**(4 030)**	1 125
Cash generated from operations	**280 650**	84 676
Income tax paid	**(4 240)**	(6 884)
Cash flow from investing activities	**(135 888)**	(118 214)
Additions to property, plant and equipment	**(138 475)**	(114 673)
Additions to intangible assets	**(4 059)**	(10 551)
Proceeds on disposal of property, plant and equipment	**663**	2 367
Repayment of loan included in other debtors	**687**	399
Interest received	**5 296**	4 244
Cash surplus/(deficit)	**140 522**	(40 422)
Cash flow from financing activities	**(49 662)**	(55 174)
Principal elements of lease payments	**(24 935)**	(23 963)
Treasury shares acquired by subsidiary	**(2 336)**	–
Interest paid	**(22 335)**	(15 249)
Dividends paid to ordinary shareholders	**(56)**	(15 962)
Increase/(decrease) in cash and cash equivalents	**90 860**	(95 596)
Effects of exchange rate changes	**(8 432)**	11 222
Cash and cash equivalents at beginning of year	**(11 063)**	73 311
Cash and cash equivalents at end of year (net of overdraft)	**71 365**	(11 063)
Cash at bank and on hand	**71 365**	63 845
Bank overdraft	**–**	(74 908)

Segmental analysis

for the year ended 30 September 2023

	2023 R'000	2022 R'000
SEGMENT INFORMATION		
Segment revenue	**6 964 945**	6 030 053
Eggs	**1 322 275**	1 350 127
Farming	**1 840 995**	1 597 375
Animal feeds	**3 358 828**	2 688 142
Other African countries	**442 847**	394 409
Less: Internal revenue	**(12 370)**	(9 495)
Farming	**(12 370)**	(9 495)
External revenue	**6 952 575**	6 020 558
Eggs	**1 322 275**	1 350 127
Farming	**1 828 625**	1 587 880
Animal feeds	**3 358 828**	2 688 142
Other African countries	**442 847**	394 409
Segment results – excluding items of a capital nature	**(34 716)**	36 818
Eggs	**(42 367)**	(42 104)
Farming	**(80 310)**	(15 438)
Animal feeds	**104 168**	93 309
Other African countries	**(1 369)**	18 662
Head office costs	**(14 838)**	(17 611)
Items of a capital nature per segment included in other gains/(losses) – net		
(Loss)/profit on disposal of property, plant and equipment before income tax	**(1 207)**	1 115
Eggs	**–**	(81)
Farming	**(1 055)**	1 431
Animal feeds	**(658)**	(49)
Other African countries	**506**	(186)
Impairment of intangible assets	**–**	(5 428)
Animal feeds	**–**	(5 428)

Segmental analysis (continued)

for the year ended 30 September 2023

	2023 R'000	2022 R'000
Segment results	**(35 923)**	32 505
Eggs	**(42 367)**	(42 185)
Farming	**(81 365)**	(14 007)
Animal feeds	**103 510**	87 832
Other African countries	**(863)**	18 476
Head office costs	**(14 838)**	(17 611)
A reconciliation of the segment results (operating (loss)/profit) to (loss)/profit before income tax is provided below:		
Segment results	**(35 923)**	32 505
Adjusted for:		
Investment income	**5 477**	4 244
Finance costs	**(23 585)**	(16 301)
Share of profit/(loss) of associate company	**1 070**	(180)
(Loss)/profit before income tax per statement of comprehensive income	**(52 961)**	20 268

Notes to the summary consolidated financial statements

for the year ended 30 September 2023

1. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Ltd ("JSE") for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

2. Accounting policies

These summary consolidated financial statements incorporate accounting policies that are consistent with those applied in the Group's consolidated financial statements for the year ended 30 September 2023 and with those of previous financial years.

Notes to the summary consolidated financial statements (continued)

for the year ended 30 September 2023

	2023 R'000	2022 R'000
3. Revenue from contracts with customers		
The Group derives revenue from the transfer of goods at a point in time.		
Disaggregation of revenue from contracts with customers:		
Revenue		
Eggs	**1 627 094**	1 602 692
– included in eggs segment	**1 322 275**	1 350 127
– included in other African countries segment	**304 819**	252 565
Layer farming*	**221 376**	240 958
– included in farming segment	**187 154**	211 906
– included in other African countries segment	**34 222**	29 052
Broiler farming**	**1 689 484**	1 436 431
– included in farming segment	**1 641 471**	1 375 974
– included in other African countries segment	**48 013**	60 457
Animal feeds	**3 414 621**	2 740 477
– included in animal feeds segment	**3 358 828**	2 688 142
– included in other African countries segment	**55 793**	52 335
	6 952 575	6 020 558

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

4. Other gains/(losses) – net

	2023 R'000	2022 R'000
Biological assets fair value adjustment	**(67 379)**	(8 438)
Unrealised – reflected in carrying amount of biological assets	**8 847**	(8 702)
Realised – reflected in cost of goods sold	**(76 226)**	264
Agricultural produce fair value adjustment	**13 814**	4 038
Unrealised – reflected in carrying amount of inventory	**1 608**	(2 094)
Realised – reflected in cost of goods sold	**12 206**	6 132
Foreign exchange differences	**218**	(1 252)
Financial instruments fair value adjustments	**7**	–
Foreign exchange contract cash flow hedging ineffective (loss)/gain	**(63)**	4 095
Futures contract cash flow hedging ineffective loss	**(11 779)**	–
(Loss)/profit on disposal of property, plant and equipment	**(1 207)**	1 115
Impairment of intangible assets ^	**–**	(5 428)
	(66 389)	(5 870)

^ *During the annual impairment test conducted on the CGU containing goodwill in the prior period, it was identified that the carrying value of the CGU exceeded its recoverable amount. The customer base of the Olifantskop feed mill is mainly situated in the Eastern Cape province. This region experienced drought conditions since 2015 and the region was declared a disaster area in October 2019. The Olifantskop feed mill selling margins were negatively impacted by this. As a result of the aforementioned a goodwill impairment of R5.4 million was recorded in the prior year.*

Notes to the summary consolidated financial statements (continued)

for the year ended 30 September 2023

	2023 R'000	2022 R'000
5. Earnings per ordinary share		
Basic		
The calculation of basic earnings per share is based on (loss)/profit for the year attributable to owners of the parent divided by the weighted average number of ordinary shares (net of treasury shares) in issue during the year:		
(Loss)/profit for the year	**(35 574)**	23 822
Weighted average number of ordinary shares in issue ('000)	**199 553**	198 755
Diluted		
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive contingent ordinary shares.		

	2023 Number '000	2022 Number '000
Weighted average number of ordinary shares in issue used as the denominator in calculating basic earnings per share	**199 553**	198 755
Adjustment for calculation of diluted earnings per share - Share appreciation rights	**-**	1 255
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**199 553**	200 010

Share appreciation rights issued in terms of the share incentive scheme are not included in the calculation of diluted basic and headline earnings per share for the year ended 30 September 2023 because they are antidilutive. These share appreciation rights could potentially dilute basic and headline earnings per share in the future.

5. Earnings per ordinary share (continued)

	2023 R'000	2022 R'000
The calculation of diluted earnings per share is based on (loss)/profit for the year attributable to owners of the parent divided by the diluted weighted average number of ordinary shares (net of treasury shares) in issue during the year:		
(Loss)/profit for the year	**(35 574)**	23 822
Diluted weighted average number of ordinary shares in issue ('000)	**199 553**	200 010
Headline earnings is calculated in accordance with Circular 1/2023 (2022: Circular 1/2021) issued by the South African Institute of Chartered Accountants.		
Reconciliation between (loss)/profit attributable to owners of the parent and headline earnings		
(Loss)/profit for the year	**(35 574)**	23 822
Remeasurement of items of a capital nature		
Loss/(profit) on disposal of property, plant and equipment	**812**	(1 137)
Gross	**1 207**	(1 115)
Tax effect	**(395)**	(22)
Impairment of intangible assets	**–**	5 428
Gross	**–**	5 428
Tax effect	**–**	–
Headline earnings for the year	**(34 762)**	28 113
Earnings per ordinary share (cents)	**(17.8)**	12.0
Diluted earnings per ordinary share (cents)	**(17.8)**	11.9
Headline earnings per ordinary share (cents)	**(17.4)**	14.1
Diluted headline earnings per ordinary share (cents)	**(17.4)**	14.1

Notes to the summary consolidated financial statements (continued)

for the year ended 30 September 2023

6. Contingent liabilities

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

7. Future capital commitments

Capital expenditure approved by the Board and contracted for amounts to R31.6 million (2022: R31.7 million). Capital expenditure approved by the Board, but not yet contracted for, amounts to R291.4 million (2022: R104.2 million).

