Astral

2021

Integrated Report

for the year ended 30 September 2021

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Our Six Capitals

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

UN SDGs

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5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
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Stakeholders

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Abbreviations and definitions

The abbreviations and definitions used throughout this Integrated Report are detailed on pages 185 and 186.

OUR BUSINESS

Profile

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

For the year ended 30 September 2021, Astral created 13 256 (2020: 13 120) employment opportunities. As at 30 September 2021, the Company had 5 070 shareholders and a market capitalisation of R7.6 billion.

Astral's integrated operations include:

Feed

Astral produced **1 330 991** tons of feed for 2021

Astral has **9** feed mills

Poultry Agriculture

Astral has, at any given time, approximately **37 500 000** broilers under its management

Astral production on **180** agricultural sites

Poultry Commercial

Astral processes approximately **5 400 000** broilers per week and processed **476 750** tons of poultry product for 2021

Astral has **4** broiler processing plants

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

Our strategic focus

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

REPORT OVERVIEW

Astral is pleased to present its Integrated Report for the financial year ended 30 September 2021.

Scope

Astral's Integrated Report covers the economic, environmental and social activities of the Group and their consequences for stakeholders for the year ended 30 September 2021. It aims to provide a transparent and an holistic view of the Group's financial and non-financial performance and how value is created for a broad range of stakeholders. This Integrated Report also deals with the opportunities, risks and material issues faced by the Group in the normal course of business.

Content

Astral continues to enhance the Integrated Report and, with respect to comparability, all significant items are reported in a consistent manner with the previous financial year. Astral has introduced the use of the UN Sustainable Development Goals to measure its impact on the environment in terms of "How we build or deplete them", while not specifically referred to in this manner or order.

This Report also addresses the operational responsibility and accountability for business sustainability and covers the operations of the Group and major subsidiaries for the financial year ended 30 September 2021.

Reporting frameworks

This Integrated Report was prepared in accordance with IFRS, the requirements of the Companies Act, the JSE Listings Requirements, the principles of King IV™ and the International Integrated Reporting Framework of the International Integrated Reporting Council. Where applicable, the Six Capitals and the UN SDG icons have been used throughout the document for ease of reference.

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

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

Materiality

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

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

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

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

When evaluating the importance of relevant matters, we consider:

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

Assurance

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

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

REPORT OVERVIEW (CONTINUED)

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

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

The internal audit function, overseen by the Group's Audit and Risk Management Committee, assess the effectiveness of the Group's system of internal control and risk management. Astral receives external assurance on certain aspects of the business. Our external auditor, PricewaterhouseCoopers Inc., provides an opinion on the fair presentation of the Group's Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act.

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

Statement by the Board

The Board acknowledges its responsibility to ensure the integrity of this Integrated Report which in the Board's opinion addresses all material issues and presents fairly the Group's integrated performance. The Board applied its judgement regarding the disclosure of Astral's strategic plans, and has ensured that these disclosures do not place the Group at a competitive disadvantage. The Audit and Risk Management Committee recommended the approval of the 2021 Audited Annual Financial Statements and the Integrated Report on 10 November 2021.

Theuns Eloff
Chairman

Diederik Fouché
Chairman: Audit and Risk Management Committee

Chris Schutte
Chief Executive Officer

Daan Ferreira
Chief Financial Officer

26 November 2021

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Tel: +27 12 667 5468

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

Festive poultry processing plant

ASTRAL AT A GLANCE

OUR GROUP ACTIVITIES

Astral is South Africa's leading integrated poultry producer.

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

What we do

Integrated broiler operations

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

County Fair	Festive	Goldi	Mountain Valley
1 600 000	2 410 000	2 000 000	190 000

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

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

Animal Feeds

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

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

The other African operations consist of a feed mill in Lusaka (Zambia) and an 80 % shareholding in a mill in Maputo (Mozambique).

Broiler genetics

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

Day old broiler and hatching egg supplier

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

Laboratory services

Central Analytical Laboratories **(CAL)** analyses animal feed and water samples for our own requirements and for the agricultural sector in South Africa.

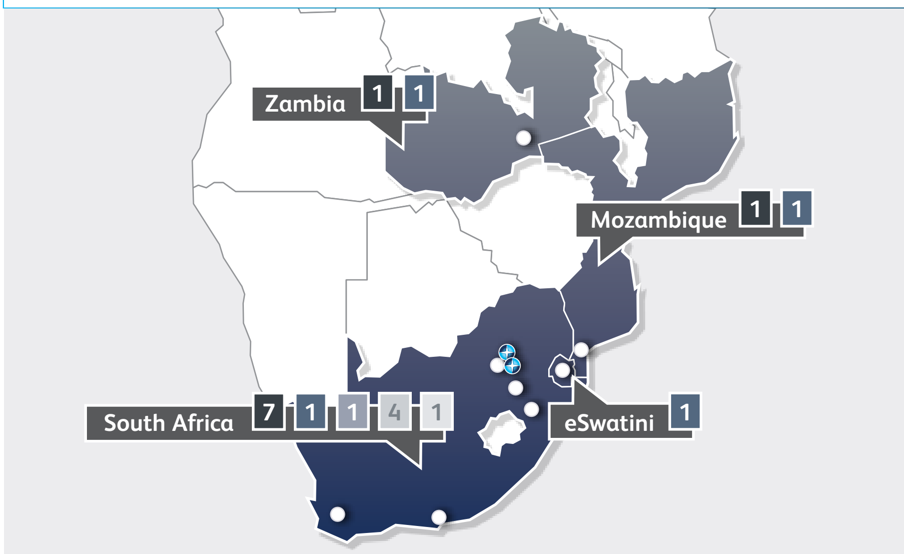
How we are structured to create value

Astral Foods Limited

- 100% **National Chicks Limited**
  - 67% **National Chicks Swaziland (Pty) Ltd**
- 100% **Astral Operations Limited**
  - Goldi
  - Festive
  - Mountain Valley
  - National Chicks
  - Ross Poultry Breeders
  - County Fair
  - Meadow Feeds Randfontein
  - Meadow Feeds Paarl
  - Meadow Feeds Pietermaritzburg
  - Meadow Feeds Delmas
  - Meadow Feeds Ladismith
  - Central Analytical Laboratories
  - 100% **Meadow Feeds Standerton (Pty) Ltd**
  - 100% **Meadow Feeds Eastern Cape (Pty) Ltd**
  - 80% **Meadow Mozambique Limitada**
  - 100% **Mozpintos Limitada**
  - 100% **Astral Foods East Africa – Share Company (Ethiopia)**
- 100% **Africa Feeds Ltd (Zambia)**
  - 100% **Progressive Poultry Ltd**

Feeds Operations | Poultry Operations | Investment Holdings | Assets and liabilities held-for-sale

Where we create value



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

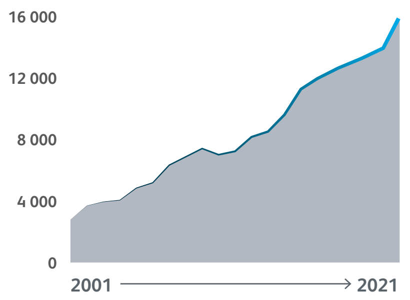
FINANCIAL HIGHLIGHTS

Revenue

UP

14%

Revenue (Rm)

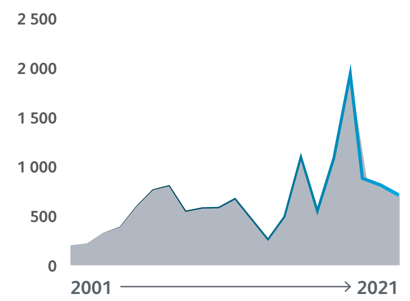


Operating profit

DOWN

12%

Operating profit (Rm)

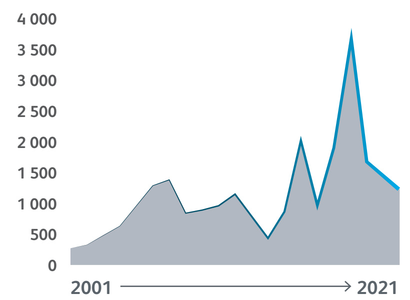


HEPS

DOWN

15%

HEPS (cents)

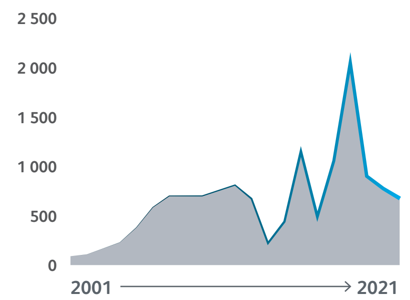


Total dividend per share

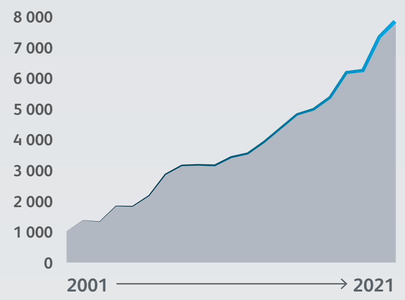
DOWN

10%

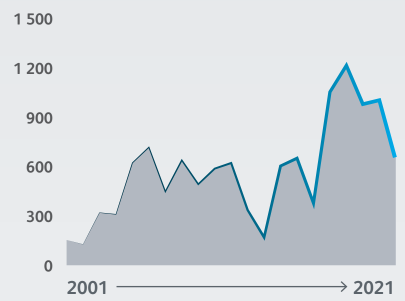
Dividend per share (cents)



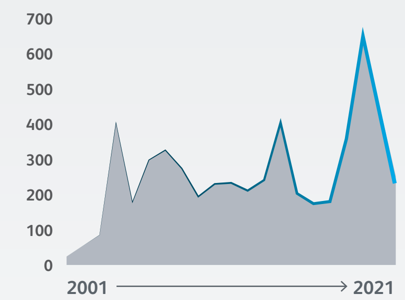
Total assets (Rm)



Cash generated from operating activities (Rm)

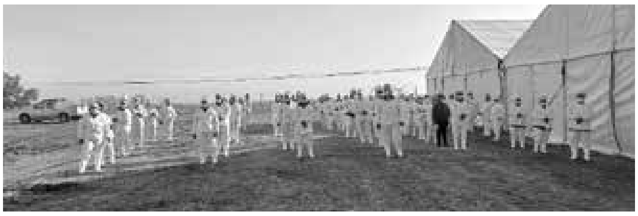


Capital investment (Rm)



NON-FINANCIAL HIGHLIGHTS

Total training spend R7.1 million
up 11%



97.3%
Average Covid-19 recovery rate

Astral Cares CSI initiative spend
R5.2 million

10 566 employees
benefited from our Astral Health Link Employee Wellness Programme

23 418 GJ
Energy saved

2 581 kl
Water saved

BOARD OF DIRECTORS

Non-Executive Directors

Theunis Eloff (66)

(Chairman) *BJur (Econ), ThB, ThM, ThD*

Appointed 8 May 2007, Chairman from June 2014

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

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

Diederik Johannes Fouché (67)

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

Appointed 12 November 2015

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

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

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

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

Tshepo Monica Shabangu (50)

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

Appointed 1 July 2013

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

She was previously the Chairman of the Anglo Inyosi Coal Community Trust and a Director of Inyosi (Pty) Ltd, the B-BBEE partner of Anglo Coal Ltd. Tshepo resigned from these positions in November 2011 and sat as a Trustee of one of Royal Bafokeng's employee trusts. She is the past President of the South African Institute of Intellectual Property Law and sat as a Trustee of the Legal Resources Trust. She was previously a member of the Ethics Committee of the Law Society of South Africa and Company Law Committee of the Law Society of the Northern Provinces. She also sat as a Council Member of the now defunct Law Society of the Northern Provinces (LSNP), a statutory body which governed the attorneys profession.

She is a Council representative of the Law Society of South Africa at the International Bar Association (IBA). She is currently an Officer of the Bar Issues Commission and member of the Future of Legal Commission. She was also a member of the African Regional Forum, Policy and Credentials Committee of the IBA. She was selected as one of the World Intellectual Property (WIPR) Influential Women in Intellectual Property in 2019 and was awarded the Women in Law Award for Best Corporate Practising Lawyer 2019. Tshepo was named Law Professional of the year 2019/2020 period. She was listed as one of the World Intellectual Regulatory Review (WIPE) 2021 leaders and included in the Best Lawyer Intellectual Property Law in South Africa 2022 list.

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

Audit and Risk Management Committee | *Human Resources, Remuneration and Nominations Committee* | *Social and Ethics Committee*

Non-Executive Directors

Saleh Mayet (65)

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

Appointed 1 July 2019

Experience: Saleh is a Chartered Accountant with over 35 years' experience. After completing his articles in 1982, he joined Anglo American South Africa Ltd (AASA) and over the next number of years gained experience in all aspects of financial reporting with ultimate responsibility for a significant number of both listed and unlisted subsidiaries in the AASA group.

Following Anglo American plc's London listing in 1999, he fulfilled various roles within the finance division in Johannesburg and London and in January 2008 was promoted to the position of Head of Finance – AASA. He has extensive experience on a wide range of corporate activities and served on the Boards of AASA and its strategic subsidiaries and trusts. He was also a member of various senior management committees tasked with strategy, driving value initiatives and engagement with key stakeholders. He retired from Anglo American in March 2019.

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

Willem Frederick Potgieter (64)

(Independent Non-Executive Director) *BEng (Hons); Pr-Eng*

Appointed 1 July 2019

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

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

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

Anita Deline Cupido (51)

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

Appointed 10 November 2021

Experience: Anita has over 28 years' experience in consulting and coaching, corporate experience across FMCG, retail, insurance, banking and education. She is a strategist designer facilitator, stakeholder engager and executor in the areas of business strategy, executive human resources, organisation development, team effectiveness, leadership development, executive coaching, change management and client experience.

External appointments: Independent Organisation Development Consultant, Facilitator and Executive Coach.

Board composition statistics

as at 10 November 2021

Executive vs Non-executive

6 Non-Executive

4 Executive

Gender

8 Male

2 Female

Ethnicity

7 Non-designated

3 Designated

Age

2 40 – 49 years

2 50 – 59 years

6 60+ years

Tenure

4 0 – 5 years

3 6 – 10 years

3 11 – 15 years

Skills

10 Directorship

10 Management

4 Accounting

1 Agriculture

1 Literature

1 Law

1 Theology

BOARD OF DIRECTORS (CONTINUED)

Executive Directors

Christiaan Ernst Schutte (61)

(Chief Executive Officer)

Appointed 18 August 2005, CEO from 1 May 2009

Experience: Chris joined Golden Lay Farms, a leading egg-producer in Southern Africa and a division of Tiger Brands Ltd, in October 1983 as Trainee Farm Manager. He then spent the following 18 years with Golden Lay in various positions, including that of Sales Director, a role he was responsible for from 1996 to 2002. Chris joined Astral in May 2002 as Manager of Retail Sales for Meadow Feeds Southern Africa and was subsequently appointed as Meadow Feeds' Sales and Marketing Director in August 2002. He was appointed as Managing Director for the Animal Feeds Division of Astral in July 2004, where he was responsible for Meadow Feeds Southern Africa, as well as various other service-related business units within the Astral Group. Chris was appointed as a director to the Board of Astral in August 2005 and as CEO of Astral on 1 May 2009.

External appointments: None

Daniel Dirk Ferreira (65)

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

Appointed 1 May 2009

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

External appointments: None

Gary Desmond Arnold (49)

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

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

Experience: Gary started his career in 1997 as Animal Nutritionist for Meadow Feeds Delmas and Meadow Feeds Welkom. In 1998 he was appointed as the Technical Manager for Meadow Feeds Delmas and in 2001 he was appointed as the Technical Manager for Meadow Feeds northern region. In 2004 he was appointed as the Managing Director of Provimi SSA (previously Nutec Southern Africa) and in 2006 he was appointed to the position of COO for Meadow Feeds in the Western Cape.

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

Effective 1 October 2021, Gary has been appointed as Group COO of Astral. This position has been introduced with a specific mandate to optimise expansion opportunities and continuous improvement initiatives, whilst effectively allocating capital and human resources across all Astral divisions.

External appointments: None

Frans Gerryts van Heerden (41)

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

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

Experience: Frans started his career with the Group 15 years ago when he joined Astral's Internal Audit Department. He was subsequently appointed to different Financial Manager positions within the Group, and on 1 June 2017 promoted to COO of the Poultry Commercial Division: Central Region. On 1 November 2020, he was appointed as the Managing Director of the Group's Poultry Commercial Division and effective 1 October 2021 to the Board as an Executive Director.

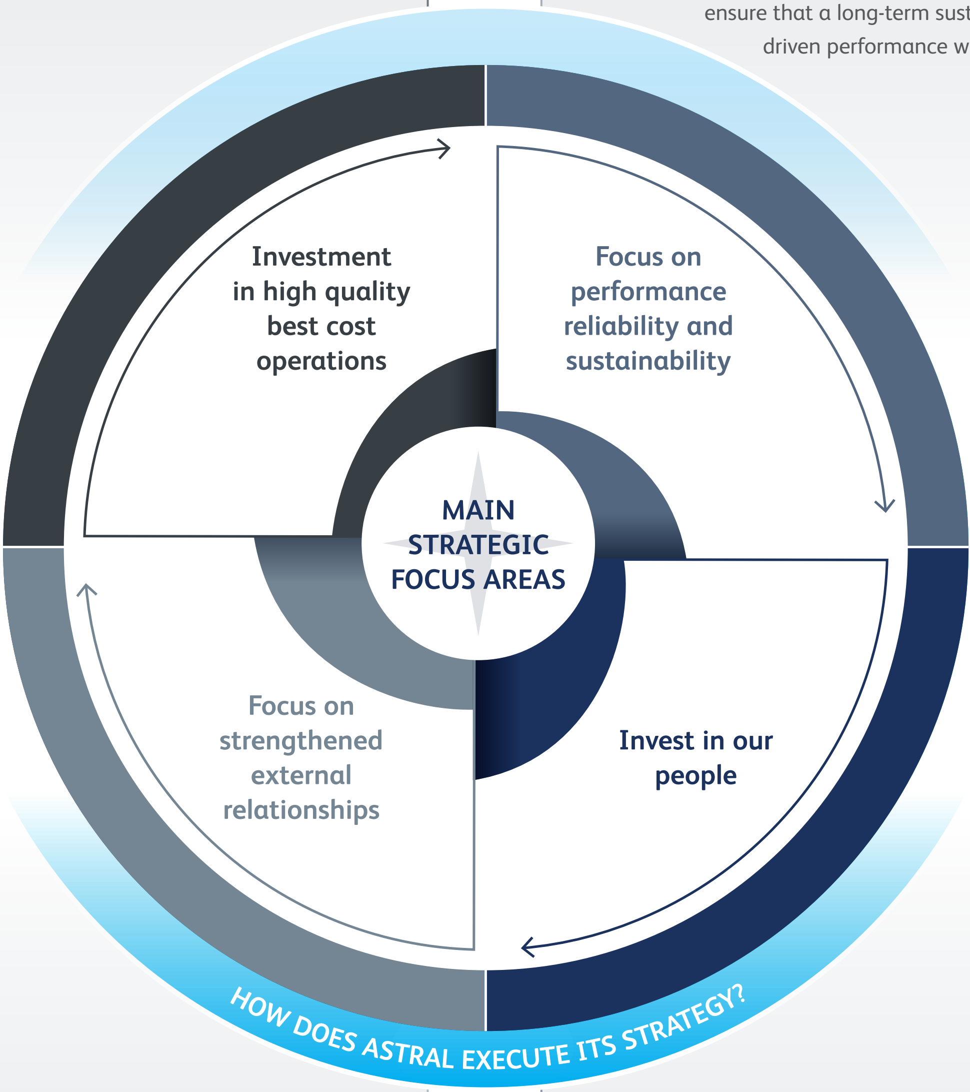
External appointments: None

OUR STRATEGY

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

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

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



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

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

OUR INVESTMENT CASE

1.	2.	3.	4.	5.	6.
Astral is the leading integrated poultry producer in Southern Africa	**Leading brands**	**People skills**	**Regional and national footprint**	**Strong cash flow**	**Customers**
Astral is the leading low cost producer of complete feed, hatching eggs, day old chicks and broilers in Southern Africa with an expanding footprint in selected Southern African countries.	Astral owns leading brands in poultry genetics (Ross 308), animal feed (Meadow), day old chicks (National Chicks), laboratory services (CAL) and strong poultry meat consumer brands (Goldi, County Fair, Festive, Mountain Valley and SupaStar), TIGERChicks in Zambia and Mozpintos in Mozambique.	Astral has experienced, long-serving employees with an industry-leading track record, supported by skills development programmes through leading tertiary institutions.	Astral is well positioned relative to the major growth areas of the country, close to the supply of strategic raw materials and the demand for our products.	Astral has a proven record with the ability to generate strong cash flows.	Our key customers lie in the top-end retail chains and wholesalers, mainly independently owned. We continue to gain customers in the QSR market.

WE DELIVER ON OUR STRATEGY:

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

MATERIAL MATTERS AND RISKS

The following are key material focus areas and associated risks for Astral:

MAIN MATERIAL FOCUS AREAS	WHY IS IT KEY?
Commodity availability/ price	The following commodities account for some 84 % of our poultry and animal feed requirements: ▪ maize; ▪ soya; ▪ sunflower; ▪ fish meal; and ▪ vitamins and minerals. These commodities are procured by our Feed Division in line with the Group's approved procurement strategy which is driven by supply and demand. We manage poultry feed utilisation by closely monitoring all impacting factors such as slaughtering age and feed conversion efficiency. **Material risks** ▪ Low crops ▪ Weak Rand against major currencies
Imbalance of poultry supply and demand	Periods of over-supply of poultry products in the industry can have a serious negative impact on sales realisations and profitability. We focus on producing poultry products at the lowest possible cost in order to protect margins in times of over-supply. **Material risks** ▪ Higher levels of unemployment ▪ Lower per capita disposable income ▪ High poultry imports
The consumer market	Growth in the consumer market is a determining factor in the demand for poultry and is driven largely by population growth and the level of employment.
Poultry prices	Prices are primarily driven by supply and demand which, in turn, are influenced by many factors. We benchmark on-shelf pricing levels and the availability of product on a regular basis to ensure that our prices remain competitive. Stockholding levels are closely managed and pricing strategies adjusted accordingly.
Product mix	The product mix plays an integral part in optimising sales realisations. It is important to optimise bird supply into processing and then through to sales in order to benefit from the prevailing market demand. Product contribution reports are regularly reviewed in order to drive sales decisions.
Poultry imports	High levels of poultry imports, particularly from Brazil, continued unabated. In the absence of adequate trade measures these imports will persist in negatively impacting the local poultry industry. Imports for the year under review averaged 37 610 tons per month, equalling approximately 25 % of local consumption. The poultry import tariffs announced in March 2020 have made no meaningful impact.

- Imports of poultry
- Poultry industry stock levels
- Domestic production levels
- Foreign exchange rates
- Long poultry production cycle

- Population growth
- Per capita consumption
- Level of employment
- Changes in consumer preferences
- Prices of competing products
- Disposable income
- Urbanisation

CHAIRMAN'S STATEMENT

"We have yet again been faced by many challenges during the financial year, not only by the business, but also impacting many of us on a personal level."

Theuns Eloff
Chairman

Overview

2021 – Simply a continuation of 2020 with additional headwinds

Last year I talked about the world being in turmoil. Unfortunately, this year proved to be more of the same with additional headwinds being faced like the rioting and looting in KwaZulu-Natal and parts of Gauteng in July 2021 as well as the outbreak of Avian Influenza during the year under review.

The further Covid lockdowns imposed on an already fragile South African economy towards the end of 2020, the beginning of 2021 and again in May and June, took a massive toll on businesses across the country, including ours. In Astral's case, this was further exacerbated by the extremely high price of input costs, and the inability of financially-constrained South African consumers to purchase chicken.

The poultry industry was particularly hard hit by the added strain of QSR and sitdown restaurants having to operate with reduced hours in accordance with the various trading restrictions put in place. Fortunately, QSR sales recovered quickly and are now at about 95% pre-Covid levels.

Despite the many challenges we had to face, Astral has persevered once again, although results were down on the prior year.

We are also heartened by the fact that the country has done well in rolling out Covid-19 vaccinations, with over 11.7 million of our citizens having been fully vaccinated at the time of writing. It is imperative that the vaccination programme continues, with the main risk to any possible economic recovery for South Africa being a low vaccination rate and further lockdowns to curb the spread of the pandemic.

Astral continues to take every precaution to protect our people against the virus and launched the Astral Vaccine Programme. To date, Astral has vaccinated over 7 000 of its employees on site. During this reporting period, the Group had a total of 886 cases, with 862 confirmed recoveries and, sadly, seven Covid-related fatalities. The recovery rate stands at 97.3%. Once again our sincere condolences go to the families who have lost loved ones as a result of this terrible disease.

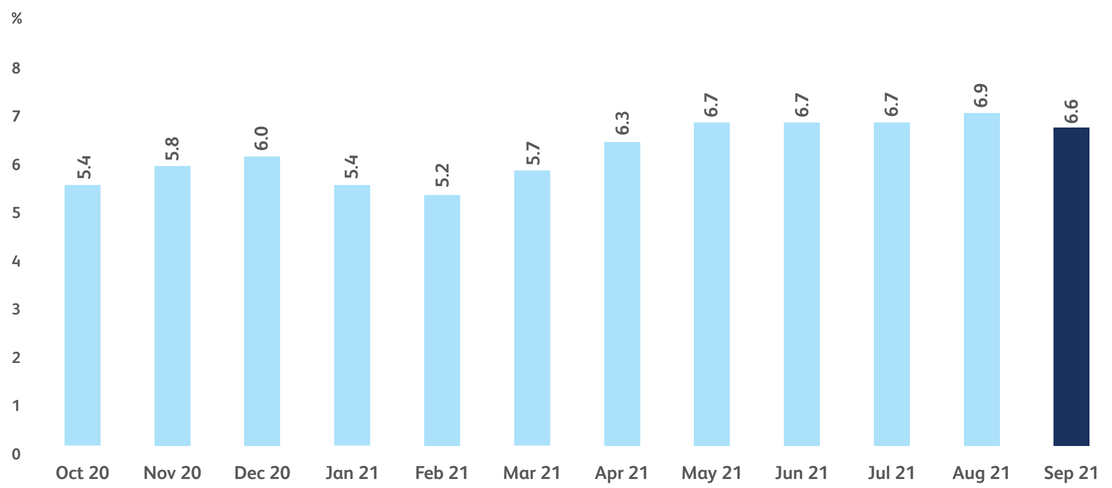
The year in perspective

The business faced a number of other challenges too, not the least being those brought about by the faltering state of the local economy. The unemployment rate continues to rise, with the latest statistics at the time of writing standing at 34.4% (Second Quarter 2021, Statistics South Africa) – a new record high.

The sad state of the South African consumer was laid shockingly bare in the latest Old Mutual Savings and Investment Monitor, an annual research report, according to which one in three (34%) South Africans do not have enough savings to last more than a month at most if they lost their income or job.

The already-intolerable jobless situation was exacerbated by the increase in overall Consumer Food Price Inflation, which averaged 6.5 % year-on-year in the first eight months of 2021, up from 4.8 % in early 2020, further affecting the ability of the poor to purchase food.

Consumer Price Inflation



Source: TRADINGECONOMICS.COM/Statistics South Africa

The violent riots and looting experienced in South Africa in July of this year also had a devastating effect on the country's economy. Although supply chains were restored quickly, the lingering impact remains, particularly on the businesses damaged or destroyed in KwaZulu-Natal and Gauteng. For Astral alone, the looting and rioting resulted in a direct cost of R18 million.

Unsurprisingly, South African business confidence slumped again following these events, with the RMB and Bureau for Economic Research (BER) quarterly business confidence index dropping to 43 from 50 in the three months following June.

Astral, along with the rest of the local poultry producers, also battled abnormally high grain prices this year as a result of the drought in the US and Brazil, combined with China buying up global grain stocks. This led to record high maize and soya prices globally.

The International Grain Council (IGC) expects that global prices will soften somewhat in 2022 from the levels experienced for most of 2021. They have accordingly placed the 2021/22 global grains and oilseeds production estimate at 2.29 billion tons, up four percent from the previous season. The global coarse grain prices led to a rally on SAFEX maize, resulting in continued high feed prices in South Africa, despite one of the biggest crops in the last number of years.

Outbreaks of the Highly Pathogenic Avian Influenza again pose a significant threat to the South African poultry industry, with early outbreaks experienced from April 2021.

The recently held municipal elections led to a situation where the two largest political parties experienced losses, with the ANC falling to under 50 % of the national vote. A feature of these elections was that a record number of independent candidates and community organisations took part and experienced relative success. This means that in 66 municipalities countrywide (including five metros), coalitions will have to be formed. If not, bi-elections will have to be held. All this could lead to a measure of political instability which will not be conducive to business. Our interactions with the Lekwa Municipality have been well documented and we welcome any improvement in service delivery from local government.

The Poultry Sector Master Plan

The poultry industry remains the largest segment of the agricultural sector, contributing about 16 % to the country's GDP and responsible for employing at least 110 000 people.

Implementation of the Poultry Sector Master Plan, which came into effect in November 2019, is ongoing.

In March 2020, the Government increased import duties on frozen bone-in and boneless chicken pieces from all countries

CHAIRMAN'S STATEMENT (CONTINUED)


Nelson Mandela Day initiatives


Astral Cares

excluding the EU and Southern African Development Community member countries. The import tariffs for bone-in chicken portions increased from 37% to 62% while boneless portions increased from 12% to 42%. Despite this, high levels of poultry imports continued.

South Africa's new localisation policy, implemented by the Department of Trade, Industry and Competition (DTIC) in May this year, will likely increase local-produced poultry volumes. The policy aims to reduce imports by driving local procurement and is part of Government's attempt to add R200 billion to the country's economy by ring-fencing the production of over 40 products identified. South African poultry producers produce around 75% of locally-consumed poultry, with poultry being one of the most affordable sources of protein for many South Africans.

Corporate action

No corporate actions were undertaken during the year under review.

Corporate governance

The Board continued to function effectively despite lockdown-related restrictions continuing to be in place for most of the year, with Board members having adapted quickly to the "new normal" way of doing business.

We continued to have frank and robust discussions on a range of matters, including the King IV™ principles. Active stakeholder engagement took place on a regular basis. For more information on Astral's stakeholder engagements, please refer to pages 73 to 79.

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

Board changes

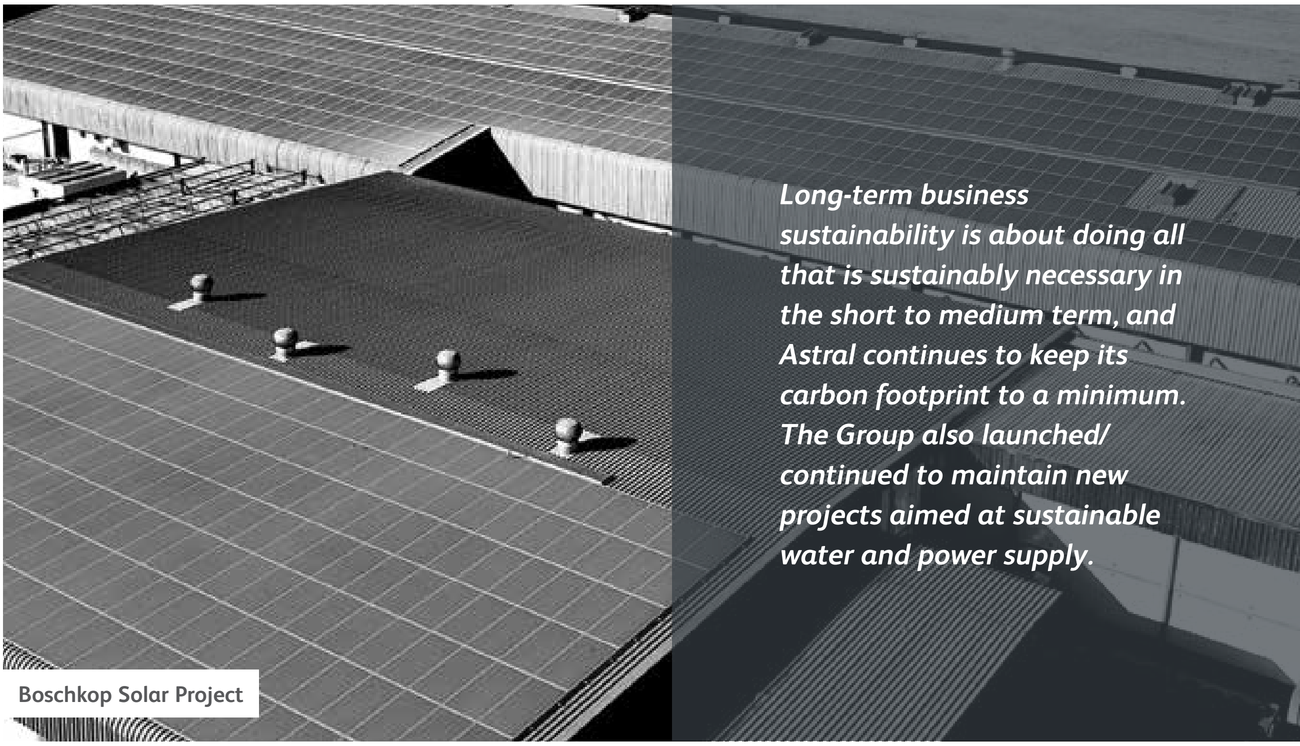
Effective 1 October 2021, Frans van Heerden, Managing Director of the Group's Poultry Commercial Division since 1 November 2020, was appointed as an Executive Director.

Also effective 1 October 2021, Gary Arnold, Managing Director of the Group's Poultry Agriculture Division was appointed as Group Chief Operating Officer.

The Board would like to welcome Ms Anita Cupido as an Independent Non-Executive Director with effect 10 November 2021 and we look forward to her contributions.

Astral Cares

Astral launched the "Astral Cares" initiative in 2020 given the devastating effects of Covid-19 and the lockdown regulations had – and continues to have – on the well-being of the Group's employees and the communities in which it trades. This initiative,



Boschkop Solar Project

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

together with the food distributed to both employees and other charities, with the main focus being to feed the poorest of the poor, has resulted in a CSI spend of R5.2 million (2020: R11.8 million). The reason for the decline is that last year we supported more of our own staff during the hard lockdowns in terms of food parcels and vouchers. This year the spend is more in line with previous years.

Please refer to pages 106 to 111 in this Integrated Report for comprehensive detail on the major CSI projects that Astral was involved in during the financial year.

Being environmentally conscious

Astral's responsibility to the environment extends beyond legal and regulatory requirements and the Group therefore embraces all three of the pillars related to Economic, Governance and Social (ESG) reporting. This year we have embarked on a journey to start including the United Nations Sustainable Development Goals (UN SDGs) into our framework.

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

Please refer to pages 112 to 114 of this Report for further detail on the environment projects implemented by the Group.

Conclusion and appreciation

The outlook for the coming financial year is that Astral will continue to be impacted by high raw material costs and the weak South African economy. However, the Group will maintain a resilient balance sheet, and Astral's proven strategy of being the best low cost producer of protein will continue to ensure that the Group will again weather future headwinds.

Against this background, the key issues would continue to be sourcing the best cost raw materials and maintaining effective and efficient production processes. We will also continue to face high levels of imports and dumping, weak consumer spending, deteriorating public infrastructure and state capacity (especially with respect to the supply of water and electricity).

However, the Board remains confident that we have the best management and leadership to produce the best possible results for all stakeholders.

In closing I would like to offer my thanks and gratitude to my fellow Board members for their support and excellent counsel during what has been another difficult year. I also want to express our sincere appreciation for the work done by Chris Schutte and the team for ensuring that Astral continues to be the largest integrated and best cost poultry producer in South Africa, even in these challenging times.

Theuns Eloff
Chairman

10 November 2021

CHIEF EXECUTIVE OFFICER'S REPORT

"The Group's tried and tested strategy has supported a solid set of results under tough market conditions and a challenging operational environment, which has seen enormous pressure come to bear on the local poultry industry over the past year."

Chris Schutte
CEO

The year in perspective

This, the 21st Integrated Report, provides an overview of the Group's financial and operational performance and achievements for the year under review.

The outlook for 2021, as reported towards the end of last year, leaned towards more "negative influences" than positive. This has certainly been borne out in the results for the year under review, but on reflection, the Group once again proved its resilience under trying times. The Group's tried and tested strategy has supported a solid set of results under prevailing market conditions and a challenging operational environment, which has seen enormous pressure come to bear on the local poultry industry over the past year.

A number of headwinds faced the Group during the reporting period, and leading these, were the very high cost of maize and soya meal, driven to near record highs on SAFEX by factors on the international coarse grain markets, notwithstanding the very good local maize crop of 16.2 million tons harvested in 2021. Feed prices increased sharply for the year under review, and in a market reflecting the fallout of a weak local economy and the impact of the Covid-19 lockdowns, passing on all of the higher input costs was not achieved.

Feed made up 68 % of the total cost to produce a live broiler ready for slaughter. Broiler feed prices increased by 16.1 % for the year under review, and whilst broiler selling prices recovered to pre-Covid levels, rising 8.1 % over the same period, this was not sufficient to recover the full impact of feed costs and extraordinary increases in non-feed expenses, resulting in severe pressure on poultry margins.

The results were also impacted by a number of extraordinary costs, amongst these being costs associated with the highly pathogenic bird flu cases experienced in the Group's broiler breeding operations, national loadshedding and continued municipal infrastructure challenges in Standerton (Lekwa Municipal District), plus the looting and unrest with major disruptions to the supply chain.

The state of the South African economy is unfortunately borne out by a record high unemployment rate and severely constrained disposable income, limits the ability to recover higher input costs through the food basket and continues to place pressure on the industry.

On a positive note, with the completion of the expansion of the Festive poultry processing plant in Olifantsfontein last year, Astral rolled out higher broiler volumes to the market, increasing the average slaughter numbers from 5.2 million birds per week in 2020 to 5.4 million birds per week in 2021.

Salient points

Feed sales volumes increased on higher internal broiler feed requirements due to an increase in bird numbers slaughtered following the expansion of Astral's processing capacity.

Feed input costs increased markedly on the back of higher maize and soya prices, supported by higher international prices for soft commodities.

On-farm broiler production results reduced marginally, following a decision to feed a lower density feeding programme at a lower total feed cost with a net benefit to the Group.

Outbreaks of the highly pathogenic bird flu were experienced in Astral's broiler breeding operations for the period under review as bird flu spread through the local poultry industry.

Poultry slaughter numbers increased, averaging approximately 5.4 million broilers per week (prior year at 5.2 million birds per week).

Poultry sales realisations rose year-on-year, back to pre-Covid levels but were not sufficient to recover the increases in feed input costs and extraordinary increases in expenses.

Poultry imports remained at relatively high levels, with average monthly volumes for the period under review being approximately 25 % (approximately 37 610 tons per month) of local consumption.

Municipal infrastructure failures and national loadshedding continued to impact operations adding a cost burden to the Group.

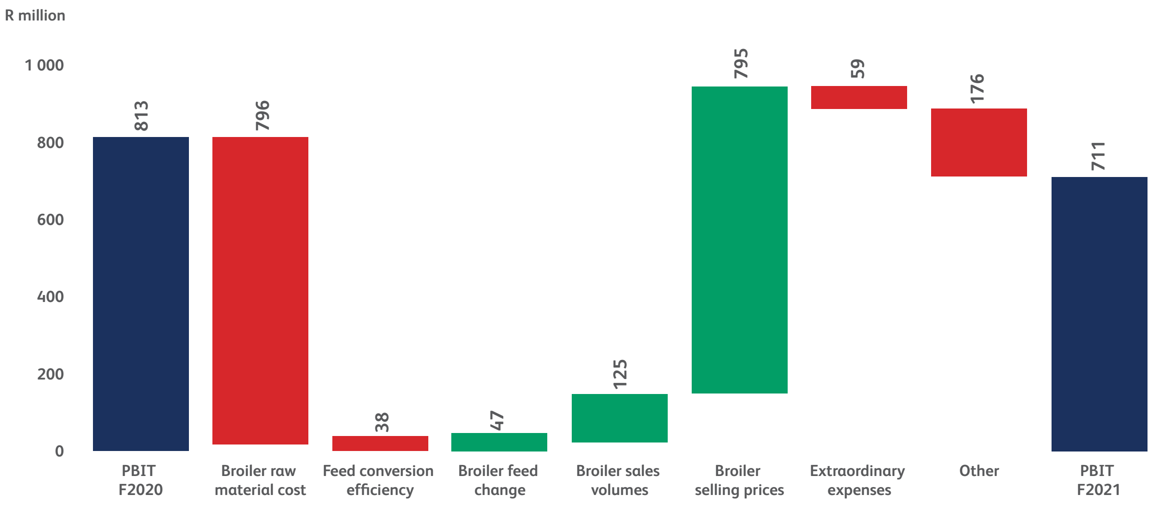
Cash flow generated from operations for the year of R812 million resulted in a strong balance sheet with net surplus cash on hand of R278 million.

Financial and operational performance at a glance

The 12.5 % year-on-year decline in PBIT was driven by a significant increase in feed costs for the year under review, with the level of poultry selling prices insufficient to cover the higher input costs placing a squeeze on margins.

This resulted in the following major movement at a PBIT level between the prior year and the year ended 30 September 2021.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)



Source: Own Data

For the year under review, Astral's broiler selling prices were up year-on-year by 8.1 % (at 1H2021 it was 3.1 %) to levels only seen before the Covid-19 pandemic, whilst broiler feed prices increased by 16.1 %.

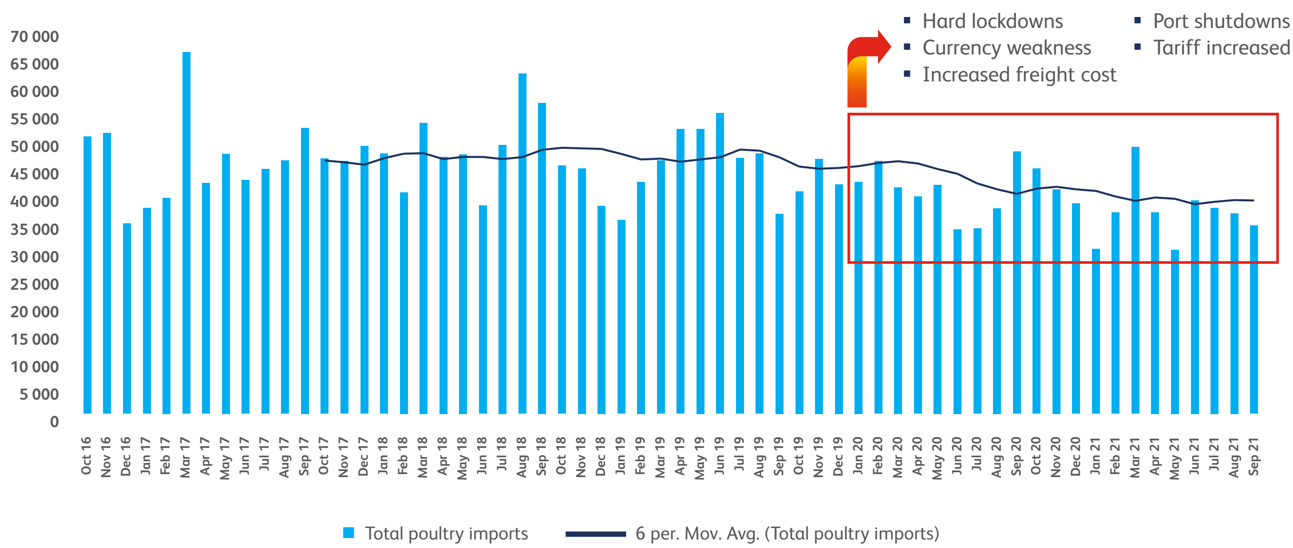
Broiler sales volumes increased by 6.4 % with an average increase in broiler slaughter numbers of 200 000 birds per week on the back of the expansion in processing capacity commissioned in 2020.

Extraordinary costs that impacted the results for the period under review include highly pathogenic bird flu (R49 million), looting and unrest costs (R18 million), ongoing Covid-19 costs (R15 million), as well as water and electricity supply interruptions (R29 million).

On-farm broiler performances showed a marginal decline during the year, with slightly more feed being used to achieve the targeted broiler live weights in 2021. This was expected as a decision was taken during the year to change the broiler feeding programme to lower density diets at a reduced cost, realising a net benefit to the Group as the feed costs savings more than offset the impact of the higher feed conversion rate.

Total poultry imports averaged 37 610 tons per month for the year under review, notwithstanding the higher import tariffs introduced on frozen bone-in portions and boneless cuts in March of last year. For the year under review, total poultry imports averaged an equivalent of 6.7 million birds per week and made up 25 % of local consumption.

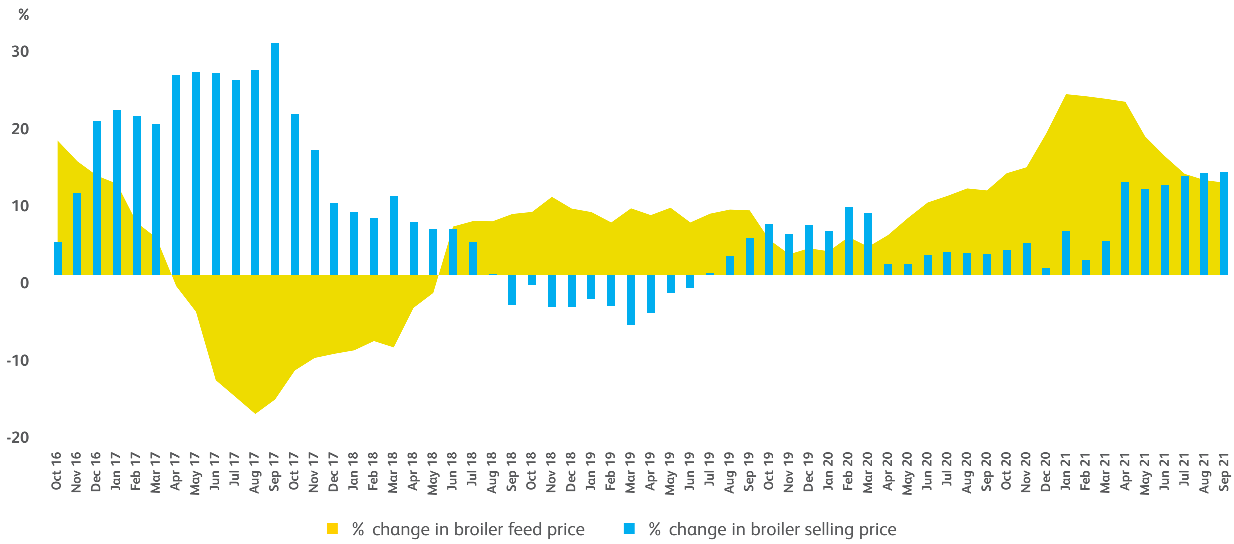
Total imports in tons per month



Source: SAPA

The graph below reflects the annual monthly year-on-year change in the broiler feed price versus the change in broiler selling price for the same periods. Against this backdrop, Astral experienced a squeeze in poultry margins as it was unable to fully recover higher input costs during the reporting period, with pricing power favouring the retail sector.

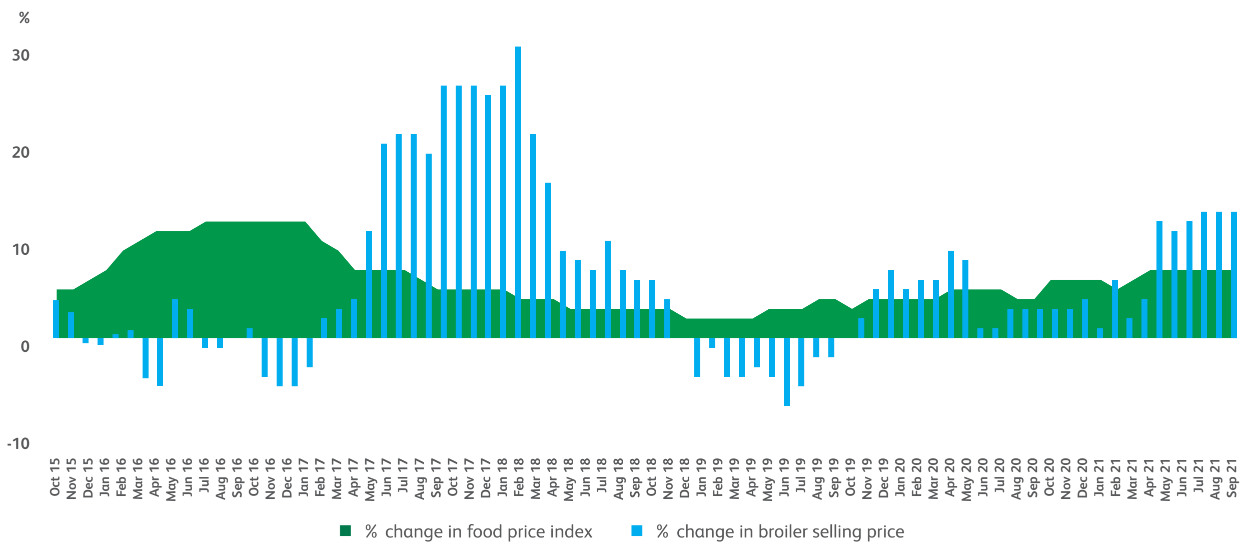
Monthly year-on-year change in broiler selling price vs change in feed price



Source: Own Data

Local food inflation continued to reflect increases in the food basket during the year, with chicken prices lagging amid escalating input costs for a considerable period of time. The data shows an increase in broiler selling prices during the second half of Astral's reporting period, easing but not fully correcting the severe margin squeeze felt by the Group during this period.

Monthly year-on-year change in SA food price index and broiler selling price index



Source: Own Data & CJA Strategic Risk Brokers

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Astral's Other Africa operations reported a fair increase in earnings year-on-year, with a much improved performance reported from the Zambian operations.

The National Chicks Swaziland operation has been reported as assets and liabilities held for sale, as Astral has agreed to sell its 67% interest to its joint venture partner in the business. This transaction is awaiting competition commission approval in eSwatini. In addition, Astral received a firm offer for the purchase of the assets held within the Mozambican operations.

For further details on the financial performance of the Group and a review of the operational activities, please refer to the Chief Financial Officer's Report as well as the Operational reviews pages 29 to 49 of the Integrated Report.


Covid-19 measures

Astral's response to Covid-19

All our operations continued to perform like clockwork during the various Covid-19 lockdown levels over the past 18 months, which is testament to the rigorous protocols implemented by management. Stringent social distancing, use of personal protective equipment and hygiene protocols were increased over and above our already stringent occupational health and safety protocols being followed throughout our operations.

In terms of the State of Disaster Act, Astral was classified as an essential services business, contributing to national food security. Astral's employees worked tirelessly during unprecedented times, with a year that saw public violence and looting, avian influenza outbreaks, national curfews and lockdown periods, personal health risk exposure to Covid-19 infection, and all this whilst the operations functioned uninterrupted. The executive team, senior management and employees worked tirelessly during the year to mitigate the various risks, protect shareholder value and safeguard commercial and operational sustainability. As a token of appreciation, the Astral Board approved a discretionary essential services grant of R20 million for all permanent employees within the Group. Allocations and payments will be made during December 2021.

Key investments

Capital expenditure for the period under review was down by 43.1% to R259 million compared to the prior year's R456 million. This amount represents not only expenditure on normal ongoing and major replacement but includes R35 million towards the rebuild of a broiler farm at County Fair in the Western Cape, R10 million on properties earmarked for developing new Great Grandparent breeding facilities and R25 million for the purchase of vacant land adjacent to the County Fair and Festive processing plants.

Key challenges going forward

Industry

The expansion of local industry capacity is positive and a commitment to South Africa's drive to see local production of chicken make up a greater proportion of local consumption. However, for such a plan to succeed certain measures require implementation to negate the threat the local industry faces from continued dumping and unfair trade. Investigations into dumping by Brazil, Ireland, Poland, Spain and Denmark have been completed and the industry awaits an outcome on its application for anti-dumping duties against those countries participating in illegal and unfair trade practices. This, amongst other measures were called for by the industry to address under declarations and food safety concerns on imported poultry products.

The local economy will need to see a major stimulus if jobs are to be created, with record unemployment levels a major concern, which can limit the growth in the per capita consumption for poultry meat as disposable income levels wane. The failure of local government to deliver basic services to industry and local communities is playing havoc with business efficiencies. This will have to be addressed in order to secure long-term investments and operational sustainability, especially in vulnerable rural communities.

Poultry selling prices

Astral focuses on producing the cheapest kilogram of white meat in alignment with its best-cost strategy. A key challenge is to continuously optimise financial returns by achieving a poultry selling price that allows for the satisfactory recovery of input costs to ensure sufficient cash holdings for future investment in the business, and provide reserves to counter the volatility that is inherent in the poultry industry. This has, and will continue to position Astral for reinvestment in growth, the payment of dividends to shareholders and a contribution to the fiscus through the payment of taxes.

Principal risks

The key risks facing the Group have again been evaluated and prioritised. They are based on a probability and impact matrix, which determines a residual risk score, with the following 13 risks having been highlighted:

1.	HPAI outbreak negatively impacting on operations
2.	Prolonged imbalance in the supply and demand of poultry meat
3.	Relatively high raw material costs and its negative impact on feed prices
4.	The security of supply of electricity and the escalating cost thereof
5.	Impact of global pandemic, such as Covid-19 and the hard lockdowns
6.	Poultry products contaminated with bacterium that cause serious infections
7.	Water supply and quality on the back of municipal infrastructure challenges
8.	A breakdown in biosecurity leading to an increasing threat of avian diseases
9.	Premix micro ingredient deficiency and/or contamination with undesirable substances
10.	Poor feed quality leading to a negative impact on bird performances
11.	Lack of improvement in bird efficiencies driven by poor breed performance
12.	Malicious damage to operations through computer virus and cyber attacks
13.	Fraud and theft are risks due to the nature of the Group's products

In the management and mitigation of these risks, Astral has set out particular action plans, management systems and compensating factors to mitigate the critical risks that could impact the sustainability of the Group's results.

For more information please see the Business Risk Report set out on pages 67 to 72 of the Integrated Report.

Market developments

High levels of unemployment and constrained disposable income continue to hamper the post Covid-19 economic recovery. Poultry is the most affordable source of protein with signs of consumers buying down from red meat and pork products. Deep cut promotional retail activity, linked to the basic income grant, improved demand for IQF and tertiary products. Trade in the QSR and sit-down restaurant market sector continues to improve as lockdown regulations were eased. The inability to recover the substantial increase in broiler feed prices from the market proved to be a challenge for the South African poultry industry.

The impact of the looting on our customers in KwaZulu-Natal and Gauteng was devastating. In the true resilient spirit of South Africans, the recovery from the looting was swift and commendable with no long-term trading repercussions.

Astral's sales and marketing strategy seeks to feed all consumers across the entire economic range. The Group has remained committed to the production of IQF products whilst adding processing capacity to growth in the fresh and further processed product categories, as well as the QSR channels. The Festive expansion in Olifantsfontein has been bedded down with an increase in fresh sales in the wholesale and retail market segments.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

The flexibility and scale of the Festive expansion will be further enhanced with the completion of dedicated QSR processing capacity in the coming months.

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

Skills development

Training and development remains critical to Astral's long-term success and our integrated training and development framework is focused at delivering competency across all operational and functional areas of our business.

Astral is registered with the AgriSETA as an accredited training service provider with accredited in-house trainers available that facilitate our training programmes.

Astral is proud of the fact that we were able to offer a number of development opportunities to employees through study loans, the sponsorship of more than 100 learnerships, artisan apprenticeships and engineering internships, with 28 of these sponsorships made towards unemployed and disabled learners.

Festive processing plant

Although training and development was negatively impacted by the Covid-19 lockdowns, Astral still managed to improve on the quality and amount of training during the year, with more than 17% of employees benefiting from training and development initiatives. A number of high performance team development coaching and mentoring sessions were implemented, with middle and senior management employees benefiting from these programmes.

The Group's health and safety training to deal with Covid-19 in the workplace and at home complies with best practice and was rolled out to all employees across all operations where the health and safety of our people remains a priority. Health and safety training was supported by the introduction of a 24/7 Covid-19 response line and the further expansion of our employee wellness programme, which saw the introduction of an active employee assistance programme to support employees in terms of personal, emotional and family well-being, with more than 390 employees and their families benefiting from the programme.

Our management teams, health and safety managers and on-site occupation health and medical practitioners worked tirelessly during the year to maintain our Covid-19 workplace preventative programme and were proven hugely successful in limiting the spread and exposure to the virus, with our absenteeism rate due to illness improving on a year-on-year basis. Our workplace Covid-19 vaccination programme was rolled out towards the end of the year, with more than 7 000 employees fully or partially vaccinated equalling 54% of the total workforce at the time of writing, without disruption to the operations.

Transformation update

Astral is committed to broad-based black economic empowerment and endeavours to align its empowerment and transformational initiatives to promote the development of employees and the communities which we serve. Astral is currently compliant in terms of B-BBEE requirements and our procurement initiatives are driving support and development of emerging small and medium enterprises as we continue to diversify our supplier base.

Astral is an equal opportunity employer, committed to the principles and objectives of legislation, and employment diversity, employment equity plans submitted and subsequent audits conducted were approved for all operations, whilst workforce gender diversity improved during the year.

Workforce profile movement

Despite the devastating impact of Covid-19 and associated lockdowns and tough trading conditions, Astral has avoided job losses in its operations, at a time when South Africa has registered one of the highest unemployment rates in the world. We are proud of the job opportunities Astral has created with the expansion of the processing capacity at Festive, alleviating poverty in hundreds of South African households.

Mountain Valley processing plant

Employing the best talent, at the right time and at the right place is underpinned by our talent acquisition, development and succession planning capabilities to sustain and improve both our culture and our people.

Relationships and collective bargaining with organised labour remain an enormous challenge, with union demands informed by political agendas and unrealistic expectations during a very volatile and disruptive election year, manifesting in violence, looting, destruction of logistic infrastructure and frequent poor service delivery and violent protest action in communities around our operations. Our employee relationship and organised labour engagement framework successfully mitigated collective bargaining risks, with zero man-hours lost due to strike and protest action.

Astral is recognised across the industry for its human capital capacity in terms of leadership, management, technical and operational capabilities, with national competitors and international companies aggressively attacking our talent pools continuously. It is expected that the competition for talent will become an increased risk within South Africa as the skills market is quickly deteriorating in terms of capability, availability and competitiveness. Employing the best talent, at the right time and at the right place is underpinned by our talent acquisition, development and succession planning capabilities to sustain and improve both our culture and our people.

Environmental, social and governance (ESG) developments

Astral takes the effect it has on the environment in which it operates seriously, and has allocated resources to specifically monitor and reduce its environmental impact, and to ensure that best practice principles are applied throughout the Group's operations. A number of environmental sustainability projects introduced during the year resulted in water, energy, waste and carbon emission reductions. For further details please refer to pages 112 to 114 of the Integrated Report.

Corporate and social investment (CSI)

Astral expanded its "Astral Cares" CSI programme during 2021, underpinned by our pillars of care (please refer to pages 106 to 111 of the Integrated Report) providing the necessary attention and uplifting those in need in our local communities. We are humbled that our "care for the hungry" projects contributed more than 1.4 million meals to hungry children and unemployed people in our communities, with more than 90 national feeding schemes and food kitchens benefiting from the programme. Our community engagement programmes provide support to more than 20 schools, training centres, children living with cancer support centres and animal care institutions benefiting from our social support. Our Lekwa Community Programme "aRe Bapaleng" in partnership with the Seriti Institute trained more than 85 local community members in Early Childhood Development programmes and sustained community food gardening. Our feed support programme for farmers contributed and supported more than 50 farmers nationally in term of drought and fire relief support.

The Group's governance structure is set out on page 54 of the Integrated Report. Astral has a zero tolerance approach in terms of fraud and corruption whilst providing a tip-offs anonymous resource for employees to report any wrong doing. Individual employees are protected through our whistleblower policy and we consistently monitor and review our Code of Ethics and compliance through Board appointed committee structures. The Social and Ethics Committee successfully implemented our privacy readiness POPIA compliance project during the year.

Alliances

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

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Key strategic alliances

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

Strategic service providers

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

Outlook

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

- Record high unemployment levels have been reported for South Africa, which will lead to pressure on consumer spending with lower disposable income.
- Volatile raw material markets on global supply and demand, notwithstanding the very good South African maize crop for 2021 which is expected to be repeated in 2022.
- Municipal service delivery interruptions and national loadshedding continues to negatively impact Astral's operations, which adds an unnecessary cost burden to producing chicken in South Africa.
- The continued threat of Highly Pathogenic Avian Influenza, with new outbreaks currently being reported in Europe.
- Product category opportunities are available for Astral, with improved utilisation of the available capacity commissioned in the Festive processing plant.
- Continued gains in market share for the Ross broiler breed, as genetic performance of the bird outperforms major rivals in the sector.
- Poultry supply and demand is currently well balanced, which supports the recovery of higher input costs.
- Astral will continue to maintain a strong and resilient balance sheet.

Stated strategy

At a strategic workshop held in August 2019, Astral's Board reaffirmed the Group's strategy:

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

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

- effectiveness of capital deployment; and
- best cost strategy.

The Board agreed that Astral would pursue the current strategy in the medium term, bedding down the approach, enhancing the capital investment programme (organic volume growth), and looking at possible selective investments. The Board will undertake a review of the current strategy in the new year (2022).

Appreciation

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

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

Not only were we faced with continued loadshedding, municipal supply issues, bird flu and high input costs due to global coarse grain prices, but on top of all of that we had to endure large-scale unrest and looting which placed a number of our employees' lives at risk. We witnessed our facilities being destroyed, homes burnt down and large-scale theft of our poultry livestock. During this time, no assistance was provided by the Government and we were on our own to protect our livelihoods.

To all those employees that have supported the country's call to get vaccinated against Covid-19, and voluntarily participated in Astral's own vaccination drive as it rolled out in the operations, many thanks.

As always, I express my sincere appreciation to all members of the Board for their commitment, advice and positive contributions during the year. To Dr Theuns Eloff, our Chairman, a special word of thanks for your consistent support of the executive management team in their endeavours to remain the leading poultry producer in a very difficult and challenging environment.

Chris Schutte
Chief Executive Officer

10 November 2021

CHIEF FINANCIAL OFFICER'S REPORT

"Astral maintained its net cash position despite the tough trading environment. The total dividend for the year is 700 cents per share, equating to a dividend cover of 1.8 times of HEPS."

Daan Ferreira
CFO

Financial results

Continuing operations	2021 R'000	2020 R'000	Change %
Revenue	15 866	13 932	14
Cost of raw materials	(8 995)	(7 568)	19
Gross profit	2 841	2 735	4
Total expenses (excluding cost of raw materials)	(6 168)	(5 586)	10
PBIT/Operating profit	711	813	(12)
Operating profit margin	4.5%	5.8 %	
Net finance costs	(49)	(57)	(14)
Profit for the year – continuing operations	460	542	(15)
Profit for the year – discontinued operations	14	19	(26)
Profit for the year	474	561	(16)

Summarised Balance Sheet

	2021 R'000	2020 R'000	Change %
Non-current assets	3 575	3 796	(6)
Current assets (excluding cash, including assets-held-for-sale)	3 592	2 961	21
Total assets (excluding cash)	7 167	6 757	6
Non-current liabilities	(1 105)	(1 146)	(4)
Current liabilities (excluding borrowings, including liabilities-held-for-sale)	(2 179)	(2 035)	7
	3 883	3 576	9
Net cash	278	546	(49)
Net assets	4 161	4 122	1
Financed by:			
Shareholders' interest	4 161	4 122	1

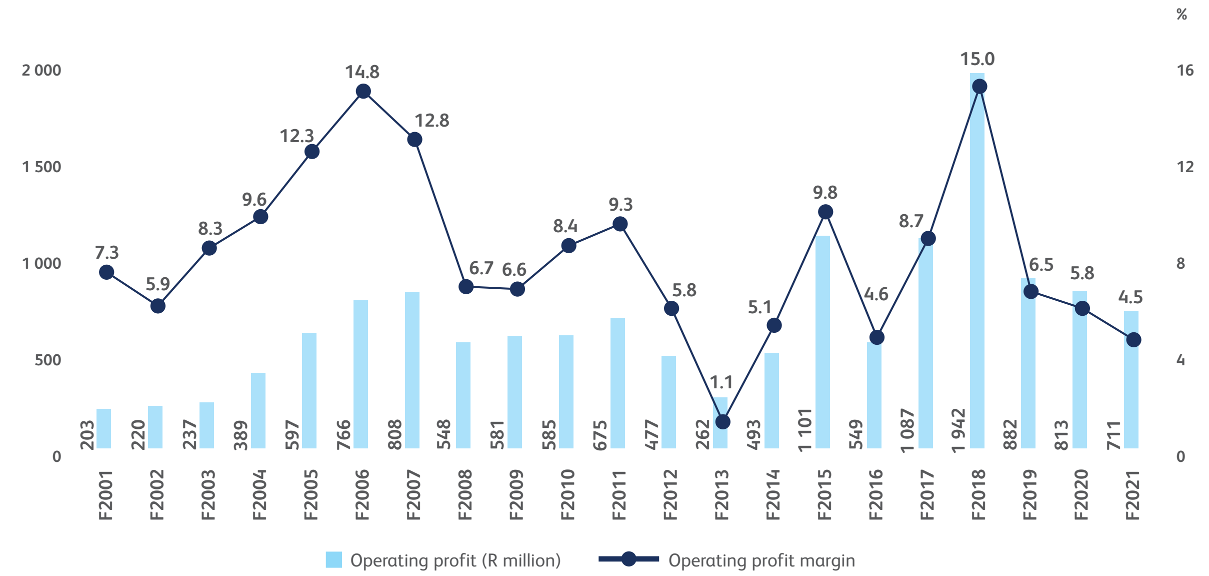
CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

Continuing operations

Revenue reported for the year ended 30 September 2021 was R15.9 billion, an increase of 13.9 % compared to the prior year at R13.9 billion. The Poultry Division contributed 81 %, Feed Division 17 % and Other Africa Division 2 % to total external revenue. The increase in revenue of R1.9 billion was primarily attributable to the broiler operations in the Poultry Division contributing R1.7 billion, which was as a result of both an increase in broiler sales volumes of 6.4 % and an increase in selling prices of 8.1 %. The other major contribution to the increase in revenue was from external feed sales of R266 million following increases in feed raw material costs.

Gross profit increased by only 3.9 % to R2.8 billion (2020: R2.7 billion) as a result of an 18.9 % increase in raw material costs, which resulted in the gross profit margin declining from 19.6 % (2020) to 17.9 %. Operating profit for the year under review decreased by 12.5 % to R711 million mainly due to the increase in revenue not being able to cover all the cost increases. This resulted in the operating margin declining from 5.8 % (2020) to 4.5 %.

Operating profit history



Source: Own Data

Discontinued operations

The discontinued operations pertain to the National Chicks Swaziland and the Mozambican operations that have been reported as assets- and liabilities-held-for-sale on the Balance Sheet. Astral has agreed to sell its 67 % interest in National Chicks Swaziland to its joint venture partner in the business. This transaction is awaiting competition commission approval in eSwatini. In addition, Astral received a firm offer for the purchase of the assets held within the Mozambican operations. Astral is finalising the sale agreements in this regard.

Headline earnings decreased by 15.4 % to R473 million (2020: R558 million) in a year, reflecting the many headwinds faced by the Group.

The Group's trading activities and financial reporting for the year have been impacted by the following:

- **The cost of HPAI**

  Costs amounted to approximately R49 million.

- **Water and electricity supply**

  Ongoing problems were still being experienced with water supply at our Standerton facilities, loadshedding across South Africa and Eskom threatening to cut electricity supply to non-paying municipalities. The Group incurred expenses of R28.9 million (2020: R62 million) for water and electricity supply interruptions.

- **The Covid-19 pandemic and unrest**
  - The ongoing Covid pandemic with the various lockdown regulations, continued to negatively impact the economy, as well as our customers. Ongoing Covid costs of approximately R15.4 million.
  - The unrest in KwaZulu-Natal and parts of Gauteng – cost of R18 million.

The major capacity expansion at the Festive processing plant has been largely completed with a phase II which will be completed as and when the additional capacity is filled up with additional volumes. These remaining costs will be incurred on the farms and breeder operations in order to secure the expected increased broiler volumes that will be processed. The capital expenditure for the past year was on a more normalised level, representing ongoing replacements in order to maintain the operations in good operating conditions and also includes some smaller improvements in processes and equipment.

Net working capital increased by R351 million mainly as a result of an increase in trade and other receivables following the increased broiler production volumes and price increases in poultry products towards the end of the year.

The net cash flow was negative for the year (R277 million), however it must be viewed in context of the large final dividend declared at the end of the previous year, which was paid during the current year. No interim dividend was paid during the previous year resulting in a larger final dividend in order for the Group to achieve a dividend cover of 1.9 times for the full 2020 year.

Astral continues to manage its funding resources well and the Group remained in a cash positive position at all times during the current financial year. The net surplus cash at the end of the year was R278 million, however being 49.2% down on the prior year's R546 million.

The Company declared a final dividend of 400 cents per share. The total dividend for the year amounts to 700 cents per share which represents a dividend cover of 1.8 times compared to headline earnings.

Outlook

The Balance Sheet of the Group remains strong and it is expected that Astral will benefit in years to come from the recent investments made in the expansion and modernisation of some of its production facilities.

Daan Ferreira
Chief Financial Officer

10 November 2021

Festive processing plant

FINANCIAL RATIOS AND STATISTICS

for the year ended 30 September 2021

		2021	2020	2019	2018	2017	2016	2015	2014	2013
Profit information										
Revenue[1]	R'm	**15 866**	13 932	13 485	12 979	12 417	11 954	11 266	9 602	8 509
EBITDA[1]	R'm	**1 133**	1 216	1 059	2 093	1 235	693	1 254	627	384
EBITDA margin	%	**7.1**	8.7	7.8	16.1	9.9	5.8	11.1	6.5	4.5
Operating profit[1]	R'm	**711**	813	882	1 942	1 086	549	1 100	493	262
Operating profit margin	%	**4.5**	5.8	6.5	15.0	8.7	4.6	9.8	5.1	3.1
Profit after tax	R'm	**474**	561	648	1 431	761	372	780	341	211
Headline earnings	R'm	**472**	558	650	1 439	736	373	780	330	165
Financial position										
Total assets	R'm	**7 835**	7 331	6 239	6 174	5 364	4 979	4 814	4 375	3 921
Total equity	R'm	**4 161**	4 122	3 796	3 737	3 039	2 373	2 373	1 945	1 695
Total liabilities	R'm	**3 674**	3 209	2 443	2 437	2 325	2 607	2 442	2 430	2 227
Net assets	R'm	**6 055**	4 153	3 789	3 443	2 935	3 060	2 843	2 566	2 375
Asset management										
Return on total assets	%	**9.7**	12.4	14.2	33.8	21.0	11.3	24.1	11.9	7.0
Return on equity	%	**11.4**	14.1	17.1	42.4	28.0	15.8	36.3	18.7	12.7
RONA	%	**15.1**	19.6	24.4	60.9	36.0	18.6	40.7	20.0	11.7
Net asset turn	%	**3.3**	3.3	3.7	4.1	4.1	4.1	4.2	3.9	3.8
Shareholders' ratios										
EPS	cents	**1 225**	1 435	1 659	3 691	1 948	964	2 013	884	545
HEPS	cents	**1 228**	1 441	1 674	3 712	1 899	965	2 016	864	464
Dividend per share	cents	**700**	775	900	2 050	1 055	490	1 150	440	222
Dividend cover*	times	**1.8**	1.9	1.9	1.8	1.8	2.0	1.8	2.0	2.0
Stock exchange statistics										
Market value per share										
– At year-end	cents	**17 643**	13 153	14 700	24 658	17 208	11 775	17 414	15 225	9 500
– Highest	cents	**18 530**	22 252	25 908	33 519	17 634	18 490	20 679	16 000	10 900
– Lowest	cents	**11 079**	12 029	14 300	16 850	11 600	8 820	14 051	7 950	8 530
Closing dividend yield	%	**4.0**	5.9	6.1	8.3	6.1	4.2	6.6	2.9	2.3
Closing earnings yield*	%	**7.0**	11.0	11.4	15.1	11.0	8.2	11.6	4.8	4.6
Closing PE ratio	times	**14.4**	9.1	8.9	6.7	8.8	12.2	8.7	20.7	21.4
Shares in issue	'000	**42 922**	42 922	42 922	52 887	42 841	42 775	42 761	42 723	42 149
Shares in issue less treasury shares	'000	**38 834**	38 834	38 799	38 799	38 752	38 686	38 672	38 634	38 060
Number of transactions	'000	**35 179**	274 811	262 590	280 590	122 620	156 224	179 049	54 683	45 653
Number of shares traded	R'000	**48 958**	43 755	41 970	47 981	32 276	34 453	36 676	26 440	21 922
Number of shares traded as % of issued shares	%	**82**	102	90	124	83	81	86	62	52
Value of shares traded	R'm	**4 896**	7 517	7 159	12 586	4 697	4 277	6 405	2 947	2 064
Market capitalisation based on shares in issue	R'm	**7 573**	5 646	6 310	10 575	7 372	5 037	7 446	6 505	4 004
Market capitalisation based on shares in issue less treasury shares	R'm	**6 851**	5 108	5 703	9 567	6 668	4 555	6 734	5 882	3 616

1. Continuing operations.
* *Based on HEPS.*

Goldi (Standerton)

OPERATIONAL OVERVIEW AND PERFORMANCE

BUSINESS MODEL

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

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Integrated across the animal feed and poultry production chain.

INPUTS

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

Human Capital
- Our people
- Health and safety

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

Financial Capital
- Strong financial position
- Good cash flows

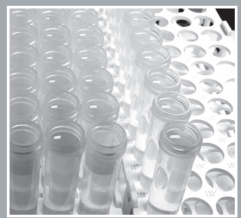
Social and Relationship Capital
- Reliable contract growers
- Loyal suppliers
- Give back to communities in which we operate

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

EXTERNAL SUPPLIERS

FEED SUPPLY

AL LABS



MEADOW More than just feed

POULTRY AGRICULTURE

GRANDPARENT BREEDING

ROSS An Aviagen Brand

3 Weeks Hatching

22 Weeks Rearing

40 Weeks Laying

PARENT BREEDING

National Chicks

BREEDING AND BROILER OPERATIONS

Goldi, County Fair, Festive, Mountain Valley

EXTERNAL CUSTOMERS

PROCESSING OPERATIONS

Goldi, County Fair, Festive, Mountain Valley

POULTRY COMMERCIAL

OUTPUTS

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

Human Capital
- Dedicated and committed workforce
- Upskilling of employees to better

Manufactured Capital
- Food security
- Service excellence
- Market share
- Affordable protein source to feed the nation

Financial Capital
- Shareholder value
- ROE

Social and Relationship Capital
- Contract grower expansion
- Loyal customers
- Enhance communities in which we operate

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

EXECUTIVE MANAGEMENT

The executive management consists of a number of senior managers who meet on an ad hoc basis to discuss matters pertaining to their particular expertise within the Group.


Chris Schutte


Daan Ferreira


Gary Arnold


Frans van Heerden


Michael Schmitz


Obed Lukhele


Nikki Moodley


Evert Potgieter


Gerhard Pretorius


Anil Rambally

Chris Schutte (61) *Chief Executive Officer*

Chris joined Golden Lay Farms, a leading egg-producer in Southern Africa and a division of Tiger Brands Ltd, in October 1983 as Trainee Farm Manager. He then spent the following 18 years with Golden Lay in various positions, including that of Sales Director, a role he was responsible for from 1996 to 2002. Chris joined Astral in May 2002 as Manager of Retail Sales for Meadow Feeds Southern Africa and was subsequently appointed as Meadow Feeds' Sales and Marketing Director in August 2002. He was appointed as Managing Director for the Animal Feeds Division of Astral in July 2004, where he was responsible for Meadow Feeds Southern Africa, as well as various other service-related business units within the Astral Group. Chris was appointed as a director to the Board of Astral in August 2005 and as CEO of Astral on 1 May 2009.

Daan Ferreira (65) *Chief Financial Officer*

Daan held various positions in operational financial management, tax management and project management before joining Astral as Group Financial Manager in 2001. He was appointed as CFO of Astral in 2009.

Gary Arnold (49) *Group Chief Operating Officer*

Gary was appointed as Managing Director of Nutec Southern Africa (now Provimi SSA) in 2004 and later as COO for the Meadow Division's Western Cape operations in 2006. In 2012 he was appointed as the Director: Business Development for Astral and currently heads the Agriculture Division of Astral, primarily responsible for all farming operations, including breeding, hatching and broiler growing activities. Effective 1 October 2021, Gary has been appointed as Group COO of Astral This position has been introduced with a specific mandate to optimise expansion opportunities and continuous improvement initiatives, whilst effectively allocating capital and human resources across all Astral divisions.

Frans van Heerden (41) *Managing Director: Poultry Commercial*

Frans started his career with the Group 15 years ago when he joined Astral's Internal Audit Department. He was subsequently appointed to different Financial Manager positions within the Group, and on 1 June 2017 promoted to COO of the Poultry Commercial Division: Central Region. On 1 November 2020, he was appointed as the Managing Director of the Group's Poultry Commercial Division.

Michael Schmitz (60) *Managing Director: Feed*

Michael has been employed in the Group for more than 30 years. He started his career at Meadow Feeds in 1987 as a Technical Advisor and between 1990 and 1999 he held various nutritionist positions. Thereafter he became the General Manager of Meadow Feeds Randfontein and was appointed as COO of Meadow Feeds Pietermaritzburg in 2005. In 2017 he was promoted to his current position as Managing Director of the Feed Division.

Obed Lukhele (46) *Veterinary Executive*

Obed obtained his junior veterinary degree from the Medical University of South Africa (Medunsa), a veterinary honours degree and an honours degree in entomology from Pretoria University. He is a registered veterinarian and holds a speciality degree in poultry diseases. Obed spent six years in the veterinary pharmaceutical industry as Poultry Technical and Export Manager from 2001 to 2007. Obed joined Astral in May 2007 and has occupied different positions of veterinary support and strategy.

Nikki Moodley (51) *Operations Improvement Executive*

Nikki has more than 20 years' experience across different disciplines including operations management, food safety and quality, environmental, health and safety, risk management, continuous improvement and supply chain management. She joined Astral in January 2016.

Evert Potgieter (51) *Director: Risk Management*

He joined the Altron Group in 1997 in the Internal Audit Department. During his time at Altron he obtained his Certified Internal Audit certification and was promoted to Deputy Internal Audit Manager, a position he held for five years before joining Astral in 2006 as Internal Audit Manager. Evert's current responsibilities include internal audit, risk, insurance and IT for the Group.

Gerhard Pretorius (45) *Nutrition Executive*

Gerhard started his career as Assistant Nutritionist at Meadow Feeds in Randfontein in 1999 and in 2004 he was promoted to the position of Technical Assistant: Pigs and Poultry. In 2006 he was appointed as Technical Manager: Pigs and Format. In 2010 he was promoted to the position of Nutritional Manager: Pigs and Poultry of the Feed Division and in 2015 he became the Nutritional Manager Poultry in the Agricultural Division.

CORPORATE SERVICES

Colin Smith

Gideon Jordaan

Leonie Marupen

Louis Vermaas

Gerrit Visser

Willem Stander

Braam Spies

Anil Rambally (49) *Purchasing and Sustainability Executive*
Anil started his career in 1992 as a Despatch Clerk at Alpha Stone and Readymix (now Afrisam). He joined Nutec Southern Africa (now Provimi SSA) in 1999 as Assistant Financial Manager and in 2009 he was appointed as Executive Manager: Preferential Purchasing for Astral. He is currently responsible for environmental initiatives as well as the vetting of suppliers.

Colin Smith (60) *Marketing Executive*
Colin started his career in sales and marketing in 1982 as a Sales Representative and worked his way up into management roles in various blue chip companies such as Unilever, Gilbeys, Cadbury and Tiger Brands in the fast moving goods industry. During this time he has held various executive and directorship roles including Managing Director of DBG, a leading national liquor distributor from 2008 to 2011, when he joined Astral as COO of Festive. He is currently the head of the Marketing Division of Astral.

Gideon Jordaan (47) *Human Resources Executive*
Gideon started his career in human resources in 1996 as a Human Resources Officer with Anglo American Gold and Uranium Division (now AngloGold Ashanti) and worked his way up to Human Resources Manager. He joined Aveng Grinaker-LTA in 2001, where he performed various Human Resources Executive and strategic executive roles. He then joined Alstom/General Electric in 2012 as Human Resources Specialist for major infrastructure projects, and was appointed Human Resources Executive for the GWK Group in 2016. Gideon joined Astral on 1 August 2019.

Louis Vermaas (49) *Sales Executive*
Louis started his career with Earlybird in 1994 in the sales department. In 2004 he joined Merlog Foods, a meat trading company as a partner. In 2009 he joined Afgri Poultry as Sales and Marketing Director before returning to Astral in 2012.

Gerrit Visser (63) *Processing Executive*
He has more than 30 years' experience in the poultry industry. Gerrit joined County Fair in 1989 as an Industrial Engineering Technician after being involved in a training and development consultancy for six years. In 1990 he was appointed as the Operational Manager Primary Processing. Various positions followed and he was appointed as Deputy Managing Director at County Fair in 2002 and as COO of County Fair in 2008.

Willem Stander (64) *Group Procurement Manager*
Willem obtained a B.Sc. Agric (Hons) degree from the University of Pretoria in 1982. He joined Meadow Feeds in the Raw Material Department at the Tiger Brands head office in Braamfontein. He moved to Meadow Paarl in 1984 as Nutritionist and promoted to Marketing Manager in 1989 and to Raw Material Director in 1995. Willem was appointed as Procurement Executive for the Feed Division in 1999.

Leonie Marupen (49)
Group Company Secretary
Leonie started her career as Assistant Company Secretary at DRDGOLD in 2001. She has experience in company secretarial and corporate governance and after 18 years with DRDGOLD she joined Astral on 1 August 2019 as Assistant Company Secretary. Leonie was appointed as Group Company Secretary effective 1 March 2020.

Braam Spies (64)
Group Credit Manager
Braam's career started at Barclays Bank in 1977 as teller and progressed to Manager through the ranks at various banks and left Absa 21 years later. He joined Genfoods in 1998 as Credit Manager and started with Astral in 2004 as Regional Credit Manager, Feed Division and was subsequently appointed as Credit Executive for Astral in November 2011.

DIVISIONAL OVERVIEW AND PERFORMANCE

FEED DIVISION

Business overview

MEADOW FEEDS

MEADOW More than just feed

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

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

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

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

CAL

CAL LABS

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

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

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

We use the principles of "6 P's" to provide our customers with quality feed and service.

Our Process

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

Our Promise

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

Our People

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

Our Pedigree

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

Our Passion

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

Our Purpose

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

Regulators and compliance

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

The following compliance standards were met for the year ended 30 September 2021:

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

ISO 22000:2018 *FSSC – Food Safety Management Systems Certification.*
ISO 9001:2015 *Quality Management Systems Certification.*
AFRI Compliance *Compliance to AFRI Compliance Protocol – Legal Focus on Act 36 of 1947.*
✓ *Comply.*

Financial performance – 2021

Revenue increased by 18.9 % to R8.3 billion (2020: R7.0 billion) as a direct result of higher selling prices on the back of the increase in raw material costs. SAFEX yellow maize prices increased to an average of R3 363 per ton for the year under review (2020: R2 747 per ton) up R616 per ton year-on-year. Soya meal prices also increased from an average of R6 617 per ton in 2020 to R8 216 per ton in 2021, up R1 599 per ton year-on-year, further exacerbating the increase in the price of feed.

Feed sales volumes increased by 2.0 %, as the internal requirement for broiler feed increased by 6.0 % due to the strategic expansion in production, but with lower external sales volumes of 3.6 % reported due to a decrease in feed sales across all sectors as livestock markets came under pressure from higher feed prices.

The operating profit for this division increased by 4.2 % to R530 million (2020: R508 million), with a decrease in the operating profit margin to 6.4 % (2020: 7.3 %). Net Rand per ton margins increased year-on-year with the division benefiting by containing total operating expenses (excluding the raw material cost impact) to an increase of 4.0 % year-on-year, as well as from effective raw material cost recoveries. The direct cost of loadshedding to the Feed Division was R1.9 million, whilst the cost of preventative measures related to Covid-19 was R1.4 million.

Operational performance – 2021

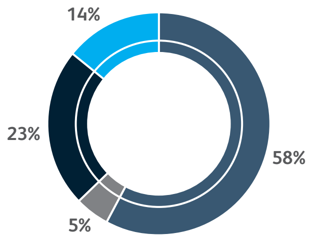
Meadow Feeds supplied 60 % of its total volume to the Group's downstream Poultry operations for the year ended 30 September 2021. Total sales volumes increased year-on-year to 1 330 991 tons per annum (2020: 1 305 203 tons).

Plant utilisation for the year under review was stable year-on-year at 70 %, on a national production capacity of approximately 1.98 million tons per annum.

DIVISIONAL OVERVIEW AND PERFORMANCE

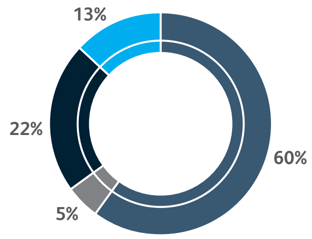
(CONTINUED)

Meadow Feeds' sales 2020



1 305 203 tons

Meadow Feeds' sales 2021



1 330 991 tons

Volume increase = 2.0 %

Poultry Integrated · Poultry External · Dairy · Other

Source: Own Data

The price of maize, the key driver of input costs into feed and the production cost of poultry meat increased over the year under review. Despite South Africa producing the second largest maize crop on record, international corn prices together with global freight and South American corn premiums have countered the expected downward move on local Rand prices. Record corn export demand out of the USA was the main driver for corn prices. As a result, the SAFEX yellow maize price rose by 6.4 % (an average of R208 per ton) for the financial year ended 30 September 2021 relative to the comparable year.

Local prices have therefore remained closely correlated to the export parity price of maize, with volatility in pricing originating from changes in corn prices on the CBOT and the changes in the Rand/Dollar exchange rate. Despite the Rand/Dollar strengthening over the year under review from R16.76 to R15.07 (10.1 %), SAFEX maize prices still increased. South African old crop maize is currently fairly priced and trading close to export parity, but with the local market focusing on weather conditions for the upcoming planting season, prices are expected to remain at current Rand levels until the new season crop is well established.

The dramatic increase in corn prices experienced since mid-December 2020 was as a result of increased demand from China as they started replenishing strategic reserves on corn, soybeans and other raw materials. Global corn stocks are expected to decrease by 1 % from 301 million tons to 298 million tons. It is, however, expected that in the medium term, international maize prices will move sideways or slightly lower as South American corn crops are harvested. The recent increase in global fertilizer prices could favour soybeans over corn in the USA's new season planting decision.

Despite the increase in local soybean production and supply of soybean meal, local soymeal prices are still determined by an import parity calculation from Argentina. This parity calculation has various components which includes CBOT soybean meal futures, freight, Argentine premiums and the Rand/Dollar exchange rate. The recent drought in Brazil and Argentina resulted in lower than normal river levels in Argentina where the soybean meal is loaded. This, together with increased shipping demand from China as well as an increase in energy prices, resulted in a surge in freight rates from Argentina. This directly impacted on local soybean meal prices and as a result, imported soybean meal prices increased by R222 or 2.8 % year-on-year.

With another La Niña forecast, South American production will remain at risk until crops are harvested and could further discourage farmers selling until this is confirmed.

The Crop Estimates Committee's Planting Intentions has forecast a reduction in the area planted to maize of approximately 1 %, whilst the area allocated to soya is expected to increase by 11.8 %, resulting in another year of double-digit growth for soybeans. In South Africa, weather forecasters are indicating a strong probability of La Niña conditions for the year ahead, which points towards normalised to higher rainfall for the upcoming season. If this materialises, maize prices could remain at export parity for an extended period.

POULTRY DIVISION

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

Business overview

AGRICULTURE

ROSS POULTRY BREEDERS

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

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

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

NATIONAL CHICKS

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

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

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

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

INTEGRATED BROILER OPERATIONS

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

The Agriculture Division encompasses the complete breeding programme from Grand Parents (progeny of Great Grand Parents imported from Aviagen in Scotland) to the Parent Stock breeding programme. Broiler day old chicks are produced and reared and at the targeted live weight are delivered to the Commercial Division for processing. Astral has approximately 37 500 000 birds on farm at any given point in time in order to supply approximately 5 400 000 birds per week to the processing plants. The Agriculture sub-division strives to optimise production efficiency to provide the best live cost possible to the Commercial sub-division.

DIVISIONAL OVERVIEW AND PERFORMANCE

(CONTINUED)

Bird welfare

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

Genetics and nutrition

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

No hormones are used to improve growth and feed utilisation.

Health and product safety

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

Housing environment

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

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

Handling

Handling, transportation and slaughter practices of birds are as stipulated in the SAPA's Code of Practice.

Husbandry

Toe-clipping and beak trimming are done humanely in breeder males using laser technology and hot blade in order to prevent injury to hens by cocks during mating.

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

COMMERCIAL

GOLDI

This processing facility is located in Standerton (Mpumalanga). It has its own breeding and hatching operation and processing capacity of approximately 2.0 million broilers per week and makes use of a large number of contract growers to rear birds for slaughter.

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

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

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

FESTIVE

This processing facility is located in Olifantsfontein (Gauteng). It has its own breeding and hatching operation and processing capacity of approximately 2.4 million broilers per week making use of a large number of contract growers to rear birds for slaughter. Various well-known brands such as Festive, Goldi and SupaStar are marketed and distributed into the wholesale and retail sectors.

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

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

The Festive R880 million expansion project, commissioned in June 2020, is performing in line with expectations.

COUNTY FAIR

This processing facility, located in Agter-Paarl (WC), is a fully integrated broiler producer with processing capacity of approximately 1.6 million broilers per week, including the broilers supplied by Tydstroom on a contract grower agreement.

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

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

MOUNTAIN VALLEY

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

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

DIVISIONAL OVERVIEW AND PERFORMANCE

(CONTINUED)

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

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

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

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

The need for manufacturers to market products that meets the required food safety standards has resulted in a number of ongoing initiatives and practices to comply with legislation. The Consumer Goods Council of South Africa in recent years founded the Food Safety Institute, to which we subscribe. Reviews of various statutory requirements and industry legislation have been implemented to better control product quality and food safety.

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

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

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

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

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

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

Financial performance – 2021

Revenue increased by 15.3 % to R13.1 billion (F2020: R11.3 billion) supported by higher sales volumes and a recovery in broiler sales realisations, together with improved sales of broiler parent stock into the external market by Ross Poultry Breeders.

Broiler slaughter volumes increased by 4.8 % benefiting from the Festive expansion volumes. Sales volumes increased by 6.4 % for the year under review (28 832 tons) and includes sales out of stock accumulated during 2020 on the back of the Covid-19 lockdowns during that period.

Trading conditions improved as the economy continued to recover with the easing of Covid-19 lockdown restrictions. Deep cut promotional activity by retailers resulted in higher sales volumes for Astral. Volumes in the QSR and fresh sales categories for Astral, have recovered to pre Covid-19 levels. This positively impacted product mix and led to a better balanced sales basket.

Along with the rest of the country, Astral was shocked by the levels of violence, looting and subsequent losses to businesses in supply chain during the unrest experienced in KwaZulu-Natal and Gauteng. Astral's customers have shown extreme resilience, with many having recovered from this event with no long-term trading repercussions.

Broiler sales realisations increased by 8.1 %, reflecting an effort to recoup the significant increase in feed prices on the back of higher maize and soya meal costs for the year under review. Broiler sales realisations were only at pre Covid-19 levels during the last quarter of the reporting period.

Broiler feed prices increased by 15.8 % versus the prior year due to higher raw material costs, negatively impacting Astral's profits for the full year. Feed cost remains the key driver of profitability, representing approximately 68 % of the live cost of a broiler.

On-farm broiler performances showed a marginal decline during the year, with slightly more feed being used to achieve the targeted broiler live weights in 2021. This was expected, as a management decision was taken during the year to change the broiler feeding programme to a lower nutritional specification which came at a reduced cost, realising a net benefit to the Group as the feed cost savings more than offset the impact of the higher feed conversion rate.

Operating profit for the Poultry Division decreased by 50.3 % to R147 million (2020: R295 million). Non-feed expenses in the division increased year-on-year, negatively impacted by the direct cost of bird flu (R49 million), looting (R18 million), ongoing Covid-19 costs (R14 million), as well as water and electricity supply interruptions (R27 million), with the operating profit margin reducing to 1.1 % (2020: 2.6 %).

Operational performance – 2021

Astral's Poultry Division comprises three separate activities:

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

Poultry genetics and breeding

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

Hatching eggs and broiler day old chicks

National Chicks, the Group's commercial hatching egg and day old chick producer operating in South Africa and eSwatini, posted a disappointing result for the year as an outbreak of highly pathogenic bird flu wreaked havoc with poultry producers in KwaZulu-Natal.