8. Events after the reporting period

The Board has resolved not to declare a final dividend for the year ended 30 September 2023 (2022: nil cents).

The current outbreak of highly pathogenic avian influenza ("HPAI") continued to impact the Group's operations in the northern parts of South Africa after year-end. Flock health is continuously monitored, and regular testing for the virus is done. Livestock that tested positive for the HPAI virus until 9 October 2023, were considered infected by the virus on 30 September 2023, due to the incubation period of the virus. All birds which tested positive up to this date, were written off in full and included in the total balance of R155.3 million written off in cost of sales during the current reporting period.

The value of livestock infected after year-end and up to the date of approval of the consolidated annual financial statements amounted to R23.3 million. This value will be written off in the 2024 financial year.

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

9. Going concern statement

The Board evaluated the going concern assumption as at 30 September 2023. As part of its assessment, the Board considered the following:

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

The impact of the current outbreak of HPAI on the cash flow forecast includes the fact that all farms infected by HPAI will be cleaned and sanitised on a rotational basis. The process to restock farms impacted by the current outbreak of HPAI, will take approximately 12 months. The culling and cleaning cost as well as the cash outflow to restock the impacted farms were considered in the cash flow forecasts.

The Group obtained a term loan facility of R100 million from Rand Merchant Bank which is effective from 25 October 2023. The term loan facility will provide the Group's South African businesses with additional liquidity for working capital investment and expansion projects.

The loan is secured by:

- a mortgage bond registered over the Malmesbury Feedmill plant;
- a notarial bond registered over the Malmesbury Feedmill plant equipment; and
- the shares held by the Company in Quantum Foods (Pty) Ltd.

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

10. Preparation of financial statements

These summary consolidated financial statements have been prepared under the supervision of AH Muller, CA(SA), chief financial officer.

11. Audit

The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. A copy of the audited annual financial statements and the auditor's report thereon are available for inspection on the Company's website, https://quantumfoods.co.za/financial-reports/ or at the Company's registered office.

Annexure 2

Shareholder distribution

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
Ordinary shares				
Individuals	3 728	92.5	17 923 132	8.9
Nominees and trusts	183	4.5	4 308 742	2.2
Investment companies and corporate bodies	122	3.0	177 792 842	88.9
	4 033	100.0	200 024 716	100.0

Shareholder spread

Pursuant to the JSE Listings Requirements and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 September 2023, is as follows:

Public shareholding				
Braemar Trading Limited	1	0.0	61 620 084	30.8
Astral Operations Limited	1	0.0	19 550 855	9.8
Country Bird Holdings (Pty) Ltd	1	0.0	11 624 170	5.8
Other shareholders	4 025	99.9	25 533 457	12.8
Non-public shareholding				
Aristotle Africa S.à r.l.*	1	0.0	68 488 366	34.2
Directors	3	0.1	13 115 929	6.6
WA Hanekom	1	0.0	10 355 320	5.2
Other directors	2	0.0	2 760 609	1.4
Quantum Foods (Pty) Ltd	1	0.0	91 855	0.0
	4 033	100.0	200 024 716	100.0

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

Major shareholders

Analysis of shareholding and shareholders holding 5% or more – ordinary shares:

Aristotle Africa S.à.r.l.	1	0.0	68 488 366	34.2
Braemar Trading Limited	1	0.0	61 620 084	30.8
Astral Operations Limited	1	0.0	19 550 855	9.8
Country Bird Holdings (Pty) Ltd	1	0.0	11 624 170	5.8
WA Hanekom	1	0.0	10 355 320	5.2

Annexure 2 (continued)

Shareholder range

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
Number of shares				
1 – 1 000 shares	2 971	73.7	474 434	0.2
1 001 – 10 000 shares	702	17.4	2 653 127	1.3
10 001 – 100 000 shares	311	7.7	9 388 033	4.7
100 001 – 1 000 000 shares	40	1.0	10 853 733	5.4
1 000 001 shares and over	9	0.2	176 655 389	88.4
	4 033	100.0	200 024 716	100.0

Annexure 3

Unless otherwise defined herein, capitalised terms shall bear the meanings ascribed thereto in the notice of annual general meeting to which this document is annexed as Annexure 3.

Directors up for re-election

Mr. Gary Vaughan-Smith (60) ("Gary")

Non-executive director

Gary joined the Board on 19 February 2021.

Qualifications

BSc (Hons) Mathematical Statistics, MPhil Finance, Fellow of the Institute of Actuaries.

Quantum Foods Board and committee membership

Non-executive director, social, ethics and transformation (chairman), nomination and investment.

Gary is the founding partner and CEO of Silverstreet Capital LL.P London, UK, an asset management business focused on investing in the African agricultural sector. He has extensive experience in the African agricultural sector in Eastern and Southern Africa, including poultry, beef, processing, storage, seed and primary production. He has overseen investments of over R6bn into the African agricultural sector, many of which have been greenfield developments. Between 2001 and 2006, Gary was Head of the Alternative Investment Group at ABN AMRO Asset Management, based in London, and between 1990 and 2001, he was at Gartmore Investments Ltd, initially heading the Quantitative Investment team and then Head of Gartmore's Global Portfolio Team, also in London. Gary has broad experience in sourcing funding for projects and new investments. He has overseen the establishment of high ethical, environmental, social and governance standards in the companies that the Silverlands Funds have invested in.

Mr Geoffrey George Fortuin (56) ("Geoff")

Lead independent non-executive director

Geoff joined the Board on 28 April 2015 and was appointed as lead independent director on 9 September 2021.

Qualifications

BCom (Acc), BCom (Acc) (Hons), CA(SA)

Quantum Foods Board and committee membership

Lead independent non-executive director, audit and risk (chairman), and remuneration (chairman).

Geoff is the financial director of Brimstone Investment Corporation Ltd. He was previously a partner at Deloitte & Touche for 15 years up to 2014, during which time he was responsible for the audit of a number of South African-listed companies. He was also a member of the Deloitte South Africa board of directors.

Annexure 4

Unless otherwise defined herein, capitalised terms shall bear the meanings ascribed thereto in the notice of annual general meeting to which this document is annexed as Annexure 4.

Members of the audit and risk committee

Up for election:

Mr Geoffrey George Fortuin (56) ("Geoff")

Lead independent non-executive director

Geoff joined the Board on 28 April 2015 and was appointed as lead independent director on 9 September 2021.

Qualifications

BCom (Acc), BCom (Acc) (Hons), CA(SA)

Quantum Foods Board and committee membership

Lead independent non-executive director, audit and risk (chairman), and remuneration (chairman).

Geoff is the financial director of Brimstone Investment Corporation Ltd. He was previously a partner at Deloitte & Touche for 15 years up to 2014, during which time he was responsible for the audit of a number of South African-listed companies. He was also a member of the Deloitte South Africa board of directors.

Mr Larry Wilson Riddle (64) ("Larry")

Independent non-executive director

Larry was appointed to the Board on 28 September 2020.

Qualifications

BCom, BAccSc (Hons), CA(SA)

Quantum Foods Board and committee membership

Non-executive director, audit and risk, remuneration, nomination and investment (Chairman).

Larry previously held the positions of commercial director and group corporate and external affairs director of Illovo Sugar Africa (Pty) Ltd ("Illovo") for seven years and three years, respectively. He held a number of senior management positions within Illovo, including general manager of the Illovo South African Operations prior to his appointment as a director. Larry played a key role in looking after the Illovo joint ventures and associate companies in the Illovo group, including Gledhow Sugar Company, Glendale Distilling Company, Lacsa (Pty) Ltd and Relax Ltd. He was chairman of a number of the Illovo retirement funds. He is a former chairman of the South African Sugar Millers' Association NPC and the Ethanol Producers Association of Southern Africa. Larry is currently an independent non-executive director of Gledhow Sugar Company (Pty) Ltd and chairman of Crookes Brothers Ltd.

Annexure 4 (continued)

Ms Tanya Justine Annalene Golden (50) ("Tanya")

Independent non-executive director

Tanya joined the Board on 10 December 2018.

Qualifications

LLB, LLM (UCT), LLM (AU, USA).

Quantum Foods Board and committee membership

Non-executive director, social, ethics and transformation, and audit and risk.

Tanya is a senior counsel and has been a member of the Cape Bar for more than 20 years. She served as chairperson of the Cape Bar Council and is presently the chairperson of the Cape Bar Transformation Committee and the National Transformation Chairperson for the General Council of the Bar. She also served as a member of the Financial Services Board Enforcement Tribunal. She was previously appointed by the MEC of Health to serve on one of the Department's hospital boards and as chairperson for three years.

Annexure 5

Remuneration policy

Introduction

This remuneration policy is a summary and should be read in conjunction with the full remuneration report, as set out in the 2023 integrated report and the full remuneration policy that is available online at www.quantumfoods.co.za/company-documents.

Remuneration governance

The Remco is constituted as a committee of the Board and is responsible for the Group's remuneration policy. The Remco consists of three non-executive directors NEDs, all of whom are independent. The Remco is chaired by an independent NED.

The duties and responsibilities of the Remco primarily revolve around the organisation-wide remuneration policy and implementation. The Remco performs the following main functions:

- Maintaining and approving human resource policies
- Monitoring the impact and implementation of applicable labour legislation that does not fall within the scope of the SETC
- Determining the remuneration packages of directors and the executive committee
- Determining performance targets for STIs
- Determining the outcome of STI performance targets
- Considering the LTI scheme and providing the Board with its recommendations
- Determining the awards to be made to participants under the LTI scheme
- Determining the outcome of LTI performance conditions
- Ensuring that all remuneration packages are fair, market-related and responsible
- Ensuring that directors' remuneration is accurately, completely and transparently disclosed and reported on
- Establishing the criteria to evaluate the performance of the executive committee and directors
- Evaluating and approving the Group's remuneration philosophy, strategy and policy

A detailed list of the Remco's duties and responsibilities is set out in its committee charter. These should be read together with the remuneration policy.

The committee charter and remuneration policy are available online at www.quantumfoods.co.za/company-documents.

At a minimum, the Remco meets twice every financial year. Selected individuals may attend these meetings by invitation from the Remco but recuse themselves when decisions on their own remuneration are taken.

The membership and meeting attendance records of the Remco are disclosed in the corporate governance report on page 81 of the 2023 integrated report.

Annexure 5 (continued)

Remuneration philosophy and principles

Quantum Foods' remuneration philosophy supports the delivery of the Company's business strategy. The Remco's remuneration approach combines talent development, career growth opportunities, performance recognition, and a corporate culture driven by performance and value creation.

The remuneration philosophy is determined on an organisation-wide basis.

Quantum Foods aims to ensure that its remuneration policy (as part of its employee value proposition) is competitive enough to make it an employer of choice.

Quantum Foods rewards individual, team and business performance and encourages superior performance across the Group.

Fair, ethical and responsible remuneration

The Remco observes the principle of remuneration that is fair, ethical and responsible. The Remco continually examines innovative methods to ensure that remuneration paid to executive directors is in line with the market and that it is justifiable in the context of overall employee remuneration.

In line with the provisions of the Employment Equity Act, No. 55 of 1998, as amended ("Employment Equity Act"), the Remco oversees the results of the Company's TASK and ExecEval grading system. This system enables the Remco to evaluate whether an employee's remuneration is in line with his or her peers within the same job category to identify and correct any unjustifiable differentials. This supports the principle of equal pay for work of equal value espoused in the Employment Equity Act.

Quantum Foods has a human resources strategy that supports career progression and the development of upcoming talent. Through its talent development programme (in partnership with certain institutions of higher education), students studying for qualifications in animal production participate in the Group's internship programme. Learnership programmes are available to students in animal production at junior level and students of business management and administration at junior management level. The bursary programme supports Company-employed students studying towards tertiary qualifications in the areas of agriculture, science and other general management and business qualifications. In addition, the Company offers bursaries to external students in their final years of Agriculture and Agri Sciences studies. The apprenticeship programme has the training of artisans as a specific area of focus. Preference is given to students who will enhance the Group's transformation profile.

Remuneration framework

The remuneration framework consists of total guaranteed package ("TGP") benefits and, depending on an employee's job category and seniority, variable remuneration. Profitability and efficient business processes are the key Group performance indicators for reward. Individual performance indicators are determined according to the key measurable areas which contribute to overall Group performance and strategy execution.

The different components of remuneration, their link to Quantum Foods' business strategy and their positive outcomes in the economic, social and environmental context within which the Group operates, are summarised in the table below:

Component	Policy and link to business strategy
TGP (fixed: applicable to all sectoral and non-sectoral employees) **Social – ensuring the necessary skills for a high-performance culture.**	Aimed at attracting and retaining talent and ensuring competitiveness. Quantum Foods participates in a reputable South African salary survey and benchmarks total remuneration packages against the market value applicable to various job categories every second year. TGP is generally referenced to the job family market median. We use the REMChannel® Survey, which the Remco believes is appropriate in the context of Quantum Foods and its business. Internal salary positioning is based on factors that include work experience, competence, performance, internal historical factors and market influences. Collective bargaining agreements for unionised employees are negotiated annually. The average salary for each job category is reviewed annually, bearing in mind the Company's affordability constraints. Surveys and benchmarks are used in determining executive directors' remuneration, as well as analyses of remuneration paid by comparator companies. The Remco is satisfied that the surveys and benchmarks used are appropriate in the context of Quantum Foods and its business.
Benefits (fixed: applicable to all employees) **Social – allowing employees the flexibility of structuring benefits according to individual requirements.**	Benefits form part of TGP and include medical aid, retirement fund contributions, disability and life insurance, and travel allowances. Additional benefits such as cellphone allowances are given to qualifying employees. Retirement contributions are made according to statutory requirements and fund-specific rules. Employees receive a long-service bonus equal to one month's TGP for every completed 10 years of service. Employees receive a 13th cheque as part of their TGP. They can either elect to receive the 13th cheque on a once-off basis in December of every year, or have it paid to them in equal instalments over a 12-month period.
STIs (variable: applicable to senior management) **Economic – drives sound operational efficiency and ESG performance that supports the Group's ability to improve margins and returns on the asset base. This enables the creation of shareholder value.**	The STI constitutes a performance bonus. This bonus is designed to motivate and reward senior management for their contribution to the achievement of targets related to main business drivers, ultimately increasing shareholder value. Performance conditions: **Headline earnings before tax per share ("HEBTPS") target** – the calculation for the achievement of the target is based on an audited and agreed comparative base for the previous financial year. HEBTPS has a 50% weighting. The HEBTPS measure has been retained for FY2024.