Broiler operations

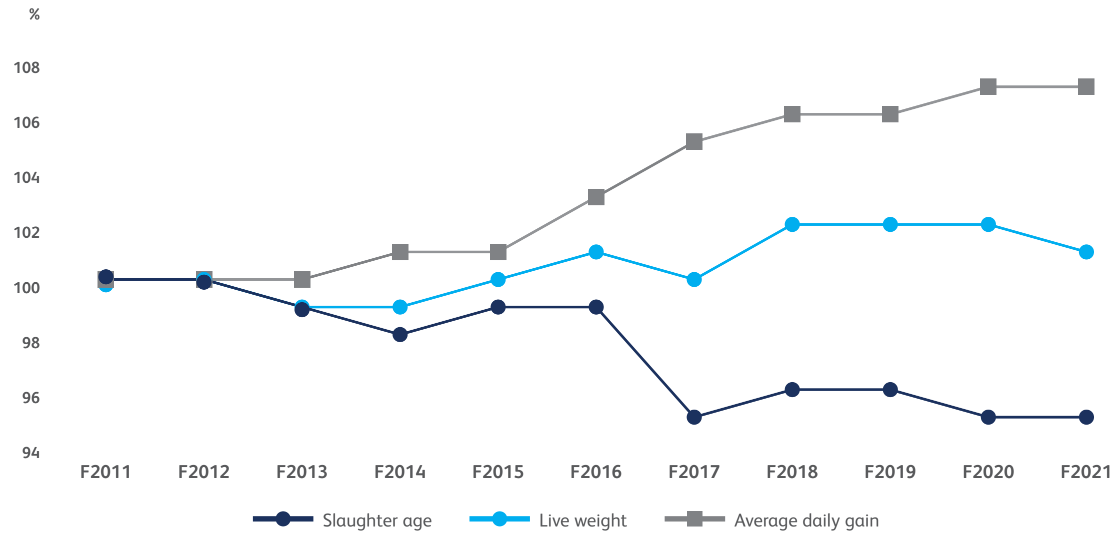
The four integrated broiler operations are strategically located in the major growth areas of Gauteng, the Western Cape and KwaZulu-Natal. The broiler operations reared and processed approximately 5.4 million birds per week for F2021.

Birds per week (average)	2021	2020
Festive (Olifantsfontein)	**1 940 000**	1 591 000
Goldi (Standerton)	**1 695 000**	1 818 000
County Fair (Agter-Paarl)	**1 593 000**	1 570 000
Mountain Valley (Camperdown)	**192 000**	194 000
Total	**5 420 000**	5 173 000

DIVISIONAL OVERVIEW AND PERFORMANCE

(CONTINUED)

Broiler production performance – age and weight

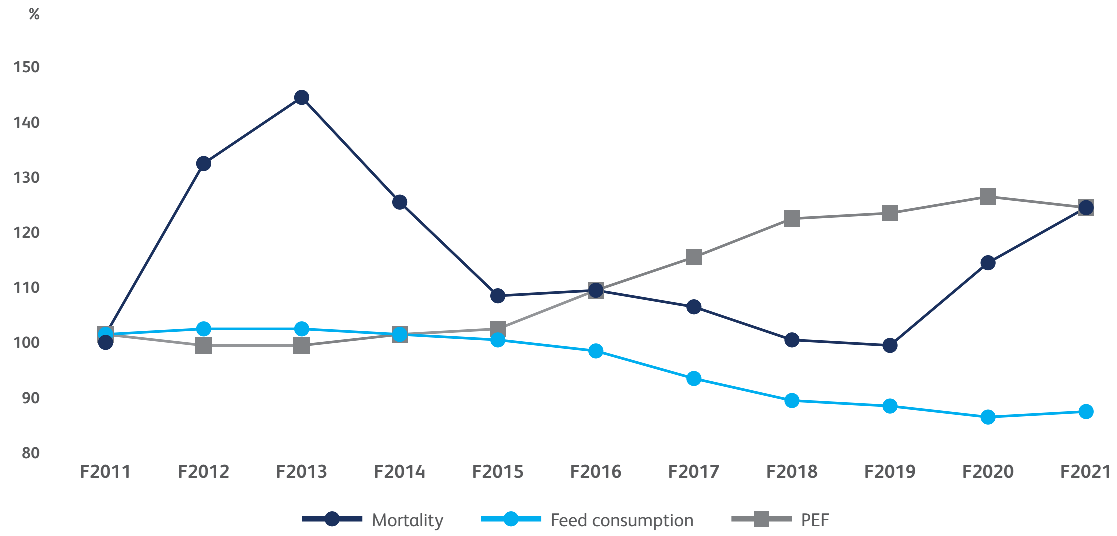


Source: Own data

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

Slaughter age decreased slightly during the year, however with broiler growth rates on target the desired live weight at slaughter was achieved. Feed conversion rates decreased marginally during the year under review, which was expected as Astral adapted its broiler feeding programmes to the prevailing market conditions characterised by high feed input costs.

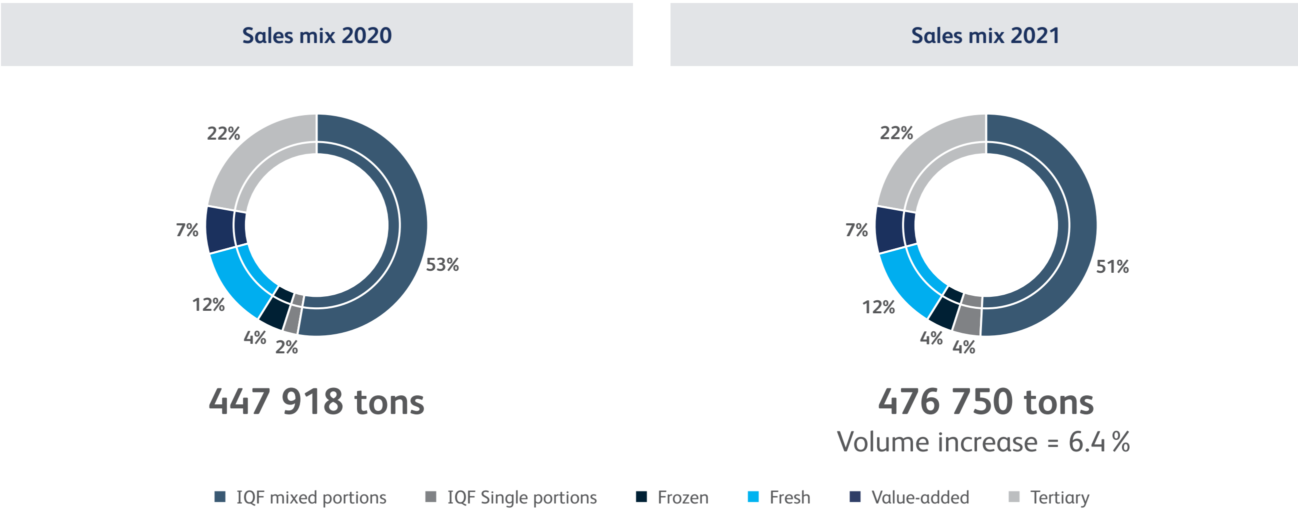
Broiler production performance – mortality, feed consumption and PEF



Source: Own data

Broiler mortality rates increased year-on-year, impacted by a condition known as ascites which occurs as a result of progressive heart failure, and expresses itself more at high altitudes compared to sea level. Lower oxygen levels at altitude result in decreased yolk utilisation and organ development including the heart, which are important in sustaining the modern broiler with the potential for fast growth rates

For the year under review, the feed conversion rate was weaker than the previous year with slightly more feed being used to achieve the targeted broiler live weights in 2021. This was expected, as a decision was taken during the year to change the broiler feeding programme to lower density diets at a reduced cost, realising a net benefit to the Group as the feed costs savings more than offset the impact of the higher feed conversion rate. The average performance efficiency factor or PEF is the value derived from a formula that incorporates the final average live weight of a broiler, the average age at which the broiler achieves that live weight, the liveability of the birds over the growth cycle of the broiler flock and the feed conversion rate over that production cycle.



Source: Own data

Sales product mix was relatively stable year-on-year with IQF making up 55 % of total sales in F2021. The value added and QSR segment reflects a recovery in volumes year-on-year due to the opening of the restaurant trade following the easing of lockdown restrictions.

DIVISIONAL OVERVIEW AND PERFORMANCE

(CONTINUED)

OTHER AFRICA DIVISION

Business overview

TIGER ANIMAL FEEDS

Zambia

Tiger Animal Feeds has been the leading animal feed supplier in Zambia for more than 10 years. Its world-class range of feeds, strong distribution network and on-site nutritional service has greatly contributed to the growth and the profitability of farmers and the establishment of new farmers through training and after-sales support programmes. All products conform to the quality assurance standards of the Zambian Bureau of Standards and are backed by an array of quality assurance systems used by Meadow Feeds.

TIGER CHICKS

Zambia

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

MOZPINTOS

*Mozambique**

This is a broiler day old chick hatchery, established in 2012 in the Goba District, 54 kilometres south of Maputo. The hatchery is situated on a 25-hectare farm.

MEADOW

*Mozambique**

A feed mill situated in Maputo that supplies breeder feed to Mozpintos. It also supplies animal feed to the external market throughout Mozambique. Our ever-expanding distribution network and consistent supply of feed and day old chicks over a wide area has been successful in establishing new business and brand awareness.

NATIONAL CHICKS

*eSwatini**

The largest hatchery in eSwatini, producing 340 000 day old chicks per week for the local market. The breeding facility is the only operational breeding farm in eSwatini and is positioned on a 14-hectare farm in Dwaleni, near Manzini.

* Businesses classified as assets and liabilities held-for-sale.

Financial performance – 2021

Revenue from continued operations for the division decreased by 6.7% to R289 million (2020: R310 million). Whilst selling prices increased for the year under review, feed sales volumes were under pressure, with the improved results driven by a much improved performance from the Zambian operations. Operating profit from continued operations increased to R35 million (2020: R9 million).

The National Chicks Swaziland and Mozambican operations have been reported as discontinued operations, following approaches by prospective buyers with firm offers to acquire Astral's interests.

Operational performance – 2021

Astral's African operations comprise animal feed production facilities in both Mozambique and Zambia, and day old chick broiler hatcheries with broiler breeder farms located in Zambia, Mozambique and Swaziland.

Zambia

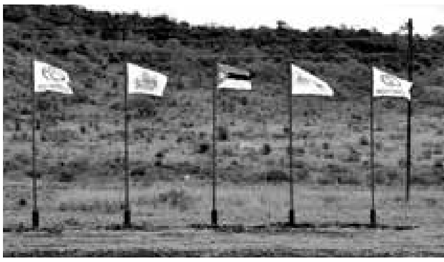
Feed sales in Tiger Animal Feeds were 8.0% lower year-on-year, however profitability improved on better margins. Tiger Chicks reported a substantial increase in profits over the comparable period, driven by 15.0% higher sales volumes as demand for day old chicks in the market strengthened on local shortages in supply.

Mozambique

Meadow Mozambique reported an improvement in financial results, on the back of 11.6% growth in sales volumes year-on-year. Mozpintos posted a record profit driven by steady demand for day old chicks, on the back of a local shortage of hatching eggs and day old chicks.

eSwatini

The National Chicks Swaziland hatchery and broiler breeder operation performed well reporting a satisfactory result for the period under review, notwithstanding a decrease in the sales of broiler day old chicks.



“Astral Cares” initiative

ESG REPORT

ESG REPORT SUMMARY

	Unit of measure	September 2021	September 2020	September 2019
GOVERNANCE				
Board members[1]	number	**8**	9	10
Executive Directors[1]	number	**3**	4	4
Percentage of Executive Directors	%	**38**	44	40
Non-executive Directors[1]	number	**5**	5	6
Percentage of Non-executive Directors	%	**62**	56	60
Independent Non-executive Directors	number	**5**	5	6
HDSA Board members	number	**2**	2	3
Percentage of HDSA Board members	%	**25**	22	30
Female Board members	number	**1**	1	2
Percentage of Female Board members	%	**13**	11	20
Prescribed Officers	number	**5**	5	5
Average length of Executive Director service	years	**12.3**	9.5	8.5
Average length of Non-executive Director service	years	**6.4**	5.4	7.0
Average age of directors	years	**60.9**	58.7	57.0
Overall Board and Committee meeting attendance	%	**100**	100	100
Auditor remuneration: non-audit fee	%	**3.7**	4.4	3.9
Length of current Auditor's services	years	**21**	20	19
Independence of Board Chairman	Y/N	**Y**	Y	Y
Publicly available policy on Board conflicts of interest and PEP[2]	Y/N	**Y**	Y	Y
Publicly available Human Rights Policy	Y/N	**Y**	Y	Y
ESG included in service level agreements with suppliers	Y/N	**N**	N	N
Shareholders vote (non-binding) on Remuneration Policy	Y/N	**N**	N	Y
Shareholders vote (non-binding) on implementation of Remuneration Policy	Y/N	**N**	N	Y
INTELLECTUAL CAPITAL				
Number of registered trademarks	number	**11**	11	11
HUMAN CAPITAL				
Number of employees – permanent	number	**9 088**	9 067	9 047
Number of temporary staff	number	**3 095**	2 394	2 452
Number of female employees	number	**4 907**	4 805	5 132
Percentage females employed	%	**54.0**	53.0	56.7
Number of HDSA employees	number	**8 298**	8 171	8 463
Percentage HDSAs employed (SA operations only)	%	**91.3**	90.1	94.9
Total number of hours worked	hours	**35 million**	31 million	31 million
Total person days lost to industrial action	days	**0**	0	24 635
Procurement spend with HDSA companies	%	**10.8**	11.8	12.8
Percentage of employees covered by collective bargaining agreements	%	**38**	38	21
Revenue per employee	R	**1 302**	1 231	1 173
Number of employees trained	number	**1 545**	1 179	1 404
B-BBEE Level	number	**8**	8	7
COVID-19				
Covid-19 positive cases	number	**886**	335	–
Infection rate (average)	%	**7.64**	2.89	–
Confirmed recoveries	number	**862**	331	–
Recovery rate (average)	%	**97.29**	98.80	–
Covid-19-related deaths	number	**7**	2	–
Covid-related death rate	%	**0.06**	0.02	–
Rand-value of investments in Covid-19 avoidance, mitigation and treatment	R'million	**15.4**	41.0	–

ESG REPORT SUMMARY (CONTINUED)

	Unit of measure	September 2021	September 2020	September 2019
HEALTH AND SAFETY				
Number of recordable injuries	number	**370**	413	374
Injury frequency rate	%	**1.70**	1.81	1.86
Fatalities at work	number	**3**	1	0
ENVIRONMENTAL ASPECTS				
Stationary Fuels				
Coal	GJ	**1 739 426**	1 723 281	1 568 450
Coal saved due to conservation and efficiency improvements	GJ	**30 498**	0	1 872
LPG	GJ	**323 915**	267 433	231 977
LPG saved due to conservation and efficiency improvements	GJ	**0**	0	270
Mobile Fuels				
Diesel	GJ	**134 794**	137 193	132 227
Biofuel	GJ	**0**	0	0
Diesel saved due to conservation and efficiency improvements	GJ	**0**	0	0
Energy				
Electricity	GJ	**1 145 435**	1 142 370	1 150 715
Energy saved	GJ	**23 418**	20 268	5 414
Water				
Water consumption	kl	**6 102 502**	5 759 399	5 733 165
From boreholes	kl	**1 217 139**	1 269 534	978 836
From municipal sources	kl	**4 885 363**	4 489 865	4 754 329
Water saved due to conservation and efficiency improvements	kl	**2 581**	2510	6 455
Recycled water	kl	**946 690**	1 084 997	504 957
Recycled water as a percentage of total water	%	**16**	19	9
Water treated to potable standards	kl	**615 667**	377 518	122 647
Potable water as a percentage of total water	%	**10**	7	2
Materials				
Packaging material (tons)	tons	**9 445**	9 376	10 411
Recycled – Packaging material recycled (tons)	tons	**545**	490	465
Effluents and Waste				
Waste to landfill (tons)	tons	**6 394**	7 375	7 593
Hazardous waste disposed (tons)	tons	**24**	14	36
Water discharged (kl)	kl	**2 736 850**	2 641 758	3 039 410
Litter (m^3)	m^3	**418 872**	399 891	413 649
Number of significant spills*	number	**0**	0	1
Recycled – Litter (m^3)	m^3	**416 175**	397 646	399 043
Recycled waste as a percentage of total waste	%	**98**	98	95
Other				
Number of environmental non-compliance prosecution and fines**	number	**0**	0	1

1. Mr F van Heerden and Ms A Cupido were appointed to the Board as Executive Director effective 1 October 2021 and Non-Executive Director effective 10 November 2021, respectively.
2. PEP: Politically Exposed Person.
** Meadow Feeds Port Elizabeth – Leak of Molasses (700 litres) from damaged flow bin.*
*** Meadow Mozambique – Fined for not having an environmental licence. Environmental licence was not a prerequisite at commencement of business.*
– Sustainability projects implemented are aligned with our vision and strategic goals.
– Operation action plans are aligned with strategic action plans and through participative management practices, strategic goals are realised.
– Business units and various stakeholders work closely together to implement projects.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Astral is committed to supporting our Government's commitment to the UN SDGs as well as participating in all associated initiatives.

The Company uses guidance from industry bodies to inform internal and external stakeholders of our commitments, and to measure our performance against the 17 UN SDGs where we view an alignment of potential impacts.

The UN SDGs are an effective blueprint for the global community to achieve a more sustainable future for all persons, regardless of gender, race, geographic location and/or historical patterns of social and economic development. These UN SDGs have been designed to address global challenges like poverty, inequality in income, human suffering and access to education, healthcare and other related services, climate change as well as environmental degradation, peace and justice.

The UN published these 17 SDGs (with its 169 SDG-specific targets) in 2015, creating a call to collective action that aims to transform the world by 2030. Although an ambitious objective, more companies are embracing these goals in order that all persons are to be given access to basic human rights.

Although Astral contributes to many of these goals, we have only commenced the process of assessment.

GOVERNANCE

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

GOVERNANCE STRUCTURE

Board

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

Operational management

Executive management

- CEO
- CFO
- Group COO
- Managing Director: Commercial
- Managing Director: Agriculture
- Managing Director: Feed
- Director: Risk Management
- Human Resources
- Veterinary Control
- Sales
- Marketing
- Operations Improvement

Corporate

- Group Company Secretary
- Credit
- Feed Procurement

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

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

The King IV™ Principles underpin Astral's corporate governance framework and we are in full support of the voluntary principles and leading practices of King IV™.

The constitution and operation of the Board

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

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

In August 2017, the mandate and terms of reference of the Board were updated to include the elements of King IV™.

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

We believe that the non-executive directors are of suitable calibre and number for their views to carry significant weight in the Board's decisions. An independent non-executive chairman leads the Board. A schedule of beneficial interests of directors appears on pages 170 and 171 of this Report. Astral's MoI specifies that non-executive directors do not have a fixed term appointment.

Astral has two (25%) South African directors of previously disadvantaged backgrounds on the Board who are independent non-executive directors. The Board has set a target of 25% for race and gender representation in its membership.

Astral has a Board Broader Diversity Policy in place.

In October 2021, an evaluation of each of the non-executive directors' performance was conducted. The overall findings were presented to the Board and discussed. This evaluation supported the Board's decision to endorse all retiring directors standing for re-election.

During the year, we assessed the independence of Dr Eloff, who has been a director for more than nine years. After deliberation it was agreed that, considering the requirements for independence as contained in King IV™ and the Companies Act, he is still regarded by the Board as an independent non-executive director.

The Chairman's major roles include:

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

GOVERNANCE (CONTINUED)

- taking a leading role in determining the composition and structure of the Board; and ensuring effective communication with shareholders and, where appropriate, the stakeholders.

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

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

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

Astral does not have retirement age restrictions as it believes that a Board member's effectiveness does not necessarily correlate with the length of his/her Board service or his/her age. The Mandate and Terms of Reference states that once a director reaches the age of 70, the Board is required to evaluate their performance on an annual basis to determine that his performance remains on the standard set for all directors of Astral.

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

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

Operational management is the responsibility of the CEO. His responsibilities include, amongst others, developing and recommending to the Board a long-term strategy and vision that will generate satisfactory stakeholder value, developing and recommending to the Board annual business plans and budgets that support the long-term strategy, and managing the affairs of the Group in accordance with its values and objectives, as well as the general policies and specific decisions of the Board. There is a formal succession plan in place for the CEO and he has a normal employment contract which is applicable to all employees which includes a notice period of two months by either party. The CEO is not a member of the Human Resources, Remuneration and Nominations as well as Audit and Risk Management Committees, but attends same by invitation. The CEO does not have any other professional commitments.

A complete list of Board members and their CVs appear on pages 10 to 12 of this Integrated Report. In terms of Astral's MoI, new non-executive directors appointed during the year, as well as one-third of the existing non-executive directors, have to retire on a rotational basis each year but may offer themselves for re-election.

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

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

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

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

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

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

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

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

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

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

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

Attendance at meetings

The Board

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

Attendance at meetings was as follows:

	SCHEDULED BOARD MEETINGS			
DIRECTOR	11 November 2020	4 February 2021	11 May 2021	11 August 2021
GD Arnold	✓	✓	✓	✓
T Eloff	✓	✓	✓	✓
DD Ferreira	✓	✓	✓	✓
DJ Fouché	✓	✓	✓	✓
S Mayet	✓	✓	✓	✓
WF Potgieter	✓	✓	✓	✓
CE Schutte	✓	✓	✓	✓
TM Shabangu	✓	✓	✓	✓
AB Crocker	✓	#	#	#
AD Cupido[1]	–	–	–	–
FG van Heerden[2]	–	–	–	–

✓ Present.
 # Resigned 15 January 2021.
1. Appointed effective 10 November 2021.
2. Appointed 1 October 2021.

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

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

Audit and Risk Management Committee

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

MEMBER	15 October 2020	11 November 2020	11 May 2021	11 August 2021
DJ Fouché	✓	✓	✓	✓
TM Shabangu	✓	✓	✓	✓
S Mayet	✓	✓	✓	✓

✓ Present.

GOVERNANCE (CONTINUED)

Human Resources, Remuneration and Nominations Committee

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

MEMBER	24 October 2020	3 December 2020	25 February 2021	28 July 2021
T Eloff	✓	✓	✓	✓
DJ Fouché	✓	✓	✓	✓
TM Shabangu*	✓	–	–	–
WF Potgieter*	–	✓	✓	✓

✓ Present.
** Stepped down as member and Chairperson of the committee on 11 November 2020 and replaced by WF Potgieter.*

Social and Ethics Committee

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

MEMBER	24 October 2020	25 February 2021	4 August 2021
TM Shabangu#	–	✓	✓
T Eloff	✓	✓	✓
GD Arnold	✓	✓	✓
LW Hansen (Independent)	✓	✓	✓

✓ Present.
 # Elected as member and Chairperson effective 4 February 2021.

Non-executive directors' fees

The non-executive directors received the following fees during the year:

	Fixed fee per annum 2022 R	Fixed fee per annum 2021 R
Chairman of the Board	538 200	**515 000**
Lead Independent Non-Executive Director	237 300	**227 000**
Member of the Board	374 200	**358 000**
Chairman of the Audit and Risk Management Committee	304 100	**291 000**
Member of the Audit and Risk Management Committee	157 800	**151 000**
Chairman of the Human Resources, Remuneration and Nominations Committee	201 700	**193 000**
Member of the Human Resources, Remuneration and Nominations Committee	114 000	**109 000**
Chairman of the Social and Ethics Committee	178 700	**171 000**
Member of the Social and Ethics Committee	106 600	**102 000**

The remuneration is payable on a monthly basis.

Board committees

To enable the Board to properly discharge its responsibilities and duties, certain responsibilities have been delegated to Board committees. All Board committees are chaired by an independent non-executive director. Particulars of the composition of the Board and committees appear on pages 57 to 58 of this Integrated Report. Board committee Mandates and Terms of Reference are reviewed on an annual basis to ensure that the committees' duties and responsibilities are aligned with the requirements of corporate governance and keep abreast of developments in this field. Copies of Board committee Mandates and Terms of Reference are available on Astral's website, www.astralfoods.com.

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

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

The Board committees are as follows:

Audit and Risk Management Committee

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

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

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

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

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

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

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

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

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

Risk management

Astral is committed to the following risk management action plan:

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

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

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

Members of the Audit and Risk Management Committee are:

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

Internal audit

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

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

GOVERNANCE (CONTINUED)

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

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

Information technology (IT)

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

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

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

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

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

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

Integrated reporting

The committee oversees integrated reporting, and in particular:

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

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

Further information regarding the activities of the committee is available in the Audit and Risk Management Report on pages 120 to 124 of this Integrated Report.

Human Resources, Remuneration and Nominations Committee

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

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

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

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

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

Further information regarding the activities of the committee is available in the Human Resources, Remuneration and Nominations Committee Report on pages 80 to 105 of this Integrated Report.

Social and Ethics Committee

A Social and Ethics Committee has been appointed consisting of four members. TM Shabangu was appointed as Chairperson on 11 November 2020 and elected at the AGM in February 2021. A formal mandate and terms of reference have been approved by the Board. The Chairperson of the committee, TM Shabangu, is present at the AGM and will be available to report to shareholders on the matters within its mandate. A copy of the committee's mandate and terms of reference is available on our website, www.astralfoods.com.

Members of the Social and Ethics Committee are:

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

The main functions of the committee are:

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

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

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

- **Human rights**
  To support and respect for the protection of internationally proclaimed human rights.

- **Labour**
  To uphold the freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.

- **Environment**
  To support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.

- **Anti-corruption**
  To work against corruption in all its forms, including extortion and bribery.

- **Social and ethical awareness**
  To conduct ethical climate surveys.

- **Community upliftment and donations**
  To develop guidelines for charities and sponsorships.

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

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

For more information regarding the activities of the committee, refer to the Social and Ethics Report on pages 64 to 66 of this Integrated Report.

Organisational integrity and ethics

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

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

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

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

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

GOVERNANCE (CONTINUED)

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

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

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

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

Restrictions on share dealings

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

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

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

Management reporting

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

Group Company Secretary

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

The Board assesses the qualification, competence and expertise of the Group Company Secretary and confirms her suitability in terms of the JSE Listings Requirements on an annual basis. For further information on the Group Company Secretary, please refer to Corporate Services on page 37.

The Group Company Secretary is not a director of any of the Group's operations and accordingly maintains an arm's length relationship with the Board and its directors. In order to confirm the Group Company Secretary's arm's length relationship with the Board, the following factors are taken into consideration:
- the Group Company Secretary is independent from management;
- the Board empowers the Group Company Secretary to act as gatekeeper of good corporate governance;
- there are no special ties between the Group Company Secretary and any of the directors;
- the Group Company Secretary is not party to any major contractual relationship which may affect his/her independence; and
- there are no matters affecting the Group Company Secretary's ability to adequately and effectively perform his/her company secretarial duties.

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

Political party contributions

Astral does not make any contributions to political parties.

Whistleblowing measures

In accordance with the provisions of the Protected Disclosures Act No 26 of 2000, management has ensured that no employee who has made a protected disclosure shall be subject to any occupational detriment and shall be afforded anonymity without fear of consequential victimisation. Refer to the "Tip-Offs Anonymous" section on pages 85 and 86 of the Integrated Report.

Access to professional corporate governance services

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

Corporate Governance Framework

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

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

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

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

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

GOVERNANCE (CONTINUED)

SOCIAL AND ETHICS COMMITTEE REPORT

Dear shareholders

I have pleasure in presenting to you the 2021 Social and Ethics Committee Report. This committee was established in terms of section 72 of the Companies Act and commenced its work in January 2012. It is a sub-committee of the Board and fulfils its functions on behalf of the Group in relation to social and economic development, governance, ethics, safety and health, environmental sustainability and employment matters.

South Africa is currently faced with widely reported ethics and socio-economic challenges in terms of governance, fraud, corruption and environmental sustainability. The committee has continued with its efforts to ensure the Astral culture, value and belief system subscribe to the Six Capitals model (Financial, Manufactured, Human, Social, Natural and Intellectual Capitals) adopted, which forms the basis of our approach to responsible and accountable governance and sustained socio-economic investment. We have also decided to measure our performance against the 17 UN SDGs, to view our potential impact. Both the references to the Six Capitals and UN SDGs have been used throughout the Integrated Report.

The committee is satisfied that it has fulfilled its responsibilities as detailed in its Mandate and Terms of Reference for the 2021 financial year.

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

TM Shabangu
Chairperson

10 November 2021

SECTION 1: COMPOSITION, ATTENDANCE AND TERMS OF REFERENCE

1.1 Members

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

1.2 Attendance

The attendance of the members of the Social and Ethics Committee at the meetings is set out on page 58 of this Integrated Report.

1.3 Mandate and terms of reference

A formal mandate and terms of reference for the committee was adopted by the Board. Mrs TM Shabangu was appointed chairperson of the committee following the resignation of Mrs TP Maumela from the Board during January 2020, (Dr T Eloff was acting chairperson for the period January 2020 to November 2020). The chairperson will be present at the AGM and will be available to report to shareholders on the matters within the committee's mandate.

SECTION 2: FUNCTIONS AND RESPONSIBILITY

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

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

The committee will take the following actions on their findings:

- drawing matters within its mandate to the attention of the Board; and
- reporting annually to the shareholders at the AGM on matters within its mandate.

SECTION 3: ANNUAL WORK PLAN

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

- The UN Global Compact Principles.
- The UN SDGs.
- Social and ethical awareness.
- Community engagement and donations.
- Consumer development (ensuring compliance with the Consumer Protection Act).
- Environmental and sustainability reporting.

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

- **Human rights**
  To support and respect for the protection of internationally proclaimed human rights.

- **Employment**
  To uphold the freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.

- **Environment**
  To support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmental friendly technologies in terms of:
  - Water resources management;
  - Energy resource management;
  - Waste resource management; and
  - Carbon emissions.

- **Anti-corruption**
  To work against corruption in all its forms, including extortion, fraud, theft and bribery.

- **Social and ethical awareness**
  To conduct ethical climate surveys.

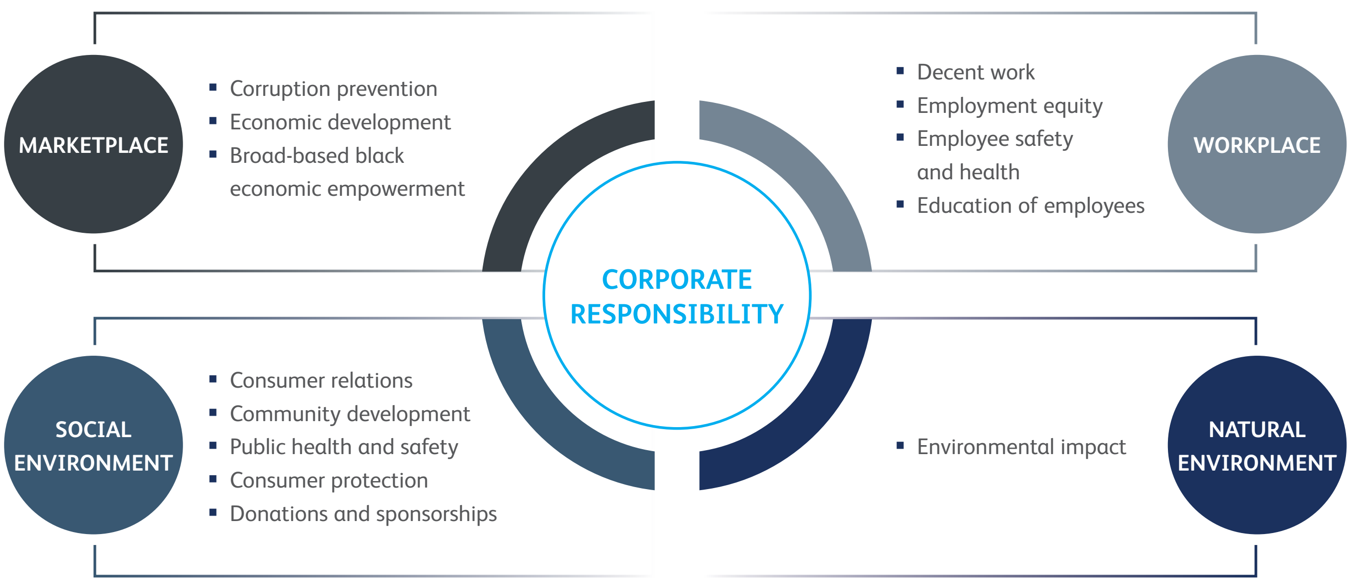
- **Community upliftment and donations**
  To develop guidelines for charities and sponsorships. The Astral Cares CSI programme continued with its excellent work during the 2021 financial year, with enormous contributions made to local communities and beneficiaries in dire need of support. Please refer to the social involvement section of the report, pages 106 to 111.

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

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

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

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



GOVERNANCE (CONTINUED)

SECTION 4: 2021 COMMITTEE ACTIVITIES

4.1 Policy and procedure review:

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

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

4.2 The Ethics Institute audit report:

The Social and Ethics Committee engaged the services of the Ethics Institute during the financial year to conduct an audit review of the applied practices of the committee.

The Ethics Institute review included the following areas:

- review of the committee's Mandate and Terms of Reference;
- review of the committee's work plan, agendas, meeting documentation, minutes and scorecard decisions;
- review of the committee's 2021 report in the Integrated Report.

The audit report confirmed the quality and professionality with which the Social and Ethics Committee fulfil its mandate compared with peers in the market. The audit report highlighted a number of applied leading practices implemented and areas recommended for improvement were considered and actioned.

4.3 Review of the Astral Code of Ethics:

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

The committee agreed to investigate the possibility of including the Code of Conduct document and a personal ethics handbook in the employee induction programme.

The committee reviewed corporate citizenship, taking note of various legislation and codes of best practice. This included Board composition, Board committees, identification of main business risks, the description of systems/initiatives to create value through research and development, strategic growth and innovation. Plans for the next year include procedures to review/address external audit findings as well as documenting targets for achieving strategic growth plans and strategic objectives.

4.4 POPIA compliance

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

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

4.5 Environmental sustainability

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

- Water: Reverse osmosis water treatment plants installed at County Fair and Goldi resulting in 16% of all water consumed during the year used from recycled water. Water used and treated back to potable standard was increased with more than 60% compared to F2020.
- Food wastage: Registered with the World Resources Institute Food Loss and Waste reduction programme and a 20% reduction in micron plastic used realised during the year and more than 540 tons of product packaging material recycled.
- Coal: 1 173 tons less coal used during the year as result of boiler energy efficiency improvement projects.
- Electricity – 6 505 kWh'000 less electricity used due to:
  - Heat recovery system implemented at Festive.
  - Solar photovoltaic energy solutions implemented at National Chicks.
  - Energy efficient lighting introduced at Festive.

4.6 Scope of the committee

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

- review of executive and senior management commitment to the ethics programme;
- review of applied governance structures and organisational capacity to ensure sound ethics performance;
- introduce an independent assessment of ethics performance; and
- review the overall ethics shape of the Group.

4.7 Planned 2022 activities

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

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

Risk management

Astral is committed to the following risk management action plan:

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

We apply an enterprise-wide risk management approach, involving all levels of management, with assistance of consultants for assessing insurable risk. The senior management at each operation is responsible for the development and implementation of a sound risk control programme based on the Group's risk control standards.

The integrity of the risk control programme is regularly monitored by internal audit and appointed risk consultants.

Risk management framework

Board: Overall responsibility for Group strategy and managing risk

Corporate Risk Management Committee

Development and enhancing risk management practices and systems to ensure that risks are managed with acceptable tolerance levels.

Audit and Risk Management Committee

Oversight of the Group's material risks and sustainability strategy.

Divisional Risk Sub-Committee

Review and monitor the risk management action plans, policies and procedures.

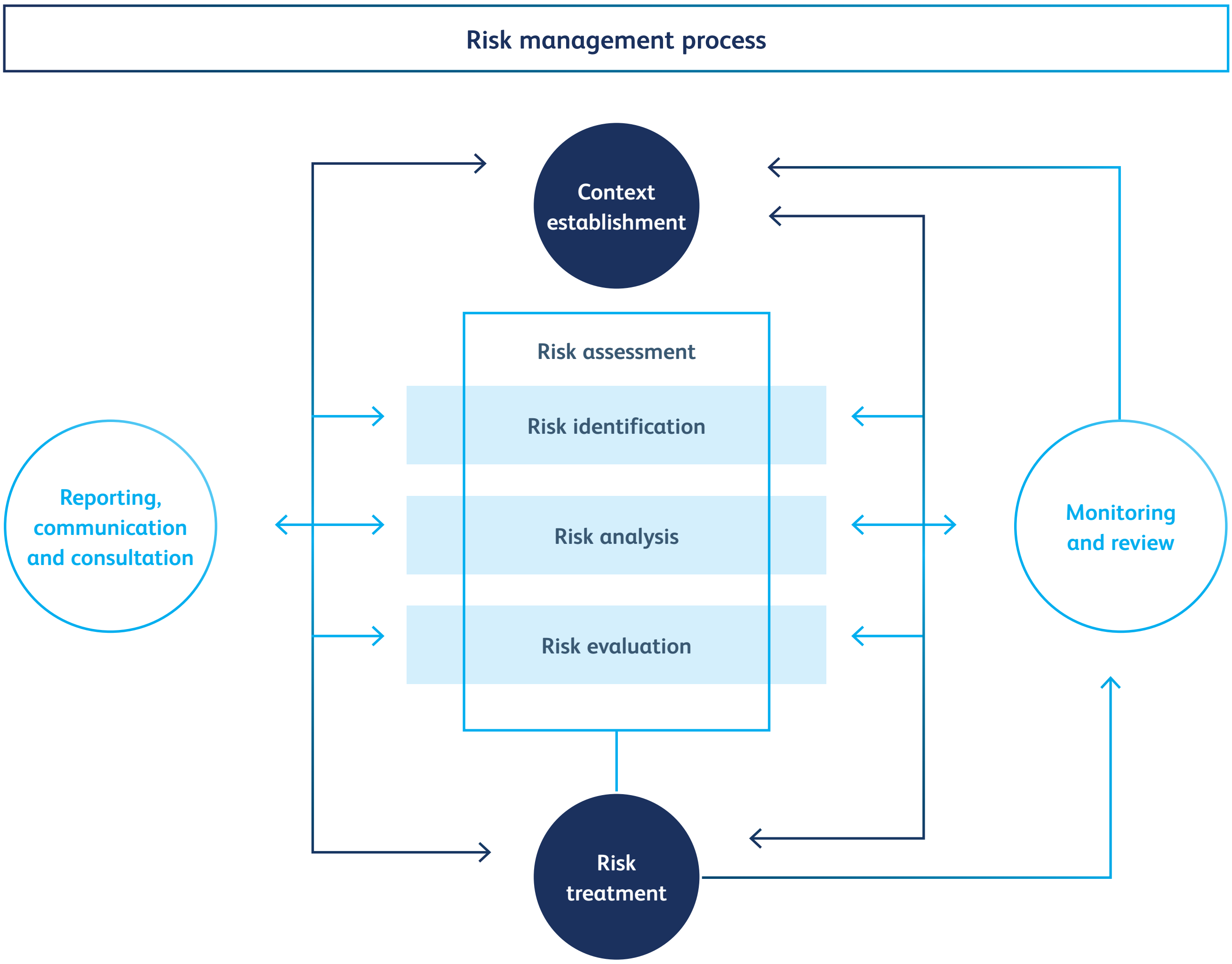
Astral Executives

Oversight of the Group's material risks and implementation of the Group's strategy.

Operational Units

Responsible for risk assessment and implementing of risk policies and procedures.

GOVERNANCE (CONTINUED)



Risk recognition, evaluation and management

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

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

Risks are evaluated in relation to the following parameters:

- Headline risk area/category;
- Impact;
- Probability;
- Perceived control effectiveness.

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

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

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

Business risks

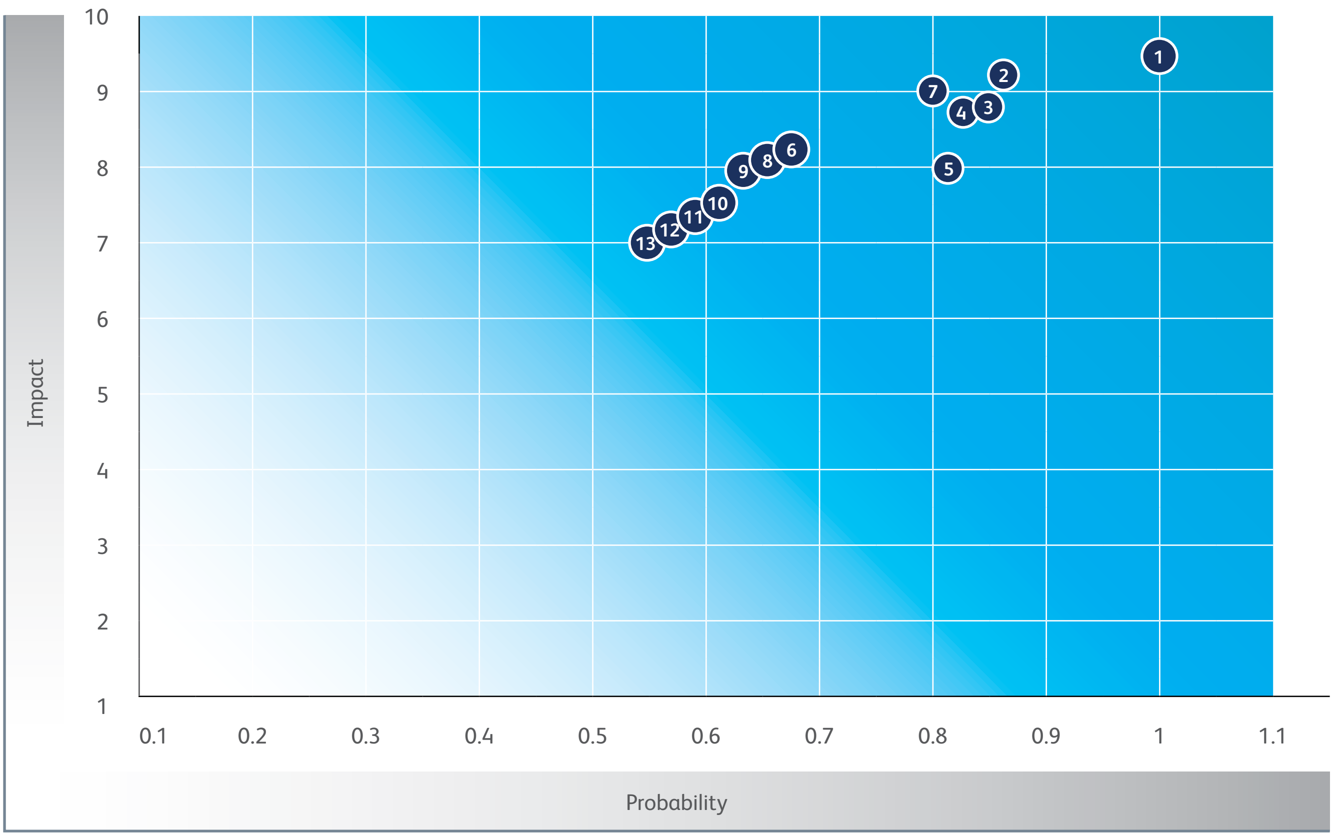
Business risk	Risk mitigation plans	
HPAI outbreak negatively impacting operations		
HPAI outbreak can adversely impact our ability to conduct our operations and supply of products.	▪ Additional bio-security measures. ▪ Training and induction programmes. ▪ Production contingency plans in case of an outbreak.	▪ Vaccination programme – awaiting approval from Government departments. ▪ Insurance cover for breeders.
Prolonged imbalance in the supply and demand of poultry meat		
As a result of the following factors: ▪ The Covid lockdown regulations impacted product mix, volumes and pricing. ▪ High levels of imports. ▪ Classic dumping of poultry meat in South Africa. ▪ Suppressed disposable income.	▪ Participation in industry bodies presenting arguments for the protection of local industry against subsidised imports and dumping. ▪ Responsible expansion and production programmes.	▪ Monitoring of bird weight and production mix. ▪ Planned temporary production cut backs. ▪ Entrench least cost strategy.
Relatively high raw material costs and its negative impact on feed prices		
High raw material prices and volatility. Although all producers would be exposed to similar prices, the main risk is the inability to recover this higher input cost.	▪ Explore cost effective raw material import opportunities. ▪ Alignment with well-established suppliers who have a global reach. ▪ Key raw material procurement centrally coordinated.	▪ Astral Executive Procurement Committee frequently reviews the procurement strategy. ▪ Endeavour to recover the higher input cost through selling prices of poultry.
The security of supply of electricity and the escalating cost thereof		
▪ Cost and availability of electricity. ▪ Unscheduled power interruptions. ▪ Cable theft resulting in business interruption.	▪ Alternative energy sources identified and utilised. ▪ Direct supply from Eskom.	▪ Planned production runs. ▪ Load curtailment agreements. ▪ Available capacity post expansion.
Impact of global pandemic, such as Covid-19 and the hard lockdowns		
▪ Health and safety of employees.	▪ Preventative measures implemented. ▪ Personal protective equipment and sanitisers in conjunction with current hygiene programme. ▪ Monitoring and healthcare programme.	▪ Compliance with regulations. ▪ Information and training. ▪ Vaccine roll-out programmes.
▪ Credit risk	▪ Monitoring and review of credit limits.	
Poultry products contaminated with bacterium that cause serious infections		
Listeriosis outbreak in South Africa.	▪ Increased monitoring and testing. ▪ Enhanced cleaning programmes. ▪ All processing facilities FSSC22 000 certified. ▪ Traceability/product recall exercises. ▪ Regular audits performed by independent risk consultants, customers and independent standards authorities.	▪ Hygiene awareness programme. ▪ Consumer awareness programme. ▪ Repair and maintenance projects – hygiene. ▪ Additional capex projects.

GOVERNANCE (CONTINUED)

Business risk	Risk mitigation plans
Water supply and quality on the back of municipal infrastructure challenges	
▪ Quality and availability of water. ▪ Unscheduled water interruptions. ▪ Municipal infrastructure not maintained.	▪ Increase in water reservoir capacity and enhancement of distribution. ▪ Water savings initiatives. ▪ Groundwater sources. ▪ Purification and recycling of water.
A breakdown in bio-security leading to an increasing threat of avian diseases	
Diseases would not only impact the Group through the possible depletion of flocks, but could influence growth, fertility and hatchability.	▪ Regular disease monitoring. ▪ Serological, microbiology and molecular surveillance. ▪ Increased level of bio-security, including suppliers. ▪ Availability of vaccination procedures. ▪ Culling and disposal protocols. ▪ Elimination of vectors, e.g. bird proofing. ▪ Cleaning and disinfection programmes. ▪ Contingency plan formulated in case of outbreak.
Premix micro ingredient deficiency and/or contamination with undesirable substances	
Vitamin, mineral and feed additive premixes are included in animal feed. Should this premix not conform to the required specification with respect to micronutrient content it could impact the health and growth of livestock.	▪ Pre-screening of suppliers. ▪ Country of origin quality control. ▪ Ongoing improvement in quality and production technology.
Poor feed quality leading to a negative impact on bird performances	
Should animal feed not conform to the required quality standards and nutritional levels it could impact the growth, performance and production efficiency of livestock.	▪ Pre-screening of raw materials. ▪ Country of origin quality control. ▪ Analytical laboratory competency. ▪ Stringent quality standards. ▪ Independent quality audits. ▪ Ongoing improvement of technology. ▪ Inclusion of ingredient tracers.
Lack of improvement in bird efficiencies driven by poor breed performance	
Genetic improvement programmes to ensure that the performance of the Ross 308 is maintained at optimal levels.	▪ Benchmarking. ▪ Utilisation of technology. ▪ Standardisation of best practice. ▪ Alignment with best genetic provider.
Malicious damage to operations through computer virus and cyber attacks	
Risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its IT systems.	▪ Standardised Group policies. ▪ Anti-virus software version checks. ▪ Regular enforced updates of Windows patches. ▪ Independent intrusion detection testing. ▪ Response action plans.
Fraud and theft are risks due to the nature of the Group's products	
The risk of fraudulent activities and theft of product by employees and external parties that could lead to financial losses.	▪ Company policies. ▪ Internal and external audit. ▪ Management review. ▪ Tip-offs anonymous hotline. ▪ Awareness and communication programmes.