Annexure 5 (continued)

Component	Policy and link to business strategy
STIs (variable: applicable to senior management) **Economic – drives sound operational efficiency and ESG performance that supports the Group's ability to improve margins and returns on the asset base. This enables the creation of shareholder value.**	**Growth in Economic Profit ("EP")** – the growth calculation is based on the weighted average cost of capital over a rolling three-year period, applied to the average net asset base of the Group. EP has a 20% weighting. The EP measure has been retained for the 2024 financial year, but the weighting has been lowered from the 25% weighting of FY2023. **Operational efficiency** – the efficiency calculation is based on targets set for the percentage of second-grade eggs sold at egg packing stations, broiler-type breeder production efficiency, layer-type hen production efficiency, operating cost management and ESG performance. Each of the five operational efficiency measures contributes one-fifth to the overall operational efficiency performance measure. For FY2024 the operational efficiency measures have been amended as follows: • The weighting for the operational efficiency performance measure was adjusted from the 25% weighting in FY2023 to 30%. • The measurement target for broiler-type breeder production efficiency has been amended. • New targets were set for the percentage of second-grade eggs sold at egg packing stations, layer-type hen production efficiency, operating cost management and ESG performance. Details are set out in the STI section on page 49. Separate targets for HEBTPS and operational efficiency are set for STI participants employed in the Group's other African countries to align the earnings achieved in each region. Growth in EP is also measured by country. Executive management determines the HEBTPS, EP and operational efficiency targets for the operations in Zambia, Uganda and Mozambique. The table below provides more detail on the measurement of STI across the Group:

	HEBTPS	EP	Operational efficiency
CEO, CFO and executives	Group target	Group target	RSA target
Other RSA participants	Group target	Group target	RSA target
African country manager	Group target	Group target	Country target
Other African participants	Country target	Country target	Country target

Component	Policy and link to business strategy
LTIs (variable: applicable to the executive committee and a small percentage of senior management) **Economic – drives share price growth and by extension, the creation of shareholder value.**	The LTI consists of a cash-settled VAR plan designed to attract and retain talent over the long term, as well as align the interests of employees with that of shareholders. Participation in the LTI is restricted to the CEO, CFO, executive committee and a small percentage of the Group's senior management. A new VAR plan will be implemented from FY2024. In terms of the new LTI, vesting of VAR awards will be subject to performance conditions set out below and VAR awards will vest in a single tranche over a four-year measurement period. The vested amount will be adjusted for growth in Quantum Foods' four-year rolling average enterprise value over the same period (enterprise value is calculated on a Headline Earnings ('HE") multiple basis (four-year rolling HE x 8) at the measurement date). The rationale for using the four-year rolling average enterprise value growth and not the enterprise value growth at the end of the four-year performance period (referencing HE in year four of the performance period), is to evaluate enterprise value delivery through the four-year performance period and not only at the end of the performance period. Performance condition measured over a four-year performance period: • Growth in the four-year rolling average Group HEPS – the hurdle for any vesting is CAGR in HEPS of higher than CPI plus 1% growth (20% threshold vesting at this point) with full (100%) vesting at CAGR of CPI plus 3% and stretch (150%) vesting at CAGR of CPI plus 8% and with linear vesting in-between. The Board has the discretion to change the baseline HEPS for an allocation to ensure that the target for the vesting of this component is fair and reasonable to both shareholders and participants. The Board has the discretion to adjust HEPS for material non-recurring items when performance against targets are measured. No further awards will be made under the current SAR scheme. The vesting period for the current SAR awards will terminate in February 2028. The table below sets out how the current SAR scheme will phase out and the new VAR plan will phase in, in the determination of the payment of any LTI benefits to participants.

	FY2024	FY2025	FY2026	FY2027	FY2028
2019 SAR allocation	3rd vesting				
2020 SAR allocation	2nd vesting	3rd vesting			
2021 SAR allocation	1st vesting	2nd vesting	3rd vesting		
2022 SAR allocation		1st vesting	2nd vesting	3rd vesting	
2023 SAR allocation			1st vesting	2nd vesting	3rd vesting
2024 VAR allocation					1st vesting

More details are set out in the LTI section on page 52.

Annexure 5 (continued)

Pay mix

The pay mix for senior executives comprises a combination of TGP and variable pay. A sufficient portion of the pay mix is "at risk" to incentivise executives to meet financial performance targets and realise the Company's business strategy. The STI portion drives the achievement of earnings which should support share price growth in the short term, while the LTI portion incentivises long-term enterprise value growth and alignment with shareholders. At lower levels, the on-target pay mix is weighted towards TGP.

TGP

The TGP and benefits offered by Quantum Foods are summarised in the aforementioned remuneration framework. Several employees fall within collective bargaining units. Therefore, their remuneration is determined outside of the remuneration policy and is subject to the applicable collective bargaining agreement. All South African employees participate in a retirement scheme and a voluntary medical aid scheme.

Annual reviews and TGP increases

Annual reviews of TGP consider inflation, current market conditions, an employee's financial and non-financial individual performance against pre-set goals, as well as the performance of the Group.

Increases are limited to an approved budget, and executive increases are considered within the context of average increases for employees throughout the Group. Employees whose individual performance falls below an acceptable standard will not be eligible for an increase. This is determined through the Company's performance management process.

STIs

Based on business and individual performance, executives and selected senior managers may participate in the STI. A maximum bonus pool is calculated annually from which the total amount of the STIs that can become payable to participants is paid.

The maximum bonus pool is calculated based on the participant's cost to company, as well as the maximum earning potential depending on the participant's level. The actual bonus pool for the HEBTPS and EP components is self-funding, meaning that the achievement of targets is calculated after taking the actual bonus pool expense into account. However, the portion of the actual bonus pool that is dependent on the achievement of operational efficiency targets is not dependent on the achievement of HEBTPS or EP targets and is determined separately.

Earnings potential for STI

The table below sets out the earning potential (as a % of TGP) of participants:

Position	Maximum earnings potential for STI (as a % of TGP)*
CEO	**100%**
CFO and executives	**75%**
Senior management	**15% or 35%**

* *The percentage of TGP that will be earned as STI should stretch performance be achieved for all three elements in the table on page 49.*

Senior management with significant responsibilities have a maximum STI earning potential of 35% of TGP, and selected other senior management have a maximum STI earning potential of 15% of TGP should stretch performance targets be achieved.

2024 STI performance measures

The Remco reviewed the performance measures and will apply the following measures for the achievement of financial and operational targets for the FY2024 STI. The STI is based on three performance measures that apply to all eligible employees, as set out in the table below:

Performance measure	Weighting	On-target performance	Stretch performance
Achievement of the Group's HEBTPS target	50%	50* cents per share	60* cents per share
Growth in the Group's EP	20%	25% of the three-year rolling average improvement in EP is included in the bonus pool.	
Achievement of operational efficiency targets	30%	Based on breed standards for day-old broiler chick production, targets for the percentage of second-grade eggs sold at the egg packing stations, layer-type hen production efficiency, operating cost management and ESG performance. See further details in the operational targets section below.	

* *Targets for FY2024. At HEBTPS performance of 50 cents per share or lower, the bonus will be 0%. At HEBTPS performance of 60 cents or higher, the bonus will be 100% with linear vesting for HEBTPS of between 50 cents and 60 cents. The measurement of HEBTPS is impacted by the actual weighted average number of shares (excluding treasury shares held) in issue.*

An employee's individual performance score, which is measured in line with their individual performance contract, must be at least satisfactory to participate in any STI payout. Individual performance targets are determined and evaluated by the employee's manager on a six-monthly basis. These targets are the basis of the performance contract of a specific employee. A percentage achievement of at least 65% is required for a satisfactory performance score and participation in any STI payout. These performance conditions are considered to be sufficiently stretching and appropriate for Quantum Foods' business model.

The hurdle rates for HEBTPS, the percentage of growth in EP included in the bonus pool, and operational efficiency targets are determined annually by the Remco to establish minimum and maximum potential bonus pay-outs.

Annexure 5 (continued)

HEBTPS and EP targets

To determine the HEBTPS targets for 2024, the Remco considered the factors set out in Part 1 of the remuneration report included in the 2023 integrated report, which resulted in lower earnings in 2023. These factors included the impact of feed raw material costs which are expected to reduce slightly in 2024 and the severity of the HPAI outbreaks impacting Quantum Foods poultry and egg operations and that of competitors in the Gauteng and North West provinces of South Africa. The HPAI outbreaks will result in significantly fewer eggs available for sale, lower demand for feed and additional costs while the farms are prepared for future placement of birds. These factors are expected to be partially countered by an increase in egg prices in FY2024. Based on the Group's historical performance and considering the severity of the HPAI outbreaks in FY2023, the Remco considers the HEBTPS target set for FY2024 to be sufficiently stretching.

The percentage of 25% of growth in the Group's EP included in a bonus pool calculation for FY2023 will remain the same for FY2024. The weighting of the EP measurement has been lowered from 25% in FY2023 to 20% in FY2024. This adjustment recognises the importance of achieving operational efficiency targets in reducing the cyclicality of Group earnings and further improving ESG performance. 70% of the total FY2024 STI will be determined by the achievement of financial targets (HEBTPS 50% and EP 20%), with the adjustment from the previous 75% (HEBTPS 50% and EP 25%) deemed appropriate by the Remco.

Operational targets

The FY2023 targets were for broiler breeder, layer farming and egg packing station efficiencies as well as operating cost management and ESG performance. Targets were set for:

- Broiler breeder efficiency, which was measured as the number of day-old chicks hatched per one hundred eggs set ("hatchability percentage") in the hatcheries.
- Layer farming efficiency, which was aligned with the internationally recognised performance efficiency factor ("PEF") calculation used to measure the production efficiency of broiler-type birds. The measurement incorporates the actual number of eggs produced per hen housed at the start of the laying cycle, the feed-conversion ratio achieved during the laying cycle and the liveability achieved during the laying cycle. These three factors are included in a calculation and expressed as a target for the layer productivity index.
- Egg packing station efficiencies, which was measured based on the percentage of second-grade eggs sold.
- Operating cost management, which was measured as actual operating cost in comparison to the approved operating cost budget.
- ESG performance which was measured as improvement on priority areas identified from the independent ESG review performed in FY2022.

For FY2024, the measurements for layer farming efficiencies, egg packing station efficiencies, operating cost management, and ESG performance were retained while the measurement for broiler breeder efficiencies was amended. The Remco considered the impact that the HPAI outbreaks in FY2023 will have on the performance of the layer farms when measured in accordance with the layer productivity index and, notwithstanding a lower number of layer flocks that will be completed in FY2024, resolved to retain the measurement.

In setting the FY2024 target for broiler breeder efficiency, the Remco considered that the breed change from Cobb500 to Ross 308 was completed in FY2023. The Remco introduced a different measurement in FY2022, considering the change in the composition of broiler breeder stock during the transition. For FY2024, broiler breeder efficiency will again be measured as the number of day-old chicks produced per breeder hen placed at the start of the laying cycle.

The FY2023 weighting of one-fifth for each component was retained for FY2024 but the weighting of the operational efficiency targets was increased from 25% in 2023 to 30% in FY2024.

Targets are commercially sensitive and therefore not disclosed. The target for ESG performance will be measured against areas of improvement identified from the independent ESG review performed in 2023. The Remco considers the targets to be sufficiently stretching to ensure that, if achieved, they would optimise Group profitability and improve ESG performance.

The FY2024 weighting and maximum contribution of the operational targets to the total STI will be:

Target	Weighting	Maximum STI contribution
Layer farming efficiency	20%	6%
Egg packing station efficiency	20%	6%
Broiler breeder efficiency	20%	6%
Operating cost management	20%	6%
ESG performance	20%	6%
Total	100%	30%

The Remco considers these measurements as the most important in each of the businesses to increase earnings and realise the Company's business strategy.

Remco discretion

The Remco has the discretion to review STI payments in the interest of all stakeholders. This decision may be guided by contextual realities that may have impacted the performance of the Group in the year under review and will be justifiably applied in exceptional circumstances.

Malus and clawback

STI payments will either be forfeited, or the after-tax benefit will be clawed back, should STI payments be made during a period of 24 months after a trigger event.

A trigger event, at the absolute discretion of the Remco, means any event to which the participant contributed and that resulted in:

- A wilful material misstatement of the financial results of the Company and/or any subsidiary
- A material failure in the risk management of the Company and/or any subsidiary
- Fraudulent or dishonest conduct

Annexure 5 (continued)

LTIs

Selected employees, including executives, are given the opportunity to participate in the LTI plan at the sole discretion of the Board.

SAR scheme in terms of which the last allocations were made in February 2023

Shareholders approved the rules of the SAR scheme in compliance with the JSE Listings Requirements. In terms of the SAR scheme, selected senior employees are granted the opportunity to receive shares in the Company. The value of their awards is based on the future increase in value from the strike price at the award date to the share price at the exercise date.

Special dividends declared between the award date and vesting date are added to the share price at the exercise date to determine the value of an award.

VAR plan in terms of which the first allocations will be made in FY2024

The Remco reviewed the LTI scheme during the reporting period. The first SAR allocations were made in February 2015. The Remco determined that inclusive of the SAR allocations made in February 2023, the overall limit of 14.5 million shares available for the scheme will probably be reached following the future vesting of historical SAR allocations. The number of shares required to settle SAR allocations is dependent on future factors, including the achievement of HEPS targets and share price movements. The final measurement of the achievement of vesting conditions for SAR allocations made until February 2023 will be in February 2028 and the number of shares required to settle the LTI obligations can only be determined after the 2028 vesting.

Following benchmarking, the Remco developed a new LTI scheme for implementation in FY2024. The new LTI will be a cash-settled VARs plan. In terms of the new LTI plan, the achievement of LTI targets will be 100% based on the achievement of growth in HEPS targets over a rolling four-year period. Vesting conditions for the previous LTI were 50% HEPS target based and 50% based on continued service. In the VAR plan an annual award will be made to participants and measured over a four-year performance period. Targets for threshold (20% achievement), target (100% achievement) and stretch (150% achievement) are set and any payout adjusted for growth in the four-year rolling average enterprise value of the Company over the same period (enterprise value is calculated on a HE multiple basis (four-year rolling average HE x 8) at the measurement date) with a limit (maximum 3 times TGP) governing maximum payout to any employee.

The VAR plan is intended to promote the continued financial growth of the Group. The Remco determines the allocation to qualifying employees on an annual basis.

LTI allocation methodology

The VAR plan allocation levels are set out below:

	VAR allocation level (annual award as a % of TGP)
CEO	75%
CFO and other executives	50%
Selected senior management	20%

TGP at date of award is used to determine the annual allocation of VAR awards to qualifying employees.

The Remco assesses the affordability of VAR awards at award date with reference to the number of participants included in the VAR plan as well as the overall estimated cost as at the date of award. Awards will be limited to a maximum of 7.5% of EBITDA for the preceding financial year. The Remco has a discretion to adjust preceding financial year EBITDA for material non-recurring items.

Vesting profile, performance period and conditions for vesting

The VAR awards vest in a single tranche on the four-year anniversary of the award date. The performance conditions are measured over a four-year performance period, which are aligned to the respective financial years.

The performance conditions for the 2024 award, with a baseline HEPS of 54.5 cents, are:

The vesting will be adjusted as set out on page 52 and with an overall limit of 3 x TGP for any participant.

Annexure 5 (continued)

Settlement

VAR awards will be settled in cash within 30 days of the vesting date.

To ensure that the settlement of vested VAR awards does not impact the Company's liquidity, a free cash flow settlement condition applies. Settlement of VAR awards will, at the discretion of the Remco, be fully or partially deferred, for a maximum period of 24 months, where payment would exceed 20% of the Company's free cash flow for the 12 months preceding the vesting date.

Early termination of employment

For fault leavers as defined in the rules of the VAR plan, any unvested VARs will be forfeited and vested VARs not yet settled will be settled. For no-fault leavers as defined in the rules of the VAR plan, the participant will be entitled to the same rights and subject to the same conditions as they would have been had they remained employed by the Company. However, future vesting for no-fault leavers will be adjusted based on the period in service after the date of award. The Remco has a discretion to early test the achievement of performance conditions for no-fault leavers.

Malus and clawback

LTI benefits will either be forfeited, or the after-tax benefit clawed back, where cash payments have been made during a period of 24 months after a trigger event. A trigger event, at the absolute discretion of the Remco, means any event to which the participant contributed, and that resulted in:

- A wilful material misstatement of the financial results of the Company and/or any subsidiary
- A material failure in the risk management of the Company and/or any subsidiary
- Fraudulent or dishonest conduct

Executive directors' service agreements

Executive directors' service agreements are prepared with input from the Remco. These service agreements are similar to employment agreements for most other employees, apart from having a notice period of three months versus one month for most other employees. The three-month period applies to executive directors (including the CEO), as well as all senior managers. Executive directors' service agreements do not contain restraint of trade provisions – this includes the service agreement for the CEO. Sign-on awards will only be made in exceptional circumstances to attract extraordinary talent. No such awards have been made to date. Executive contracts do not contain provisions that require the Remco to make severance or balloon payments on termination of employment. Executives may serve on the boards of other companies as NEDs with the approval of the CEO. This approval will only be given in limited instances that will not impact the execution of executive responsibilities.