Major risks

2021	Risk	2020
1.	HPAI outbreak negatively impacting on operations	4.
2.	Prolonged imbalance in the supply and demand of poultry meat	2.
3.	Relatively high raw material costs and its negative impact on feed prices	7.
4.	The security of supply of electricity and the escalating cost thereof	1.
5.	Impact of global pandemic, such as Covid-19 and the hard lockdowns	3.
6.	Poultry products contaminated with bacterium that cause serious infections	5.
7.	Water supply and quality on the back of municipal infrastructure challenges	6.
8.	A breakdown in bio-security leading to an increasing threat of avian diseases	8.
9.	Premix micro ingredient deficiency and/or contamination with undesirable substances	9.
10.	Poor feed quality leading to a negative impact on bird performances	11.
11.	Lack of improvement in bird efficiencies driven by poor breed performance	12.
12.	Malicious damage to operations through computer virus and cyber attacks	13.
13.	Fraud and theft are risks due to the nature of the Group's products	14.



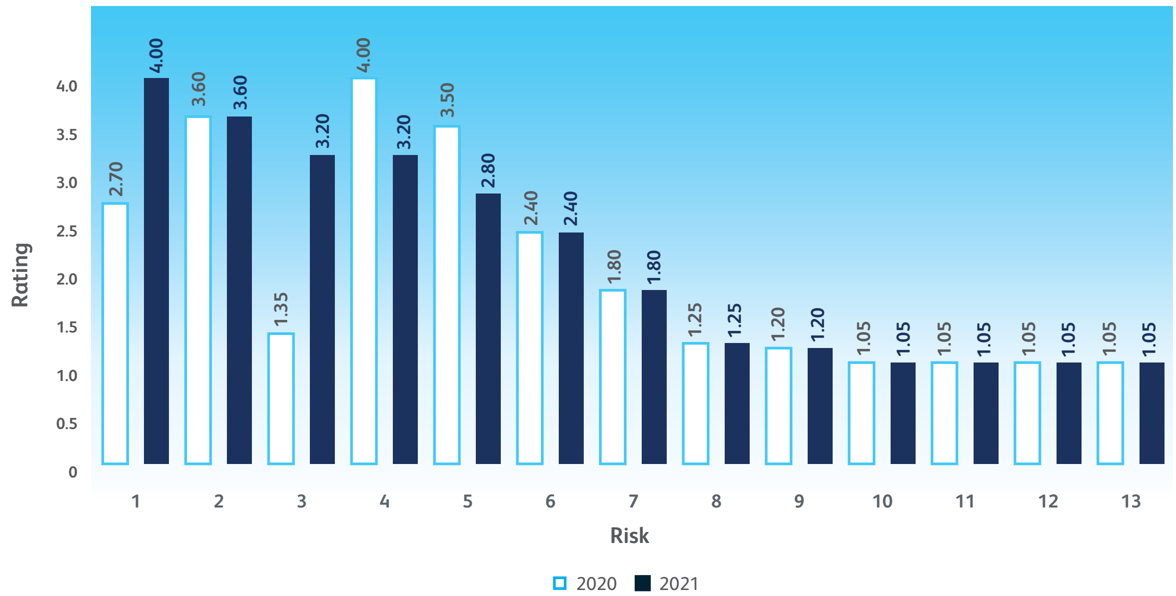
GOVERNANCE (CONTINUED)

Residual risk status

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

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

Residual risk rating



STAKEHOLDER ENGAGEMENT AND TOPICS

Our philosophy

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

Our approach

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

Our principles

Relevance	Completeness	Responsiveness
Focusing on those issues of material concern to our stakeholders and to Astral and identifying how best to address them for our mutual benefit	Understanding the views, needs, performance expectations and perceptions with these material issues while also taking cognisance of prevailing local and global trends	▪ Engaging with stakeholders on issues and giving regular, comprehensive and coherent feedback ▪ We have identified all our stakeholders and we engage directly with them by way of organised dialogues, roundtable discussions, one-on-one meetings and regular engagement with local communities at each operation ▪ Enquiries from shareholders are generally handled by our CEO directly and only information that is in the public domain is disclosed. We also make use of external benchmarking and standards that are designed to reflect and address societal expectations ▪ At operational level, we identify, prioritise and directly engage with stakeholders on matters that have the potential to affect their operational, sustainability or financial performance

GOVERNANCE (CONTINUED)

Our engagement and topics

SHAREHOLDERS

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

ENGAGEMENT METHODS	MATERIAL MATTERS	STRATEGIC RESPONSE
▪ Website ▪ SENS ▪ Trading updates ▪ Bi-annual results presentations ▪ Investor relations ▪ Face-to-face meetings ▪ Site visits	▪ Return on capital invested ▪ Sustainability of business ▪ Optimal capital expenditure allocation and management ▪ Execution of growth strategies ▪ Bio-security measures ▪ Ethical conduct	▪ Implementing stated strategy ▪ Acceptable RONA on capital spend ▪ Adhering to ethical principles ▪ Regular polls are done and recommendations from shareholders are considered and where possible, addressed

2021 TOPICS

- Import tariff hike
- Avian Influenza outbreak
- Water and electricity interruptions
- Maize and soya crops
- Capital expansion
- Cash management/debt facilities
- Dividend outlook

EMPLOYEES

Our staff complement consists of permanent and contract employees.

ENGAGEMENT METHODS	MATERIAL MATTERS	STRATEGIC RESPONSE
▪ Confidential hotline through “Tip-offs Anonymous” ▪ Bi-annual road shows ▪ Management and union meetings ▪ Internal newsletters and notice boards	▪ Career development and skills training ▪ Job security ▪ Health and safety ▪ Involvement in secondary and tertiary education programmes ▪ Corporate and social investment in communities ▪ Employee wellness programmes ▪ Open and honest feedback ▪ Employee surveys	▪ Integrated training and development ▪ A wellness programme is in place throughout the Group ▪ Collective agreement risk mitigation framework

2021 TOPICS

- Covid-19 concerns raised by employees were addressed.
- All employees, service providers and contractors were trained on Covid-19 health and safety protocols in the workplace, including how to deal with Covid-19 at home.
- Employees and their families are supported by the Astral Covid-19 toll free hotline, available 24/7 to assist with medical advice and support counselling.
- During 2021 R4.3 million (2020: R7.5 million) was spent on the employee wellness programme.
- During 2021 R7.1 million (2020: R6.4 million) was spent on employee training programmes.
- Wage negotiations.
- Total person days lost to industrial action for the financial year amounted to zero (2020: Zero).

CUSTOMERS

Our key customers lie primarily in top- end retail chains and wholesalers, mainly independently owned. We have gained market share in the QSR market.

ENGAGEMENT METHODS	MATERIAL MATTERS	STRATEGIC RESPONSE
▪ Face-to-face meetings ▪ Regular discussions ▪ Advertising through media ▪ Formal review meetings with major customers	▪ On-time delivery of quality products and services ▪ Price competitiveness ▪ Adherence to regulatory requirements, sound corporate governance and ethical conduct ▪ Reliable long-term supply of products	▪ Ensure availability of stock ▪ Ensure that all products are safe and consistent with the quality and brand expected from Astral and regulatory authorities ▪ Ensure that all our products adhere to all the necessary standards such as FSSC and ISO

2021 TOPICS

Supply and demand

- Processing volumes increased across the poultry industry relative to the prior year, increasing supply of broiler meat to the market.
- Imports remained high, but relatively constant over this year, despite import tariffs.
- QSR and sitdown restaurant market during the hard lockdown levels disrupted the IQF market.

Update on HPAI

- Avian Influenza remains a global challenge.
- In South Africa, the first HPAI case was reported in April 2021.
- No supply interruptions to the market as a result of HPAI.
- To date, the HPAI outbreak has cost Astral R49 million.
- The HPAI virus is still circulating in wild birds in Northern and Eastern Europe and the Middle East. The HPAI virus in Africa circulates in wild and aquatic coastal birds.
- There has been further outbreaks in Europe.

GOVERNANCE (CONTINUED)

SUPPLIERS

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

ENGAGEMENT METHODS	MATERIAL MATTERS	STRATEGIC RESPONSE
▪ Presentations by suppliers to our procurement function ▪ Annual negotiations ▪ Quotation-based supply ▪ On-going engagement with key suppliers	▪ Price ▪ Quality ▪ Availability	▪ Procurement Committee ▪ Supplier vetting ▪ Ongoing audits ▪ Approvals framework

2021 TOPICS

Global and local maize production

- The maize harvest for the 2020/2021 marketing year was 16.2 million tons with the stock-to-use ratio decreasing to 14.7% from the 14.9% in the prior year.
- The Crop Estimates Committee's Planting Intentions Forecast is anticipating a 1% reduction in the planting area of maize this season, whilst the area allocated to soya is expected to increase by 11.8%.
- Weather forecasters are indicating a strong probability of La Niña conditions for the year ahead, which points towards normalised to higher rainfall for the upcoming season.
- Global corn stocks (including China) are expected to be better on latest US crop harvest estimates.

Standerton water supply interruptions

- The water supply interruptions at Astral's poultry processing plant in Standerton continues to be monitored.
- Astral installed infrastructure on one of its poultry farms alongside the Vaal River in the vicinity of Standerton, which enables the Group to extract raw water. This water is pumped from the river and then transported by road to a filtration plant that has been established at the Group's premises in Standerton alongside the processing plant. This emergency arrangement is currently in operation whilst the parties are cooperating to secure a more suitable extraction point at the municipality's water treatment works. In accordance with a High Court order previously secured by Astral, the municipality is obliged to submit a long-term plan indicating how and when it intends repairing and improving the municipal water supply infrastructure.

Meadow Feeds Standerton

REGULATORY AUTHORITIES

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

ENGAGEMENT METHODS

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

MATERIAL MATTERS

- Accountability of employees to ensure compliance
- Ensuring independent assurance takes place at all levels of our business

STRATEGIC RESPONSE

- Continuous training of management and staff responsible for compliance with various regulatory bodies and the respective authorities governing our business
- Immediate corrective action taken in the event of findings raised by authorities
- Participation in industry bodies
- Corporate functions provide support to line management in executing assurance duties
- Traceability of all products

2021 TOPICS

- The industry, through SAPA, continues to apply to Government to raise tariffs to counter cheap imports and dumping.

INDUSTRY

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

ENGAGEMENT METHODS

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

MATERIAL MATTERS

- Playing a key role in the management of industry bodies
- Keeping up to date with latest developments

STRATEGIC RESPONSE

- Members of management are actively involved in industry bodies such as the Animal Feeds Manufacturers Association and SAPA
- Members of management attend training courses and seminars on a regular basis

2021 TOPICS

- At 30 September 2021, 35 % (2020: 38 %) of Astral's employees were members of a trade union.

GOVERNANCE (CONTINUED)

CIVIL SOCIETY

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

ENGAGEMENT METHODS

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

MATERIAL MATTERS

- Responding to calls for assistance in the communities where we operate
- Identifying needs that are brought to our attention via the media or charitable organisations

STRATEGIC RESPONSE

- We donate feed, money or other consumables (including chicken products and eggs) to orphanages, charities and old age homes
- We are passionate about making the public aware of cancer and we support People Living With Cancer's Cancer.vive initiative
- We invest in development and empowerment of emerging farmers through training, development initiatives, preferred procurement and capital investment
- Our wellness programme focuses on body mass index, hypertension, cholesterol, diabetes and voluntary counselling and testing for HIV/AIDS

2021 TOPICS

- During the year we spent R5.2 million on CSI throughout South Africa.
- "Astral Cares" continues to support Astral's employees and the community in which it operates.

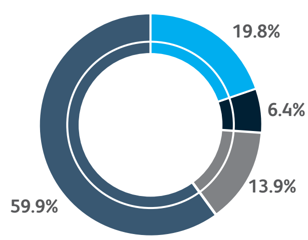
Arbour Day Westonaria

VALUE-ADDED STATEMENT

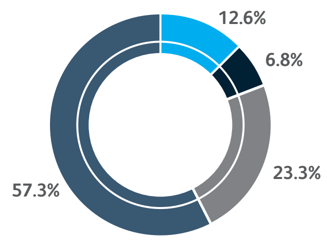
Distribution of economic value generated for stakeholders

	Year ended 30 September			
	2021		2020	
	R'm	%	R'm	%
Value added:				
Sales of goods and services	15 866		14 104	
Less: Cost of materials and services	(12 464)		(10 710)	
Value added from trading operations	3 402	99.6	3 394	99.2
Income from investments	14	0.4	28	0.8
Total value added	3 416	100.0	3 422	100.0
Value distributed:				
To labour	2 046	59.9	1 962	57.3
To Government	217	6.4	233	6.8
– Income tax	203		221	
– Skills development levy	14		12	
To providers of capital	677	19.8	429	12.6
– Dividends to shareholders	418		166	
– Interest on lease liabilities	205		178	
– Interest on borrowings	54		85	
Total distributions	2 940	86.1	2 624	76.7
Income retained in the business	476	13.9	798	23.3
– Depreciation and amortisation	422		403	
– Retained income for the year	54		395	
Total value distributed and reinvested	3 416	100.0	3 422	100.0
Revenue generated in South Africa	98%		97 %	
Employees	12 183		11 461	
Revenue generated per employee (R'000)	1 302		1 231	
Value distributed per employee (R'000)	280		299	

September 2021



September 2020



Providers of capital ■ Government ■ Reinvested ■ Labour

GOVERNANCE (CONTINUED)

HUMAN RESOURCES, REMUNERATION AND NOMINATIONS COMMITTEE REPORT

Dear shareholders

On behalf of the Human Resources, Remuneration and Nominations Committee and the Board, I take pleasure in presenting the 2021 committee report.

Current political, social and economic instability, compounded by continued poor Government performance and ineffective policies have manifested in a national human resources crisis in South Africa that fails to deliver effective skills on employment market entrance. This drives the ineffective development of critical skills required and has propelled a national skills drain to global employment markets, against the backdrop of a country with one of the highest unemployment rates in the world.

Ensuring effective and efficient human capital optimisation, skills development, skill retention and availability to lead and manage the miscellany and magnitude of challenges faced by executives, senior managers, professionals and technical specialists on a daily basis to implement, deliver and safeguard Astral's operations, within the current social-economic operating environment, is and should remain at the forefront of Astral's strategy. This in order to ensure sustained shareholder returns, job security to thousands of South African households and sustained food security. The importance of our human resources strategy cannot be emphasised enough.

The committee focuses on formulating a strategic human resources policy framework that aligns adequate skill availability and financial performance with shareholder return objectives, within a transparent, fair and audible corporate governance framework primarily informed by King IV™.

The committee continuously reviews, analyses and benchmarks its policies against market conditions and peer competitors, to ensure that human resources management, the Remuneration Policy and the nominations committee's principles are informed, amended and implemented aligned with business strategy, focused on fair, responsible and relevant applied practice.

This report deals with the functional sections of the committee's responsibilities and provides an overview of its activities against the annual work plan, focused at enhancing human resources performance. The goal is to optimise shareholder value responsibly and sustainably as key priority. The committee considered the overall risk environment, the risk appetite and risk profile of the Group as well as the need to attract, retain and motivate key talent to enable the delivery of Astral's strategic objectives.

During the year, the committee received guidance from external advisors regarding the remuneration of executive directors, prescribed officers as well as the fees payable to non-executive directors. The committee always remains committed to Astral's values of transparency, integrity, accountability, governance and control to enable long-term sustainability.

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

A sincere thank you to Astral's executives, management and employees who worked tirelessly during difficult and unprecedented times to safeguard and protect shareholder investments and delivering industry leading results.

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

Regards

Willie Potgieter
Chairperson

10 November 2021

SECTION 1: HUMAN RESOURCES

Astral's long-term sustainability rests on the ability to attract, develop and retain internationally competitive employees engaged in our organisational culture. Strategies and initiatives in place are focused at driving operational excellence, continuous improvement, employee development and skills training.

Performance outputs are measured and linked to fit for purpose remuneration and reward structures, allowing participation in shareholder value created. Our integrated human resources approach enables our employees to achieve a good quality of life for themselves and their families, supported by opportunities to develop their full potential.

1.1 Covid-19

The impact of lockdown regulations during the financial year, due to the coronavirus pandemic had an enormous impact on our people, our communities and people practices alike. It required thoughtful considerations to ensure the health and safety of our employees as priority response.

Our cross functional management teams worked tirelessly within all operations to implement the required risk mitigation strategies in terms of policy, protocols, training, communication, increased healthcare capacity and employee support.

All employees, service providers and contractors were trained on Covid-19 health and safety protocols in the workplace, including how to deal with Covid-19 at home. Employees and their families are supported by the Astral Covid-19 toll free hotline, available 24/7 to assist with medical advice and support counselling. Our winter wellness programmes were expanded with immune system inoculations and additional medical capacity sourced for on-site clinics and healthcare facilities. Daily screening and testing of all employees, track and traceability systems, additional protective equipment, sanitising and additional hygiene processes introduced were successful. Employees and their families were supported with facemasks and hand sanitisers issued on a regular basis.

Employment conditions and work environments were adjusted across all operations in terms of applied non-pharmaceutical safety protocols, supported by extensive stakeholder management. In addition the department of health, the department of employment, organised labour and national, provincial and local industry support structures endorsed the implementation of our risk mitigation actions. New technology introduced enabled flexible communication arrangements for support teams.

We salute our employees for adapting to the "new normal". We are immensely proud of the fact that as an essential services business we had zero disruptions during the year and that our operations continued uninterrupted and contributed towards food security in South Africa.

Astral launched its workplace vaccination centre programme across its operations during August 2021. The programme included several initiatives around vaccine awareness communication, vaccine education, health and risk governance and has to date resulted in more than 50 % of our workforce vaccinated safely and without any disruptions to the operations.

1.2 Covid-19 cases summary

Description	Total
Total confirmed positive cases	886
Infection rate (average)	7.64%
Total confirmed recoveries	862
Rolling recovery rate (average)	97.29%
Total Covid-19 related deaths	7
Covid-related death rate	0.06%

GOVERNANCE (CONTINUED)

1.3 Workforce profile

1.3.1 Permanent versus contract employees

We are grateful that job security was not affected despite the negative economic impact of the lockdown regulations, and that we managed to avoid retrenchments during the year under review. Permanent employment numbers increased slightly for the year due to additional skills sourced for the expansion at Festive.

	Feed		Poultry		Other Africa		Corporate		Total	
Description	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Permanent	564	532	8 345	8 069	151	331	28	29	9 088	9 067
Contract	84	113	2 688	2 304	323	91	–	–	3 095	2 394
Total*	648	645	11 033	10 373	474	422	28	29	12 183	11 461

* *Excludes contracted services.*

Astral's workforce for the year under review comprised of 74.5 % (2020: 75.2 %) permanent employees with the balance made up of temporary employees.

A total of 35 million man-hours were worked during the year under review.

1.3.2 Talent attraction

Recruitment processes are continuously evaluated to ensure the best talent is employed, taking cognisance of leadership capabilities, competencies and appointment of persons from designated groups. Employment equity plans submitted for all subsidiaries have been standardised across the Group and were approved by the Department of Employment and Labour. Astral applies the Patterson job grading system to evaluate and rank job titles, employment categories and job descriptions with remuneration best practice.

1.3.3 Broad-Based Black Economic Empowerment (B-BBEE)

We support and are committed to the concept of B-BBEE and promote social and economic inclusivity and diversity in our business approach. We do this responsibly, ethically, with growth and sustainability in mind. Promulgated amendments to the Agri B-BBEE scorecard, with an increased focus on enterprise and supplier development remains a challenge in the agriculture sector, which require the development of black-owned and black women-owned preferred suppliers over the medium to long term.

1.3.4 Employee demographics

	2021			2020		
Permanent employees*	Grade[1]	A/C/I	White	Grade[1]	A/C/I	White
Board	Non-execs	2	3	Non-execs	2	3
Executive	F	–	4	F	–	4
Senior management	E	10	44	E	8	31
Middle management	D	56	91	D	43	92
Skilled	C	368	330	C	459	320
Semi-skilled	B	2 288	125	B	2 451	125
Unskilled	A	5 574	42	A	5 208	8
Total	All	8 298	637	All	8 171	584

1. *Defined based on Patterson Grading System.*
* *Permanently employed in South Africa only.*

1.3.5 Gender equality

Astral's policy and goal towards achieving gender equality is guided by a vision of fairness and acknowledges the principle that gender plays no part in merit. We will actively manage our human resources to ensure women and men have equal opportunity to participate in management at all levels. This is achieved through policies, procedures and engagement platforms within human resources structures, formal engagement with organised labour, employment equity and training committees, recognition agreements with protection protocols, confidentiality and protection of personal information, health and safety structures, managing communication structures and a code of ethics. In addition, the Astral value system framework, independent internal and external auditing, social media protocols, IT policies, management structures and Board committees contribute to this endeavour. Astral rejects any form of unfair discrimination based on gender or race in the Group. Refer to the Group's website for the Gender Equality Policy.

Astral's female:male ratio was 54%:46% in 2021 (2020: 53%:47%).

1.3.6 Historically Disadvantaged South Africans

Astral, where possible, employs HDSAs to contribute to the upliftment of the communities in which the Group operates as well as contribute to transformation within South Africa.

As at 30 September 2021, Astral employed 94% HDSA employees of which 21% is in senior management.

HDSA representation	2021 %	2020 %
Board and Exco	25	25
Managerial	34	41
Skilled	53	59
Semi-skilled	91	95
Unskilled	100	100

1.3.7 Employee relations

Collective bargaining is dealt with at various operating entities, and a number of different unions are recognised at plant level.

At 30 September 2021, 35% (2020: 38%) of Astral's employees were members of a trade union. Total person days lost to industrial action for the financial year amounted to zero for the second consecutive year, with no production time lost due to industrial action.

Relationships within the organised labour framework remain complex, often influenced by social-political matters, community frustrations and the collapse of public infrastructure and services. All these are negatively impacting employee morale. Disputes regularly trend around arbitrary expectations, which is aided by technical labour law interpretations and stakeholders adopting a hostile approach.

Astral has committed to more comprehensive engagement with regular discussions to build relationships, maturity and understanding. This creates collaborative agreements and collective partnerships that can find constructive solutions for complex challenges.

1.3.8 Training and development

We are committed to facilitate skills training and our submissions of skills development plans and implementation against targets to the various SETAs have ensured the maximum benefit in skills development levies and claims submitted.

Training and development was negatively impacted during the financial year as a result of the lockdown regulations implemented, with training institutions closed during the reporting period. Legal compliance training backlogs were also created as a result of this and are managed in terms of compliance registers. The legal compliance training have been accelerated post hard lockdowns.

Astral is registered as an accredited training provider with the AgriSETA and accreditation was awarded for a number of unit standards. Astral trained 115 employees as accredited trainers for these programmes, and more than 800 employees were trained on our formal accredited Food Safety and Bio Security programmes.

GOVERNANCE (CONTINUED)

Succession planning and staffing requirements are informed by talent reviews and training and development initiatives, which are linked with our approach to appoint and promote from within, prior to engaging the external skills market.

Our integrated training and development framework is focused at delivering competency and compliance in the following areas:
- Induction and on-boarding for new employees.
- Legal certification training for machine operators, drivers and health and safety practitioners.
- Technical skills training in highly specialised niche operations.
- Leadership development programmes.

During the past year, 17% (2020: 13%) of Astral's employees attended various training programmes and initiatives.

- Astral has a study loan policy providing employees with financial assistance to further their academic qualifications in line with current and future job requirements.
- Astral sponsored more than 100 learnerships, artisan apprenticeships and engineering internships during the year, 28 of these sponsorships was for unemployed and disabled learners.
- The Group's total training spend for the year amounted to R7.1 million (2020: R6.4 million).

1.3.9 Health and safety

Health and safety is the responsibility of everyone. Health and safety management systems conform to all applicable in-country legislation. Senior managers are appointed in line with the act and are responsible for occupational health and safety within the operations in terms of:
- **Compliance:** Adherence to applicable health and safety legislation, standards, frameworks and best practice relevant to the Group.
- **Risk assessment:** Continually evaluate and mitigate health and safety risks within the Group. Internal and independent external audits are conducted on a regular basis.
- **Risk mitigation:** Identification of workplace hazards and the provision of the required safety equipment, procedures and training to employees to mitigate against accidents, injuries and diseases.
- **Training and awareness:** Promote awareness and a sense of responsibility among employees with regard to effective health and safety communication, training and awareness and consultation with all levels of employees, contractors and other stakeholders directly affected by our activities and processes.
- **Commitment:** Integrated comprehensive management systems to ensure accountability for employees' well-being.
- **Continual improvement:** Periodic review of the relevance and appropriateness of the above endeavours to ensure continual improvement in the Group's health and safety efforts.

Despite the Covid-19 pandemic, work attendance improved during the year, with fewer employees absent form work due to general illness. Numbers of absent without permission again decreased slightly on a year-on-year basis, down from 1.05% (2020) to 1.03%, whilst absent with permission (leave management) remained stable.

Astral aims to minimise and prevent any occupational health risks, injuries and accidents. The Lost Time Injury Frequency (LTIF) rate is calculated by all business units. This provides for accurate internal benchmarking and provides a measuring tool to track improvement in performance. The Group has set a LTIF rate target of 2.5 for all milling operations and 3.0 for production and processing facilities and targets a 10% reduction in recordable injuries on a year-on-year basis.

	Poultry – Agriculture		Poultry – Commercial		Feed		Total	
Description	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Number of fatalities	**1**[(b)]	Nil	**1**[(c)]	Nil	**1**[(d)]	1[(a)]	**3**	1
Number of first aid cases	**19**	11	**25**	47	**19**	14	**63**	72
Number of medical treatment cases	**6**	10	**13**	6	**12**	14	**31**	30
Number of disabling injuries	**84**	106	**179**	188	**10**	16	**273**	310
Number of recordable injuries	**110**	127	**218**	241	**42**	45	**370**	413
Injury frequency rate	**3.00**	3.08	**1.66**	1.42	**0.98**	1.16	**1.70**	1.81

(a) Contractor employee involved in a fatal vehicle accident.
(b) Astral employee – fatal accident on farm.
(c) Contractor employee – fatal accident at processing plant.
(d) Contractor employee – fatal accident at feed mill.

1.3.10 Wellness programme

The Astral Health Link Employee Wellness Programme managed by Kaelo, a leading healthcare service provider, has been offered to our employees for over a decade. This approach ensures professional care is provided through onsite clinics, wellness days, proactive patient management, mobile medical teams and permanent healthcare assistance available to employees through the online health portal. Employee participation is excellent and the programme is recognised as one of the industry's most comprehensive and successful health and wellness programmes.

The success of the wellness programme resulted in:
- 90 500 full wellness screenings having taken place since the programme's inception;
- a total of 10 566 (2020: 9 867) employees (permanent and non-permanent) attended wellness screening, resulting in more than 71 % of our permanent employees being screened;
- more than 14 000 face-to-face consultations took place with occupational health practitioners during the year;
- more than 43 000 immune supplement boosters were distributed to our employees and their families as part of the winter wellness programme in support of non-pharmaceutical safety and health interventions implemented to combat risks associated with Covid-19;
- high risk patients with underlying medical conditions such as diabetes, cancer, hypertension, etc. received counselling on dealing with Covid-19 and were actively monitored during the year;
- 66 362 voluntary HIV test and counselling sessions were conducted since inception of the programme;
- 1 598 employees signing up on the programme during 2021; and
- the "Astral Ask Nelson" active employee assistance programme was introduced during November 2020. This provided 24/7 support to all Astral employees and their family members, free access to professional counsellors supporting physical and psychological well-being, and assisting employees to manage personal and work-related issues through an integrated family support programme. This financial, legal and childhood education assistance improves employee morale. During the financial year, 396 employees made use of the programme.

The annual cost for the Astral Health Link Employee wellness programme was R4.3 million, whilst reduced absenteeism savings for the period is estimated at R27 million.

1.4 Human rights and Code of Ethics

Human rights are addressed in Astral's Code of Ethics, including:
- obeying the law;
- respecting others;
- acting fairly; and
- being honest.

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

"Tip-Offs Anonymous" data	**2021**	2020
Number of calls received	**26**	42
Number of reports generated	**17**	34
Number of reports investigated	**17**	34
Number of convictions	**Nil**	3

We apply a "zero tolerance" approach towards fraud and corruption and protect employees who raise concerns relating to fraud and corruption from victimisation.

GOVERNANCE (CONTINUED)

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

Alleged offences	2021	2020
Theft	2	1
Human resource complaints	13	27
Fraud	1	3
Unethical behaviour	Nil	3
Customer complaints	1	Nil

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

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

1.5 Retirement funds

Since 1 March 2019, retirement fund contributions are paid over at the applied contribution rate of 18% of pensionable salary of the employee.

At its meeting in February 2021 and August 2021, fund administrators submitted a comprehensive report to the committee, indicating that the funds are solvent.

1.6 Other employee benefits

In addition to the benefits already described as part of their total cost of employment packages, executive directors and senior management also receive a death-in-service benefit. No ex-gratia payments, deferred awards of any nature or restraint payments were made during the year under review.

1.7 Succession planning and retention

The attraction, development and retention of key talent are an identified priority risk to sustain Astral’s competitive edge within the industry. Astral’s commercial viability and profitability is a result of the quality of our people, our culture, our organisational values and our belief system.

Competitors, external stakeholders and investors recognise Astral for its human capital capacity as an industry leader in terms of leadership, management, technical and operational capabilities. Local and international competitors aggressively target our talent pools on a regular basis.

This competition for talent will become an increased risk, with the South African skills market rapidly and alarmingly deteriorating in terms of capability, availability and competitiveness.

An enormous number of resources and talent development initiatives are continuously implemented to ensure succession planning and to optimise, nurture and deploy the best people. Employing the right talent, at the right time and at the right place is underpinned by Astral’s talent acquisition, talent development and succession planning processes. The goal is to create suitable successors to promote from within, sustain our culture and retain the people to implement our strategy.

The effective reward and remuneration of key talent is critical to safeguard our talent pools and is fundamental to preserve our key talent to create sustained shareholder value.

1.8 Restraint of trade provisions

There are currently no restraint of trade provisions in place for any executive directors, prescribed officers or senior management.

SECTION 2: REMUNERATION

2.1 Shareholder engagement

2.1.1 King IV™ and JSE Listings Requirements

This section of the report provides stakeholders with the key components of the Remuneration Policy, its strategic and financial performance objectives and its performance reward and retention objectives.

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

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

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

Percentage of "For" votes	**4 February 2021**	6 February 2020
Endorsement of the Remuneration Policy	**61.75%**	80.01 %
Endorsement of the implementation of the Remuneration Policy	**42.00%**	80.08 %

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

- ***On endorsement of the policy:*** *"The Remuneration Policy to include multiple financial and non-financial indicators together with weightings and distribution of targets."*

  Committee remarks: Shareholders are advised that the Remuneration Policy includes multiple internationally applied financial instruments to measure performance. The applied instruments also include a combination of different performance weightings.

  In addition to the financial performance instruments applied, the policy includes PEF as an international recognised non-financial instrument to measure poultry production efficiencies against an applied multiple performance metrics with different weightings.

  The combination of financial and non-financial instruments applied by the committee is to increase shareholder value.

- ***On endorsement of the implementation of the policy:*** *"The hurdles embedded under the LTI policy is too easily achieved based on historic performance of the Company."*

  Committee remarks: Shareholders are reminded that the FSP Scheme approved by shareholders during the 2017 AGM and accepted by the JSE as part of the LTI policy, has as its main purpose the attraction, retention and reward of employees as first priority. The purpose of the LTI scheme is talent retention over the long term, and the applied hurdles are established safety nets/risk mitigation tools implemented to protect the integrity of policy implementation.

  Shareholders are referred to sections 4.4.2 and 4.4.3 of the Implementation Report and are informed that LTI awards do not necessarily vest in full on historic Company performance only.

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

GOVERNANCE (CONTINUED)

2.1.2 Independent advisors and peer group comparison

In order to ensure that we remunerate our executive management and senior management competitively, the committee consults with external independent advisors from time-to-time on market information and remuneration trends. These include:

- 21st Century Pay Solutions Group; and
- Bowman Gilfillan Reward Advisory.

The committee approved the implementation of the 21st Century pay scale system applied to do industry, market and peer competitor remuneration reviews during 2021. In line with its annual work plan, the committee reviewed peer competitor reports during its July 2021 meeting. Peer comparators used was based on a metrics that included revenue, market capitalisation, size of operations, number of employees, industry and operation complexity.

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

The committee confirms that it was satisfied with the independence and objectivity of the remuneration consultants and advisors utilised during 2021, that they provided independent, non-biased advice and that all decisions taken were recommended by management and approved by the committee.

2.2 Remuneration activities undertaken and key focus areas for 2022

Astral is committed to a reward philosophy that focuses on attracting, retaining and motivating employees of the highest quality by fairly and responsibly rewarding employees in a transparent manner for consistent and sustainable individual and corporate performance.

Astral's approach towards remuneration aims to ensure that an appropriate balance is achieved between the interests of shareholders, the operational and strategic requirements of the Group and providing attractive and appropriate remuneration packages to employees. At the same time cognisance is taken of earning equality within our business and a high level of transparency in the reporting thereof to stakeholders is maintained. The remuneration practices of the Group continue to be structured in a manner that renders Astral competitive with comparable mid-cap companies listed on the JSE.

The overall business performance of Astral was reasonable, despite difficult trading conditions during the financial year, with Government lockdown regulations severely impacting consumer spend and further increasing unemployment.

Astral has adopted an integrated and balanced approach to its reward strategy, which aims to align individual reward components to stakeholder interests and to the business-specific value drivers of Astral. The reward framework includes Total Guaranteed Pay (TGP), Short-Term Incentives (STI) and Long-Term Incentives (LTI).

The committee performed the following key actions during the year:

- Reviewed and confirmed that the mandate and terms of reference of the committee is aligned to the King IV™ principles.
- Approved the pay adjustments for executive management, senior management and employees.
- Reviewed fee levels for non-executive directors for recommendation to the Board.
- Reviewed the STI and LTI policy documents and vesting conditions.
- Approved the 2021 LTI allocation.
- Reviewed remuneration developments compared to market best practice.
- Reviewed and monitored the transfer of retirement funds to NMG Fund Administrators, as governed by the board of trustees of the funds.

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

The committee will continue to reward employees in a fair, responsible and transparent manner, as prescribed by Principle 14 of King IV™, and which promotes the achievement of the strategic objectives of the Group and positive outcomes in the short, medium and long term.

The key focus areas for 2022 of the committee include the following:

- Review and confirm the mandate and terms of reference of the committee in order to align it to the King IV™ principles.
- Continue with implementation of the revised and broadened Remuneration Policy in 2022.
- Continue with the implementation of revised executive committee and senior management retention strategies.
- Develop and implement ESG performance targets under the STI in line with local and international trends. The committee is considering including ESG performance weightings between 20% and 30% of the STI award quantum for the Group, with the balance of the STI award quantum determined by EVA performance targets.

SECTION 3: REMUNERATION POLICY

3.1 Remuneration framework

Astral’s Remuneration Policy is structured within the framework of the Group’s reward strategy successfully to attract, motivate, reward and retain the highest calibre of talent, while aligning their respective interests with those of shareholders (over the short, medium and long term) and the achievement of strategic objectives within Astral’s risk appetite. The achievement of positive outcomes, for both shareholders and employees, is to be reached through the promotion of an ethical corporate culture and the adherence to responsible corporate citizenship by Astral and its employees.

Astral’s integrated reward structure operates within the following framework:

- Total guaranteed pay.
- Short-term incentives.
- Long-term incentives.
- Recognition programmes, including a long service award programme.
- Succession planning and skills development, with supported learning and development programmes.
- Employee well-being, through an integrated wellness programme.
- Employee benefit administration in terms of insurances, retirement funds, medical aids and conditions of employment.

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

Type	Intent	Reward element	Eligibility	Link to strategy
Guaranteed pay	**TGP** Attract, reward and retain skills of the highest quality to execute Astral’s strategic objectives	Salary	All employees	Yes, retain adequate skills
Variable pay	**STI** Reward employees by aligning reward with performance	EVA incentive bonus scheme	Selected executive members and senior management	Short-term focus upon achievement of financial performance indicators in support of Group strategy
		PBIT incentive bonus scheme	Employees including selected senior management	Business unit focus upon achievement of financial and operational targets
		Key performance incentives	Selected middle to senior managers and professionals	Short-term focus upon achievement of key performance indicators in support of Group strategy
	LTI Retention of skills and alignment with shareholders’ interests	Long-term retention plan (LRP)	Selected executives, senior management and professionals	Long-term focus upon achievement and implementation of Group strategy
		Forfeitable share plan (FSP)	Selected executives, senior management and professionals	

GOVERNANCE (CONTINUED)

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

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

3.2 Clawback provision

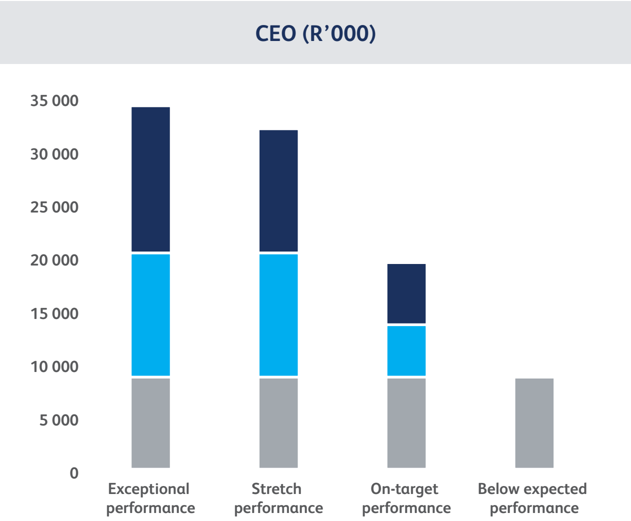
- A two-year clawback provision on STIs and LTIs was introduced for executive directors and prescribed officers on 1 October 2019.
- During the financial year ended 30 September 2021, no incidents occurred to trigger the clawback conditions.

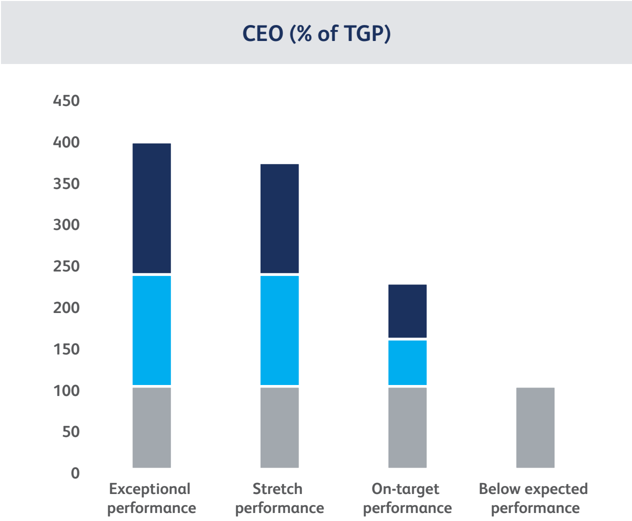
3.3 Executive management remuneration

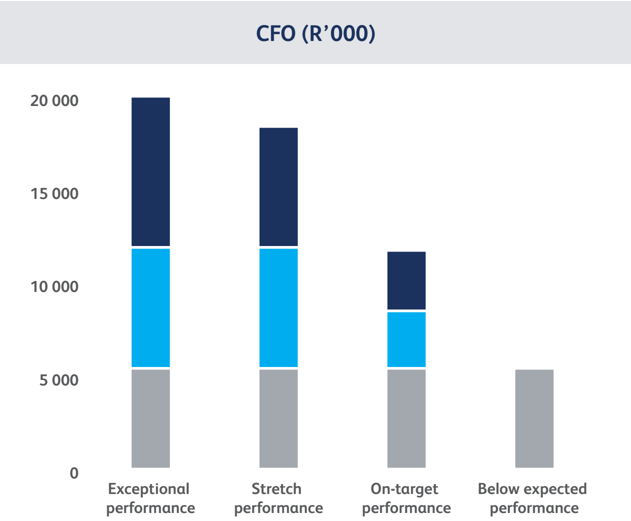
3.3.1 Performance scenarios

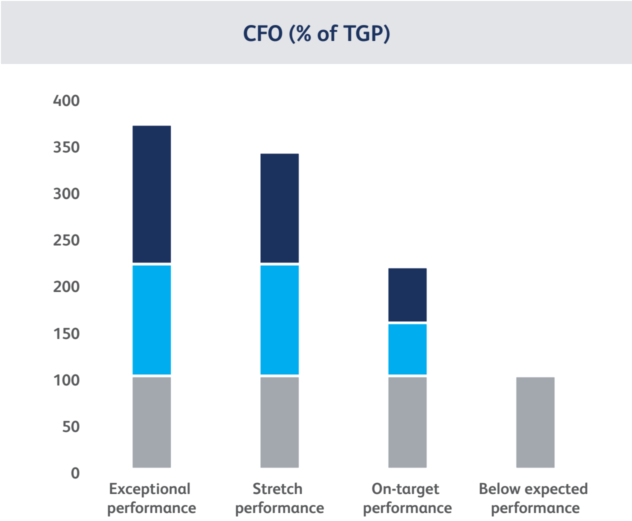
Astral's reward philosophy for executive directors and prescribed officers entails that a significant portion of their remuneration received is dependent upon the Group's performance. The actual total pay outcomes for the year ended 30 September 2021 is dealt with in detail in section 4.

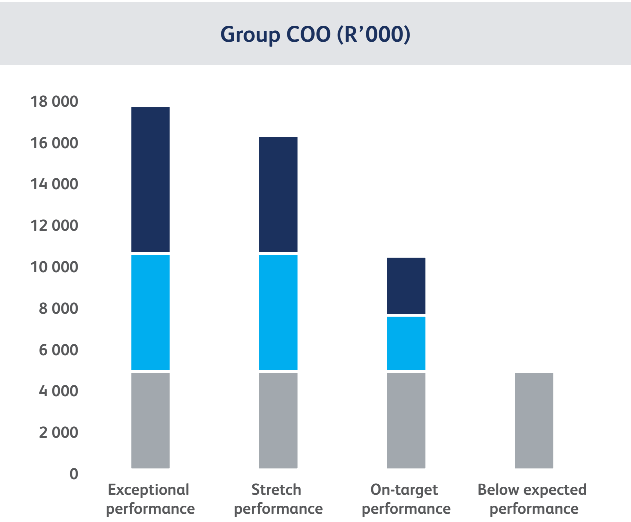
The remuneration opportunities for the CEO, CFO, executive directors and prescribed officers under the different financial and operational performance scenarios of the Group are illustrated below:

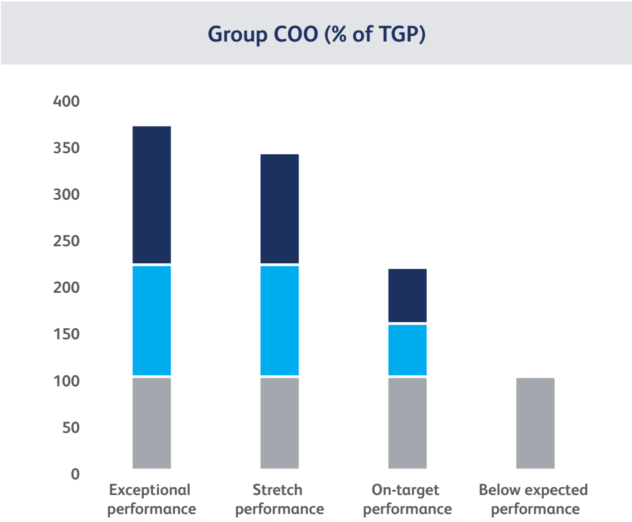








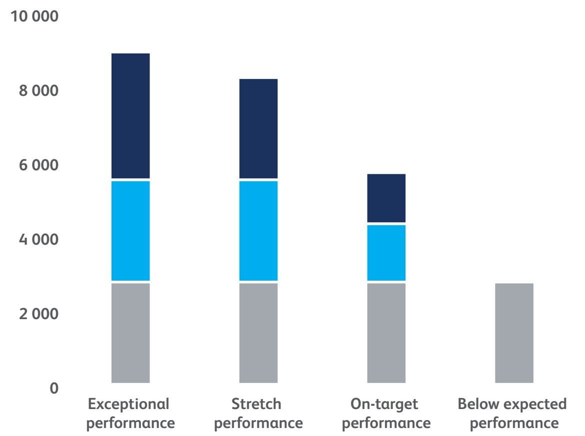




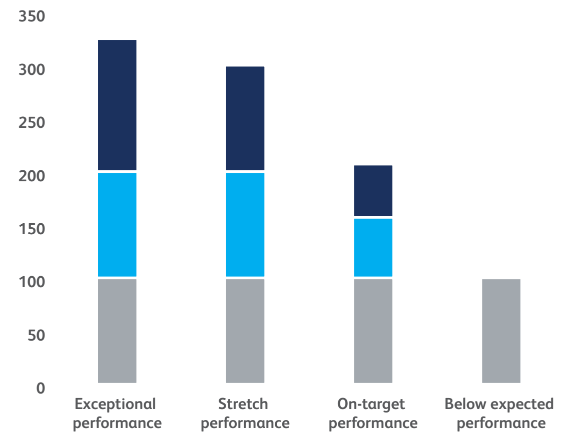
STI LTI TGP

GOVERNANCE (CONTINUED)

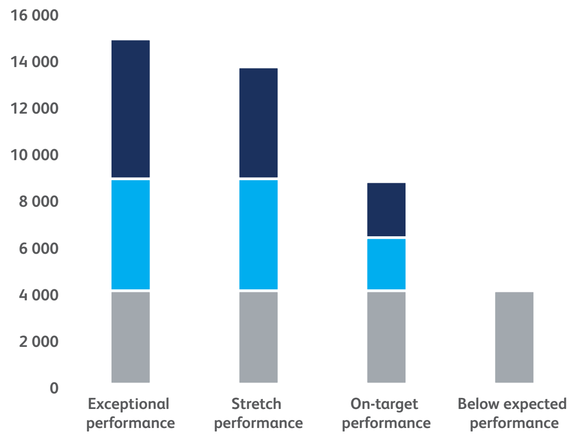
Risk director and Human Resources Executive (R'000)



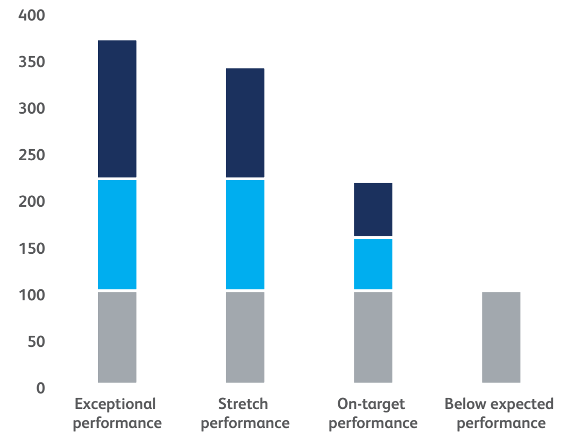
Risk director and Human Resources Executive (% of TGP)



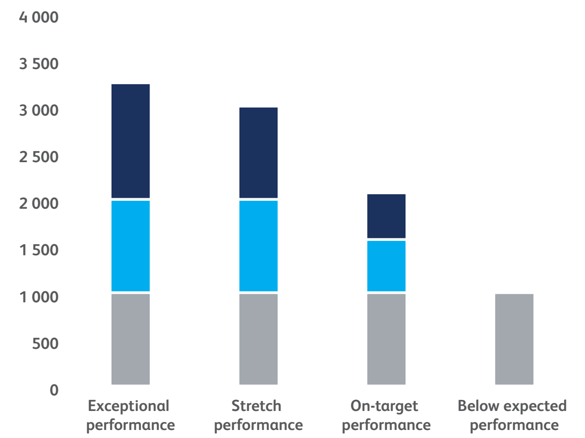
Managing director (R'000)



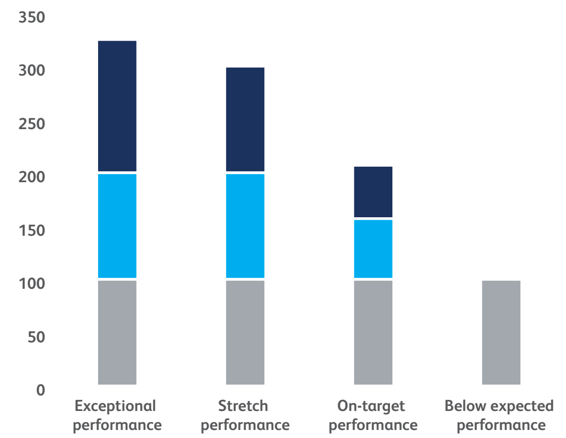
Managing director (% of TGP)



Group Company Secretary (R'000)



Group Company Secretary (% of TGP)



STI LTI TGP

The components of remuneration practice applied across all levels of the organisation, including the executive management, can be summarised as follows:

3.3.2 Total Guaranteed Package (TGP)

Astral adopted a total cost-of-employment philosophy for all salaried employees, called Total Guaranteed Package (TGP). TGP incorporates, as part of the Group's value proposition, basic salary, fixed car allowance and provident fund contributions. TGP packages are considered guaranteed remuneration and do not include annual incentives or long-term incentives. TGP is paid monthly in cash to the employee and any change in the price of a benefit or a contribution level will not have a cost impact on the Group, but will have an effect on the net earnings of the employee. TGP is reviewed annually, any adjustments are effective from 1 October each year and annual adjustments in TGP are generally linked to CPI, except in instances when the committee is advised differently by either reputable independent advisors or following a benchmarking/peer review analysis.