Non-executive directors' fees

The Company's policy is that NEDs are paid a quarterly retainer fee. Fees are paid for being a Board member and for each committee on which the Board member serves. No fees are paid to members of the nomination committee which meet as and when required. Payment of fees for members of the investment committee will be proposed to shareholders at the February 2024 AGM in recognition of the workload of this committee. The fee reflects the NEDs' assigned responsibilities. The fee is evaluated annually and benchmarked every two years against comparable companies. The Remco is satisfied that the benchmarking is appropriate in the context of Quantum Foods and its business. NEDs are paid an all-inclusive retainer fee and are not paid per meeting. NEDs do not receive supplementary fees for an increased workload or ad hoc meeting attendance; however, NEDs are reimbursed for any related disbursements.

The table below sets out the fees approved by shareholders at the 2023 AGM, which approval is valid until the second anniversary of the 2023 AGM. The Company intends to, without detracting from the resolution passed by shareholders in terms of section 66(9) of the Companies Act at the February 2023 AGM authorising the payment of remuneration to NEDs, propose that these fees be increased as set out in the table below at the forthcoming AGM.

	Approved fees per annum Rand (exclusive of VAT)	Proposed fees per annum Rand (exclusive of VAT)
Chairman of the Board	**414 615**	439 500
Lead independent director	**355 745**	377 100
Board member (other than the chairman of the Board or the lead independent director)	**294 870**	312 560
Committee chairman ARC	**101 630**	107 730
Committee chairman (remuneration and social, ethics and transformation)	**71 140**	75 410
Committee member ARC	**92 155**	97 680
Committee member (remuneration and social, ethics and transformation)	**65 820**	69 770
Committee chairman investment committee	**Nil**	75 410
Committee member investment committee	**Nil**	69 770

Implementation of the remuneration policy in FY2023

TGP

The Remco approved a salary increase mandate of 6.0% (FY2022: 5.0%) of total cost to company for non-sectoral employees and executives, and a 6.5% (FY2022: 5.0%) basic pay increase for sectoral employees.

STI outcomes

None of the threshold targets for financial performance set for STI participants measured on Group and South African performance were achieved in FY2023 whereas improved operational efficiency performance resulted in partial achievement of targets set. R4.4 million of the STI bonus pool cap of R29.5 million accrued to these participants.

Annexure 5 (continued)

For STI participants measured against the Group's other African countries' performance, R0.2 million of the R1.1 million STI bonus pool cap accrued.

No STI payments were reduced or forfeited due to malus or clawed back in FY2023.

The Remco did not exercise its discretion to adjust STI outcomes in FY2023.

The table below sets out the STI performance outcomes of participants measured on Group targets and South African operational efficiency for FY2023:

	Weighting	Target performance	Stretch performance	Actual performance	Actual achievement (% of measure)	STI outcome
						R'000
Group HEBTPS	50%	31.7 cents	36.5 cents	Loss of 21.5 cents	Nil	Nil
Group EP	25%			Three-year rolling average declined by R83.2 million	Nil	Nil
South Africa operational efficiency	25%			See below	61.7%	4 366
Total	100%	0%	100%		15.4%	4 366

The table below sets out further details on the achievement of operational efficiency targets:

Performance measures	Weighting	Actual achievement (%)
Broiler hatchability	20%	56.4%
Layer hen productivity	20%	Nil
Egg packing station efficiency	20%	52.0%
Operating cost management	20%	100.0%
ESG performance	20%	100.0%
Weighted average achievement	100%	61.7%

Different targets are set for each of the other African countries and the table below provides a summary of the STI outcome of FY2023. The financial and operational performance of the other Africa business is reflected in the STI outcomes below.

Performance measures	Weighting (%)	Actual achievement (%)*	STI outcome* R'000
HEBTPS	**50**	**Nil**	**Nil**
EP	**25**	**Nil**	**Nil**
Operational efficiency	**25**	**35.4%**	**205**
Total	**100**	**18.5%**	**205**

* *STI outcome includes the effect of African country managers measured on other African countries' performance for operational efficiency but Group performance for HEBTPS and EP.*

The table below sets out the STIs of executive directors in FY2023, based on the achievement of performance targets:

Participant	Maximum STI earning potential (as % of TGP)	Achievement of performance conditions %	Actual STI (as % of TGP)	2023 STI amount included in single figure table R'000
HA Lourens	100%	15.4%	15.4%	**694**
AH Muller	75%	15.4%	11.6%	**345**

LTI outcomes

The first tranche of the SARs awarded in 2021, the second tranche of the SARs awarded in 2020 and the third tranche of the SARs awarded in 2019 will each vest in FY2024. The tables below set out the achievement of the performance conditions applicable to the SAR awards that will vest in 2024.

No LTI benefits were reduced or forfeited due to malus or clawed back in FY2023.

2021 award	Threshold	Stretch	Actual
Performance measures = Compound annual growth in adjusted HEPS	CPI plus 1% growth	CPI plus 5% growth	**Decrease in HEPS**
2021 SAR allocation*	98.5 cents	109.9 cents	**Loss of 17.4 cents****
Vesting (%)	0%	100%	**0%**

* *2021 adjusted HEPS was 80.50 cents per share and is equal to the actual 2020 HEPS.*
** *2023 HEPS*

Vesting date	15 February 2024
Performance period	1 October 2020 to 30 September 2023
Employment period	15 February 2021 to 15 February 2024

Annexure 5 (continued)

2020 award	Threshold	Stretch	Actual
Performance measures = Compound annual growth in adjusted HEPS	CPI plus 1% growth	CPI plus 5% growth	**Decrease in HEPS**
2020 SAR allocation*	117.4 cents	136.1 cents	**Loss of 17.4 cents****
Vesting (%)	0%	100%	**0%**

* 2020 adjusted HEPS was 92.30 cents per share and is equal to the actual 2019 HEPS.
** 2023 HEPS

Vesting date	17 February 2024
Performance period	1 October 2019 to 30 September 2023
Employment period	17 February 2020 to 17 February 2024

2019 award	Threshold	Stretch	Actual
Performance measures = Compound annual growth in adjusted HEPS	CPI plus 1% growth	CPI plus 5% growth	**Decrease in HEPS**
2019 SAR allocation*	219.1 cents	263.7 cents	**Loss of 17.4 cents****
Vesting (%)	0%	100%	**0%**

* 2019 adjusted HEPS was 163.90 cents per share and is equal to the actual 2018 HEPS.
** 2023 HEPS

Vesting date	11 February 2024
Performance period	1 October 2018 to 30 September 2023
Employment period	11 February 2019 to 11 February 2024

LTIs awarded during 2023

During the year under review, 6 410 436 SARs, at a strike price of R4.743 per share, were awarded. The Remco exercised its discretion and determined the baseline HEPS for the FY2023 allocation as 20.0 cents per share. This is higher than the actual HEPS of 14.1 cents per share recorded for FY2022. Therefore, 0% vesting for the performance component of the FY2023 award will result at CAGR in HEPS of CPI plus 1% or lower from the baseline of 20.0 cents per share and the total 100% vesting for the performance component of the 2023 allocation will be realisable at CAGR in HEPS of CPI plus 5% from the baseline of 20.0 cents per share.

Unvested LTIs

The table on the next page discloses the number of each executive director's LTI awards as at 30 September 2023, whether allocated, settled, or forfeited, as well as the value of SARs exercised during the year and an indicative value of SARs not yet settled. LTI awards forfeited due to performance conditions not achieved for the performance period that ended 30 September 2023 are included in the table as forfeited. The indicative value of the closing number of SARs was calculated based on the number of SARs at the Company's volume-weighted average share price for the three days ended 30 September 2023, less the grant price of the particular SARs awarded. Special dividends of 10 cents per share for 2019 are added to the volume-weighted average share price, in accordance with the rules of the SAR scheme, in the calculation of the indicative value.