Remuneration paid to executive management remains fair and responsible in the context of overall employee remuneration in the Group, as illustrated by the fact that higher earning employees continued to receive lower percentage adjustments than lower-level employees, to assist in reducing the income gap between the different levels.

Guaranteed pay for senior management and executive management is structured to be between the 50th percentile and the 75th percentile of comparator companies on the JSE. It is at the discretion of the committee, as mandated by the Board, to remunerate key senior and executive management employees within the upper percentile quarter in order to retain such employees, should this be required.

3.3.3 Short-Term Incentives (STI)

3.3.3.1 Introduction

The STI schemes applied by Astral are tailor-made to reward employee contribution at the applicable organisation level. STI's are payable to all Astral employees based on predetermined financial and operational performance criteria achieved and are reviewed regularly to ensure they remain fair, responsible and relevant.

The goal of the annual incentive schemes is to reward participants for the achievement of the Group's financial performance while retaining a clear link between pay and individual performance. The committee satisfies itself that the performance criteria utilised are relevant, stretching and designed to enhance shareholder value.

Participants within this plan fall into two categories:

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

Fault terminations due to reasons of resignations or dismissal or abscondment will forfeit all awards allocated. In the case of no fault terminations such as ill health, death in service, retrenchment or retirement, the incentives vested are payable on a pro rata basis.

3.3.3.2 EVA Incentive Bonus Scheme

The EVA scheme is considered an important measure of individual performance and is subscribed to by the Group due to its support of the organisational objectives of:

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

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

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

GOVERNANCE (CONTINUED)

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

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

Enhanced performance percentage reward targets (exceptional performance) have been included under the scheme, for exceptional targets achieved, with this remaining within the safety net cap of 20% share in EVA. Exceptional performance targets include an appropriate premium to the stretched target.

The following two safety conditions are to be considered in calculating the EVA bonus:
(a) the total amount available for bonuses to the members of executive management and senior management is limited to 20% of the EVA (i.e. excess of actual NOPAT over the required return on net assets); and
(b) no individual bonus may exceed pre-determined percentages, irrespective of the total bonus payments being within the 20% share of the EVA.

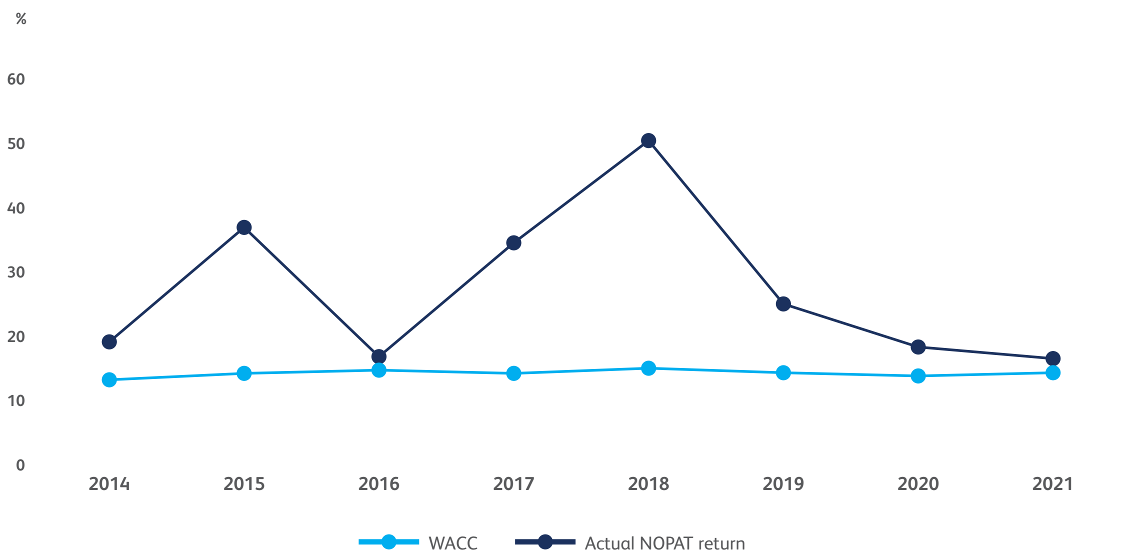
Incentive bonuses of members of executive management are 100% based on achieving EVA targets and for senior management 50% based on achieving EVA targets, and 50% based on achieving operating profit targets (for the respective business units where they are employed).

The committee sets the annual threshold, and individual annual target bonuses are determined according to the different managerial levels with the maximum limits per individual as follows:

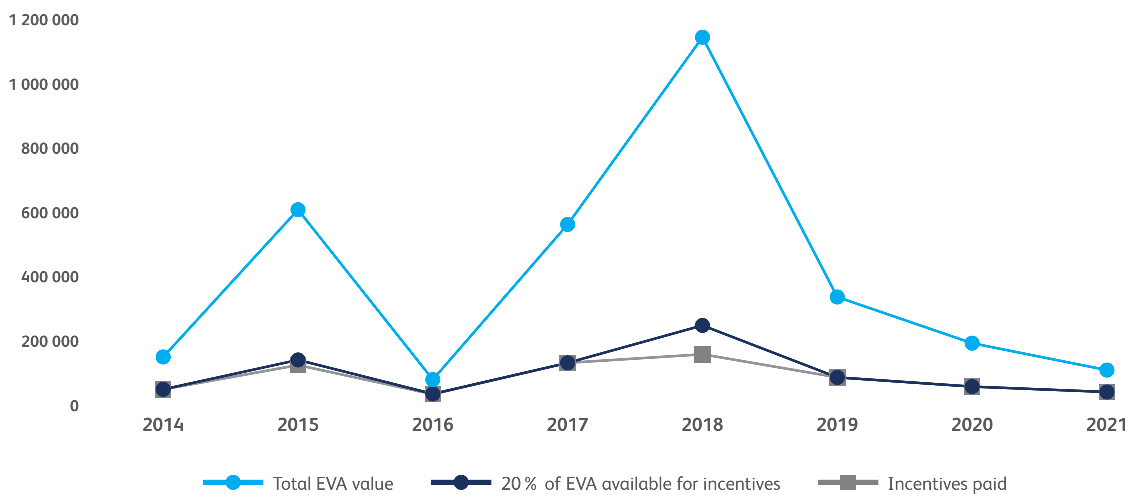
Managerial level	Stretched performance Maximum STI – % of TGP	Exceptional performance Maximum STI – % of TGP
CEO	135%	160%
CFO	120%	150%
Group COO	120%	150%
Managing director	120%	150%
Executive management	100%	125%
Senior management	80% to 100%	100% to 125%

The EVA for Astral during the period 2014 to 2021 compared to STI allocations was as follows:

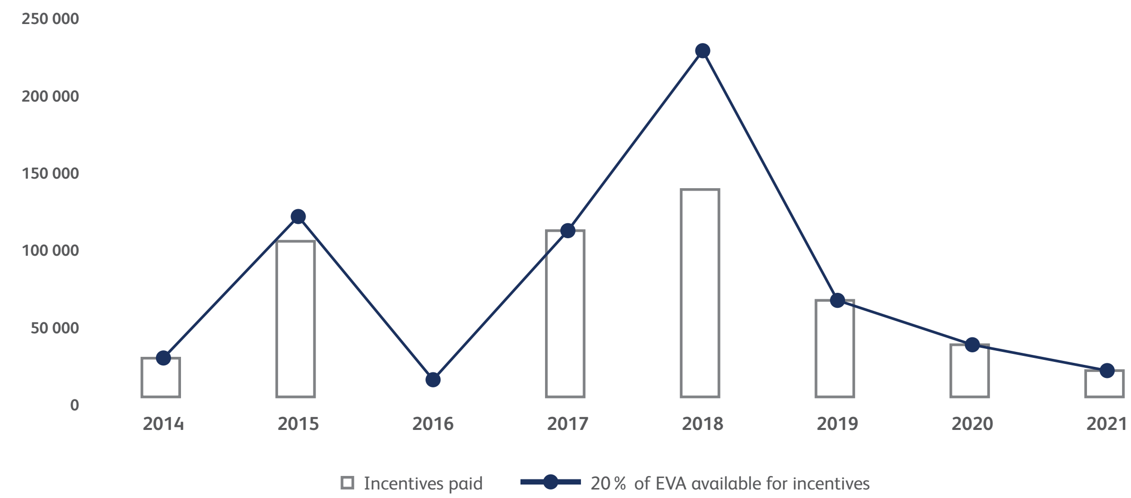
Actual NOPAT return versus WACC (%)



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



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



3.3.3.3 PBIT Incentive Bonus Scheme at Divisional and Operational level

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

(a) half of the incentive payable is limited to 20 % of the excess of operating profit over budget and the other half is limited to 20 % of the excess of operating profit over the previous year; and

(b) a second limit is also applied whereby any individual bonus payment may not exceed between 12 % and 20 % of the employee's cost-of-employment to the Group.

GOVERNANCE (CONTINUED)

3.3.3.4 Key performance incentives

The delivery of key strategic projects and critical operational risk mitigation approved by the committee against predetermined performance indicators in support of the Group's strategy is recognised. The Rand quantum of award for these incentives may not exceed fifty percent (50 %) of the participants' annual TGP.

3.3.4 Long-Term Incentives (LTI)

3.3.4.1 Introduction

The LTI utilised by the Group, namely the LRP and FSP, are the chosen schemes with which to drive the long-term retention of key employees within the Group.

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

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

- The FSP allocation to any individual may not exceed 1 % of the Group's market capitalisation applicable at the date of allocation.
- The maximum number of shares which may be settled under the FSP shall not exceed 2 142 039 (two million one hundred and forty-two thousand and thirty nine) shares.
- The quantum of unvested shares awarded under the scheme for any individual participating member may not exceed 428 408 (four hundred and twenty-eight thousand four hundred and eight) shares.
- Individual LTI Rand value of awards made, either in LRP (deferred cash) and/or in FSP (Rand value of shares at date of allocation) may not exceed the maximum individual award quantum of TGP.
- Allocations made for 2021 were as follows:

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

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

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

3.3.4.2 Long-Term Retention Plan (LRP)

The LRP is a deferred cash scheme and was introduced as an alternative to share options in order to attract, retain and motivate members of the executive management and senior management of the highest quality.

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

The continued use of the LRP scheme will, from time-to-time, be reviewed by the committee based upon the Group achieving its reward philosophy in a sustained manner, namely to attract, retain and motivate employees of the highest quality.

The LRP allocations are allocated annually during October and are approved by the committee. New cycles of performance conditions take effect at the time of the LRP allocations. The LRP allocations vest over a period of three years and are subject to meeting predetermined financial performance conditions.

Targets for the performance conditions are reviewed by the committee annually at the time of allocation of new bonus amounts. Performance conditions and amounts allocated are set for the period and will not change.

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

- **33% of the allocated amount is subject to achieving a predetermined annualised growth in the average HEPS off the three-year vesting period.**
  The base is determined by calculating the average HEPS of the three (3) years preceding the onset of the vesting period. The vesting percentage will increase according to a sliding scale authorised by the committee.

  An annualised increase in the average HEPS at CPI +5 % will secure a vesting payment equal to 33 % of the allocated amount whilst an annualised increase in the average HEPS at CPI will secure a vesting payment equal to 18 % of the allocated amount. CPI is calculated as the average CPI for the three (3) year vesting period.

- **34% of the allocation is subject to achieving a predetermined performance condition of an average PEF* over a three-year period.**
  Vesting payments are calculated on a sliding scale according to the average PEF achieved over the three (3) year vesting period. The use of PEF as a performance measurement tool is specific to integrated poultry businesses such as Astral and is considered essential in measuring performance within operations as applied international benchmark for broiler production efficiency. PEF calculates the final average live weight of a broiler before slaughter over the number of days it took to achieve the weight, the bird mortality over the period and the feed conversion efficiency.

- **33% of the allocated amount is subject to achieving a predetermined RONA over the three-year vesting period.**
  The vesting percentage will increase according to a sliding scale. An average RONA over a three (3) year vesting period of 28 % will secure a vesting payment equal to 33 % whilst an average RONA of 18 % will secure a vesting payment equal to 25 %.

- The criteria above are applicable to allocations from 1 October 2018 onwards.

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

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

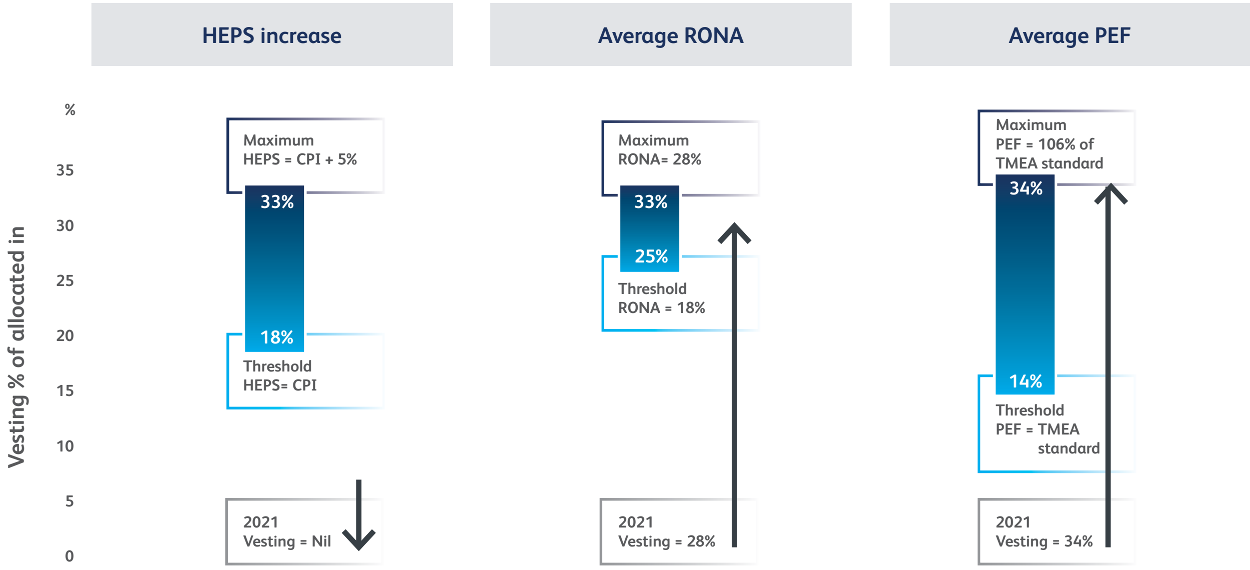
* ***PEF explanatory note:*** *Applied international best practice used for broiler production efficiency and performance. The formula used to calculate PEF is:*

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

Measuring PEF is linked to integrated poultry production and precision poultry farming and is impacted by management, environmental conditions, poultry diseases and poultry feed quality, and this directly impacts Astral's strategy to be the best cost integrated poultry producer. Live broiler production cost contributed 74% in F2021 of the total cost per kilogram of meat produced.

GOVERNANCE (CONTINUED)

The remuneration opportunities under the LTI are illustrated below:



3.3.4.3 Forfeitable Share Plan (FSP)

The FSP recognises the key employees who have an important role to play in delivering the Group's strategy. The overall purpose of the FSP is accordingly to afford the members of executive management and senior management the opportunity to own shares in Astral through annual grants of forfeitable share awards as approved by the committee. This would entail that the participants receive shares (with dividend and voting rights) on the date of the award, subject to performance conditions and the risk of forfeiture during a three-year vesting period.

In line with local and global best practice, awards of forfeitable shares will be issued and will be subject to stretching performance conditions over the vesting period. The participants within the FSP scheme are limited to members of executive management and senior management.

The performance conditions relating to the vesting of performance shares for the FSP are the same as that applied to the LRP, namely:

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

Settling of shares will be executed by Astral purchasing shares in the open market and within the guidelines set by the JSE Listings Requirements.

The award of forfeitable shares to any participant will be approved by the committee prior to such forfeitable shares being issued.

3.4 Service contracts and severance arrangements

The Board entered into formal contracts with all executive directors.

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

Astral's practice when terminating the services of an individual for operational reasons is to pay a minimum of one week of the annual total cost of employment for each completed year of service. We aim to apply this policy to all employees, including Astral executive directors, but it is subject to negotiation in special circumstances.

There are no restraint of trade provisions in place for any executive directors, prescribed officers or senior management.

3.5 Other benefits

In addition to the benefits already described as part of their total cost of employment packages, executive directors and prescribed officers, as well as senior management also receive a death-in-service benefit. No ex-gratia payments, deferred awards of any nature or restraint payments were made during the review period.

3.6 Non-executive directors' remuneration

The Board applies principles of good corporate governance relating to non-executive directors' remuneration and also keeps abreast of changing trends. Governance of directors' remuneration is undertaken by the committee.

The committee takes cognisance of market norms and practices, as well as the additional responsibilities placed on Board members by new legislation and corporate governance principles, i.e. complexity, the local/global footprint of the Company, market capitalisation, sector, level of competence required and the required time commitment.

Non-executive directors' fees are based upon benchmarking done by independent advisors.

Astral's non-executive directors do not receive bonuses or share options, recognising that this could create potential conflicts of interest, which can impair the independence that non-executive directors are expected to bring to bear in decision-making by the Board.

The fees for non-executive directors exclude Value Added Tax (VAT) and are recommended by the committee for approval at the AGM in February as required in terms of the Companies Act. Fees for the year were reviewed by the committee and will be presented for approval at the AGM in February 2022.

Astral's policy on remuneration for non-executive directors determines that it should be:

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

The Group pays for all travel and accommodation expenses incurred by directors to attend Board and committee meetings as well as visits to Company sites and businesses.

Shareholders will be required to vote on the non-executive directors' fees set out in the Notice of AGM on page 189 of this Integrated Report at the AGM to be held on 3 February 2022. For information regarding fees for acting as non-executive director and member of the various Board committees, refer to page 105 of this Report.

GOVERNANCE (CONTINUED)

SECTION 4: IMPLEMENTATION OF THE REMUNERATION POLICY

4.1 Introduction

This section of the report explains the implementation of the Remuneration Policy and provides details of the remuneration paid to executive management and non-executive directors for the financial year ended 30 September 2021. The committee continually assesses Astral's remuneration strategy, practices and policies in order to ensure that they remain aligned with the strategic objectives of Astral's reward philosophy.

4.2 Total Guaranteed Package (TGP) adjustments – 2021

The TGP of the executive directors and prescribed officers as base pay was reviewed, with adjustments in TGP referenced to inflation.

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

The TGP for executive management, prescribed officers, senior management and other employees, as stated in note 32 of the Annual Financial Statements, has been adjusted as follows for the period 1 October 2021 to 30 September 2022:

Description	TGP % Adjustments 2021	TGP % Adjustments 2020
Executive directors		
CEO	4.5%	4%
CFO	4.5%	4%
Group COO (Promotion)[1]	14.2%	Nil
Managing director: Commercial (Promotion)[2]	11.1%	4%
Managing director: Agriculture (Vacant)[3]	Nil	4%
Prescribed officers		
Managing director: Feed (Adjustment)[4]	10.3%	4%
Director risk (Adjustment)[4]	12.8%	4%
Human resources executive (Adjustment)[4]	13.5%	4%
Group Company Secretary (Adjustment)[4]	13.2%	4%
Senior management		
E-band management	4.5%	4%
D-band management	4.5%	4%
Employees		
C-band employees	5%	5%
A to B-band employees	5.0% – 5.5%	5% – 5.5%

1. *Appointed as Group COO with effect from 1 October 2021.*
2. *Appointed 1 November 2020, salary adjusted in line with peer group as per appointment letter.*
3. *Role is overseen by the Group COO until a suitable appointment is made.*
4. *Salary adjustment In line with peer groups.*

4.3 Short-Term Incentives 2021 (STI)

The STI bonus for executive directors and prescribed officers is based upon sharing in EVA achieved during the year. The EVA graphs on page 93 are illustrative of the trends of payments over the past years.

Level	2021 STI R'000	STI as % of TGP	2020 STI R'000	STI as % of TGP
Executive directors				
CE Schutte	**885**	**10%**	2 532	30 %
DD Ferreira	**492**	**9%**	1 409	27 %
GD Arnold	**378**	**9%**	1 083	27 %
FG van Heerden[1]	**363**	**10%**	265	11 %
AB Crocker[2]	**Nil**	**Nil**	1 083	27 %
Prescribed officers				
E Potgieter	**208**	**7%**	596	23 %
G Jordaan	**207**	**7%**	592	23 %
MJ Schmitz	**330**	**9%**	944	28 %
L Marupen[3]	**67**	**7%**	190	23 %

1. *Appointed 1 November 2020, amount includes PBIT bonuses earned in previous role.*
2. *Resigned and service terminated on 31 January 2021.*
3. *Promoted 1 March 2020.*

The payments of awards for annual STI bonuses for the year ended 30 September 2021 is in line with Astral's Remuneration Policy as approved by the committee.

Annual EVA incentive bonus calculations and payments are subject to auditing by an external remuneration specialist and Astral appointed auditors.

4.4 Long-Term Incentives 2021 (LTI)

In 2021, the Group utilised a combination of deferred cash (LRP) and the FSP as part of the LTI scheme[1].

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

Performance conditions	Weight	Measurement of performance condition	Threshold	Target
HEPS[2]	**33%**	The average annual increase in a three-year rolling average of HEPS measured over the three-year vesting period	Increase equal to inflation = 18 % vesting	Increase equal to inflation +5 % = 33 % vesting
PEF[3]	**34%**	Annual average measured over the three-year vesting period	Annual average agreed to PEF measured by TMEA = 11 %	Annual average of 106 % of PEF measured by TMEA = 34 % vesting
RONA	**33%**	Three-year average RONA over the vesting period	Vesting percentage will increase according to a sliding scale as authorised by the committee. An average RONA equal to 18 % will secure a payment = 25 %	An average RONA equal to 28 % will secure a payment = 33 %
Total	**100%**			

Time periods for implementing LRP			
Date of allocation	October 2019	October 2020	October 2021
Vesting date	September 2022	September 2023	September 2024
Payment date	January 2023	January 2024	January 2025

GOVERNANCE (CONTINUED)

4.4.2 The LTIs payable have vested as follows:

Performance conditions	Weight	Vested 2021	Vested 2020
HEPS	33 %	**Nil (criteria was not met)**	100 %
PEF	34 %	**100%**	100 %
RONA[4]	33 %	**85%**	Not applicable[1]

1. *LRP allocations for 2017 (paid in February 2020) did not include RONA as performance condition. RONA included as an additional performance condition with effect from 1 October 2018.*

Additional notes:
1. *Refer to pages 89 to 99 of the Remuneration Policy for further details.*
2. *Annual growth in HEPS is averaged over 36 months.*
3. *PEF achieved by Astral is benchmarked against international standards as per Turkish Middle East and Africa (TMEA) comparators and falls within the top 25% of that comparator. The actual PEF achieved is considered to be of strategic importance to Astral and accordingly considered confidential.*
4. *With effect of 2018 LTIs no longer include any guaranteed allocation. Please refer to pages 96 to 98 of the Integrated Report for LTI performance conditions and weighting of LTIs in effect from 2018 and agreed performance targets against RONA which replaced the guaranteed portion.*

4.4.3 LTIs allocated and payable relating to executive directors and prescribed officers are as follows:

	LTI award allocation							
	Rand value of LRP (cash component) (R'000)				Rand value of FSP (share component) (Number of shares)			
	2018	2019	2020	2021	2018	2019	2020	2021
CE Schutte	10 682	Nil	Nil	**Nil**	Nil	11 216 (shares: 54 242)	11 665 (shares: 81 389)	**12 189 (shares: 71 280)**
DD Ferreira	5 943	3 120	3 245	**3 390**	Nil	3 120 (shares: 15 089)	3 245 (shares: 22 640)	**3 390 (shares: 19 825)**
GD Arnold	4 568	2 398	2 494	**2 850**	Nil	2 398 (shares: 11 559)	2 494 (shares: 17 403)	**2 850 (shares: 16 667)**
FG van Heerden[1]	2 226	2 348	2 160	**2 400**	Nil	Nil	2 160 (shares: 15 071)	**2 400 (shares: 14 035)**
MJ Schmitz	3 638	1 910	2 176	**2 400**	Nil	1 910 (shares: 9 237)	2 176 (shares: 15 180)	**2 400 (shares: 14 035)**
E Potgieter	2 515	1 321	1 373	**1 550**	Nil	1 321 (shares: 6 387)	1 373 (shares: 9 583)	**1 550 (shares: 8 392)**
G Jordaan[2]	Nil	1 313	1 365	**1 550**	Nil	1 313 (shares: 6 347)	1 365 (shares: 9 524)	**1 550 (shares: 8 339)**
L Marupen[3]	Nil	Nil	442	**500**	Nil	Nil	442 (shares: 3 084)	**500 (shares: 2 924)**

1. *Appointed 1 November 2020.*
2. *Appointed 1 August 2019.*
3. *Appointed 1 August 2019 and promoted 1 March 2020.*

	LTI earned and expected future benefit							
	Rand value of LTI (cash component) (R'000)				Expected FSP award quantum (Number of shares)			
Description	2021*	2022	2023	2024	2021	2022	2023	2024
CE Schutte	**6 644 (2020: 7 905)**	Nil	Nil	Nil	**Nil**	67 % of shares allocated	67 % of shares allocated	66 % of shares allocated
DD Ferreira	**3 696 (2020: 4 208)**	2 090	2 174	3 390	**Nil**	67 % of shares allocated	67 % of shares allocated	66 % of shares allocated
GD Arnold	**2 841 (2020: 3 235)**	1 607	1 671	2 850	**Nil**	67 % of shares allocated	67 % of shares allocated	66 % of shares allocated
FG van Heerden[1]	**1 385 (2020: Nil)**	1 573	1 447	2 400	**Nil**	Nil	67 % of shares allocated	66 % of shares allocated
MJ Schmitz	**2 263 (2020: 2 576)**	1 280	1 457	2 400	**Nil**	67 % of shares allocated	67 % of shares allocated	66 % of shares allocated
E Potgieter	**1 565 (2020:1 773)**	885	920	1 435	**Nil**	67 % of shares allocated	67 % of shares allocated	66 % of shares allocated
G Jordaan[2]	**Nil**	879	914	1 426	**Nil**	67 % of shares allocated	67 % of shares allocated	66 % of shares allocated
L Marupen[3]	**Nil**	Nil	296	500	**Nil**	Nil	67 % of shares allocated	66 % of shares allocated

* *LRP earned/paid in terms of 2018 LTI retention awards and applied policy safety nets.*
1. *Appointed 1 November 2020.*
2. *Appointed 1 August 2019.*
3. *Promoted 1 March 2020.*

GOVERNANCE (CONTINUED)

4.5 Total cost of employment

Total remuneration earned by executive directors and prescribed officers for 2021 and 2020 was as follows:

Name		TGP[1] R'000	STI[2] R'000	LTI[3] R'000	Other[4] R'000	Total remuneration R'000
CE Schutte	**2021**	**8 641**	**885**	**6 644**	**19**	**16 189**
	2020	8 308	2 532	7 905	21	18 766
DD Ferreira	**2021**	**5 408**	**492**	**3 696**	**12**	**9 609**
	2020	5 200	1 409	4 208	9	10 826
GD Arnold	**2021**	**4 157**	**378**	**2 841**	**39**	**7 415**
	2020	3 997	1 083	3 235	28	8 343
AB Crocker[5]	**2021**	**2 182**	**Nil**	**Nil**	**29**	**2 211**
	2020	3 997	1 083	3 235	28	8 343
FG van Heerden[6]	**2021**	**3 300**	**363**	**1 385**	**42**	**5 090**
	2020	Nil	Nil	Nil	Nil	Nil
E Potgieter	**2021**	**2 746**	**208**	**1 565**	**35**	**4 555**
	2020	2 641	596	1 773	45	5 055
G Jordaan[7]	**2021**	**2 730**	**207**	**Nil**	**30**	**2 967**
	2020	2 625	592	Nil	23	3 240
MJ Schmitz	**2021**	**3 626**	**330**	**2 263**	**24**	**6 243**
	2020	3 486	944	2 576	28	7 034
L Marupen[8]	**2021**	**884**	**67**	**Nil**	**31**	**983**
	2020	850	190	Nil	29	1 096
Total	**2021**	**32 876**	**2 926**	**18 394**	**1 230**	**53 147**
	2020	31 821	8 429	22 932	211	63 393

1. *TGP includes base salary, retirement fund and medical aid.*
2. *STI bonus linked to EVA in 2021 and 2020 and STI bonus 2020 linked to EVA in 2019 and 2020.*
3. *The value of the LTIs earned in 2020 and 2021 excludes the guaranteed portions which were not subject to performance conditions, as that have been earned in the 2018 and 2019 financial years respectively.*
4. *"Other" includes the variable portion of traveling allowance, long service awards.*
5. *Resigned and service terminated on 31 January 2021, Rand amounts include statutory payments due in terms of leave balances accrued.*
6. *Appointed 1 November 2020.*
7. *Appointed 1 August 2019.*
8. *Promoted 1 March 2020.*

4.6 Essential services bonus payment to employees

In terms of the State of Disaster Act, Astral was classified as an essential services business, contributing to national food security. Our employees endured tremendous hardship during unprecedented times during the year in terms of public violence and looting, avian influenza outbreaks, national curfews and lockdown periods, personal health risk exposure to Covid-19 infection and not able to work from home, while all operations functioned uninterrupted.

Our executive team, senior managers and employees worked tirelessly during the year to mitigate various risks and to protect shareholder value and safeguard commercial and operational sustainability.

As a token of appreciation, the Board approved an essential services bonus pool allocation of R20 million for all permanent employees within the Group. Allocations and payments were made during December 2021.

4.7 Non-executive directors' remuneration

The participation of non-executive directors in the Group is essential to Astral achieving its strategic objectives and non-executive directors' fees are therefore recommended by the committee with this in mind. The committee has been advised that payment of these fees has been recommended by external independent advisors based on a detailed benchmarking exercise undertaken, as prescribed in the Remuneration Policy. In the consideration of non-executive directors' fees, such a benchmarking exercise will take into consideration not only comparative JSE-listed companies but also the relative size, scale and complexity of Astral's activities.

In accordance with Astral's Memorandum of Incorporation, non-executive directors' fees are approved by the shareholders at the AGM. The current fee level, which reflects a 4.5 % year-on-year adjustment, was approved by the shareholders at the AGM held on 4 February 2021. This is a purely inflationary increase.

The annual adjustment that will be requested for approval from the shareholders at the AGM on 3 February 2022 will be based upon the considerations as set out in the Notice of AGM on page 189 of the Integrated Report.

Payments made to non-executive directors in 2021 were as follows:

Name	T Eloff R'000	DJ Fouché R'000	TM Shabangu R'000	S Mayet R'000	WF Potgieter R'000
Chairman	515	–	–	–	–
Lead independent	–	227	–	–	–
Board member fee	358	358	358	358	358
Audit and risk management committee chairman	–	291	–	–	–
Audit and risk management committee member	–	–	151	151	–
Human resources, remuneration and nominations committee chairman	–	–	–	–	193
Human resources, remuneration and nominations committee member	109	109	–	–	–
Social and ethics committee chairman	–	–	171	–	–
Social and ethics committee member	102	–	–	–	–
Total	1 084	985	680	509	551

SECTION 5: NOMINATIONS COMMITTEE

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

- The approval of a new executive committee operating structure, introducing the role of a Group COO focused at expansion and continues improvement initiatives across all operations; improve and optimise integrated capital resource allocation and shaping human resources capacity to ensure long-term sustainability. Mr Gary Arnold was appointed in the role with effect from 1 October 2021 and will for the interim also oversee the Agriculture Division operations.
- Another key appointment was the promotion of Mr Frans van Heerden as Managing Director of the Commercial Division with effect from 1 November 2020 and subsequent appointed as executive director on the Board with effect from 1 October 2021.
- The appointment of a non-executive director in line with the Board's broad diversity philosophy remains priority and a suitable appointment is expected to be recommended to the shareholders for appointment at the AGM in February 2022.
- Reviewed and approved the CFO recruitment campaign, CFO nominations received and candidates shortlisted. This was done to timeously identify a suitable replacement to allow for a hand over period with Mr DD Ferreira, due for retirement after the February 2023 AGM.

SOCIAL INVOLVEMENT

The enormous economic bearing of Covid-19, failure of local Government infrastructure support and record high levels of unemployment within all communities across South Africa resulted in a growing demand for social impact support, providing for the most basic care for those in need in local communities within Astral's national operating areas as we further build and expanded our "Astral Cares CSI programme" during 2021.

Astral's total CSI spend amounted to R5.2 million (2020: R11.8 million). During 2020, Astral handed out food parcels to its employees during the hard lockdown levels and with this year returning to a more "normal" trading environment, the CSI spend was reduced to budget.

We shared our affection, our support and made a telling difference through our Six Pillars of Care:

i. **Care** for the hungry;

ii. **Care** for the ill and fragile;

iii. **Care** for our Astral family;

iv. **Care** for our communities;

v. **Care** for our producers; and

vi. **Care** for animals.

i. Care for the hungry

"Astral Foods spreads joy by feeding communities in need"

Our employees investigated areas in and around our operations to discover social support homes, feeding schemes and soup kitchens. The list of those in need was almost never-ending, and because of this, we launched a national feeding programme, reaching as many people as possible.

We supported;
- 25 children's homes;
- 25 homes for the elderly; and
- 41 feeding schemes.

These institutions received weekly donations from Astral, made up of chicken, chicken soup packs and instant porridge packs and for the financial period **we supplied over 1 500 000 meals:**
- 850 000 meals to children homes.
- 650 000 meals to old age homes.
- The Astral developed soup pack in partnership with McCain and Crown National fed hundreds of people every day. **We donated 3 453 soup packs countrywide, providing for 1 035 900 meals.**
- **We distributed 4 000 instant porridge packs,** sponsoring a Northwest University Project, **providing a further 40 000 meals.**
- Astral donated one ton of Goldi chicken to the South African Chef's Association for **Nelson Mandela Day initiatives,** which **enabled the distribution of 67 000 litres of soup nationally, providing 310 000 meals.**

Astral Cares food parcels


Nelson Mandela Day initiatives


Earlybird Primary School, Standerton

Mercy AIDS

ii. Care for the ill and fragile

"Supporting people living with cancer"

Strong support networks are linked with an increased quality of life for cancer patients. Astral is privileged to assist organisations providing critical support to children and adults living with cancer. These support groups and care centres provide physical and emotional relief, assisting patience with managing the disease, assisting with side effects and dealing with anxiety. We value the work they do.

CHOC

- Astral donated R195 000 to the Childhood Cancer Foundation.
- Astral provided a number of CHOC Houses, Boys and Girl Town campuses as well as Children Safe Havens with monthly chicken donations during the year.

SOCIAL INVOLVEMENT (CONTINUED)

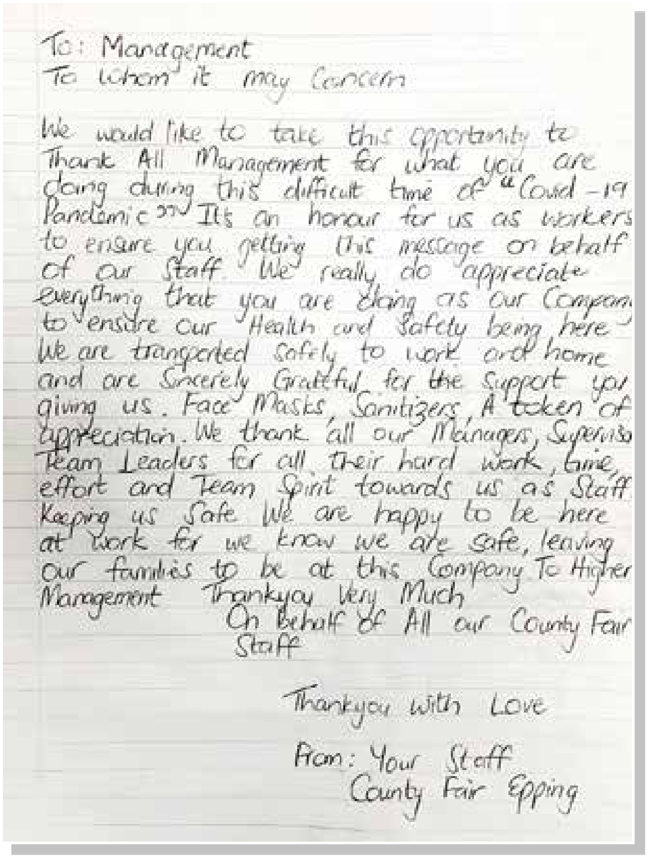
Lekwa Community Project

Astral onsite vaccination centres

iii. Care for our Astral family

2021 required thoughtful considerations to ensure the health and safety of our employees as first priority response against Covid-19 infections.

- Employees, service providers and contractors received refresher training on Covid-19 health and safety protocols in the workplace and how to deal with Covid-19 at home, **more than 15 000 people benefited from these programmes.**
- Facemasks and hand sanitisers made available to employees and their families.
- An **Astral Covid-19 toll free hotline, available 24/7** continued to assist with medical advice and support counselling for employees and their families.
- Our **winter wellness programmes provided 20 000 immune system inoculations** to all employees.



To: Management
To Whom it may Concern

We would like to take this opportunity to Thank All Management for what you are doing during this difficult time of "Covid-19 Pandemic". It's an honour for us as workers to ensure you getting this message on behalf of our Staff. We really do appreciate everything that you are doing as our Company to ensure our Health and Safety being here. We are transported safely to work and home and are Sincerely Grateful for the support you giving us. Face Masks, Sanitizers, A token of appreciation. We thank all our Managers, Supervisors, Team Leaders for all their hard work, time, effort and Team Spirit towards us as Staff Keeping us Safe. We are happy to be here at work for we know we are safe, leaving our families to be at this Company. To Higher Management Thankyou Very Much
On behalf of All our County Fair Staff

Thankyou with Love

From: Your Staff
County Fair Epping

The Astral Vaccination Programme vaccinated more than 7 000 (about 60%) Astral employees at our onsite vaccination centres to date.


Early Childhood Development Center

Nelson Mandela Day initiative

> "Being part of the aRe Bapaleng programme, taught me that parenting is not only for women. I have learnt the important role that fathers play in securing a better future for our children.
>
> I would like to urge all fathers to participate in this programme so that they can learn and be great fathers and leaders."
>
> – Ntokozo Mdlalose,
> local community member.

iv. Care for our communities

South Africa, now more than ever, is faced with enormous socio-economic challenges manifesting itself in the collapse of local communities, lack of Government service delivery and financial record high levels of unemployment.

- Training and development, Astral provided financial assistance for **bursary programmes to four training institutions, three schools and one community trust** during the financial period with the **total amount of financial assistance offered exceeding R600 000.**
- The Astral Lekwa Community Programme "aRe Bapaleng" (Sotho word meaning "Let's Play") in partnership with the Seriti Institute trained more than 85 community members in Early Childhood Development Programmes and how to start and maintain a Community Food Garden. Astral assisted with the installation of drip irrigation and more than 4 000 seedlings were planted.
- In partnership with the local community, Astral provided support to renovate and improve water infrastructure, bathrooms and roofing at the local community school.

SOCIAL INVOLVEMENT (CONTINUED)

v. Care for producers

"Farmers produce the food we eat"

Astral provided **drought and fire relief assistance to more than 50 farmers** during the year and Meadow Feeds donating animal relief feed to **the value of R275 000**, distributed to various farming associations in the Northern and Western Cape provinces.

Beaufort West

> "I would like to thank the Astral agricultural team who taught us how to grow crops. This was very helpful because I have learnt a lot about farming and crops. Thank you very much; we appreciate what you have done for our community."
>
> – Ntediseng Tsotetsi,
> local community member, Farm 5 Lekwa.

Springbok

vi. Care for animals

"Animal shelters, caretakers and rescue institutions worked tirelessly during the year to safe animal livelihood"

Astral salutes them for the contribution they made.

- **Astral pledged over R1 000 000** during the financial period towards the safeguarding and protecting of animals in need, with 10 animal shelters benefiting from our contributions.
- Astral **donated R500 000 to the NSPCA** during the financial period.

Tom Ro Haven for Equines & Children


Caesar


Rescued and rehabilitated horses

For more detail on our social initiatives, please refer to the ESG Report on www.astralfoods.com

ENVIRONMENTAL IMPACT

Many business operations both locally and globally are dependent on the environment for critical resources such as clean air, water, energy and raw materials whilst climatic events such as heat waves, droughts and floods negatively affect business. On the other hand, business can impact the environment either negatively or positively through business activities.

The new climate report published in August 2021 by the IPCC addresses the extent of the global crisis and the urgent need to act. Climate scientists overwhelmingly agree that the global economy must reach net-zero GHG emissions by 2050 to ward off the catastrophic effects of climate change. Facing greater challenges are industries not taking measures to reduce emissions or unable to escape climate disruption. Industries likely to be affected are oil and gas, coal, chemicals and agriculture.

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

Environmental statistics

	Unit of measure	September 2021	September 2020	September 2019
ENVIRONMENTAL ASPECTS				
Stationary Fuels				
Coal	GJ	**1 739 426**	1 723 281	1 568 450
Coal saved due to conservation and efficiency improvements	GJ	**30 498**	–	1 872
LPG	GJ	**323 915**	267 433	231 977
LPG saved due to conservation and efficiency improvements	GJ	**–**	–	270
Mobile Fuels				
Diesel	GJ	**134 794**	137 193	132 227
Biofuel	GJ	**–**	–	–
Diesel saved due to conservation and efficiency improvements	GJ	**–**	–	–
Energy				
Electricity	GJ	**1 145 435**	1 142 370	1 150 715
Energy saved	GJ	**23 418**	20 268	5 414
Water				
Water consumption	kl	**6 102 502**	5 759 399	5 733 165
From boreholes	kl	**1 217 139**	1 269 534	978 836
From municipal sources	kl	**4 885 363**	4 489 865	4 754 329
Water saved due to conservation and efficiency improvements	kl	**2 581**	2510	6 455
Recycled water	kl	**946 690**	1 084 997	504 957
Recycled water as a percentage of total water	%	**16%**	19 %	9 %
Water treated to potable standards	kl	**615 667**	377 518	122 647
Potable water as a percentage of total water	%	**10%**	7 %	2 %
Materials				
Packaging material (tons)	tons	**9 445**	9 376	10 411
Recycled – Packaging material recycled (tons)	tons	**545**	490	465

	Unit of measure	September 2021	September 2020	September 2019
ENVIRONMENTAL ASPECTS				
Effluents and Waste				
Waste to landfill (tons)	tons	**6 394**	7 375	7 593
Hazardous waste disposed (tons)	tons	**24**	14	36
Water discharged (kl)	kl	**2 736 850**	2 641 758	3 039 410
Litter (m^3)	m^3	**418 872**	399 891	413 649
Number of significant spills*	number	**–**	–	1
Recycled – Litter (m^3)	m^3	**416 175**	397 646	399 043
Recycled waste as a percentage of total waste	%	**98%**	98 %	95 %
Other				
Number of environmental non-compliance prosecution and fines**	number	**–**	–	1

* *Meadow Feeds Port Elizabeth – Leak of Molasses (700 litres) from damaged flow bin.*

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

- *Sustainability projects implemented are aligned with our vision and strategic goals.*
- *Operation action plans are aligned with strategic action plans and through participative management practices, strategic goals are realised.*
- *Business units and various stakeholders work closely together to implement projects.*

Water resource management

It is projected that the impact of climate change on the African continent will be enormous, resulting in dire implications on food security, health, the availability of water, stability and economic development. In recent years, South Africa itself has experienced climate change-induced droughts in Cape Town and Durban, and in the Eastern and Northern Cape. With carbon emissions showing no signs of abating, the risk of more droughts in South Africa is high.

Over the years Astral has embarked on various water projects to conserve, improve efficiency and recycle water. Reverse Osmosis Water Treatment Plants are installed at County Fair in Western Cape and at Goldi in Standerton. At Goldi, 48 % of the water required by the abattoir is produced by the plant. Investigations are currently in progress at Meadow Feeds Standerton to implement a water security project.

Energy resource management

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

Over the years, Astral has investigated various alternate energy solutions to reduce its dependence on coal, but to no avail. The main reasons have been that the operating costs of alternate energy sources are much higher than the cost of coal, as well as the lack of technical expertise to maintain projects of this nature and the insecure supply of alternate energy sources. However, with banks and businesses slowly shying away from coal due to the stigma attached to it, more alternate energy solutions are entering South African shores. In 2021, South Africa gazetted to increase the licensing threshold for embedded generation projects from 1 MW to 100 MW. Since alternate energy solutions are linked to high capital costs, we will need to ensure sustainable energy solutions are thoroughly investigated before implemented.

With regards to reducing dependence on Eskom for electricity, we commissioned our first solar photovoltaic plant in 2019 and another at National Chicks eSwatini in 2021. As an interim measure, we are making good progress of reducing carbon emissions by working with a boiler expert on improving coal boiler efficiency.

Waste resource management

The disposal and treatment of waste can produce emissions of several GHGs, with methane gas being the most significant. Effective waste management is thus critical for the conservation of limited natural resources, making it central to ensuring a sustainable future.

The cost of food waste to the South African economy is estimated at R100 billion or 2 % of GDP per year. In 2020, we joined the WRI, 10x20x30 Food Loss and Waste initiative via Pick n Pay. The vision of this initiative is to work towards achieving the SDG of reducing

ENVIRONMENTAL IMPACT (CONTINUED)

food loss and waste by 50% by 2030. Food waste equates to wasted water, wasted energy, increased methane emissions and impacts on biodiversity.

In 2021, business units compiled a food loss and waste baseline using the food waste records for 2020. The 2020 food loss and waste baseline was compiled according to the WRI's accounting standard and reported to the WRI on 1 September 2021. Business units are also working with relevant stakeholders to identify innovative ways to reduce food loss and waste by 50% by 2030.

After investigating various innovative waste solutions of reducing waste to landfill, Astral entered into an agreement with a high-profile company that uses green technology to convert hatchery waste into compost. The hatchery waste is stored in a Biological Bin and after six days the waste is converted into compost. Thereafter, the bin is transported to a nearby farm where the compost is used at the farm to enrich the soil.

Currently in development phase at County Fair is a waste to energy project to convert chicken manure into biogas through the use of an anaerobic digester. This project is being undertaken in partnership with an international company. Astral is also in the process of obtaining an Environmental Impact Assessment to convert chicken manure into compost at Festive in Olifantsfontein.

Carbon tax

On 1 June 2019, the Carbon Tax Act came into effect in South Africa. Climate change represents one of the biggest challenges facing mankind and the IPCC's latest climate report stresses the importance of taking immediate climate action. Many economists are of the view that carbon tax is the most efficient way to curb climate change.

In light of the Act being implemented, Astral appointed Climate Neutral Group to assist with the reporting of GHG emissions to DEA and to ensure the Group's carbon tax compilation is in compliance with the Act. In 2021, the reporting of GHG emissions to the DEA was timeously done and documents relating to the payment of carbon tax were timeously submitted to the South African Revenue Service.

County Fair

Currently in development phase at County Fair is a waste to energy project to convert chicken manure into biogas through the use of an anaerobic digester.

County Fair processing facility

FINANCIAL STATEMENTS

GROUP COMPANY SECRETARY CERTIFICATE

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, Astral has, in respect of the financial year ended 30 September 2021, lodged with CIPC all returns and notices required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

Leonie Marupen
Group Company Secretary

26 November 2021

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

(a) the Annual Financial Statements set out on pages 130 to 180 of the Integrated Report, fairly present in all material respects the financial position, financial performance and cash flows of Astral in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to Astral and its consolidated subsidiaries have been provided to effectively prepare the Annual Financial Statements of Astral; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to Principle 15 of King IV™ Report. Where we are not satisfied, we have disclosed to the Group Audit and Risk Committee and the Independent Auditor the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

CE Schutte
Chief Executive Officer

DD Ferreira
Chief Financial Officer

26 November 2021

PREPARATION AND PUBLICATION OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended 30 September 2021 that were published on 15 November 2021, available on the Group's website www.astralfoods.com as well as contained in this Integrated Report, have been prepared under the supervision of the Chief Financial Officer, Daan Ferreira CA(SA).

DD Ferreira
Chief Financial Officer

26 November 2021

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the year ended 30 September 2021

The Board is required by the Companies Act to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements of Astral and related financial information included in this Integrated Report and published on the Group's website www.astralfoods.com. It is its responsibility to ensure that the Annual Financial Statements fairly present the financial position of the Company and the Group at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with IFRS and the requirements of the Companies Act. The external auditor is engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements have been audited by the independent accounting firm, PwC, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the directors and its committees. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate.

The Annual Financial Statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet this responsibility, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group.

While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year ending 30 September 2022 and, in light of this review and the current financial position, they are satisfied that the Company and Group have or have access to adequate resources to continue in operational existence for the foreseeable future.

The directors of Astral hereby confirm that, to their knowledge, the Company is in compliance with the provisions of the Companies Act or relevant laws of establishment, specifically relating to its incorporation; and that it is operating in conformity with its MoI.

The Annual Financial Statements of the Group and Company, which have been prepared on the going concern basis, were approved by the Board on 10 November 2021 and were signed on its behalf by

CE Schutte
Chief Executive Officer

DD Ferreira
Chief Financial Officer

DIRECTORS' REPORT

The directors present their report which forms part of the Annual Financial Statements for the year ended 30 September 2021.

Nature of business

The Group holds investments in companies, with their primary activities in animal feed pre-mixes, manufacturing of animal feeds, broiler genetics, the production and sale of day old broiler chicks and hatching eggs, integrated breeder and broiler production operations, abattoirs and the sale and distribution of various key brands.

Listing information

Astral Foods Limited is listed on the main board of the JSE under the share code: ARL. The Company's ISIN number is ZAE000029757.

Registered address

The Company's registered address is:
92 Koranna Avenue, Doringkloof, Centurion, 0157. Postnet Suite 278, Private Bag X1028, Doringkloof, 0140.

Financial results

The results for the year are set out in the Annual Financial Statements presented on pages 130 to 180 of this Integrated Report. The Annual Financial Statements are also published on the Group's website www.astralfoods.com.

Share capital

Detail of share capital is reflected under note 21 of the Annual Financial Statements.

In terms of the Group's Long-Term Incentive Scheme, 173 874 shares (2020: 1 140 500 shares) were acquired and disclosed as treasury shares.

Dividends

The following ordinary dividends were declared:

	2021 R'000	2020 R'000
Interim dividend: 300 cents per share (2020: Nil cents per share)	**128 767**	–
Less: Dividends on treasury shares	**(13 096)**	–
Final dividend: (No 40) of 400 cents per share declared post year-end (2020: 775 cents per share)	**171 689**	332 647
Less: Dividends on treasury shares	**(17 461)**	(33 921)
Total dividend at 700 cents per share (2020: 775 cents per share)	**269 899**	298 726

Property, vehicles, plant and equipment

Refer to note 11 of the Annual Financial Statements for details.

Directors

The names of the directors who currently hold office are set out in note 32 of the Annual Financial Statements. The directors beneficially and non-beneficially held 429 334 (2020: 214 088) ordinary shares in the Company – see note 33 for details.

During the year under review, no contracts were entered into which directors or officers of Astral had an interest and which would affect the business of the Group.

Details of directors' emoluments and related payments can be found in note 32 of the Annual Financial Statements.

There was no change in the beneficial and non-beneficial shareholding of directors since 30 September 2021 and the date of approval of the Annual Financial Statements on 10 November 2021.

Share option incentive scheme

As at 30 September 2021, no options in respect of any shares remained outstanding.

Repurchase of shares

Astral has requested shareholders to grant a general authority to buy back its issued ordinary shares, however, no repurchases were made during the year, except for in terms of the Share Incentive Scheme whereby shares were bought in the market and allocated as restricted shares to the participants in the scheme.

Subsequent events

A final dividend of 400 cents per share has been declared on 10 November 2021. The payment of the dividend will be on Monday, 17 January 2022. No other events took place between year-end and the date of this Integrated Report that would have a material effect on the Annual Financial Statements as disclosed.

Litigation statement

There are no current, pending or threatened legal or arbitration proceedings that may have, or have had in the previous 12 months, a material effect on the Group's financial position.

Material changes

There have been no material changes in the financial or trading position of the Group between 30 September 2021 and the date of this Integrated Report.

Annual Financial Statements

The Annual Financial Statements for the year ended 30 September 2021 are available for inspection at Astral's registered address. These Annual Financial Statements have been audited in compliance with the requirements of section 30(2)a of the Companies Act.

Going concern

Performance

As reflected in Astral's results, most of the Group's businesses reported satisfactory results under tough market conditions.

Profit for the full year at R473.7 million was down on the previous year's R561.2 million. The high raw material costs, unrest in July 2021, outbreak of HPAI and other headwinds negatively impacted trading operations. There was no disruption in the operating activities of the Group during the year under review.

Solvency and liquidity

As at 30 September 2021, the consolidated balance sheet reflects total equity of R4 161.2 million. The Group has access to R1.8 billion of facilities at various banks and remained in a net surplus cash position throughout the year. The net surplus cash position was in an upward trajectory towards the end of the financial year, a trend which continues post balance sheet date. The dividend that was declared post year-end of 400 cents per share will be funded from existing surplus cash resources.

The major capital expenditure on the expansion of the processing facilities at Festive has been completed which will result in lower capital expenditure-related cash outflows for the 2022 financial year. It is expected that the Group will continue to have a strong balance sheet for the foreseeable future.

Conclusion

On the basis outlined above, the directors consider it appropriate for the going concern basis to be adopted in preparing the Annual Financial Statements.

The Annual Financial Statements of the Group and Company were approved by the directors on 10 November 2021 and were signed on their behalf by:

Chris Schutte
Chief Executive Officer

Daan Ferreira
Chief Financial Officer

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Dear shareholders

Our Audit and Risk Management Committee is a formally constituted sub-committee of the Board and in addition to having specific statutory responsibilities to the shareholders in terms of section 94 of the Companies Act, it assists the Board by advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance.

The committee is satisfied that it has fulfilled its responsibilities as detailed in its Mandate and Terms of Reference for the 2021 financial year.

On behalf of the Audit and Risk Management Committee

Diederik Fouché
Chairman

10 November 2021

Constitution and duty of the committee

The Audit and Risk Management Committee (the committee) was appointed by the shareholders at the AGM in February 2021.

The members of the committee are all independent non-executive directors, and no new members were appointed to the committee during the year. Details of the number of meetings held and attendance by members at meetings are included on page 57 of this Report. The directors of the Company continue to believe that the committee members collectively have the necessary skills to carry out its duties effectively and with due care.

The committee has reporting responsibilities to both the shareholders and the Board and is accountable to them. Its duties, as set out in the Audit and Risk Management Committee Charter, are reviewed annually and incorporate the committee's statutory obligations as set out in the Companies Act and King IV™. A work plan is drawn up annually incorporating all these obligations, and progress is monitored to ensure these obligations are fulfilled.

It is the duty of the committee, among other things, to monitor and review:

- The preparation of the annual financial statements, ensuring fair presentation and compliance with IFRS and the Companies Act, and recommending same to the Board for approval.
- The integrity of the Integrated Report by ensuring that its content is reliable, includes all relevant operational, financial and other non-financial information, risks and other relevant factors.
- Interim and operational reports and all other widely distributed documents.
- Accounting policies of the Group and proposed revisions, significant and unusual transactions, estimates and accounting judgements.
- The effectiveness of the internal control environment.
- The effectiveness of the internal audit function.
- The effectiveness of the external audit function.
- The recommendation and appointment of the external auditor, approving remuneration of external auditor, reviewing the scope of their audit, their reports and findings, and pre-approving all non-audit services in terms of policy.
- The reports of both internal and external auditors.
- The evaluation of the performance of the CFO.
- The adequacy and effectiveness of the Group's enterprise-wide risk management policies, processes and mitigating strategies.
- The governance of IT and the effectiveness of the Group's information systems.
- Determine that the going concern basis of reporting is appropriate.
- The combined assurance model and provide independent oversight of the effectiveness of the organisation's assurance functions and services, with particular focus on combined assurance arrangements.
- Compliance with applicable legislation, requirements of appropriate regulatory authorities and the Company's Code of Conduct.
- Policies and procedures for mitigating fraud.

Statutory duties

The committee is satisfied that it has performed the statutory requirements for an audit committee as set out in the Companies Act as well as the functions set out in its Mandate and Terms of Reference and that it has therefore complied with its legal, regulatory and other responsibilities.

There were no reportable irregularities.

Risk management

The committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and financial risk management and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and management's response thereto. We have considered and relied on the work of the Social and Ethics Committee on the non-financial related risk areas. Refer to pages 64 to 66 for the Social and Ethics Committee Report.

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

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

During the year, the committee has received assurances that the process and procedures followed in terms of risk management are adequate to ensure that risks are identified and monitored.

Combined assurance

The committee is of the view that the framework in place for combined assurance is adequate and is achieving the objectives of an integrated approach across the disciplines of risk management and compliance of audit.

Whistleblowing

The committee receives and deals with any concerns or complaints, whether from within or outside the Group, relating to fraud, accounting practices, internal financial controls, and auditing of the Group's financial records/statements and related matters.

Information technology (IT)

The Board has delegated responsibility for IT to the committee, but it retains overall accountability.

An IT Charter, aligned to King IV™, has been implemented. The IT strategy is reviewed by the committee and by the Board. The IT Charter can be viewed on our website, www.astralfoods.com.

Management has the responsibility for the management of IT and the governance framework which includes:
- Three IT Steering Committees to monitor and manage IT governance.
- IT policies and procedures to regulate the management of all IT functions.
- Relevant standards and processes that are subject to audits, reviews and benchmarks.
- Policies and procedures to govern the active directory and exchange which has been outsourced.
- IT best practices are implemented.

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

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

Periodic independent assurance is obtained on the effectiveness of technology and information, including the outsourced infrastructure.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)

Internal audit

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

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

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

The internal audit function is reviewed by the committee to satisfy itself of the independence of the Internal Audit Department. The appointment and removal of the Head of Internal Audit is a matter for the committee in consultation with management.

During the current year, the Internal Audit Department was subject to an Independent External Quality Assurance review conducted by the Institute of Internal Auditors. The Internal Audit Department received a satisfactory rating and generally conforms to the IPPF Standards.

External audit

Based on processes followed and assurances received, the committee has no concerns regarding the external auditor's independence and approved the following fees for work done by them:

	2021 R'000	2020 R'000
Audit fees	**7 686**	7 001
Non-audit services	**310**	365
General expenses	**106**	230
Underprovision	**276**	680
Total	**8 378**	8 276

Any non-audit services to be rendered by the external auditor are normally initiated by the business units following a formal process that is approved by the CFO. A formal policy regarding the pre-approval of non-audit services is followed. Non-audit services performed during the financial year included:

Division	Non-audit services	Nature
Astral Operations Ltd	PAYE: VDP and directive assistance	Tax consulting services
Astral Operations Ltd	Long-Term Incentive policy review	Tax consulting services
Astral Foods Ltd	Conveyance report AUP agreed upon procedures	Tax consulting services

Based on our satisfaction with the results of the activities outlined above, we have recommended the re-appointment of PwC to the Board and the shareholders. Consideration was also given to the length of PwC's tenure when making the recommendation to the shareholders to re-appoint the firm for a further year.

PwC has been the external auditor of Astral since listing in 2001. During 2013 a tender process was followed whereby three audit firms, including PwC, were interviewed and where they presented their services to the committee. The committee was of the opinion that the services offered by PwC remained the most suitable for the Group and PwC was re-appointed as external auditor. The designated audit partner is rotated every five years.

As per the new IRBA rule on Mandatory Audit Firm Rotation for auditors of all public interest entities, as defined in section 290.25 to 290.26 of the amended IRBA Code of Professional Conduct for Registered Auditors, an audit firm shall not serve as the appointed auditor of a public interest entity for more than 10 consecutive financial years, although this rule is only effective for financial years commencing on or after 1 April 2023.

PwC will be replaced as auditor from 2024, in line with mandatory audit firm rotation after a 10-year tenure period. The Company will therefore in the near future commence with the process of requesting tenders for the replacement of PwC as auditor. Due to the specialised nature of the business activities of the Company, a transition period for the 2023 financial year is planned in order to assure a proper hand-over to the new auditor.

The committee, after discussion with management and the external audit, concurred with the key audit matters set out in the Independent Auditor's Report on the audit of the Consolidated Annual Financial Statements for the year ended 30 September 2021.

The committee confirms that it has received from the auditor all decision letters/explanations issued by the Independent Regulatory Board for Auditors (IRBA) or any other regulator and any summaries relating to monitoring procedures/deficiencies issued by the auditor.

The committee was satisfied that the Consolidated Annual Financial Statements appropriately addressed the critical judgements and key estimates pertaining to the key audit matters contained in the Independent Auditor's Report, in respect of both amounts and disclosure. The committee noted that both the Consolidated and Separate Annual Financial Statements were presented fairly in all material respects.

Financial function and CFO review

In accordance with King IV™ requirements, we have reviewed the expertise, resources and experience of the Group's financial function and are satisfied that these are adequate and effective for the forthcoming year. We have also reviewed the performance, appropriateness and expertise of the CFO, Mr DD Ferreira, and confirmed his suitability in terms of the JSE Listings Requirements.

Integrated Report

The committee oversees the compilation of the Integrated Report, and in particular:

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

The committee recommended to the Board to continue not to publish a Summarised Integrated Report or engage an external assurance provider to confirm material elements of the ESG Report of the Integrated Report. This decision was based on the fact that environmental, social and governance sustainability reporting formed part of the budget process and is reported on by business units and approved by the executive directors. This approach will be reviewed every year. We have appointed a full-time Sustainability Manager who is responsible for environmental and social sustainability within the Group. The Group Company Secretary is responsible for the governance sustainability.

Internal control statement

Management is accountable to the Board for the design, implementation, monitoring and integrating of internal financial controls for the day-to-day running of the Group, focusing on the efficiency and effectiveness of operations, safeguarding the Group's assets, legal and regulatory compliance, business sustainability and reliable reporting, including financial reporting.

The committee has ensured that appropriate financial reporting procedures exist and are working, which included consideration of all entities forming part of the Consolidated Financial Statements and that it has access to all financial information of Astral to allow Astral to effectively prepare and report on the Financial Statements.

The committee has discussed and documented the basis for its conclusion, which includes discussions with internal and external auditors as well as management.

The committee is of the opinion that the internal controls are effective and the financial records can be relied upon as a reasonable basis for the preparation of the Annual Financial Statements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONTINUED)

Audit Committee statement

The committee considered and discussed the Annual Financial Statements and the Integrated Report, which includes the ESG Report, with both management and the external auditor.

During this process, the committee:

- Reviewed the financial statements included in the Annual Financial Statements for consistency, fair presentation and compliance with IFRS.
- Evaluated significant estimates and judgements and reporting decisions.
- Reviewed the documentation supporting the going concern basis of accounting and concluded that it is appropriate.
- Evaluated the material factors and risks that could impact the Annual Financial Statements and Integrated Report.
- Evaluated the completeness of the financial and ESG disclosures.
- Discussed the treatment of significant and unusual transactions with management and the external auditor.
- Reviewed and discussed the sustainability information disclosed and is satisfied, based on discussions, that the information is reliable.

The committee considers that the Annual Financial Statements and the Integrated Report comply in all material respects with the statutory requirements of the various regulations governing disclosure and reporting, and the Annual Financial Statements comply in all material respects with the Companies Act and IFRS.

The committee has recommended to the Board that the Annual Financial Statements be adopted and approved by the Board.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Astral Foods Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Astral Foods Limited (the Company) and its subsidiaries (together the Group) as at 30 September 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Astral Foods Limited's consolidated financial statements set out on pages 130 to 180 comprise:

- the consolidated balance sheet as at 30 September 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

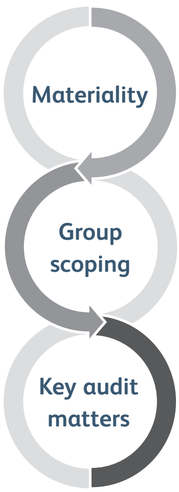
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- *Overall group materiality: R53,400,000, which represents 5% of the average consolidated profit before tax*

Group audit scope

- *Full scope audits were performed over nine financially significant components in South Africa*
- *Specified audit procedures were performed on certain account balances and transactions of a further two components.*
- *Review procedures were performed on an additional three components and analytical review procedures were performed on the remaining components*

Key audit matters

- *Goodwill impairment assessment.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R53,400,000*
How we determined it	*5% of the average consolidated profit before tax*
Rationale for the materiality benchmark applied	*We chose consolidated average profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We used a five-year average consolidated profit before tax figure as this is representative of the normal earnings cycle of this industry. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group has three principal reportable operating segments that align with its organisational design namely Poultry, Feed, and Other Africa.

The Group's consolidated financial statements are a consolidation of thirty reporting components, which make up the Group's three operating segments. Of these reporting components, we selected nine for full scope audit testing due to their financial significance, limited to an appropriate allocation of the Astral Foods Limited consolidated materiality. We selected a further two components where specified audit procedures were performed on certain account balances and transactions due to these being material to the group audit. These reporting components are all located in South Africa. Review procedures were performed at three additional reporting components, and for the remaining components, we performed further analytical review procedures as considered appropriate.

This together with additional procedures performed at the Group level, including testing of consolidation journal entries and intercompany eliminations, gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network teams or firms. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We met with certain of the component auditors in the Poultry and Feed operating segments and attended divisional audit committee meetings for all components as part of planning the audit, as well as part of the completion of the audit work performed.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We communicate the key audit matters that relate to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters to communicate in our report with regard to the audit of the separate financial statements of the Company for the current period.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment	
Refer to accounting policies note 9 (Impairment of non-financial assets) and note 15 (Goodwill) to the consolidated financial statements. Management tested the Group's goodwill, which had a carrying amount of R136,135,000 as at 30 September 2021, for impairment. They concluded that there is no impairment as the recoverable amounts, based on value in use (VIU) calculations, exceeded the carrying amounts of the individual cash generating units (CGUs) to which goodwill has been allocated. The most significant balances of goodwill related to the Goldi/Festive CGU and the Mountain Valley CGU, which had a carrying amount of R106,020,000 and 15,599,000 respectively as at 30 September 2021. In assessing goodwill for impairment, management applied significant judgement and assumptions in determining the VIU. These included the following: ▪ Growth rates; ▪ Discount rates; ▪ Broiler feed costs; and ▪ Selling prices of poultry products. We considered the goodwill impairment assessment to be a matter of most significance to the current year audit due to the significant judgement and assumptions applied by management in determining the VIU of the individual CGUs.	Through discussion, we obtained an understanding of the process and procedures applied by management during their impairment assessment of CGUs containing goodwill. In respect of goodwill relating to the Goldi/Festive and Mountain Valley CGUs, we performed the following procedures: ▪ We evaluated management's future cash flow forecasts, which were based on budgets and forecasts approved by the board of directors. In this regard we agreed the amounts used in the future cash flow forecasts to the budgets and forecasts approved by the board of directors. No material differences were noted; and ▪ We assessed the reasonableness of management's assumptions such as net realisations of poultry products, broiler feed prices, sales volumes, working capital movements and capital expenditures, by comparing the assumptions to information obtained from the National Agriculture Marketing Council Report, and Grain SA local supply and demand for maize forecasts. Based on the results of our comparisons, we accepted the assumptions used by management. We compared the Group's 2020 and 2021 actual results to the forecasts for these years, to identify any situations where actual results achieved were significantly different from the forecasted results. We discussed with management the reasons for the differences identified and inspected relevant documentation. We noted no matters requiring further consideration. We tested the discount rate and growth rates applied by management in their impairment assessment of goodwill by performing the following procedures: ▪ Utilising our valuation expertise, we recalculated a range of discount rates, considering inputs for similar entities, industry data and entity-specific data. Where differences in discount rates were noted, we included this in our sensitivity analysis to consider whether this would lead to an impairment charge being recognised. In this regard we did not identify any impairment to be recognised. Based on our procedures performed, we accepted the discount rates used by management; and ▪ We assessed the reasonableness of the long-term growth rate used by management by comparing it to the long-term consensus on the South African Consumer Price Index. Based on the results of our comparison, we accepted the rate used by management. We tested the mathematical accuracy of management's impairment assessment and noted no material differences. We utilised our valuation expertise to assess the valuation methodology applied by management against generally accepted valuation methodology and against the requirements of International Accounting Standard (IAS 36), Impairment of Assets. We performed independent sensitivity calculations on management's impairment assessments, with respect to key assumptions, which included the discount and growth rates, net realisations of poultry products and broiler feed prices. We discussed these with management and considered the likelihood of such changes occurring. Based on our procedures performed, we did not identify any impairments to be recognised.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Astral Foods Limited Group Annual Financial Statements for the year ended 30 September 2021" and the document titled "Astral Foods Limited Annual Financial Statements for the year ended 30 September 2021 which includes the Directors' Report, the Audit and Risk Management Committee's Report and the Group Company Secretary Certificate as required by the Companies Act of South Africa, and the other sections of the document titled "Astral Integrated Report for the year ended 30 September 2021", which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

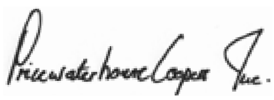
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Astral Foods Limited for 21 years.



PricewaterhouseCoopers Inc.
Director: EJ Gerryts
Registered Auditor

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Waterfall City
Jukskei View
2090

Private Bag X36
Sunninghill
2157
Johannesburg
South Africa

12 November 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2021

	Notes	2021 R'000	(Restated) 2020 R'000
Revenue	1	15 865 938	13 932 210
Cost of sales	2	(13 024 968)	(11 197 192)
Gross profit		2 840 970	2 735 018
Administrative expenses	2	(746 092)	(692 794)
Distribution costs	2	(1 149 456)	(1 031 325)
Marketing expenditure	2	(243 994)	(232 159)
Other income	4	10 911	39 492
Other losses	5	(1 340)	(5 704)
Profit before interest and tax		710 999	812 528
Finance income	6	12 426	27 838
Finance expense	6	(61 103)	(84 547)
Profit before tax		662 322	755 819
Tax expense	7	(202 681)	(213 577)
Profit for the year from continuing operations		459 641	542 242
Profit for the year from discontinued operations		14 082	18 992
Profit for the year		473 723	561 234
Other comprehensive income for the year, net of tax		(2 113)	(48 036)
Items that may subsequently be reclassified to profit and loss		11 402	(22 548)
Currency gain/(loss) on investment loans to foreign subsidiaries		1 064	(2 718)
Foreign currency translation gain/(loss)		10 338	(19 830)
Items that will not be reclassified to profit or loss		(13 515)	(25 488)
Re-measurement of post employment benefit obligations (note 25)		2 684	12 219
Deferred tax on re-measurement of post-employment benefit obligations		(754)	(3 421)
Changes in fair value of equity instruments		(15 445)	(34 286)
Total comprehensive income for the year		471 610	513 198
Profit for the year attributable to:			
Equity holders of the company		472 504	556 267
Arising from			
– Continuing operations		459 641	542 242
– Discontinued operations		12 863	14 025
Non-controlling interest		1 219	4 967
Profit for the year		473 723	561 234
Total comprehensive income attributable to:			
Equity holders of the company		470 391	508 231
Arising from			
– Continuing operations		457 528	494 206
– Discontinued operations		12 863	14 025
Non-controlling interest		1 219	4 967
Total comprehensive income for the year		471 610	513 198

(Prior year has been restated to account for certain businesses as discontinued operations)

SHAREHOLDERS' INFORMATION ON SHARES	Notes	2021	2020
Earnings per share			
Earnings per share (cents)	8	1 225	1 435
Diluted earnings per share (cents)	8	1 217	1 432
Headline earnings per share			
Headline earnings per share (cents)	9	1 228	1 441
Diluted headline earnings per share (cents)	9	1 220	1 438
Dividends			
Dividends declared in respect of the current year's profits (cents)	10	700	775

CONSOLIDATED BALANCE SHEET

at 30 September 2021

	Notes	2021 R'000	2020 R'000
Assets			
Non-current assets			
Property, plant and equipment	11	**2 942 859**	2 946 643
Intangible assets	12	**49 984**	55 421
Right-of-use assets	14	**340 029**	537 061
Goodwill	15	**136 135**	136 135
Financial assets at fair value through other comprehensive income	16	**105 575**	121 020
		3 574 582	3 796 280
Current assets			
Biological assets	17	**976 316**	851 252
Inventories	18	**921 104**	861 241
Trade and other receivables	19	**1 595 721**	1 218 097
Current tax asset		**27 146**	30 595
Cash and cash equivalents	20	**668 532**	573 581
		4 188 819	3 534 766
Assets held-for-sale		**71 584**	–
		4 260 403	3 534 766
Total assets		**7 834 985**	7 331 046
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	21	**429**	429
Share premium	21	**89 971**	89 971
Other reserves	22	**(39 161)**	(59 596)
Treasury shares		**(250 633)**	(228 111)
Retained earnings		**4 348 271**	4 304 572
		4 148 877	4 107 265
Non-controlling interest		**12 314**	15 055
Total equity		**4 161 191**	4 122 320
Liabilities			
Non-current liabilities			
Deferred tax liabilities	23	**704 279**	639 482
Employee benefit obligations	24	**126 653**	140 730
Leases	14	**274 371**	365 956
		1 105 303	1 146 168
Current liabilities			
Trade and other payables	26	**1 785 351**	1 556 294
Employee benefit obligations	24	**268 570**	263 757
Current tax liabilities		**8 240**	6 158
Leases	14	**102 097**	206 057
Borrowings	27	**390 840**	27 453
Shareholders for dividend		**3 046**	2 839
		2 558 144	2 062 558
Liabilities held-for-sale		**10 347**	–
		2 568 491	2 062 558
Total liabilities		**3 673 794**	3 208 726
Total equity and liabilities		**7 834 985**	7 331 046

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

	Attributable to ordinary shareholders of Astral Foods Limited						
	Share capital and premium R'000	Treasury shares R'000	Other reserves (Note 22) R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
2020							
Balance at 1 October 2019	90 400	(204 435)	(40 573)	3 938 835	3 784 227	11 408	3 795 635
Profit for the year							
– from continuing operations	–	–	–	542 242	542 242	–	542 242
– from discontinued operations	–	–	–	14 025	14 025	4 967	18 992
Other comprehensive income for the year, net of tax	–-						
– from continuing operations	–	–	(22 548)	(25 488)	(48 036)	–	(48 036)
Increase in share-based payment reserve	–	–	3 525	–	3 525	–	3 525
Shares acquired in terms of restricted share incentive scheme	–	(23 676)	–	–	(23 676)	–	(23 676)
Dividends declared and paid	–	–	–	(165 042)	(165 042)	(1 320)	(166 362)
Balance at 30 September 2020	90 400	(228 111)	(59 596)	4 304 572	4 107 265	15 055	4 122 320
2021							
Balance at 1 October 2020	**90 400**	**(228 111)**	**(59 596)**	**4 304 572**	**4 107 265**	**15 055**	**4 122 320**
Profit for the year							
– from continuing operations	**–**	**–**	**–**	**459 641**	**459 641**	**–**	**459 641**
– from discontinued operations	**–**	**–**	**–**	**12 863**	**12 863**	**1 219**	**14 082**
Other comprehensive income/(loss) for the year, net of tax							
– from continuing operations	**–**	**–**	**11 402**	**(13 515)**	**(2 113)**	**–**	**(2 113)**
Increase in share-based payment reserve	**–**	**–**	**9 033**	**–**	**9 033**	**–**	**9 033**
Shares acquired in terms of restricted share incentive scheme	**–**	**(24 920)**	**–**	**–**	**(24 920)**	**–**	**(24 920)**
Shares sold in terms of restricted share incentive scheme	**–**	**2 398**	**–**	**(894)**	**1 504**	**–**	**1 504**
Dividends declared and paid	**–**	**–**	**–**	**(414 396)**	**(414 396)**	**(3 960)**	**(418 356)**
Balance at 30 September 2021	**90 400**	**(250 633)**	**(39 161)**	**4 348 271**	**4 148 877**	**12 314**	**4 161 191**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2021

	Notes	2021 R'000	2020 R'000
Cash flows from operating activities			
Cash operating profit	A	**1 155 792**	1 231 706
Changes in working capital	B	**(343 625)**	(74 117)
Cash generated from operations		**812 167**	1 157 589
Tax paid	C	**(135 738)**	(153 280)
Cash generated from operating activities		**676 429**	1 004 309
Cash used in investing activities		**(241 343)**	(580 976)
Purchases of property, plant and equipment	D	**(259 233)**	(453 931)
Costs incurred on intangibles		**(237)**	(2 049)
Proceeds on disposal of property, plant and equipment		**3 855**	2 031
Finance income		**12 317**	28 279
Dividends received		**1 955**	–
Equity instruments acquired		**–**	(155 306)
Cash flows to financing activities		**(700 370)**	(441 736)
Dividends paid to the company's shareholders	E	**(414 190)**	(164 958)
Dividends paid to non-controlling shareholders		**(3 960)**	(1 320)
Proceeds from the sale of treasury shares		**1 504**	–
Finance expense on borrowings		**(6 039)**	(5 855)
Treasury shares acquired in terms of the Forfeitable share plan		**(24 920)**	(23 676)
Lease payments – principal element		**(204 557)**	(177 966)
Finance cost paid on lease contracts		**(48 208)**	(67 961)
Net outflow of cash and cash equivalents		**(265 284)**	(18 403)
Effects of exchange rate changes		**283**	9 657
Less: Disclosed as assets held-for-sale		**(3 435)**	–
Cash and cash equivalents at the beginning of the year:		**546 128**	554 874
Cash and cash equivalents at the end of the year	20	**277 692**	546 128

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2021

		2021 R'000	2020 R'000
A.	**Cash operating profit**		
	Profit before interest and tax		
	– from continued operations	710 999	812 528
	– from discontinued operations	20 427	25 584
	Adjustments for:		
	Depreciation and amortisation	424 865	403 465
	Scrapping of property, plant and equipment	5 426	2 811
	Profit on disposal of property, plant and equipment	(3 437)	(7)
	Profit on early termination of capitalised leases	(1 830)	–
	Change in provision for employee benefit obligations	(4 123)	(7 078)
	Fair value adjustments	5 420	(5 597)
	Dividends received	(1 955)	–
	Cash operating profit	1 155 792	1 231 706
B.	**Changes in working capital**		
	Increase in inventories	(58 949)	(184 718)
	Increase in biological assets	(137 789)	(93 866)
	(Increase)/decrease in trade and other receivables	(382 890)	54 489
	Increase in trade and other payables	236 003	149 978
	Total change in working capital	(343 625)	(74 117)
C.	**Tax paid**		
	Balance at the beginning of the year	24 437	(6 055)
	Normal tax provision	(141 256)	(123 970)
	Translation differences	(496)	132
	Interest accrued	364	–
	Provision against recoverability of tax receivable balance of a foreign subsidiary	–	1 050
	Less: Disclosed as liabilities held-for-sale	119	–
	Net balance at the end of the year	(18 906)	(24 437)
	Total tax paid	(135 738)	(153 280)
D.	**Purchases of property, plant and equipment**		
	Purchase of property, plant and equipment to improve and/or expand operations	(88 399)	(584 544)
	Purchase of property, plant and equipment to maintain operations	(166 244)	(103 863)
	Total purchases	(254 643)	(688 407)
	(Increase)/decrease in advance capital expenditure payments	(3 715)	233 319
	(Decrease)/increase in outstanding capital expenditure payments	(875)	1 157
	Purchases of property, plant and equipment	(259 233)	(453 931)
E.	**Dividends paid**		
	Balance at the beginning of the year	(2 839)	(2 755)
	Per statement of changes in equity	(414 397)	(165 042)
	Balance at the end of the year	3 046	2 839
	Total dividends paid	(414 190)	(164 958)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2021

1. Segment information

Astral is an integrated poultry producer whose process starts with broiler genetics in its breeding operations through the selling of day old chicks and hatching eggs, broiler production and the processing of broilers through four abattoirs, and ends with the marketing, selling and distribution of poultry products. Alongside the entire process, feed is produced in nine feed mills of which about 60 % is for own internal requirements, with the balance sold to external commercial farmers. Two of the feed mills and three poultry breeding and hatchery operations are situated in African countries outside South Africa. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments. The activities have been divided into three operating segments, Poultry, Feed, and Other Africa. The business activities are grouped in these segments based on the nature of their business and in the case of Other Africa, the geographical area in which they conduct their business activities. Transactions between reportable segments are conducted on similar terms as other external transactions of this nature. All revenue between segments are at market-related prices.

Revenue per segment

Revenue in respect of all three segments comprises the following:

- The sales of product net of value-added tax (where applicable), normal discounts, rebates and returns.
- Revenue is recognised at the point in time when control has passed to the customer. This is when delivery of the product is made to the customers, or when customers collect the product from one of the Group's locations.
- Payment terms for non-cash sales are generally 30 days from date of statement.
- A receivable is recognised in respect of non-cash sales in the balance sheet as an unconditional right to receive payment exist.

Poultry: External revenue comprises the sale of poultry-related products for human consumption as well as day old broilers, hatching eggs and day old parent stock.

The customer profile for poultry products is mainly wholesale and retail outlets, which includes the major national food retailers in South Africa.

Sales of day old broilers, hatching eggs and day old parent stock are mainly to external poultry producers.

Inter-segment revenue consists of poultry by-products sold to the Feed segment as a source of protein for feed.

Feed: External revenue comprises the sale of a wide range of specialised feed products for commercially farmed animal species.

The customer profile for feed products are mainly external poultry producers and commercial farmers farming with other animal species.

Inter-segment sales consist of feed to the Poultry segment.

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

	External customer revenue R'000	Inter-segment revenue R'000	Total segment revenue R'000
2020 (Restated)			
Poultry	11 168 108	175 123	11 343 231
– Poultry products	10 440 662	–	–
– Day old broilers, hatching eggs and day old parents	727 446	–	–
Feed	2 453 753	4 525 669	6 979 422
Other Africa	310 349		310 349
– Feed products	265 064	–	–
– Day old broilers, and hatching eggs	45 285	–	–
From continuing operations	13 932 210	4 700 792	18 633 002
From discontinued operations	172 071	–	172 071
	14 104 281	4 700 792	18 805 073

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

1. Segment information (continued)

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

	2021 R'000	(Restated) 2020 R'000
The Group revenue is denominated in the following currencies:		
Revenue denominated in South Africa Rand	15 576 503	13 793 935
Revenue denominated in foreign functional currencies	289 435	310 346
	15 865 938	14 104 281
Revenue from the top five customers are all from the Poultry segment.		
Customer 1	4 529 129	3 451 320
Customer 2	2 868 415	2 627 809
Customer 3	611 903	508 363
Customer 4	523 753	492 156
Customer 5	408 014	482 144
Revenue from customer 1 and 2 individually exceeds 10 % of total revenue.		
Operating profit per segment		
Contribution to the Group profit is as follows:		
Poultry	146 742	295 015
Feed	529 615	508 091
Other Africa	34 642	9 422
Profit before interest and tax	710 999	812 528
Finance income	12 426	27 838
Finance expense	(61 103)	(84 547)
Profit before tax	662 322	755 819
Tax expense	(203 228)	(213 577)
Profit for the year from continuing operations	459 094	542 242
Profit for the year from discontinued operations	14 082	18 992
Profit for the year	473 176	561 234

	Property, plant and equipment and intangibles		Right-of-use assets	
	2021 R'000	(Restated) 2020 R'000	2021 R'000	(Restated) 2020 R'000
Depreciation, amortisation and impairment				
Poultry	**187 444**	162 562	**69 627**	67 811
Feed	**23 755**	22 701	**136 158**	143 018
Other Africa	**2 410**	2 838	**–**	–
Corporate	**339**	248	**2 089**	2 089
Continuing operations	**213 948**	188 349	**207 874**	212 918
Discontinued operations	**3 043**	2 198	**–**	–
	216 991	190 547	**207 874**	212 918

	Property, plant and equipment		Right-of-use assets	
	2021 R'000	(Restated) 2020 R'000	2021 R'000	(Restated) 2020 R'000
Capital expenditure				
Poultry	**219 819**	667 396	**24 025**	155 312
Feed	**24 776**	17 422	**286**	–
Other Africa	**3 175**	1 397	**–**	–
Corporate	**105**	12	**–**	–
Continuing operations	**247 875**	686 227	**24 311**	155 312
Discontinued operations	**7 005**	4 375	**–**	–
	254 880	690 602	**–**	–

	Inventory		Trade receivables	
	2021 R'000	(Restated) 2020 R'000	2021 R'000	(Restated) 2020 R'000
Other				
Poultry	**536 904**	497 235	**1 190 767**	894 512
Feed	**328 287**	316 771	**238 064**	211 436
Other Africa	**55 913**	47 157	**9 196**	19 786
	921 104	861 163	**1 438 027**	1 125 734

(Prior year has been restated to account for certain businesses as discontinued operations)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

2. Expenses by nature

	Cost of sales R'000	Administrative expenses R'000	Distribution costs R'000	Marketing expenditure R'000	Total R'000
2020 (Restated)					
Cost of raw material	7 567 735	–	–	–	7 567 735
Inventory written down and losses	37 384	–	–	–	37 384
Fair value adjustment to biological assets	(5 156)	–	–	–	(5 156)
Lease costs	48 441	5 184	1 662	336	55 623
Amortisation of intangibles	–	5 568	–	–	5 568
Depreciation on property, plant and equipment	173 519	6 778	2 424	60	182 781
Amortisation right-of-use assets	40 774	8 196	163 948	–	212 918
Repairs and maintenance	454 561	13 099	11 908	24	479 592
Water	117 528	137	61	–	117 726
Energy	680 917	3 950	7 098	2 217	694 182
Information technology-related costs	14	64 726	19	–	64 759
Advertising, marketing, promotional-related costs	–	–	–	161 775	161 775
Transport and distribution costs	32 482	–	681 321	–	713 803
Employee benefit expense (note 3)	1 429 945	332 735	69 883	54 650	1 887 213
Directors' remuneration (note 32)	–	56 257	–	–	56 257
Auditors' remuneration and related expenses	–	7 082	–	–	7 082
Other	619 048	189 082	93 001	13 097	914 228
	11 197 192	692 794	1 031 325	232 159	13 153 470
2021					
Cost of raw material	**8 994 805**	**–**	**–**	**–**	**8 994 805**
Inventory written down and losses	**51 125**	**–**	**–**	**–**	**51 125**
Fair value adjustment to biological assets	**5 852**	**–**	**–**	**–**	**5 852**
Lease costs	**44 177**	**4 866**	**3 031**	**448**	**52 522**
Amortisation of intangibles	**–**	**5 489**	**–**	**–**	**5 489**
Depreciation on property, plant and equipment	**195 426**	**10 085**	**2 766**	**128**	**208 405**
Amortisation right-of-use assets	**41 315**	**7 080**	**159 533**	**–**	**207 928**
Repairs and maintenance	**514 448**	**9 269**	**8 730**	**14**	**532 461**
Water	**131 067**	**177**	**38**	**–**	**131 282**
Energy	**742 568**	**4 897**	**7 849**	**2 299**	**757 613**
Information technology-related costs	**67**	**71 773**	**18**	**2**	**71 860**
Advertising, marketing, promotional related costs	**–**	**–**	**–**	**169 659**	**169 659**
Transport and distribution costs	**28 942**	**–**	**780 244**	**–**	**809 186**
Employee benefit expense (note 3)	**1 508 204**	**364 626**	**77 173**	**56 932**	**2 006 935**
Directors' remuneration (note 32)	**–**	**39 214**	**–**	**–**	**39 214**
Auditors' remuneration and related expenses	**–**	**7 390**	**–**	**–**	**7 390**
Other	**766 972**	**221 226**	**110 074**	**14 512**	**1 112 784**
	13 024 968	**746 092**	**1 149 456**	**243 994**	**15 164 510**

(Prior year has been restated to account for certain businesses as discontinued operations)

	2021 R'000	(Restated) 2020 R'000
3. Employee benefit expense		
Cost of employment of permanent employees	1 566 205	1 516 487
Performance incentives:		
– EVA-based incentives	15 272	28 931
– Operational PBIT-based	37 322	12 764
– Operational target driven	29 062	23 727
Long-term retention benefits	37 267	35 314
Termination benefits	3 690	4 793
Essential service grants	20 000	–
Post-employment benefits	9 211	9 132
	1 718 029	1 631 148
Cost of contracted labour	288 906	256 065
	2 006 935	1 887 213
Number of employees at 30 September:		
– Permanent employees	9 088	9 067
– Contracted labour	3 095	2 394
	12 183	11 461
4. Other income		
Scrap sold	1 587	966
Amounts written off recovered	458	1 497
Storage fee income	3 604	4 308
Insurance recoveries related to costs incurred	–	30 138
Rental received	3 307	2 583
Dividend received	1 955	–
	10 911	39 492
5. Other (losses)/gains		
Foreign exchange (losses)/gains on financial instruments and monetary items	(1 304)	(2 961)
Profit on sale of property, plant and equipment	3 515	85
Assets scrapped	(5 426)	(2 811)
Trade receivables written off	–	(17)
Profit on early termination of capitalised leases	1 830	–
Other	45	–
	(1 340)	(5 704)

(Prior year has been restated to account for certain businesses as discontinued operations)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

	2021 R'000	(Restated) 2020 R'000
6. Finance income and expense		
Interest income		
Bank balances	10 591	25 339
Other	1 835	2 499
	12 426	27 838
Interest expense		
Bank borrowings	3 706	4 539
Interest accrued on lease liabilities	48 208	67 961
Unwinding of discount on long outstanding liabilities	6 856	10 712
Other	2 333	1 335
	61 103	84 547
Net finance expense	48 677	56 709
7. Tax expense		
Current tax	132 100	116 239
Deferred tax	67 140	99 435
	199 240	215 674
Current tax – prior year	1 337	315
Deferred tax – prior year	1 021	(2 853)
Withholding tax	1 083	441
	202 681	213 577
The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of South Africa:		
Profit before tax	662 322	755 819
Tax calculated at a tax rate of 28% (2020: 28%)	185 450	211 629
Effect of different tax rates in other countries	(4 175)	(818)
Fringe benefits tax in arrear in respect of housing benefits paid on behalf of employees	14 714	–
Dividends paid recognised as cash-settled share-based payment	858	–
Capital gains portion not taxable	(194)	–
Training allowances received	(1 532)	(1 381)
Non-trading-related expenses – holding company	1 866	1 856
Legal expenses and fines	597	421
Donations and social investments not tax deductible	436	531
Costs incurred by foreign subsidiaries not tax deductible	1 190	1 441
Other income/expenses not (taxable)/deductible for tax purposes	(472)	140
Temporary differences on which no deferred tax is recognised	66	93
Adjustments to prior year's normal tax provision	1 337	315
Adjustments to prior year's tax base used for calculating deferred tax	1 021	(2 853)
Withholding tax paid	1 083	441
Tax losses not utilised/(utilised) to reduce current and/or deferred tax	1 026	469
Dividends received	(547)	–
Finance charges not tax deductible	(42)	1 038
Tax charge per income statement	202 681	213 322

(Prior year has been restated to account for certain businesses as discontinued operations)

Further information about deferred tax is presented in note 23.