Executive director LTIs in 2023

Date awarded	Note	Opening number	Awarded during the year	Award/ strike price Cents	For-feited during the year*	Vested during the year	Number exer-cised during the year	Exer-cise Price	Cash value of instru-ments exercised R'000	Closing number	Indica-tive value R'000
HA Lourens											
2018/02/22	1	377 996	–	391	–	377 996	377 996	545	583	–	–
2019/02/11	2	956 364	–	425	318 788	318 788	318 788	496	227	318 788	94
2020/02/17	3	1 170 415	–	357	234 083	234 083	234 083	486	303	702 249	614
2021/02/15	4	1 168 730	–	609	194 788	–	–	–	–	973 942	–
2022/02/21	5	1 737 372	–	539	–	–	–	–	–	1 737 372	–
2023/02/23	6	–	1 891 234	474	–	–	–	–	–	1 891 234	–
									1 113		
AH Muller											
2018/02/22	1	109 497	–	391	–	109 497	109 497	545	169	–	–
2019/02/11	2	248 635	–	425	82 879	82 877	82 877	496	59	82 879	24
2020/02/17	3	361 285	–	357	72 257	72 257	72 257	486	93	216 771	190
2021/02/15	4	307 084	–	609	51 180	–	–	–	–	255 904	–
2022/02/21	5	514 604	–	539	–	–	–	–	–	514 604	–
2023/02/23	6		544 220	474	–	–	–	–	–	544 220	–
									321		

* *Include SARs for which performance conditions were not achieved.*

Note 1: Vested in three equal tranches on 22/02/2021, 22/02/2022 and 22/02/2023. Awards must be exercised within 12 months of vesting.

Note 2: Vesting in three equal tranches on 11/02/2022, 11/02/2023 and 11/02/2024. Awards must be exercised within 12 months of vesting.

Note 3: Vesting in three equal tranches on 17/02/2023, 17/02/2024 and 17/02/2025. Awards must be exercised within 12 months of vesting.

Note 4: Vesting in three equal tranches on 15/02/2024, 15/02/2025 and 15/02/2026. Awards must be exercised within 12 months of vesting.

Note 5: Vesting in three equal tranches on 21/02/2025, 21/02/2026 and 21/02/2027. Awards must be exercised within 12 months of vesting.

Note 6: Vesting in three equal tranches on 23/02/2026, 23/02/2027 and 23/02/2028. Awards must be exercised within 12 months of vesting.

Annexure 5 (continued)

Reconciliation of LTI

The table below details the number of shares transferred to participants to settle the LTI and the remaining number of shares available for transfer to participants:

Total number of shares that may be transferred to settle LTI awards	**14 500 000**
Number of shares transferred in FY2018	**(212 396)**
Number of shares transferred in FY2019	**(1 309 899)**
Number of shares transferred in FY2020	**(2 643 138)**
Number of shares transferred in FY2021	**(3 284 063)**
Number of shares transferred in FY2022	**(2 063 234)**
Number of shares transferred in FY2023	**(822 303)**
Remaining number of shares that may be transferred to settle LTI awards	**4 164 967**

Remuneration outcomes for 2023

The table below sets out the single-figure remuneration (i.e., TGP (basic salary and benefits), STI and LTI) received by executive directors and prescribed officers in FY2023 and FY2022, respectively:

30 September 2023	**Basic salary R'000**	**Benefits**	**STI R'000**	**LTI R'000**	**Directors' fees R'000**	**Total R'000**
HA Lourens	**3 940**	**488**	**694**	**1 113**	**–**	**6 235**
AH Muller	**2 573**	**620***	**345**	**321**	**–**	**3 859**
Total	**6 513**	**1 108**	**1 039**	**1 434**	**–**	**10 094**

30 September 2022	Basic salary R'000	Benefits	STI R'000	LTI R'000	Directors' fees R'000	Total R'000
HA Lourens	3 740	467	–	3 414	–	7 621
AH Muller	2 407	353	–	827	–	3 587
Total	6 147	820	–	4 241	–	11 208

* *Includes R249 000 paid on reaching 20 years of service.*

NED fees

The table below sets out the fees paid to NEDs:

Name	FY2023 R'000	FY2022* R'000
WA Hanekom	**532**	752
GG Fortuin	**515**	676
T Golden	**441**	600
LW Riddle	**441**	600
G Vaughan-Smith	**356**	504
	2 285	3 132

* *This relates to the fees paid to the NEDs for the period 1 April 2021 to 30 September 2022 pursuant to the special resolution passed by shareholders at the February 2022 AGM, in accordance with section 66(9) of the Companies Act. The special resolution to remunerate NEDs proposed at the February 2021 AGM was not passed. This resulted in the Company not being authorised to pay any fees to its NEDs for the period 1 April 2021 to 1 April 2022.*

Approval

The Remco is satisfied that there were no material deviations from the remuneration policy during 2023. This remuneration report was approved by the Remco on 29 November 2023.

Annexure 6

Unless otherwise defined herein, capitalised terms shall bear the meanings ascribed thereto in the notice of annual general meeting to which this document is annexed as Annexure 6.

Going concern statement

The audit and risk committee ("the Committee") has considered and reviewed a documented assessment, including key assumptions, as prepared by management of the going concern status of the Company and has made recommendations to the Board in accordance therewith. The Board's statement regarding the going concern status of the Company, as supported by the Committee, is included in the directors' responsibility report in Annexure 7.

Annexure 7

Unless otherwise defined herein, capitalised terms shall bear the meanings ascribed thereto in the notice of annual general meeting to which this document is annexed as Annexure 7.

Directors' responsibility

In accordance with the requirements of the Companies Act, the Board is responsible for the preparation of the summary consolidated financial statements of Quantum Foods. The audited annual financial statements of the Group for the year ended 30 September 2023, from which these summary consolidated financial statements have been derived, were prepared in accordance with IFRS and comply with the requirements of the Companies Act and the JSE Listings Requirements.

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

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

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

In accordance with paragraph 7.F.6 of the JSE Listings Requirements, the Board confirms that the Company is (i) in compliance with the provisions of the Companies Act; and (ii) operating in conformity with its memorandum of incorporation.

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

The summary consolidated financial statements of the Group were approved by the Board on 29 November 2023 and are signed on its behalf by:

WA Hanekom
Chairman

HA Lourens
Chief Executive Officer

Annexure 8

Unless otherwise defined herein, capitalised terms shall bear the meanings ascribed thereto in the notice of annual general meeting to which this document is annexed as Annexure 8.

Social, ethics and transformation committee ("SETC") report

In terms of regulation 43(5)(a) of the Companies Regulations, the SETC has oversight of five main focus areas. These areas include:

1. Social and economic development
2. Good corporate citizenship
3. Environment, health and public safety
4. Consumer relationships
5. Labour and employment

The SETC monitors the sustainable development and non-financial performance of the Group relating to:

1. Performance against the Group's environmental, social and governance standards
2. Stakeholder management, engagement and reporting
3. Health and public safety, including occupational health and safety and the quality of the Group's products and services
4. B-BBEE
5. Diversity management
6. Labour relations and working conditions
7. Human capital management, including training and skills development
8. Management and monitoring of the Group's environmental impact
9. Ethics management
10. Corporate social investment

Focusing on the aforementioned ensures that the SETC has the knowledge and insight necessary to monitor Quantum Foods' role as a responsible corporate citizen. In addition, it ensures that the SETC is able to measure this commitment and, if necessary, assist the Board in implementing appropriate steps and procedures to enhance Quantum Foods' non-financial performance.

It is important that the Group operates in a manner that is not only profitable but also sustainable. In support, the Group implements measures that prioritise the conservation of water, appropriate waste management, and clean energy, not only to meet the expectations of stakeholders but also to ensure long-term sustainability.

The Group endorses the UN SDGs as a worldwide appeal to take action in creating a better and more sustainable future for people and the planet. The SETC monitored the Group's contribution to the selected UN SDGs. More details can be found on page 61 of the 2023 integrated report.