	2021 R'000	2020 R'000
8. Earnings per share		
Profit attributable to equity holders of the Company used for calculating earnings per share and diluted earnings per share	472 504	556 267
– From continuing operations	459 641	542 242
– From discontinued operations	12 863	14 025

	2021 Cents	2020 Cents
Basic earnings per ordinary share	1 225	1 435
– From continuing operations	1 192	1 399
– From discontinued operations	33	36
Diluted earnings per share	1 217	1 432
– From continuing operations	1 184	1 396
– From discontinued operations	33	36

	2021 Number of shares	2020 Number of shares
Weighted average number of ordinary shares in issue during the year for calculating earnings per share	38 584 559	38 755 135
Adjustments for forfeitable shares	249 099	78 523
Weighted average number of ordinary shares for calculating diluted earnings per share	38 833 658	38 833 658

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the year, reduced by ordinary shares purchased and held as treasury shares.

Diluted earnings per share

Diluted earnings per share for the current year is based on the number of shares, currently held as treasury shares, which will per the forfeitable share incentive scheme, either vest depending on the meeting of certain performance criteria, or will be sold back into the market in the event the performance conditions have not been met.

Diluted earnings per share for the prior year has been calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares from the exercise of share options. The number of shares that could have been issued at fair value (determined as the average annual market share price of the Company's shares) to equal the monetary value of the subscription rights attached to the outstanding share options, are calculated. A higher number of shares that would have been issued in the event the share options were exercised, versus the number of shares that could have been issued at fair value, have a dilutive effect on the earnings per share. No adjustment is made where the issue of share options have no dilutive effect on the number of shares in issue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

	Gross R'000	Net R'000	Continuing operations R'000	Discontinued operations R'000
9. Headline earnings				
2020				
Net profit attributable to shareholders	–	556 267	542 242	14 025
Adjusted for:	2 804	2 020	1 954	66
Profit on sale of property, plant and equipment	(7)	5	(61)	66
Loss on assets scrapped	2 811	2 015	2 015	–
Headline earnings	–	558 287	544 196	14 091
2021				
Net profit attributable to shareholders	**–**	**472 504**	**459 641**	**12 863**
Adjusted for:	**1 989**	**1 243**	**1 188**	**55**
Profit on sale of property, plant and equipment	**(3 437)**	**(2 668)**	**(2 723)**	**55**
Loss on assets scrapped	**5 426**	**3 911**	**3 911**	**–**
Headline earnings	**–**	**473 747**	**460 829**	**12 918**

	2021 cents	2020 cents
Headline earnings per share (cents)		
Headline earnings per share (cents)	**1 228**	1 441
– From continuing operations	**1 194**	1 404
– From discontinued operations	**34**	37
Diluted headline earnings per share (cents)	**1 220**	1 438
– From continuing operations	**1 187**	1 402
– From discontinued operations	**33**	36

	2021 R'000	2020 R'000
10. Dividends		
The following dividends (net of treasury shares) were declared in respect of the current year's profits:		
Interim dividend (dividend number 39) – 300 cents per share (2020: nil)	**115 671**	–
Final dividend (dividend number 40) – declared on 10 November 2021 400 cents per share (2020: 775 cents per share)	**154 228**	298 726
Total dividends declared in respect of the year ended 30 September 2021 – 700 cents per share (2020: 775 cents per share)	**269 899**	298 726

The current year financial statements do not include the final dividend declared in respect of the financial year ended 30 September 2020.

The prior year number has been updated to reflect the actual payment which was made post the prior year-end.

	Land and buildings R'000	Plant, and equipment R'000	Vehicles R'000	Total R'000
11. Property, plant and equipment				
2020				
Net book amount at 1 October 2019	1 096 158	1 328 652	38 108	2 462 918
Changes for the year:				
Reclassifications	(132)	(338)	470	–
Exchange translation changes	(8 114)	(6 483)	(402)	(14 999)
Additions – Expansion/improvement	69 400	512 070	3 074	584 544
Additions – Replacement	12 433	67 282	24 148	103 863
Disposals	–	(1 418)	(493)	(1 911)
Assets scrapped	(315)	(2 453)	(43)	(2 811)
Depreciation recognised in the statement of comprehensive income	(30 983)	(146 561)	(7 417)	(184 961)
Closing net book amount	1 138 447	1 750 751	57 445	2 946 643
Balance at 30 September 2020:				
Cost	1 638 293	3 071 378	165 294	4 874 965
Accumulated depreciation	(499 846)	(1320 627)	(107 849)	(1928 322)
Closing net book amount	1 138 447	1 750 751	57 445	2 946 643
2021				
Net book amount at 1 October 2020	**1 138 447**	**1 750 751**	**57 445**	**2 946 643**
Changes for the year:				
Reclassifications	**41 429**	**(41 429)**	**–**	**–**
Exchange translation changes	**1 433**	**1 623**	**364**	**3 420**
Additions – Expansion/improvement	**53 915**	**26 359**	**8 125**	**88 399**
Additions – Replacement	**36 602**	**108 564**	**21 078**	**166 244**
Disposals	**–**	**(341)**	**(44)**	**(385)**
Assets scrapped	**(1 351)**	**(3 904)**	**(171)**	**(5 426)**
Depreciation recognised in the statement of comprehensive income	**(35 262)**	**(167 000)**	**(9 223)**	**(211 485)**
Less: Held-for-sale operations	**(25 692)**	**(16 435)**	**(2 424)**	**(44 551)**
Closing net book amount	**1 209 521**	**1 658 188**	**75 150**	**2 942 859**
Balance at 30 September 2021:				
Cost	**1 732 364**	**3 060 957**	**184 110**	**4 977 431**
Accumulated depreciation	**(522 843)**	**(1 402 769)**	**(108 960)**	**(2 034 572)**
Closing net book amount	**1 209 521**	**1 658 188**	**75 150**	**2 942 859**

Details of the individual properties are on record, which are open for inspection by members or their nominees at the registered office of the Company.

Certain assets at a Zambian subsidiary stand as security for bank facilities – refer to note 29.5.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

11. Property, plant and equipment (continued)

Determination of useful life and annual depreciation

- Buildings, plant and equipment are of a specialised nature and the expected useful lives at initial recognition are based on past experience of deployment of similar assets in the Group.
- Subsequent to the initial determination of useful lives, the remaining useful life is assessed annually, taking into account the physical condition of the asset item and how long it can still be operational without incurring excessive repairs and maintenance costs. When the cost of repairs and maintenance reaches such a level where it is not feasible to continue to use a particular plant item, it is replaced. Continuous technology changes could also have a bearing on the economic life of existing assets. The impact of lower operating costs of using the latest technology in processes thereby warranting investment in such assets could make the use of existing assets uneconomical and have an impact on their useful economic lives. Due to the above variable factors, predictions of future replacement dates are based on subjective assessments, and remaining life expectancies are therefore subject to variability.
- Depreciation on specialised buildings, plant and equipment is calculated on the basis that they will have no residual value when they reach the end of their estimated economical lives.
- Depreciation on vehicles is calculated on the basis that it will have residual values of between 10% and 20% of the original cost when they reach the end of their estimated economic lives.
- Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its estimated residual value over its estimated useful life. The estimated life of assets per asset category falls within the following ranges:

– Buildings	50 years
– Plant and equipment – poultry	8 – 25 years
– Plant and equipment – feed	5 – 50 years
– Vehicles	5 – 10 years
– Intangible assets – software	5 – 15 years

	2021 R'000	2020 R'000
12. Intangible assets		
Software		
Opening net book amount	55 421	59 183
Changes for the year:		
Exchange translation changes	11	(112)
Capitalisation of costs incurred	237	2 049
Disposals	(33)	(113)
Amortisation – included in administrative expenses	(5 506)	(5 586)
Less: Held-for-sale operations	(146)	–
Closing net book amount	49 984	55 421
Cost	97 438	98 291
Accumulated amortisation	(47 454)	(42 870)
Closing net book amount	49 984	55 421
13. Capital commitments		
Capital expenditure approved not contracted for	185 517	170 157
Capital expenditure contracted but not recognised in the financial statements	54 743	127 682
Cost on intangibles contracted but not recognised in the financial statements	139	69

The capital commitments will be financed from a combination of operating cash flows, surplus cash and borrowings when required. No abnormally high debt levels are foreseen resulting from future capital expenditure.

14. Leases

Information regarding lease contracts in the Group is provided below.

The nature of lease contracts in the Group are in respect of leases of office space, movable plant items in the processing plants, general office equipment, farm vehicles and vehicles for outbound transport of finished goods to customers.

Lease contracts vary from contracts for individual items to contracts where a number of items are leased per contract, as the case is in respect of certain vehicles.

Qualifying leases are recognised as right-of-use assets with corresponding lease liabilities.

The values of the right-of-use assets and lease liabilities have been based on future lease payments, discounted at the prevailing incremental borrowing rate to present values. The incremental borrowing rates used are based on the cost of borrowing from third-party financiers.

Future index or rate-related increases in variable lease payments are not taken into account in determining the carrying values until they take effect. When these adjustments take effect the lease liability is re-measured with a corresponding adjustment to the right-of-use assets.

In instances where there is a reasonable degree of certainty that options to extend lease periods will be exercised, the extended periods have been used in calculating the present values of lease payments.

The impact of leases on the deferred tax provision are separately calculated and provided for on the right-of-use assets and for the lease liabilities. Refer to note 23 – Deferred tax.

	Buildings R'000	Plant, and equipment R'000	Vehicles R'000	Total R'000
14.1 Right-of-use assets				
2020				
Opening balance 1 October 2019	53 091	3 210	539 293	595 594
Changes for the year:				
Additions	–	21 005	134 307	155 312
Re-measurements	–	–	(927)	(927)
Amortisation	(8 690)	(4 324)	(199 904)	(212 918)
Closing net book amount	44 401	19 891	472 769	537 061
Balance at 30 September 2020:				
Capitalised costs	53 091	22 138	672 673	747 902
Accumulated amortisation	(8 690)	(2 247)	(199 904)	(210 841)
Closing net book amount	44 401	19 891	472 769	537 061
2021				
Opening balance 1 October 2020	**44 401**	**19 891**	**472 769**	**537 061**
Changes for the year:				
Additions	**809**	**19 860**	**3 642**	**24 311**
Re-measurements	**(1 054)**	**62**	**9 058**	**8 066**
Derecognitions	**–**	**–**	**(21 535)**	**(21 535)**
Amortisation	**(7 440)**	**(6 861)**	**(193 573)**	**(207 874)**
Closing net book amount	**36 716**	**32 952**	**270 361**	**340 029**
Balance at 30 September 2021:				
Capitalised costs	**52 429**	**41 913**	**571 797**	**666 139**
Accumulated amortisation	**(15 713)**	**(8 961)**	**(301 436)**	**(326 110)**
Closing net book amount	**36 716**	**32 952**	**270 361**	**340 029**

The value of new right-of-use assets added during the year, are the initially measurement of the related lease liability.

Right-of-use assets are amortised over the shorter of its useful life or the lease term, including an extended term, where applicable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

	2021 R'000	2020 R'000
14. Leases		
14.2 Lease liabilities		
Non-current	274 371	365 956
Current	102 097	206 057
Total	376 468	572 013
Maturity profile of lease liabilities:		
Capital payments next year	102 089	206 057
Capital payments from the second up to the fifth year	257 063	335 376
Capital payments after five years	17 316	30 580
	376 468	572 013
Total lease payments relating to capitalised leases	252 765	245 927
Interest expense on lease liability included in finance cost	48 208	67 961
Lease payments are apportioned between a finance cost component, recognised as a finance charge, and a reduction of the outstanding principal amount of the lease liabilities.		
14.3 Other leases		
Lease payments included in operating profit as lease expenses:		
Lease payments relating to low value items	5 925	8 163
Lease payments relating to short-term leases	12 404	7 463
Variable lease payments not linked to an index or rate and not recognised in right-of-use assets	34 193	41 281
Future commitments – Other leases:	8 486	10 617
Not later than one year:		
Short-term leases: property	3 570	4 054
Short-term leases: plant and equipment	356	281
Short-term leases: vehicles	180	–
Low value items	2 007	3 778
Later than one year and not later than five years:		
Low value items	2 285	2 044
Later than five years		
Low value items	88	460

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

Low value leases are generally leases of office equipment and of personal IT equipment.

Lease payments in respect of short-term leases and leases of low value items are expensed in the income statement, as and when incurred.

15. Goodwill

Goodwill is allocated to the Group's cash-generating units identified according to business segment. Goodwill is assessed for impairment at each reporting date. The recoverable amount of the relevant cash-generating units is determined based on value-in-use calculations. These calculations use cash flow projections as contained in the annual budget and business plan forecasts approved by the Board of directors.

The discount rates used to determine values of individual cash-generating units are based on the weighted average cost of capital for these business units and incorporate specific business risks related to the industry as well as the different geographical and economical areas in which business activities are conducted. The discount rate is lower than the previous year due to increased level of debt resulting from the inclusion of lease liabilities as part of the debt funding of the businesses.

The cash flow projections have been projected over five years. Abnormal trends in the forecasts, given the cyclical nature of the industry in which the businesses operate, for example the impact of abnormal weather patterns, are eliminated in the perpetuity calculations of future cash flows.

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

The perpetual growth rate is based on the Group's assessment of the long-term economic outlook and takes into account a view on market conditions and the strategic positioning of the business units within the markets in which they operate. The valuations, using a perpetuity growth rate of 5%, accounts for the impact of inflation on future cash flow streams only, and does not take into account further expansion. It is also expected that the businesses will maintain their respective market positioning and no reduction of volumes are assumed in the calculation of the valuation of the business units.

Broiler feed costs

The major components of the broiler feed ration are the cost of maize and soya. The cost of these two ingredients are influenced by a number of factors like weather patterns, the size of annual national and international crops, stock holdings and rate of consumption of these commodities. Market forces impact prices of these commodities and assumptions for future prices take into account most recent stock-to-use ratios and prices of futures traded for these commodities in the open market. Specific adjustments are made for known abnormal weather patterns such as droughts or above average rainfall periods which could impact prices. The feed cost also includes an allowance for the impact of inflation on the production cost of broiler feed.

Selling prices – poultry products

Selling prices for poultry products are influenced by market forces which impact the supply and consumption thereof. Assumptions for future price levels take into account the most recent market conditions adjusted for known price volatility such as changes in regulations, periods of over and short supply conditions, and forecasted trends in consumer spending. Long-term pricing assumes normalised market conditions and any prolonged period of over or under food inflationary increases in poultry products, are normalised in the long-term outlook for selling prices.

	Discount rates	Forecast period (years)	Average perpetuity growth rates	Goodwill R'000
2020				
Poultry				
Goldi/Festive	12.9%	5	4.8%	106 020
Mountain Valley	12.9%	5	4.8%	15 599
National Chicks	12.9%	5	4.8%	3 749
County Fair	12.9%	5	4.8%	2 559
Feed				
Meadow – South African operations	12.9%	5	4.8%	5 648
Other Africa				
Africa Feeds Limited (Zambia)	17.3%	5	10%	2 560
				136 135

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

	Discount rates	Forecast period (years)	Average perpetuity growth rates	Goodwill R'000
15. Goodwill (continued)				
2021				
Poultry				
Goldi/Festive	13.3%	5	5.0%	106 020
Mountain Valley	13.3%	5	5.0%	15 599
National Chicks	13.3%	5	5.0%	3 749
County Fair	13.3%	5	5.0%	2 559
Feed				
Meadow – South African operations	13.3%	5	5.0%	5 648
Other Africa				
Africa Feeds Limited (Zambia)	17.3%	5	10.0%	2 560
				136 135

The pre-tax discount rates are as follows:
Goldi/Festive (15.9 %), Mountain Valley (15.7 %), National Chicks (15.7 %), County Fair (15.9 %), Meadow (16.2 %) and Africa Feeds Limited (Zambia) (22.1 %).
(2020: Goldi/Festive (15.7 %), Mountain Valley (15.9 %), National Chicks (16.3 %), County Fair (15.6 %), Meadow (15.9 %) and Africa Feeds Limited (Zambia) (20.7 %)).

Sensitivity analysis

Changes in the economic and financial environment, competitor activity, regulatory authorities' decisions and consumers' behaviour in response to the economic environment, may affect the assumptions used in the calculation of the recoverable amounts.

The percentages indicated below are regarded as reasonably possible changes to the long-term assumptions used for the more critical assumptions.

In the event that any one of the critical assumptions should change without compensating changes in the other assumptions, the impact on the carrying value of goodwill could be as follows:

	2021 R'000	2020 R'000
Potential impairment if the discount rates are increased by 1 %	(8 687)	Nil
Potential impairment if the discount rates are increased by 2 %	(18 158)	–
Potential impairment if the net realisations of poultry products decrease by 1 %	(18 158)	Nil
Potential impairment if the net realisations of poultry products decrease by 3 %	(18 158)	(15 599)
Potential impairment if the net realisations of poultry products decrease by 5 %	(18 158)	(15 599)
Potential impairment if the broiler feed price increased by 1 %	(18 158)	Nil
Potential impairment if the broiler feed price increased by 3 %	(18 158)	(1 932)
Potential impairment if the broiler feed price increased by 5 %	(18 158)	(15 599)
16. Financial assets at fair value through other comprehensive income		
Listed shares in Quantum Foods Holdings Ltd		
The shares are not held for trading as it is regarded as a strategic investment.		
An irrevocable election has been made to recognise changes in the fair value of the shares in this category.		
At cost – 19 550 855 shares	155 306	155 306
Fair value adjustment	(49 731)	(34 286)
Fair value	105 575	121 020

The carrying value of the investment is based on the share price on 30 September as listed on the Johannesburg Stock Exchange (JSE), and it falls in level 1 of the fair value measurement hierarchy.

	Egg stock R'000	Broiler stock R'000	Breeding stock R'000	Total R'000

17. Biological assets

	Egg stock R'000	Broiler stock R'000	Breeding stock R'000	Total R'000
2020				
Fair value at 1 October 2019	88 293	302 323	–	390 616
Cost less accumulated amortisation at 1 October 2019	–	–	368 105	368 105
Increase due to establishment costs	670 560	5 548 388	666 401	6 885 349
Decrease due to harvest/sales	(642 415)	(5 541 016)	(100 064)	(6 283 495)
Decrease due to amortisation	–	–	(513 115)	(513 115)
Fair value adjustment	1 812	1 980	–	3 792
Closing balance	118 250	311 675	421 327	851 252
Balance at 30 September 2020:				
At fair value	118 250	311 675	–	429 925
At cost less accumulated amortisation	–	–	421 327	421 327
2021				
Fair value at 1 October 2020	**118 250**	**311 675**	**–**	**429 925**
Cost less accumulated amortisation at 1 October 2020	**–**	**–**	**421 327**	**421 327**
Increase due to establishment costs	**813 760**	**6 742 350**	**840 048**	**8 396 158**
Decrease due to harvest/sales	**(787 007)**	**(6 668 402)**	**(106 051)**	**(7 561 460)**
Decrease due to amortisation	**–**	**–**	**(695 499)**	**(695 499)**
Fair value adjustment	**(3 225)**	**(1 336)**	**–**	**(4 561)**
Less: Held-for-sale operations	**(7 667)**	**–**	**(1 907)**	**(9 574)**
Closing balance	**134 111**	**384 287**	**457 918**	**976 316**
Balance at 30 September 2021:				
At fair value	**134 111**	**384 287**	**–**	**518 398**
At cost less accumulated amortisation	**–**	**–**	**457 918**	**457 918**

The quantity of egg, broiler and breeding stock is based on the number of eggs and bird placements at the beginning of each production cycle adjusted for mortalities.

Egg stock

The carrying value of egg stock is based on fair value, and falls in level 3 of the fair value measurement hierarchy.

Costs incurred related to the production of eggs are capitalised during their growing cycle. A fair value adjustment is applied to the cumulative capitalised cost thereof.

The fair value adjustment of eggs is determined as the price difference between the sum total of the capitalised cost at point of sale and the price at which the hatching eggs are sold in the external market.

Broiler stock

The carrying value of broiler stock is based on fair value and falls in level 3 of the fair value measurement hierarchy.

Costs incurred related to the production of broiler stock are capitalised during its growing cycle. A fair value adjustment is applied to the cumulative capitalised cost thereof.

The fair value adjustment for live broiler birds is based on the ratio at which the cumulated costs per kilogram of live broilers at point of harvest differs with the bought-in price per live kilogram paid for broiler birds delivered by outside contract growers for processing through the abattoirs. This adjustment ratio is applied to the sum of costs of the total broiler stock holding.

Biological assets include assets held at contract growers, as the Group retains ownership of these assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

17. Biological assets (continued)

Breeder stock

The carrying value of breeder stock is based on cost, less accumulated amortisation.

The cost of breeding stock includes the cost of the day old chick, feeding and other related costs, which are capitalised during its rearing cycle of approximately 22 weeks. The capitalised costs are then amortised during its productive (laying) cycle of approximately 40 weeks, to a cull value at the end of its productive life cycle. There is no market for breeder birds, except for when sold as a day old chick, and when sold at its cull value at the end of its productive cycle. In the absence of any fair value indicators for mature breeder birds, the carrying value of the breeding stock, as calculated on the basis of costs, less accumulated amortisation, is regarded as an accurate indicator of the fair value thereof in the integrated poultry producing process.

	2021 R'000	2020 R'000
18. Inventories		
Feed raw materials	**284 102**	265 235
Feed finished goods	**43 981**	39 189
Poultry products	**409 418**	364 663
Consumable stores	**183 603**	192 154
	921 104	861 241
The cost of inventories and value of biological assets recognised as an expense in profit and loss amounts to R8 995 million (2020: R7 568 million).		
Certain inventories at the Zambian subsidiaries serve as security for bank facilities – refer to note 29.5.		
19. Trade and other receivables		
Financial instruments		
Trade receivables	**1 438 027**	1 126 166
Provision for loss allowance/doubtful debts	**–**	(432)
Trade receivables – net	**1 438 027**	1 125 734
Other receivables	**24 607**	23 576
Receivable in respect of investment sold	**8 142**	12 215
Non-financial instruments		
Prepayments	**55 653**	13 566
Advance capital expenditure payments	**26 387**	22 672
VAT recoverable	**42 901**	19 819
Other receivables	**4**	515
	1 595 721	1 218 097
The fair values of trade and other receivables approximate their carrying value.		
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:		
SA Rand	**1 583 661**	1 208 568
Zambian Kwacha	**12 060**	9 529
	1 595 721	1 218 097

Certain trade receivables at a Zambian subsidiary serve as security for bank facilities – refer to note 29.5.

Categories

Trade receivables are categorised according to the different business segments as the profiles of trade receivables differ between the operating segments, and credit risks within these categories are therefore reviewed separately.

- Trade receivables from the Poultry segment consist mainly of retail and wholesale customers with the balance consisting of poultry farmers.
- Trade receivables in the Feed segment consist mainly of farming customers with limited exposure to retail customers.
- Trade receivables in the Other Africa segment consist of both farmers and retail customers.

	2021 R'000	2020 R'000
Poultry	1 190 767	894 512
Farming	19 612	13 457
Retail and wholesale	1 171 155	881 055
Feed	238 064	211 868
Farming	219 259	182 243
Retail and wholesale	18 805	29 625
Other Africa	9 196	19 786
Farming	8 311	18 488
Retail and wholesale	885	1 298
	1 438 027	1 126 166

20. Cash and cash equivalents

	2021 R'000	2020 R'000
Cash at bank and in hand	668 532	573 581
Cash and cash equivalents include the following for purposes of the cash flow statement:		
Cash at bank and in hand	668 532	573 581
Bank overdrafts (note 27)	(390 840)	(27 453)
Cash and cash equivalents per the statement of cash flow	277 692	546 128

21. Share capital

	2021 R'000	2020 R'000
Authorised share capital		
75 000 000 ordinary shares of 1 cent each		
(2020: 75 000 000 ordinary shares of 1 cent each)	750	750
Issued share capital		
42 922 235 ordinary shares of 1 cent each	429	429
(2020: 42 922 235 ordinary shares of 1 cent each)		
Share premium	89 971	89 971
Total issued share capital and premium	90 400	90 400

All issued shares are fully paid.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

	Number of shares 2021	Number of shares 2020
21. Share capital (continued)		
Number of shares effectively in issue		
Issued shares	**42 922 235**	42 922 235
Treasury shares held by subsidiary and by participants in the forfeitable share scheme	**(4 365 352)**	(4 203 077)
	38 556 883	38 719 158
Unissued share capital		
Number of shares under the control of directors and available to be utilised for the purpose of the share option scheme at the end of the year	**4 292 400**	4 292 400

	Share-based payment reserve R'000	Non-distributable legal reserve R'000	Currency translation reserve R'000	Currency gains/(losses) on investment loans R'000	Total other reserves R'000
22. Other reserves					
2020					
Balance at 1 October 2019	–	782	(33 241)	(8 114)	(40 573)
Provision for equity-settled payment costs	3 525	–	–	–	3 525
Currency loss on investment loans to foreign subsidiaries	–	–	–	(2 718)	(2 718)
Currency translation differences arising in year	–	–	(19 830)	–	(19 830)
Balance at 30 September 2020	3 525	782	(53 071)	(10 832)	(59 596)
2021					
Balance at 1 October 2020	**3 525**	**782**	**(53 071)**	**(10 832)**	**(59 596)**
Provision for equity-settled payment costs	**9 033**	**–**	**–**	**–**	**9 033**
Currency loss on investment loans to foreign subsidiaries	**–**	**–**	**–**	**1 064**	**1 064**
Currency translation differences arising in year	**–**	**–**	**10 338**	**–**	**10 338**
Balance at 30 September 2021	**12 558**	**782**	**(42 733)**	**(9 768)**	**(39 161)**

The non-distributable legal reserve relates to a foreign statutory requirement whereby a portion of reserves of a foreign subsidiary is regarded as non-distributable.

The movement in the currency translation reserve relates to the fluctuations of the functional currencies in which the Other Africa subsidiaries conduct their business activities, against the South African Rand.

23. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method, using a principal tax rate of 28 % (2020: 28 %).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority.

	2021 R'000	2020 R'000
Deferred tax liabilities		
Movement on the deferred tax liability account is as follows:		
Opening balance	**639 482**	539 421
Less: Held-for-sale operations	**(4 117)**	–
Charge related to items in other comprehensive income	**753**	3 421
Charge to profit and loss	**68 161**	96 640
Originating and reversal of temporary differences	**67 140**	99 493
Adjustment to amounts recognised in prior year	**1 021**	(2 853)
At the end of the year	**704 279**	639 482

	Opening balance R'000	Charge to profit and loss R'000	Charged/ (release) to other comprehensive income R'000	Closing balance R'000
Analysis of deferred tax liabilities:				
2020				
Temporary differences giving rise to deferred tax liabilities				
Accelerated tax allowances on assets	498 053	68 188	–	566 241
Temporary difference on livestock and farming consumables	181 544	41 351	–	222 895
Lease liability	–	160 164	–	160 164
Temporary differences giving rise to deferred tax assets				
Right-of-use assets	–	(150 377)	–	(150 377)
Provision for retirement benefit obligations	(27 616)	(859)	3 421	(25 054)
Provision for long-term retention payments	(38 701)	1 366	–	(37 335)
Provision for outstanding leave pay	(25 905)	(4 472)	–	(30 377)
Rental equalisation reserve	(335)	335	–	–
Provision for incentive bonuses	(22 098)	4 408	–	(17 690)
Provision for claims and trade discounts	(7 895)	(21 293)	–	(29 188)
Provision for long service awards	(3 360)	560	–	(2 800)
Tax losses utilised to reduce deferred tax liability	–	(2 447)	–	(2 447)
Other	(14 266)	(284)	–	(14 550)
	539 421	96 640	3 421	639 482
Continuing operations	–	96 582	–	635 365
Discontinued operations	–	58	–	4 117

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

	Opening balance R'000	Charge to profit and loss R'000	Charged/ (release) to other comprehensive income R'000	Closing balance R'000
23. Deferred tax (continued)				
2021				
Temporary differences giving rise to deferred tax liabilities				
Accelerated tax allowances on assets	564 607	24 255	–	588 862
Temporary difference on livestock and farming consumables	218 848	26 429	–	245 277
Lease liability	160 164	(54 753)	–	105 411
Temporary differences giving rise to deferred tax assets				
Right-of-use assets	(150 377)	55 169	–	(95 208)
Provision for retirement benefit obligations	(25 054)	(823)	753	(25 124)
Provision for long-term retention payments	(37 074)	9 774	–	(27 300)
Provision for outstanding leave pay	(30 132)	(3 015)	–	(33 147)
Rental equalisation reserve	–	–	–	–
Provision for incentive bonuses	(17 251)	(6 978)	–	(24 229)
Provision for claims and trade discounts	(29 188)	(5 194)	–	(34 382)
Provision for long service awards	(2 800)	(81)	–	(2 881)
Tax losses utilised to reduce deferred tax liability	(2 447)	2 447	–	–
Other	(13 931)	20 931	–	7 000
	635 365	68 161	753	704 279

A deferred tax liability of R26 526 000 (2020: R24 088 000) has not been recognised in respect of withholding tax in the event of all the retained earnings of the foreign subsidiaries are distributed by future dividend declarations.

	Post-employment medical benefits (Note 25) R'000	Long-term retention benefits R'000	Performance incentives and long service awards R'000	Outstanding leave obligations R'000	Total R'000
24. Employee benefit obligations					
2020					
Balance at 1 October 2019	98 628	138 218	90 921	92 519	420 286
Payments against provision	–	(69 138)	(88 440)	–	(157 578)
Increase/(decrease) in provision	(9 151)	64 260	70 698	15 972	141 779
Balance at 30 September 2020	89 477	133 340	73 179	108 491	404 487
Non-current provision	82 024	52 706	6 000	–	140 730
Current provision	7 453	80 634	67 179	108 491	263 757
	89 477	133 340	73 179	108 491	404 487

	Post-employment medical benefits (Note 25) R'000	Long-term retention benefits R'000	Performance incentives and long service awards R'000	Outstanding leave obligations R'000	Total R'000
2021					
Balance at 1 October 2020	89 477	133 340	73 179	108 491	404 487
Less: Held-for-sale operations	–	(932)	(1 569)	(876)	(3 377)
Payments against provision	–	(80 114)	(78 488)	–	(158 602)
Increase in provisions	253	45 206	96 489	10 767	152 715
Balance at 30 September 2021	89 730	97 500	89 611	118 382	395 223
Non-current provision	82 069	44 584	–	–	126 653
Current provision	7 661	52 916	89 611	118 382	268 570
	89 730	97 500	89 611	118 382	395 223

The amounts provided for payment in respect of long-term retention benefits have been discounted at rates varying between 7.0 % and 9 % (2020: 7.0 and 8.2 %).

The long-term retention benefits are based on achieving certain performance conditions over a three-year vesting period from the date of allocation of the benefit. Allocations are made every year effective 1 October. The provision is based on an assessment to the extent that performance targets will be achieved. It is estimated that not all performance targets will be achieved.

The decrease in the employee benefit obligations is mainly as result of a decrease in short-term incentives, following the lower profits for the year.

25. Post-employment medical benefits

The Group provides post-retirement healthcare benefits to some of its current and retired employees – refer to paragraph 18 of the accounting policies for more detail regarding the post-employment medical plan. Benefits paid and the movement in the provision are charged against profits in the current period. Re-measurements are charged to other comprehensive income.

	2021 R'000	2020 R'000
Present value of funded obligations per actuarial valuation at 30 September		
Balance at the beginning of the year	89 477	98 628
Current service cost	433	566
Interest costs	9 957	9 411
Re-measurement	(2 684)	(12 219)
Benefits payments	(7 453)	(6 909)
Balance at the end of the year	89 730	89 477
Amounts recognised in the profit and loss:	10 390	9 977
Current service costs	433	566
Interest costs	9 957	9 411
Amounts recognised in other comprehensive income:		
Re-measurement	(2 684)	(12 219)
Arising from changes in financial assumptions	387	(14 571)
Arising from changes in demographic assumptions	(1 291)	1 554
Miscellaneous	(1 780)	798

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

	2021 R'000	2020 R'000
25. Post-employment medical benefits (continued)		
Estimated employer benefits payable during the next 12 months	**7 661**	7 453
The liability recognised in the financial statements was actuarially valued at 30 September 2021 (previous valuation date: 30 September 2020). The liability was valued using the Projected Unit Credit valuation method which is the same method used in the prior year.		
Discount rate	**10.24%**	11.64%
Healthcare cost inflation:		
In-service members	**7.68%**	8.37%
Continuation members	**7.68%**	8.37%

Pre-retirement mortality rates as per SA 85-90 (Light) ultimate table

Post-retirement mortality rates as per PA (90) ultimate table rated down two years plus an improvement of 0.75% per annum from a base year of 2006.

	Accrued liability	% change
Sensitivity analysis		
Discount rate increases by 1% p.a.	82 675	(8%)
Discount rate reduces by 1% p.a.	97 951	9%
Subsidy inflation increases by 1% p.a.	97 691	9%
Subsidy inflation reduces by 1% p.a.	82 422	(8%)
Mortality rate decreases by 1 year	92 666	3%

A deterministic model has been used to calculate the projected cash flows and the corresponding sensitivity results. The results are point estimations and a limitation of this model is that a limited range of results is available for the sensitivity results.

	R'000	Experience adjustment
The present values of the defined benefit obligation and the experience adjustment were as follows:		
30 September 2021	89 730	(3%)
30 September 2020	89 477	(14%)
30 September 2019	98 629	12%
30 September 2018	92 971	4%

	2021 R'000	2020 R'000
26. Trade and other payables		
Financial instruments		
Trade payables	**1 484 797**	1 273 939
Outstanding payment in respect of capital expenditure incurred	**3 066**	3 941
Accruals and other payables	**256 758**	189 481
Non-financial instruments		
VAT payable	**2 722**	24 484
Provision for contribution to local government water supply infrastructure repairs	**4 845**	10 000
Operating lease equalisation		
Other	**33 163**	54 449
	1 785 351	1 556 294

	2021 R'000	2020 R'000
Payment terms for trade payables are usually 30 days from date of statement.		
The carrying amounts of the Group's trade and other payables are denominated in the following currencies:		
SA Rand	**1 760 116**	1 526 647
Zambian Kwacha	**19 171**	15 015
Mozambican Meticais	**3 197**	3 591
US Dollar	**2 867**	11 041
	1 785 351	1 556 294

27. Net borrowings/surplus cash

27.1 Current borrowings

	2021 R'000	2020 R'000
Bank overdrafts	**390 840**	27 453
Bank overdrafts are repayable on demand.		
The carrying amounts of the Group's borrowings are denominated in the following currencies:		
SA Rand	**377 387**	8 917
Zambian Kwacha	**13 453**	18 536
	390 840	27 453

27.2 Net debt/surplus cash reconciliation

	2021 R'000	2020 R'000
Bank surplus funds	**668 532**	573 581
Bank overdrafts	**(390 840)**	(27 453)
Cash and cash equivalents per statement of cash flows	**277 692**	546 128
Lease liabilities	**(376 468)**	(572 013)
Net (debt)/surplus funds	**(98 776)**	(25 885)

	Leases R'000	Cash and cash equivalents R'000	Total R'000
Financing activities			
Balance at 30 September 2019	–	554 874	554 874
Lease liabilities take-on balance – change in accounting policy	(595 594)	–	(595 594)
Cash flows	177 966	(18 403)	159 563
Effect of exchange rate changes	–	9 657	9 657
New leases	(155 312)	–	(155 312)
Re-measurements	927	–	927
Balance at 30 September 2020	**(572 013)**	**546 128**	**(25 885)**
Cash flows	**204 557**	**(265 284)**	**(60 727)**
Effect of exchange rate changes	**–**	**283**	**283**
Less: Held-for-sale operations	**–**	**(3 435)**	**(3 435)**
New leases	**(24 311)**	**–**	**(24 311)**
Termination of leases	**23 365**	**–**	**23 365**
Re-measurements	**(8 066)**	**–**	**(8 066)**
Balance at 30 September 2021	**(376 468)**	**277 692**	**(98 776)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

	Amortised cost R'000	Financial liabilities at amortised costs R'000	Total on balance sheet R'000
28. Financial instruments			
2020			
Current receivables			
Trade receivables	1 161 525	–	1 161 525
Cash and cash equivalents			
Cash and bank	573 581	–	573 581
Current borrowings			
Bank overdrafts	–	27 453	27 453
Shareholders for dividend	–	2 839	2 839
Current financial liabilities			
Trade payables	–	1 273 939	1 273 939
Accruals	–	193 422	193 422
2021			
Current receivables			
Trade receivables	**1 470 776**	**–**	**1 470 776**
Cash and cash equivalents			
Cash and bank	**668 532**	**–**	**668 532**
Current borrowings			
Bank overdrafts	**–**	**390 840**	**390 840**
Shareholders for dividend	**–**	**3 046**	**3 046**
Current financial liabilities			
Trade payables	**–**	**1 484 797**	**1 484 797**
Accruals	**–**	**259 824**	**259 824**

Trade receivables represents the payment of principal amounts and interest, are held for contractual cash flows and are therefore accounted at amortised costs.

29. Financial risk management

The responsibility of the overall financial risk of the Group vests with the Board of directors which has an overall responsibility to ensure the Group operates within acceptable risk parameters.

In exercising this responsibility, the Board assesses amongst others, the appropriate levels of capital investment on expansion projects, the quantum of dividend payments, and strategy on procurement of raw materials against the outlook of near and longer term trading conditions.

The Board is assisted in this function by the Audit and Risk Management Committee which also assesses the business risks, as identified by management from time to time, and the appropriate compensating controls to manage and mitigate the impact of the risks.

The Group is exposed to the following major financial risks:

29.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Trade receivables and deposits with banks are subject to credit risk and are managed by the Group Credit Executive and Chief Financial Officer.

Trade receivables:
The Group's main credit risk is concentrated in the aggregate balance of trade receivables.

Trade receivables are categorised according to the different business segments as the profile of customers differs between the operating segments.

The credit risks of each individual customer within these categories are reviewed annually.
- Trade receivables from the Poultry segment consist mainly of retail and wholesale customers with the balance consisting of poultry farmers.
- Trade receivables in the Feed segment consist mainly of farming customers with limited exposure to retail customers.
- Trade receivables in the Other Africa segment consist of both farmers and retail customers.

The Group assesses credit risk on initiation and continuously monitors exposure.

Initially: The granting of credit in relation to trade receivables is controlled by the application of a number of credit controlling procedures, namely:
- Credit risk insurance cover.
- Customers' credit risks are individually assessed and, where necessary, additional security is requested from the customer.
- Credit limits are set for customers and control procedures are in place to ensure adherence to those limits.
- Requirement that customers should provide updated statements of assets and liabilities.
- No credit terms to customers regarded as high risk as per the internal credit risk assessment.
- New credit terms are approved and signed off by the Chief Executive Officer.

Subsequently: The subsequent credit control procedures include:
- Regular visits and communication with customers.
- Annual re-assessment of the creditworthiness of customers.
- Immediate follow-up on late payments.
- In the event a customer is unable to pay, further trading with the customer is suspended.
- Changes to existing credit terms are approved and signed off by the Chief Executive Officer.

Exposure to trade receivables comprise a large, widespread customer base within each business segment/category and is as follows at 30 September:

	2021 R'000	2020 R'000
Accounts receivable	**1 438 027**	1 126 166
Less: Loss allowance	**–**	(36)
Less: Provision for doubtful debts	**–**	(396)
Net accounts receivable	**1 438 027**	1 125 734
Other receivables	**32 749**	35 791
	1 470 776	1 161 525

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

	2021 R'000	2020 R'000
Fully performing – due by up to 30 days	**1 426 669**	1 123 990
Outstanding longer than 30 days	**11 358**	2 176
Past due by 31 to 60 days	**8 286**	321
Past due by more than 60 days	**3 072**	1 855
	1 438 027	1 126 166

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

	Poultry R'000	Feed R'000	Other Africa R'000	Total R'000

29. Financial risk management (continued)

29.1 Credit risk (continued)

	Poultry R'000	Feed R'000	Other Africa R'000	Total R'000
The receivables outstanding longer than 30 days per category:				
2020				
Past due by 31 to 60 days	317	4	–	321
Past due by more than 60 days	1 269	586	–	1 855
	1 586	590	–	2 176
2021				
Past due by 31 to 60 days	**8 142**	**144**	**–**	**8 286**
Past due by more than 60 days	**2 310**	**762**	**–**	**3 072**
	10 452	**906**	**–**	**11 358**

Loss allowance

The trade receivables do not have a significant financing component and the simplified approach have been applied to calculated the loss allowance based on lifetime expected credit losses.

A loss allowance is calculated by each individual business unit in the Group, based on its historical loss experience and its particular customer profile which represents trade receivables with shared characteristics and specific characteristics which are influenced by the geographical area where they operate as well as the nature of their businesses.

Provision for losses against specific trade receivables are made in the event circumstances indicate to a high probability of non-payment. A loss allowance is than calculated on the balances of the trade receivables.

2021

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

2020

The expected loss rates ranges for the prior year were calculated by different business units:

	Current	30 days	60 days +
Ageing profile of the relevant trade receivables			
Value range of applicable trade receivable groupings – R'000	R36 411	R11 489	R400
Expected credit loss rate range – %	0.05	0.16	nil
Loss allowance – R'000	R17	R19	nil

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

	2021 R'000	2020 R'000
Balance at the beginning of the year	**(432)**	(622)
Net movement for the year	**432**	190
Reversal of prior year loss allowance	**432**	622
Current year loss allowance	**–**	(36)
Provision against specific trade receivables	**–**	(396)
Balance at the end of the year	**–**	(432)

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

The loss allowance is categorised as follows:

	Poultry R'000	Feed R'000	Other Africa R'000	Total R'000
2020				
Farming	–	432	–	432
Retail and wholesale	–	–	–	–
	–	432	–	432

The Group holds the following security over trade receivables in the form of bank guarantees, covering bonds over property and credit guarantee insurance cover:

	Poultry R'000	Feed R'000	Other Africa R'000	Total R'000
2020				
Bank guarantees	7 500	–	1 650	9 150
Notarial bonds over moveable assets	22 000	–	–	22 000
Covering bonds over property	–	2 000	–	2 000
Credit Guarantee insurance cover	312 343	–	–	312 343
	341 843	2 000	1 650	345 493
2021				
Bank guarantees	**6 500**	**–**	**6 508**	**13 008**
Notarial bonds over moveable assets	**22 000**	**–**	**–**	**22 000**
Covering bonds over property	**–**	**2 000**	**–**	**2 000**
Credit Guarantee insurance cover	**327 407**	**–**	**–**	**327 407**
	355 907	**2 000**	**6 508**	**364 415**

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

	Poultry R'000	Feed R'000	Other Africa R'000	**2021 Total R'000**	2020 Total R'000
Low risk	1 065 279	–	–	**1 065 279**	863 466
General risk	123 178	237 302	9 196	**369 676**	260 845
High risk	2 310	762	–	**3 072**	1 855
	1 190 767	238 064	9 196	**1 438 027**	1 126 166

Trade receivables are categorised into the following risk profiles:

- Low risk: National customers with a low risk profile
- General risk: All other customers not classified as low or high risk
- High risk: Customers with solvency and liquidity concerns, and existing customers in arrears as a result of financial difficulties

The largest single credit risk at 30 September amounts to R613 million (2020: R414 million) in the Poultry segment which has a low credit risk profile.

Cash and cash equivalents:
Dealings with counterparties arising from derivative instruments are limited to well-established financial institutions of high credit standing.

Cash at bank represent surplus funds on current bank and overnight call accounts. These funds are held by financial institutions of good standing with Standard & Poor's ratings for short-term local currency of B.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

29. Financial risk management (continued)

29.2 Market risk – interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk is limited to surplus funds on cash deposits, loan liabilities and funds borrowed on bank overdrafts.

Interest is at variable rates which are linked to money market-related rates and the bank prime lending rates.

Interest rate risk is managed by the Chief Financial Officer considering the Group's net borrowings and surplus funds, as well as considering forward levels of interest rates from time to time.

Based on the financial instruments as at 30 September 2021, the after tax effect of a 1% movement in the interest rates on the statement of comprehensive income would be R1 999 000 (2020: R3 932 000).

The Group's main income and operating cash flows are substantially independent of changes in the market interest rates.

29.3 Market risk – foreign exchange rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group enters into transactions from time to time in currencies which are different from the functional currencies in which it conducts its business activities, which result in exposure to foreign exchange rate fluctuations.

Exposure to exchange rate fluctuations is managed by utilising forward exchange contracts and currency option contracts in consultation with the Chief Financial Officer when management regards it prudent. Forward exchange contracts entered into are related to specific statement of financial position items.

The following Rand value items reported in the financial statements are exposed to foreign exchange rate fluctuations at 30 September:

	US Dollar R'000
2020	
Financial assets – cash and cash equivalents	1 349
Financial liabilities – trade and other payables	(8 755)
	(7 406)
2021	
Financial assets – cash and cash equivalents	**2 163**
Financial liabilities – trade and other payables	**(2 867)**
	(704)

A 10% movement in the exchange rate against the US Dollar, will result in a R51 000 after tax effect in the profits of the Group (2020: R481 000).

There were no open foreign exchange contracts at 30 September 2021 (2020: nil).

29.4 Market risk – price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Commodity price risk

The prices of commodities used by the Group fluctuate widely and in a competitive market it is not always possible to recover material commodity price increases from broiler customers. This impacts the Group's profitability. Commodity price fluctuations are normally caused by factors such as supply conditions, weather, exchange rate fluctuations and other economic conditions which are outside the control of Astral.

These risks are managed through an established process whereby the various conditions which influence commodity prices are monitored on a daily basis. Decisions on the procurement of raw materials as well as the utilisation of derivative instruments to hedge against these risks are taken by executive management within Board approved mandates. Detailed statements of raw material contracts and hedging positions are prepared and submitted on a monthly basis to the Chief Executive Officer.