Below are the key areas of focus during the reporting period:

Topic	Progress and actions arising
B-BBEE scorecard and targets	The SETC monitored the Group's strategy and targets with a view to improving the Company's B-BBEE score achieved in FY2022. More detail is available on page 68 of the 2023 integrated report.
Sponsorships and charitable donations	The SETC monitored the various product donations and continues to monitor the Group's social responsibility initiatives. These are detailed on page 65 of the 2023 integrated report.
Water, energy and waste disposal management	The committee monitors water, energy and waste management and a report containing usage details is reviewed biannually. The aim is to reduce wastage of the usage elements across the Group's operations by monitoring performance year on year. Read more on page 70 of the 2023 integrated report. A specific area of focus is projects to supplement electricity produced from non-renewable sources with solar technology. Read more on page 73 of the 2023 integrated report.
Occupational health and safety compliance	The SETC noted progress in obtaining occupational certificates for various business premises. This is an ongoing expense with the pace of progress impacted by third parties. In FY2023 R0.1 million (FY2022: R4.9 million) of capital was spent to ensure progress on compliance.
Customer complaints and food safety	The SETC monitored customer complaints and food safety and is satisfied that such matters were monitored and dealt with adequately during the year.
Employment equity and training	The SETC monitored employment equity and training. Read more on page 64 of the 2023 integrated report and page 66 of the 2023 integrated report
Human capital	The SETC monitored organisational development initiatives, workforce design and planning. Read more on page 66 of the 2023 integrated report.
Animal welfare	The SETC monitored engagements with the NSPCA and other stakeholders to ensure that animal welfare remains a priority. Read more on page 18 of the 2023 integrated report.
ESG compliance	The SETC received findings and monitored management actions from an external ESG review against standards including the International Finance Corporation Performance Standards. Read more on page 60 of the 2023 integrated report.
Ethics management	The SETC monitors ethics management and adherence to the Group's code of conduct, which is reviewed annually. Local tip-off anonymous lines are available to stakeholders in Quantum Foods' operating jurisdictions (South Africa, Mozambique, Uganda and Zambia). For further information regarding the reports received through the anonymous tip-off hotline, including the investigations conducted and outcomes, read more on page 60 of the 2023 integrated report. Read more on the Group's measures to ensure proper ethics management in the King IV register available on the Company's website.

Annexure 8 (continued)

The SETC evaluated and approved the non-financial information contained in this report.

In accordance with Principle 8, Recommended Practice 50(f) of King IV, the SETC is satisfied that it has fulfilled its responsibilities in accordance with its charter, its statutory responsibilities and workplan for the reporting period.

The SETC has determined the following to be its primary focal areas for FY2024. This will be supported by ongoing monitoring of the various topics that form the committee's mandate.

Topic	Area of future focus
B-BBEE scorecard and targets	The SETC will supervise the Group's action plan to enhance its B-BBEE score. The Group will continue to invest in its current business operations that promote transformation and empowerment.
Improved ESG performance	The SETC will oversee the further progress made in improving ESG performance.

Mr. G Vaughan-Smith
Chairman

Wellington
24 November 2023

Annexure 9

Unless otherwise defined herein, capitalised terms shall bear the meanings ascribed thereto in the notice of annual general meeting to which this document is annexed as Annexure 9.

	2023 R'000	2022 R'000
Share capital		
Authorised – ordinary shares 400 000 000 (2022: 400 000 000) ordinary no par value shares		
Issued and fully paid – ordinary shares 200 024 716 (2022: 200 024 716) ordinary no par value shares	**1 465 069**	1 465 069
Reconciliation of movement in issued shares During the current and prior reporting period there was no movement in issued ordinary shares.		
Treasury shares held by subsidiary		
At the beginning of the year: 414 158 (2022: 2 477 392) ordinary shares	**1 390**	8 315
500 000 (2022: nil) ordinary shares acquired during the year at an average price of R4.67 per share	**2 336**	–
Issued to management in terms of share appreciation rights scheme: 822 303 (2022: 2 063 234) ordinary shares	**(3 297)**	(6 925)
At the end of the year: 91 855 (2022: 414 158) ordinary shares	**429**	1 390

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

Annexure 10

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

Audit and risk committee charter

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

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

Members of the audit and risk committee

As at 30 September 2023, the committee comprised three independent non-executive directors, namely Mr GG Fortuin, Mr LW Riddle and Ms TJA Golden.

These members will retire and avail themselves for election at the 10th annual general meeting ("AGM") of the Company in terms of section 94(2) of the Companies Act. All members are required to act objectively and independently, as described in the Companies Act and in King IV.

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

Meetings

The committee held five meetings during the year. Attendance of the meetings are shown on page 81 of the 2023 integrated report.

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

Functions and responsibilities of the committee

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

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

- Considered and, when appropriate, made recommendations on internal financial controls.
- Took the necessary steps to ensure that the financial statements are prepared in accordance with IFRS and the requirements of the Companies Act.
- Ensured that a process is in place to be informed of any reportable irregularities (as per the Auditing Profession Act, No. 26 of 2005) identified and reported by the external auditor; and relating to the accounting practices and internal audit of the Group, the content of the financial statements, the internal financial controls of the Group or any related matter during the financial year. No such material concerns and/or complaints were raised during the financial year.
- Considered the solvency and liquidity requirement of the Companies Act in recommending proposed dividends to the Board.

- Reviewed the external audit reports on the consolidated annual financial statements.
- Reviewed the reports issued by the JSE on the proactive monitoring of financial statements.
- Oversaw the integrated reporting process. The committee considered the Group's information pertaining to its non-financial performance as disclosed in the integrated report and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements.
- Reviewed and confirmed that the non-audit services provided by the external auditor were in accordance with the non-audit services policy of the Group. Any permissible non-audit services to be performed, which in the aggregate exceed R500 000 per financial year, must be approved by the committee.
- Reviewed and confirmed the suitability and independence of PricewaterhouseCoopers Inc. ("PwC") as the audit firm and Mr RJ Jacobs as the designated auditor of the Group as contemplated in paragraph 3.84(g)(iii) read with paragraph 22.15(h) of the JSE Listings Requirements.
- During the year the committee considered new external auditors for the 2024 financial year and recommended the appointment of Ernst & Young Inc. ("EY") as the external auditor and Mr P du Plessis as the designated auditor, after satisfying itself through enquiry that EY is independent as defined in section 94(8) of the Companies Act. 2024 will be Mr P du Plessis' first year as designated auditor of the Company. The appointment of EY as the recommended external auditor (with Mr P du Plessis as the designated auditor) will be presented and included as a resolution at the AGM. The committee confirmed that EY and the designated auditor are accredited by the JSE.
- The change in auditors from PwC to EY was initiated by the Board, having regard for the merits of periodic auditor rotation and on recommendation by the ARC, following a comprehensive tender process.
- Confirmed that PwC and the designated auditor are accredited by the JSE.
- Approved the external auditor's fees and terms of engagement.
- Approved the agreement with the external auditor for the provision of non-audit services.
- Confirmed and approved the internal audit charter and annual risk-based internal audit plan.
- Reviewed the internal audit risk reports and fraud hotline reports.
- Reviewed and approved the risk management policy and plan.
- Reviewed business continuity capability, disaster management plans and insurance cover.
- Provided oversight over the IT governance of the Group.
- Provided oversight over the combined assurance arrangements, including the external and internal auditors and satisfied itself of the effectiveness of the combined assurance model implemented by the Group.
- Reviewed the effectiveness of the internal audit function and the head of internal audit.

Annexure 10 (continued)

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

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

Internal audit

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

Chief financial officer and finance function

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

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

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

Significant audit matters and quality of external audit

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

Going concern

The committee has considered and reviewed a documented assessment, including key assumptions, as prepared by management of the going concern status of the Group and has made recommendations to the Board accordingly. The Board's statement regarding the going concern status of the Group, as supported by the committee, is included in the directors' responsibility statement in annexure 7.

GG Fortuin
Chairman: audit and risk committee

Wellington
29 November 2023

Notes

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Corporate information

Quantum Foods Holdings Limited

Incorporated in the Republic of South Africa
Registration number: 2013/208598/06
Share code: QFH ISIN code: ZAE000193686

Directors

WA Hanekom (chairman)
GG Fortuin (lead independent director)
TJA Golden
LW Riddle
G Vaughan-Smith
HA Lourens (chief executive officer)*
AH Muller (chief financial officer)*

* *Executive*

Company secretary

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Email: Ziyanda.Wakashe@quantumfoods.co.za

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Transfer secretaries

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Sponsor

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Auditor

PricewaterhouseCoopers Inc.

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17362

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FOODS