Poultry products price risk

Poultry producers have limited influence over prices of broiler products in the retail market. These prices are highly sensitive to the supply and demand balance for broiler products. Imbalances in supply and demand are caused by a combination of a number factors; the uncontrolled import and dumping of chicken products on to the South African market, production levels and supply from local producers, and the financial strength of the local consumer are the more important factors.

The management of this risk is done by the poultry management team through appropriate production planning, cost control, improvement in efficiencies and reduction of costs through continuous upgrading of processes, equipment and facilities.

Investments

The value of the interest in Quantum Foods Holding Ltd is exposed to changes in the value of its shares which are listed on the Johannesburg Stock Exchange.

In the event the value of the shares change with 1%, it will have a R1 056 000 (2020: R1 210 000) impact on other comprehensive income.

29.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group has borrowings and other financial liabilities.

The Group has good cash flow generation capabilities. During periods of normalised profit margins, i.e. when there are no prolonged adverse movements in the cost of commodities and/or prices of poultry products, surplus cash is generated and accumulated in the business. During periods of lower profit margins, both working capital requirements as well as capital expenditures on property, plant and equipment, are financed from cash generated from business activities and available short-term bank facilities.

The following table compares the contractual cash flows of debt owed at 30 September 2021, with the carrying amount in the consolidated balance sheet, in Rand. The contractual amounts reflect the differences from carrying amounts due to the effects of discounting and premiums. Interest is estimated assuming interest rates applicable to variable rate debt, remain constant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

29. Financial risk management (continued)

29.5 Liquidity risk (continued)

	Within 1 year R'000	Between 1 and 5 years R'000	More than 5 years R'000	Total R'000
2020				
Lease payments	256 302	409 807	36 208	702 317
Trade and other payables	1 467 361	–	–	1 467 361
Shareholders for dividend	2 839	–	–	2 839
Bank overdraft	27 453	–	–	27 453
	1 753 955	409 807	36 208	2 199 970
2021				
Lease payments	**134 639**	**297 181**	**19 675**	**451 495**
Trade and other payables	**1 744 621**	**–**	**–**	**1 744 621**
Shareholders for dividend	**3 046**	**–**	**–**	**3 046**
Bank overdraft	**390 840**	**–**	**–**	**390 840**
	2 273 146	**297 181**	**19 675**	**2 590 002**

The following table sets out the contractual terms of the borrowings and other financial liabilities:

	Repayment date	Fixed/variable interest	Interest rate	Security or other relevant terms
Trade payables	current	n.a.	n.a.	none
Accruals	current	n.a.	n.a.	none
Bank overdrafts – ZAR denominated	current	variable	7 % (2020: 7 %)	none
Bank overdrafts – Kwacha denominated	current	variable	14.75 % – 16.75 % (2020: 16.5 % – 19 %)	Mortgage bond over property and floating charge over inventory and trade receivables

The liquidity risks are managed by the Chief Financial Officer on a Group level through a combination of the following:

- monitoring of trading stock levels;
- monitoring of outstanding trade receivables;
- monitoring of daily bank balances;
- calculating an eight-week rolling forecast of bank balances on a weekly basis;
- conducting long-term cash flow forecasts at regular intervals;
- the arrangement of access to short and long-term borrowing facilities from financial institutions; and
- financing of major capital expenditure items are done from a combination of borrowed funds as well as from surplus cash when accumulated over a period of time.

The general borrowing facilities from the banks, together with cash generated from operating activities are utilised to finance the normal ongoing operating requirements of the Group, which include working capital requirements, normal capital expenditure and payment of dividends.

Borrowing facilities

The borrowing facilities, which are reviewed on an annual basis, are held at four different banks and R517 000 000 is immediately accessible, and may be drawn at any time. The balance of the facilities can be utilised on short notice, subject to a review.

	2021 R'000	2020 R'000
The Group has the following general borrowing facilities at floating interest rates:		
– Denominated in SA Rand		
Total facilities	**1 802 400**	1 091 000
Unutilised facilities at year-end	**1 602 819**	1 091 000
– Denominated in Zambian Kwacha		
Total facilities	**29 203**	26 446
Unutilised facilities at year-end	**15 750**	7 910
The facilities at the Zambian subsidiaries are covered by securities over assets with the following carrying values:		
Land and buildings	**2 363**	1 468
Inventory	**53 963**	42 625
Trade receivables	**6 509**	11 754

29.6 Capital risk

The Group manages its capital in order not to have exposure to abnormal high debt position and to provide adequate return on capital employed.

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

The Group continuously monitors its net debt to equity ratio.

Debt incurred from time to time by the Group consists mainly of the following:

- bank overdrafts
- long-term loans for the financing of specific major expansion projects when required

Surplus cash situations occur from time to time as a result of cyclicality in profits.

Equity comprises all components of equity as disclosed in the statement of financial position.

The Group is in a net surplus cash position with the net surplus cash relative to equity as at 30 September as follows:

	2021 R'000	2020 R'000
Cash and cash equivalents – refer to note 20	**668 532**	573 581
Total debt – refer to note 27	**(390 840)**	(27 453)
Net surplus cash	**277 692**	546 128
Total capital		
Equity	**4 161 191**	4 122 320

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

30. Share-based payments

Forfeitable share plan

The forfeitable share plan which is equity-settled, allows the allocation of Astral Foods Ltd shares to participants in the scheme. The allocated shares are subject to a three-year vesting period during which the shares are disclosed as treasury shares.

The shares are registered in the name of the participants and they are entitled to receive dividends on the shares. Dividends paid, and received by the participants, are disclosed as cash-settled remuneration and is expensed in the income statement.

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

Shares acquired by Astral Operations Limited at a cost of R24 920 000 (2020: R23 674 000).

173 874 (2020: 114 500) shares were acquired which were allocated to executive directors and prescribed officers. Refer to note 32 for detail.

The service cost recognised in the income statement by the Group in the current year in respect of the restricted shares granted, amounts to R12 098 000 (2020: R3 625 000).

31. Related-party transactions

Directors' remuneration

Details of directors' remuneration is given in note 32. Executive directors are eligible for an annual performance-related bonus payment linked to appropriate group targets. The structure and payment of bonuses are decided by the Human Resources, Remuneration and Nominations Committee.

Details of participation in the forfeitable share plan are given note 32.

Key management

Employees fulfilling the role of key management are the executive directors and the prescribed officers as listed in note 32.

Principal subsidiary undertakings

Details of subsidiaries in the Group are set out in note 35 to the financial statements.

Cross guarantees

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

32. Directors' and prescribed officers' remuneration

	Directors' fee/basic salary R'000	Travelling allowance and other payments R'000	Short-term incentives R'000	Long-term incentives R'000	Total 2021 R'000	Total 2020 R'000
Non-executive directors' fees						
For services as directors (excluding VAT)	3 790	–	–	–	3 790	3 701
T Eloff	1 084	–	–	–	1 084	1 038
DJ Fouché	985	–	–	–	985	947
TM Shabangu	683	–	–	–	683	675
S Mayet	509	–	–	–	509	489
WF Potgieter	529	–	–	–	529	344
T Maumela	–	–	–	–	–	208#
Executive directors' remuneration						
For managerial services	20 388	100	1 755	13 181	35 424	52 556
CE Schutte	8 641	19	885	6 644	16 189	21 436
GD Arnold	4 157	39	378	2 841	7 415	9 436
DD Ferreira	5 408	13	492	3 696	9 609	12 248
AB Crocker	2 182*	29	–	–	2 211#	9 436
Total directors' fees and remuneration	24 178	100	1 755	13 181	39 214	56 257
Prescribed officers' remuneration						
For managerial services	13 287	163	1 175	5 213	19 838	18 509
MJ Schmitz	3 626	24	330	2 263	6 243	7 806
FG van Heerden	3 300	42	363	1 385	5 090◊	
E Potgieter	2 747	35	208	1 565	4 555	5 655
G Jordaan	2 730	30	207	–	2 967	3 241
L Marupen	884	32	67	–	983	1 045
MA Eloff	–	–	–	–	–	762#
Total directors' and prescribed officers' remuneration	37 465	263	2 930	18 394	59 052	74 766

 # Fee/salary paid to date of resignation as director/prescribed officer.
◊ Salary paid from date of appointment as prescribed officer.
** Includes R969 000 accumulated leave paid on termination of services.*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

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

Indicative Long-term incentives (LTI) payable

Effective dates of allocation Vesting dates of performance conditions Payment dates	1 Oct 2018 30 Sep 2021 25 Jan 2022 R'000	1 Oct 2019 30 Sep 2022 25 Jan 2023 R'000	1 Oct 2020 30 Sep 2023 25 Jan 2024 R'000	Total 2021 R'000	Total 2020 R'000
Executive directors:					
CE Schutte	6 644	–	–	6 644	17 732
GD Arnold	2 841	1 607	1 671	6 119	8 996
DD Ferreira	3 696	2 090	2 174	7 960	11 702
AB Crocker	–	–	–	–	8 996
Expected payments on condition performance targets are achieved	13 181	3 697	3 845	20 723	47 426
Liability included in employee benefit obligations (note 23)	(13 181)	(2 261)	(1 119)	(16 561)	(36 906)
Contingent liability – included in contingencies (note 34)	–	1 436	2 726	4 162	10 520
Prescribed officers:					
MJ Schmitz	2 263	1 280	1 457	5 000	7 164
FG van Heerden	1 385	1 573	1 447	4 405	–
E Potgieter	1 565	885	920	3 370	4 942
G Jordaan	–	879	914	1 793	879
L Marupen	–	–	296	296	–
Expected payments on condition performance targets are achieved	5 213	4 617	5 034	14 864	12 985
Liability included in employee benefit obligations (note 24)	(5 213)	(2 824)	(1 466)	(9 503)	(9 194)
Contingent liability – included in contingencies (note 34)	–	1 793	3 568	5 361	3 791

Securities issued

Shares in Astral Foods Ltd were issued in terms of the forfeitable share plan. The shares are restricted and vesting is after three years from date of allocation, subject to certain performance conditions are met.

Date of allocation Vesting date of performance conditions Date for vesting as unrestricted shares	1 Feb 2020 30 Sep 2022 31 Jan 2023 R'000	1 Dec 2020 30 Sep 2023 1 Dec 2023 R'000	Total 2021 R'000	Total 2020 R'000
Costs of restricted shares allocated				
Executive directors				
CE Schutte	11 216	11 665	22 881	11 216
GD Arnold	2 398	2 494	4 892	2 398
DD Ferreira	3 120	3 245	6 365	3 120
AB Crocker	–	–	–	2 398
	16 734	17 404	34 138	19 132

Date of allocation Vesting date of performance conditions Date for vesting as unrestricted shares	1 Feb 2020 30 Sep 2022 31 Jan 2023 R'000	1 Dec 2020 30 Sep 2023 1 Dec 2023 R'000	Total 2021 R'000	Total 2020 R'000
Prescribed officers				
MJ Schmitz	1 910	2 176	**4 086**	1 910
FG van Heerden	–	2 160	**2 160**	–
E Potgieter	1 320	1 373	**2 693**	1 320
G Jordaan	1 312	1 365	**2 677**	1 312
L Marupen	–	442	**442**	–
	4 542	7 516	**12 058**	4 542
	21 276	24 920	**46 196**	23 674

	Number of shares	Number of shares	Total number of shares	Total number of shares
Number of restricted shares allocated				
Executive directors				
CE Schutte	54 242	81 389	**135 631**	54 242
GD Arnold	11 599	17 403	**29 002**	11 599
DD Ferreira	15 089	22 640	**37 729**	15 089
AB Crocker	–	–	**–**	11 599
	80 930	121 432	**202 362**	92 529
Prescribed officers				
MJ Schmitz	9 237	15 180	**24 417**	9 237
FG van Heerden	–	15 071	**15 071**	–
E Potgieter	6 387	9 583	**15 970**	6 387
G Jordaan	6 347	9 524	**15 871**	6 347
L Marupen	–	3 084	**3 084**	–
	21 971	52 442	**74 413**	21 971
	102 901	173 874	**276 775**	114 500
Number of restricted shares expected to vest				
Executive directors				
CE Schutte	36 342	54 531	**90 873**	36 342
GD Arnold	7 771	11 660	**19 431**	7 771
DD Ferreira	10 110	15 169	**25 279**	10 110
	54 223	81 360	**135 583**	54 223
Prescribed officers				
MJ Schmitz	6 189	10 171	**16 360**	6 189
FG van Heerden	–	10 098	**10 098**	–
E Potgieter	4 279	6 421	**10 700**	4 279
G Jordaan	4 252	6 381	**10 633**	4 252
L Marupen	–	2 066	**2 066**	–
	14 720	35 137	**49 857**	14 720
	68 943	116 497	**185 440**	68 943

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

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

Note 1 – Long-term incentives (LTI)

The executive directors and prescribed officers participate in both a Long-term Retention Plan (LRP) which is a deferred cash scheme, and in a Forfeitable Share Plan (FSP), in terms of which restricted shares are allocated to participants.

Details of the allocations made are as follows:

- **1 October 2018 with vesting date 30 September 2021**

All allocations are in terms of the LRP.

Performance conditions relate to above-threshold production performance (PEF), headline earnings per share (HEPS) growth and return on net assets (RONA) which must be achieved over the three-year vesting period. Refer to the remuneration report for more detail on the scheme.

Not all of the performance conditions have been achieved, and lower payments have vested.

- **1 October 2019 with vesting date 30 September 2022**

  Allocations are apportioned between the LRP and the FSP.

  Performance conditions for both schemes relate to above-threshold production performance (PEF), headline earnings per share (HEPS) growth and return on net assets (RONA) which must be achieved over the three-year vesting period. Refer to the remuneration report for more detail on the scheme.

  It is expected that not all of the performance conditions will be achieved, and both lower payments and vesting of lower number of shares are forecasted.

- **1 October 2020 with vesting date 30 September 2023**

  Allocations are apportioned between the LRP and the FSP.

  Performance conditions for both schemes relate to above-threshold production performance (PEF), headline earnings per share (HEPS) growth and return on net assets (RONA) which must be achieved over the three-year vesting period. Refer to the remuneration report for more detail on the scheme.

  It is expected that not all of the performance conditions will be achieved, and both lower payments and vesting of lower number of shares are forecasted.

Note 2 – Short-term incentives (STI)

The executive directors and prescribed officers participate in an annual performance-based bonus scheme.

The bonus is calculated based on a pro-rata share of 20 % of the economic value added (EVA) during the past year. The net operating profit after tax (NOPAT) was not in excess of a predetermined threshold for the past year and no bonus payments in terms of the scheme have been provided. Refer to the remuneration report for more detail on the scheme.

	2021 Number of shares	2020 Number of shares
33. Directors' shareholding		
Directly held number of shares		
Beneficial interests		
Non-executive directors		
T Eloff	**1 150**	1 150
DJ Fouché	**9 571**	9 571
S Mayet	**1 000**	1 000
WF Potgieter	**1 400**	1 400

	2021 Number of shares	2020 Number of shares
Executive directors		
CE Schutte	**32 000**	32 000
DD Ferreira	**158 000**	158 000
GD Arnold	**6 000**	6 000
AB Crocker	**–**	4 967
	209 121	214 088

The shareholdings represent discretionary investments by the directors.

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

	2021 R'000	2020 R'000
34. Contingencies and commitments		
Commitments		
Raw material contracted amounts not recognised in the statement of financial position	**1 687 543**	1 129 870
The Group has contracted its raw material requirements from various suppliers in terms of future supply agreements.		
Contingencies		
Long-term retention incentives not recognised in the statement of financial position.	**55 384**	61 936

The payment of the future contingency is on condition of achieving performance targets.

35. Interest in subsidiary companies

Details of the principal subsidiary companies in the group are as follows:

		Issued ordinary capital		Effective percentage holding	
		2021 R'000	2020 R'000	**2021 %**	2020 %
Unlisted investments					
Astral Operations Limited	a	**12**	12	**100**	100
National Chicks Limited	b	**23 720**	23 720	**100**	100
Meadow Feeds Eastern Cape (Pty) Ltd	c	**–**	–	**100**	100
Meadow Feeds Standerton (Pty) Ltd	c	**–**	–	**100**	100
Africa Feeds Limited (Zambia)^	c	**24**	24	**100**	100
Meadow Moçambique Limitada*	c	**4 393**	4 393	**80**	80
Progressive Poultry Limited^	d	**10**	10	**100**	100
Mozpintos Limitada*	d	**100**	100	**100**	100
National Chicks Swaziland (Pty) Limited#	d	**1**	1	**67**	67

^ *Incorporated in Zambia.* * *Incorporated in Mozambique.* # *Incorporated in Swaziland.*

Nature of business

(a) Animal feed and pre-mix production, broiler genetics and broiler breeding production, broiler operations, production and sale of day old broilers and hatching eggs and analytical services.

(b) Investment holding.

(c) Animal feed production.

(d) Production and sale of day old broilers and hatching eggs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

36. Events subsequent to balance sheet date

A final dividend of 400 cents per share has been declared on 10 November 2021. The payment of the dividend will be on 17 January 2021.

No other events took place between year-end and the date of issue of these financial statements that would have a material effect on the financial statements as disclosed.

37. Discontinued operations

During the year the following agreements were reached:

National Chicks Swaziland Pty Ltd

National Chicks Swaziland Pty Ltd is a day old chick supplier to the eSwatini market.

Astral accepted an offer received during the year from the minority shareholder to acquire its entire 67 % interest in the company.

Meadow Mozambique Limitada and Mozpintos Limitada

Meadow Mozambique and Mozpintos conduct their businesses as a feed mill and day old chick supplier to the Mozambique market.

An agreement was reached during the year to sell the respective properties, plant and equipment and inventories as going concerns.

The companies will cease their trading activities and will become dormant subsidiaries.

It is expected that the sale of the above businesses will be concluded early during the 2022 financial year.

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

The financial performance and cash flow information for the years ended September 2021 and 2020 are set out below.

	2021 R'000	2020 R'000
Revenue	181 300	172 071
Cost of sales	(138 808)	(124 358)
Gross profit	42 492	47 713
Administrative expenses	(21 053)	(13 831)
Distribution costs	(3 014)	(3 248)
Marketing expenditure	(3 904)	(4 075)
Other losses	5 906	(975)
Profit before interest and tax	20 427	25 584
Finance income	255	441
Profit before tax	20 682	26 025
Tax expense	(6 600)	(7 033)
Profit for the year from discontinued operations	14 082	18 992
Statement of cash flows information		
Cash generated from operating activities	20 403	18 960
Cash used in investing activities	(6 750)	(3 934)
Cash from financing activities	(3 960)	(1 320)
Statement of assets and liabilities disclosed as held-for-sale		
Non-current assets	44 696	–
Current assets	26 888	–
Total assets	71 584	–
Non-current liabilities	3 981	–
Current liabilities	6 366	–
Total liabilities	10 347	–

38. Impact of COVID-19 and of economic lockdown

	Assessment	Impact
Revenue	The Group, being both a food and an animal feed producer, was classified as providing essential goods during the Covid-19 lockdown periods, and business activities continued uninterrupted.	**Low** With the subsequent opening up of the economy, sales largely returned to normality.
Financial assets (expected credit losses)	The Group calculates expected credit losses (ECL) based on the past experience of default rates of its own customer base, with any forward looking adjustments taken into account where necessary. The impact of the lockdown on customers has been, and is still closely monitored in order to establish if an adjustment to the default rate from the impact of Covid is warranted. To date, no necessary adjustment has been identified. Outstanding balances from major customers are also covered by credit insurance – also refer to note 29.1 – Other financial assets have not been impacted by the economic lockdown.	**Low** No credit losses were experienced to date relating to the impact of Covid. The strict application of its credit control processes proved its value during this period.
Inventories	As standard practice the carrying value of inventories (finished goods stock) are disclosed at the lower of cost or net realisable value.	**Low** The Group experienced normalised stock levels during the financial year, and the carrying value as at the end of the year will be recovered through normal trading activities.
Non-financial assets (Property, plant and equipment, intangibles and goodwill)	The Group was classified as an essential service provider and as result production and trading and processing activities continued uninterrupted during the lockdown periods. No material negative trends as result of the Covid-19 related lockdowns were experienced.	**Low** Long-term forecasts indicate that the carrying value of assets will be recovered from future cash generation.
Going concern	Changes to sales volumes and pricing had a result on profitability, however the Group continue to operated at a profit. The Group conducts annually, as standard practice, detailed four-year forecasts of profitability, capital expenditure, working capital requirements and cash flows. There are no indications that the Group will not be a going concern at any point in time in the future, nor are there any indication of future liquidity issues. Any potential future volatility in profitability, which is typical of the business environment in which the Group operates, is regarded as normal business risks, and does not pose a going concern risk for the Group.	**Low** The Group has a strong balance sheet and good cash flow generation capabilities.
Liquidity	Negative cash flows were experienced for the year, however the Group remained in a surplus cash position throughout the period – refer to the statement of cash flows.	**Low** Apart from being in a net surplus cash position, the Group is in good standing with the banks and has access to sufficient facilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

39. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

39.1 BASIS OF PREPARATION

The consolidated financial statements of Astral Foods Limited group have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

39.2 INTEREST IN GROUP ENTITIES

Subsidiaries

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

The group uses the acquisition method of accounting to account for business combinations

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group.

39.3 FOREIGN CURRENCIES

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within "finance income or costs". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "Other (losses)/gains – net".

Foreign operations

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different to the Company's presentation currency, are translated into the presentation currency as follows:

(i) Assets and liabilities at the closing exchange rate at the reporting date;

(ii) Income and expense items are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

(iii) Equity items are translated at the exchange rates ruling when they arose.

All resulting exchange differences are classified as a foreign currency translation reserve and recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings which are long-term investments in nature, are taken to shareholders' equity.

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

39.4 PROPERTY, PLANT AND EQUIPMENT

Land and buildings comprise mainly of feed mills, poultry processing facilities, poultry farms and offices which are measured at historical cost.

Land is not depreciated and its carrying value is stated at historical cost.

Plant and equipment consists mainly of equipment used in the production of feed, feeding of birds in poultry houses, hatchery equipment the slaughtering of poultry in abattoirs and the processing and packaging of poultry meat products.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in profit or loss under other gains/losses.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate, taking into account technology developments and maintenance programmes.

39.5 INTANGIBLE ASSETS

Computer software

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

Computer software recognised as assets are amortised, using the straight-line method, over their estimated useful lives. The estimated useful lives are reassessed on an annual basis.

39.6 LEASES

The accounting policies regarding leases are described in note 14 to the financial statements

39.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises all purchase costs of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) incurred in bringing the inventories to their present location and condition. Borrowing cost is excluded.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

39. ACCOUNTING POLICIES (continued)

39.8 BIOLOGICAL ASSETS

The value of live broiler birds and hatching eggs are assessed based on fair values less estimated point-of-sale costs at appropriate reporting dates. Gains and losses arising from changes in the fair values are recorded in cost of sales for the period in which they arise.

Breeding stock includes grandparent breeding and parent rearing and laying stock which are carried at cost less accumulated amortisation.

All the expenses incurred in establishing and maintaining the assets are recognised in cost of sales. All costs incurred in acquiring biological assets are capitalised to the cost of the biological assets.

Assessment of control over contract growers

The Group utilises contract growers for the growing of broilers in exchange for a fee. Goods delivered to contract growers are not recognised as revenue as the Group retains ownership of the goods. These goods are recognised as biological assets. The Group assesses whether it exercises control over contract growers based on an analysis of the activities of these entities, the Group's decision-making powers, its ability to obtain benefits from these entities and the residual risks regarding these entities that are retained by the Group. Based on this analysis the Group concluded that it does not control the activities of any contract grower, as it does not have any decision-making powers and that these businesses are managed independently. Furthermore, these businesses retain the residual risk associated with production.

39.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Separately recognised goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

39.10 FINANCIAL ASSETS

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument or secures other access to economic benefits. Such assets consist of cash, a contractual right to receive cash or another financial asset. Financial assets carried at reporting date include cash and bank balances, investments in equity instruments, and receivables.

The Group's receivables are held to collect the contractual cash flows and are classified in the following category:

- Amortised costs

Investments in equity instruments are classified in the following category:

- Fair value through other comprehensive income

Impairment

A loss allowance is calculated based on the lifetime expected credit losses of financial assets.

39.11 FINANCIAL LIABILITIES

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or other financial assets or to exchange financial instruments with another on potentially unfavourable terms.

All the financial liabilities have been classified as: Financial liabilities at amortised costs.

39.12 TRADE RECEIVABLES

Adjustments in the provision for loss allowances are recognised in the statement of comprehensive income under administrative expenses. When a trade receivable is uncollectible it is written off in the statement of comprehensive income or when previously written off amounts are recovered, it is credited in the statement of comprehensive income, both within other gains/losses.

39.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

39.14 TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

39.15 BORROWINGS

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

39.16 SHARE CAPITAL

Ordinary shares are classified as equity.

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

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are re-issued or disposed of.

39.17 CURRENT AND DEFERRED TAX

The charge for current tax is based on results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference will not reverse in the foreseeable future.

Upon the initial recognition of an asset or a liability in a transaction which is not a business combination, and the recognition does not affect accounting profit or taxable profit at the time of the transaction, the Group has made the policy choice to treat the asset and the liability separately for deferred tax purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

39. ACCOUNTING POLICIES (continued)

39.18 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to manage its exposure to foreign exchange and commodity price risks arising from operational activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. It is the Group's policy not to apply hedge accounting.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are classified as at fair value through profit or loss, and changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately under other income/expenses in the statement of comprehensive income.

Over-the-counter (OTC) contracts

The Group enters into over-the-counter (OTC) forward purchases for the purchase of commodities for own use. These contracts are settled by taking physical delivery in the normal course of business and are therefore not regarded as financial instruments.

Fair value estimation

The nominal value less estimated credit adjustments of trade receivables is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

39.19 EMPLOYEE BENEFITS

Pension obligations

The Group operates defined contribution retirement schemes.

A defined contribution scheme is a pension plan under which the Group pays fixed contributions into a separate entity. The Group recognises the expense in the statement of comprehensive income as an employee benefit expense.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Post-employment medical benefits

The Group provides post-retirement healthcare benefits to some of its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to other comprehensive income. These obligations are valued every year, and the assumptions are reviewed annually, by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders. These profit-sharing and bonus plans are approved annually by the Board.

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term retention bonus scheme

The Group has a long-term retention bonus scheme for certain employees. In terms of the scheme, the allocations are 100% subject to specified performance conditions, measured over a three-year period, being met.

Once vested, amounts are paid at the end of the three-year vesting period.

The fair value of the employees' service receive in exchange for participation in the scheme, is recognised as an expense over the vesting period.

Share-based plans

The **forfeitable share plan** which is equity-settled, afford employees the opportunity to own shares in Astral through awarding of forfeitable shares. Participants receives the shares, with voting and dividend rights, on the date of the award subject to performance conditions and the risk of forfeiture during a three-year vesting period.

The shares acquired and subsequently awarded are disclosed as treasury shares.

The fair value of the employee service received in exchange for the awarding of the shares is based on the market value of the shares on grant date. The amount to be expensed over the three-year vesting period is determined by reference to the fair value of the shares awarded, adjusted the impact of non-market conditions on the assumptions of the number of shares that is expected to vest.

Dividends received by participants during the vesting period is regarded as a cash-settled portion of the scheme and is recognised as an employee benefit expense as and when dividends are paid.

39.20 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Refer to note 1 of the financial statements for a description of the revenue streams of the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below:

- Poultry – sales of poultry products are recognised when the products are delivered at the premises of the customer;
- Feed – sales of feed are recognised when the feed is delivered at the farm as agreed with the customer or when a customer collects it from the feedmills.

In all instances, sales are recognised when upon delivery, the customer has accepted the products; and collectability of the related receivables is reasonably assured.

Volume rebates and settlement discounts are deducted from revenue where they can be reliably measured.

In the prior year, the Group made use of an intermediary company which purchased finished goods from the Group, and sold these to the retail market. Significant judgements were made by management when concluding whether the intermediary was transacting as an agent or as a principal. The assessment required an analysis of key indicators, specifically whether the intermediary:

- carried any inventory risk;
- had the primary responsibility for providing the goods or services to the retail market;
- had the latitude to influence pricing; and
- exercised control over the finished goods.

These indicators were used to determine whether significant risks and rewards associated with the sale of goods have passed to the intermediary company. Where significant risks and rewards have not transferred to the intermediary company, revenue is recognised when the goods are sold to the retail market.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 September 2021

39. ACCOUNTING POLICIES (continued)

39.20 REVENUE RECOGNITION (continued)

Where the Group delivers finished goods to another party for sale to end customers, the Group evaluates whether the other party has obtained control of the finished goods at that point in time. Finished goods that have been delivered to another party are held in a consignment arrangement when the other party has not obtained control of the product. The Group does not recognise revenue where finished goods are delivered to another party if the finished goods are held on consignment.

This assessment required analysis of key indicators, specifically:

- The Group retains control over the finished goods until a specified event occurs, which is the sale of the finished goods to a customer;
- The Group is able to require the return of the finished goods or can transfer the finished goods to a third party;
- The other party does not have the unconditional obligation to pay for the product.

39.21 INTEREST INCOME

Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method and is recognised in profit or loss as part of other income.

39.22 CRITICAL ACCOUNTING ASSUMPTIONS AND JUDGEMENTS

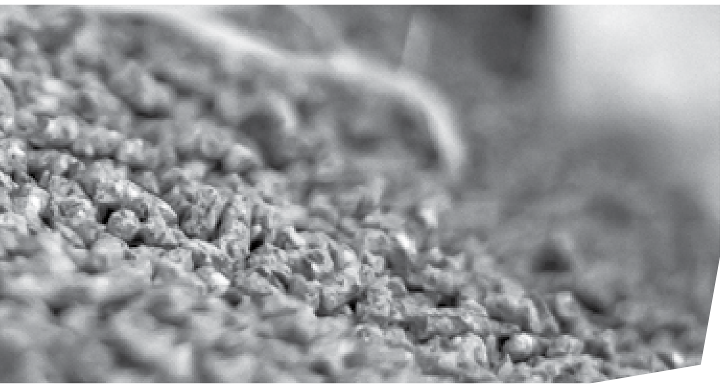
The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting assumptions and judgements. The areas where critical assumptions or judgements have been made are identified in the relevant notes to the financial statements.

39.23 NEW STANDARDS AND INTERPRETATIONS

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

There are no new standards and interpretations that are expected to impact the financial statements and reporting of the Group.

Meadow Feeds



ADMINISTRATION

SHAREHOLDERS' DIARY

Integrated Report for the year ended 30 September 2021 and Notice of AGM posted to shareholders	Friday, 10 December 2021
Ordinary dividend No 40 of 400 cents per share	
Last date to trade *cum* dividend	Tuesday, 11 January 2022
Shares commence trading *ex* dividend	Wednesday, 12 January 2022
Record date	Friday, 14 January 2022
Payment date	Monday, 17 January 2022
AGM (refer to important dates and times below)	3 February 2022
Interim results for the six months ending 31 March 2022	May 2022
Final results for the year ending 30 September 2022	November 2022

IMPORTANT DATES AND TIMES (Notes 1 and 2)

Record date for determining which shareholders are entitled to receive the Notice of AGM (Notice Record Date)	Friday, 3 December 2021
Notice of AGM posted to shareholders	Friday, 10 December 2021
Last day to trade in order to be eligible to participate and vote at the AGM	Tuesday, 25 January 2022
Record date for attending and voting at the AGM (Meeting Record Date)	Friday, 28 January 2022
Last day for shareholders to lodge Forms of Proxy by 08:00	Wednesday, 2 February 2022

NOTES:

1. All times referred to in this notice are local times in South Africa.
2. Any material variation to the above dates and times will be announced on SENS.
3. The Board has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive the Notice of the twenty first AGM is Friday, 3 December 2021 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 28 January 2022. Accordingly, only shareholders who are recorded in the register maintained by the transfer secretaries of Astral on Friday, 28 January 2022 will be entitled to participate in and vote at the AGM.

SHAREHOLDERS' ANALYSIS

for the year ended 30 September 2021

Through analysis of the Strate registered holdings and Combined Share Register, and pursuant to the provisions of section 56 of the Companies Act, the following shareholder statistics have been prepared as at 30 September 2021:

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	3 857	76.07 %	858 568	2.00 %
1 001 – 10 000	869	17.14 %	2 897 747	6.75 %
10 001 – 100 000	266	5.25 %	8 135 448	18.95 %
100 001 – 1 000 000	74	1.46 %	17 520 880	40.82 %
Over 1 000 000	4	0.08 %	13 509 592	31.47 %
Total	**5 070**	**100.00%**	**42 922 235**	**100.00%**

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Distribution of shareholders				
Assurance companies	45	0.89 %	1 257 339	2.93 %
Close corporations	36	0.71 %	41 985	0.10 %
Collective investment schemes	314	6.19 %	18 244 845	42.51 %
Custodians	38	0.75 %	117 356	0.27 %
Foundations and charitable funds	30	0.59 %	192 060	0.45 %
Hedge funds	4	0.08 %	18 765	0.04 %
Insurance companies	6	0.12 %	85 856	0.20 %
Investment partnerships	13	0.26 %	54 147	0.13 %
Managed funds	36	0.71 %	1 048 579	2.44 %
Medical aid funds	22	0.43 %	230 022	0.54 %
Organs of state	9	0.18 %	7 858 021	18.31 %
Private companies	128	2.52 %	4 356 580	10.15 %
Public companies	6	0.12 %	51 154	0.12 %
Public entities	3	0.06 %	3 669	0.01 %
Retail shareholders	3 740	73.77 %	2 614 353	6.09 %
Retirement benefit funds	235	4.64 %	4 533 734	10.56 %
Scrip lending	6	0.12 %	464 716	1.08 %
Share schemes	1	0.02 %	125	0.00 %
Sovereign funds	2	0.04 %	535 678	1.25 %
Stockbrokers and nominees	24	0.47 %	475 550	1.11 %
Trusts	368	7.26 %	736 949	1.72 %
Unclaimed scrip	4	0.08 %	752	0.00 %
Total	**5 070**	**100.00%**	**42 922 235**	**100.00%**

* *In terms of Section 56(3) (a) & (b) and Section 56(5) (a) (b) & (c) of the Companies Act, foreign disclosures have been incorporated into this analysis.*

SHAREHOLDERS' ANALYSIS (CONTINUED)

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Shareholder type				
Non-public shareholders	22	0.43 %	12 261 332	28.57 %
Directors and associates	13	0.26 %	429 334	1.00 %
Prescribed officers	4	0.08 %	59 342	0.14 %
Astral operations	1	0.02 %	4 088 577	9.53 %
Major shareholders > 10 %				
Government employees pension fund	4	0.08 %	7 684 079	17.90 %
Public shareholders	5 048	99.57 %	30 660 903	71.43 %
Total	**5 070**	**100.00%**	**42 922 235**	**100.00%**

	Number of shares	% of issued capital
Fund managers with a holding greater than 5% of the issued shares		
Public Investment Corporation	6 769 359	15.77 %
Prudential Investment Managers	5 119 318	11.93 %
Truffle Asset Management	2 612 088	6.09 %
Allan Gray	2 461 374	5.73 %
Sanlam Investment Management	2 153 503	5.02 %
Total	**19 115 642**	**44.54%**

	Number of shares	% of issued capital
Beneficial shareholders with a holding greater than 5% of the issued shares		
Government Employees Pension Fund	7 684 079	17.90 %
Astral Operations Limited	4 088 577	9.53 %
Old Mutual Group	2 504 309	5.83 %
Prudential	2 193 510	5.11 %
Total	**16 470 475**	**38.37%**

ABBREVIATIONS AND DEFINITIONS

The following abbreviations and definitions listed below have been used throughout this Integrated Report.

“AGM”	Annual General Meeting
“Astral”	Astral Foods Limited and its subsidiaries
“Aviagen”	Aviagen Limited
“Basic EPS”	Earnings for the year attributable to equity holders of Astral divided by the weighted average number of ordinary shares in issue during the year
“B-BBEE”	Broad-Based Black Economic Empowerment
“BEE”	Black Economic Empowerment
“CAGR”	Compound Annual Growth Rate
“CAL”	Central Analytical Laboratories
“CBOT”	Chicago Board of Trade
“CEO”	Chief Executive Officer
“CFO”	Chief Financial Officer
“CIO”	Chief Information Officer
“CIPC”	Companies and Intellectual Property Commission
“Closing earnings yield”	Headline earnings per share as a percentage of market value per share at 30 September
“Closing PE ratio”	Market value per share at 30 September divided by headline earnings per share
“Companies Act”	Companies Act No 71 of 2008, as amended
“COO”	Chief Operating Officer
“CPI”	Consumer Price Index
“CSI”	Corporate Social Investment
“DEA”	Department of Environmental Affairs
“Dividend cover”	HEPS divided by dividend per share declared out of earnings for the year
“Dividend yield”	Dividend per share as a percentage of market value per share at year-end
“Earnings yield”	HEPS as a percentage of market value per share at year-end
“EBITDA”	Earnings before interest, taxation, depreciation and amortisation
“EPS”	Earnings per share, being net profit for the year divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares)
“ESG”	Environmental, Social and Governance
“EU”	European Union
“EVA”	Economic Value Added
“FMCG”	Fast Moving Consumer Goods
“1H” or “1Q”	First half or first quarter, or any reference in the same manner
“FY” or “HY”	Full Year or Half Year
"GDP"	Gross Domestic Product
“Gearing”	Interest-bearing borrowings less cash and cash equivalents as a ratio to total equity
"GJ"	Gigajoule
“HACCP”	Hazard Analysis & Critical Control Points
“Headline earnings”	Net profit for the year adjusted for profit/loss on sale of property, plant and equipment and investments
“HEPS”	Headline earnings per share, being headline earnings divided by the weighted average number of ordinary shares in issue during the year (net of treasury shares)
“HPAI”	Highly Pathogenic Avian Influenza
“IAS”	International Auditing Standards
“IFRS”	International Financial Reporting Standards
“IQF”	Individually Quick Frozen
“IT”	Information Technology

ABBREVIATIONS AND DEFINITIONS (CONTINUED)

"JSE"	JSE Limited
"King IV™"	The King Code of Corporate Governance Principles and the King Report on Governance for South Africa 2016
"kl"	kilolitre
"KPI"	Key Performance Indicators
"KZN"	KwaZulu-Natal
"Listings Requirements"	Listings Requirements of the JSE
"Ltd"	Limited
"MDM"	Mechanically Deboned Meat
"MoI"	Memorandum of Incorporation
"Net assets"	Total assets less total liabilities excluding cash and cash equivalents, borrowings, normal and deferred tax and shareholders for dividends
"Net asset turn"	Revenue divided by average net assets
"NOPAT"	Net operating profit after tax
"Operating profit margin"	Operating profit before interest and tax as a percentage of revenue
"PBIT"	Profit Before Interest and Tax
"PE"	Price/Earnings, being market value per share divided by HEPS
"PEF"	Performance Efficiency Factor
"POPIA"	Protection of Personal Information Act
"(Pty) Ltd"	Proprietary Limited
"PwC"	PricewaterhouseCoopers Inc.
"QSR"	Quick Service Restaurant
"Quantum"	Quantum Foods Holdings Limited
"R"	Rand, the South African currency
"Remco"	Human Resources, Remuneration and Nominations Committee
"Return on equity" or "ROE"	Net profit attributable to ordinary shareholders as a percentage of average ordinary shareholders' interest
"Return on net assets" or "RONA"	Operating profit before interest and income tax as a percentage of average net assets
"Return on total assets"	Operating profit as a percentage of average total assets
"S&P"	Standard and Poor's
"SA"	South Africa
"SAFEX"	South African Futures Exchange
"SAPA"	South African Poultry Association
"SARS"	Share Appreciation Rights Scheme
"SDGs"	Sustainable Development Goals
"SENS"	Stock Exchange News Service
"SETA"	Sector Education and Training Authority
"Strate"	Strate Limited
"the Board"	the Board of directors of Astral
"the Company"	Astral Foods Limited
"UN"	United Nations
"USA" or "US"	United States of America
"VAT"	Value Added Tax
"WACC"	Weighted Average Cost of Capital
"WC"	Western Cape

NOTICE OF ANNUAL GENERAL MEETING

TWENTY FIRST ANNUAL GENERAL MEETING

This document is important and requires your immediate attention

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

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

Notice is hereby given that the twenty first AGM of members of Astral Foods Limited will be held in the Boardroom, 92 Koranna Avenue, Doringkloof, Centurion and by way of electronic communication (in accordance with section 63(2) of the Companies Act) on Thursday, 3 February 2022 at 08:00, to transact the following business: (Salient dates for the AGM are listed below.)

Important dates

The Board has determined, in accordance with section 59(1)(a) and (b) of the Companies Act, No 71 of 2008, as amended (Companies Act) the following important dates:

Event	
Record date to receive the Notice of the AGM (Notice Record Date)	Friday, 3 December 2021
Notice of AGM distributed to shareholders	Friday, 10 December 2021
Last day to trade to be eligible to vote at the AGM	Tuesday, 25 January 2022
Record date for voting purposes at the AGM (Voting Record Date)	Friday, 28 January 2022
For administrative purposes, Forms of Proxy to be lodged by 08:00	Wednesday, 2 February 2022

ORDINARY RESOLUTIONS:

CONSIDERATION AND ADOPTION OF ANNUAL FINANCIAL STATEMENTS

Ordinary resolution number 1

Resolved to receive and consider the Annual Financial Statements for the Group for the year ended 30 September 2021, together with the Directors' and Independent Auditor's reports.

ELECTION OF DIRECTORS

Ordinary resolution 2

Resolved that in terms of article 34.3 of the Company's Memorandum of Incorporation, Mr FG van Heerden and Ms AD Cupido, who have been appointed by the Board since the previous AGM, be elected as directors by individual separate resolutions.

2.1 Mr FG van Heerden

2.2 Ms AD Cupido

Brief particulars of the qualifications and experience of the above directors are available on pages 12 and 11, respectively of the Integrated Report.

RE-ELECTION OF DIRECTORS

Ordinary resolution 3

Resolved that in terms of article 34.4.1 of the Company's Memorandum of Incorporation (MoI), Mr WF Potgieter and Mrs TM Shabangu retire by rotation at the AGM and being eligible, have offered themselves for re-election by individual separate resolution.

3.1 Mr WF Potgieter

3.2 Mrs TM Shabangu

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

Brief particulars of the qualifications and experience of the above directors are available on pages 10 and 11 of the Integrated Report.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

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

Ordinary resolution number 4

Resolved to appoint by way of individual separate resolution, the following independent non-executive directors as members of the Audit and Risk Management Committee:

4.1 Mr DJ Fouché

4.2 Mr S Mayet

4.3 Mrs TM Shabangu (subject to the passing of ordinary resolution 3.2)

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

Brief particulars of the qualifications and experience of the above directors are available on pages 10 and 11 of the Integrated Report.

RE-APPOINTMENT OF MEMBERS OF THE SOCIAL AND ETHICS COMMITTEE

Ordinary resolution number 5

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

5.1 Mrs TM Shabangu (Non-executive director) (subject to the passing of ordinary resolution 3.2)

5.2 Dr T Eloff (Chairman of the Board)

5.3 Mr GD Arnold (Executive director)

5.4 Mr LW Hansen (Independent)

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

Brief particulars of the qualifications and experience of the above are available on pages 10 to 12 of the Integrated Report.

APPOINTMENT OF THE INDEPENDENT AUDITOR

Ordinary resolution number 6

Resolved to appoint PricewaterhouseCoopers Incorporated, on the recommendation of the current Audit and Risk Management Committee, as independent registered auditor of the Group (with Mr EJ Gerryts as the individual designated auditor) for the 2022 financial year.

AUTHORITY FOR DETERMINATION OF AUDITOR'S REMUNERATION

Ordinary resolution number 7

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

APPROVAL OF THE REMUNERATION POLICY

Ordinary resolution number 8

Resolved to consider and approve the Remuneration Policy as contained in section 3 of the Human Resources, Remuneration and Nominations Committee Report for the year ended 30 September 2021.

The Group's Remuneration Policy is set out on pages 89 to 99 of this Integrated Report which contains a summary of the Group's Remuneration Policy.

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

APPROVAL OF THE IMPLEMENTATION OF THE REMUNERATION POLICY

Ordinary resolution number 9

Resolved to consider and approve section 4 of the Human Resources, Remuneration and Nominations Committee Report setting out the implementation of the Remuneration Policy for the year ended 30 September 2021, details of which are set out on pages 100 to 104 of this Integrated Report.

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

SIGNATURE OF DOCUMENTATION

Ordinary resolution number 10

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

SPECIAL RESOLUTIONS

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

FEES PAYABLE TO NON-EXECUTIVE DIRECTORS

Special resolution number 1

Resolved that the level of non-executive directors' fees be increased by 4.5% with effect from 1 October 2021 on the basis as set out as follows:

	2022 R	**2021** **R**
Chairman of the Board	538 200	**515 000**
Member of the Board	374 200	**358 000**
Lead Independent Director	237 300	**227 000**
Chairman of the Audit and Risk Management Committee	304 100	**291 000**
Member of the Audit and Risk Management Committee	157 800	**151 000**
Chairman of the Human Resources, Remuneration and Nominations Committee	201 700	**193 000**
Member of the Human Resources, Remuneration and Nominations Committee	114 000	**109 000**
Chairman of the Social and Ethics Committee	178 700	**171 000**
Member of the Social and Ethics Committee	106 600	**102 000**

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

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

Reason for and effect of special resolution number 1

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

The effect of special resolution number 1 is the level of fees as set out above is increased with effect from 1 October 2021.

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

Special resolution number 2

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

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

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Reasons for and effect of special resolution number 2

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

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

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

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

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

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

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

GENERAL AUTHORITY TO REPURCHASE SHARES IN THE COMPANY

Special resolution number 3

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

i. The general authority in issue shall be valid only until the Company's next AGM and shall not extend beyond 15 (fifteen) months from the date of this resolution;
ii. Any general repurchase by the Company and/or any of its subsidiaries of the Company's ordinary shares in issue shall not in aggregate in one financial year exceed 5% (five percent) of the Company's issued ordinary share capital at the time that the authority is granted;
iii. No acquisition may be made at a price more than 10% above the weighted average of the market price of the ordinary shares for 5 (five) business days immediately preceding the date of such acquisition;
iv. The repurchase of the ordinary shares is 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 (reported trades are prohibited);
v. The Company may only appoint one agent at any point in time to effect any repurchase(s) on the Company's behalf;
vi. The Company or its subsidiary may not repurchase ordinary shares during a prohibited period unless it has in place a repurchase programme where the dates and quantities of securities traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently and uninfluenced by the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
vii. The general authority may be varied or revoked by special resolution of the members prior to the next AGM of the Company; and
viii. Should the Company or any subsidiary cumulatively repurchase 3% (three percent) of the initial number of the Company's ordinary shares in terms of this general authority and for each 3% (three percent) in aggregate of the initial number of that class thereafter in terms of this general authority, an announcement shall be made in terms of the JSE Listings Requirements.

Having considered the effect on the Company of the maximum repurchase under this annual general authority, the directors are of the opinion that:

- The Company shall meet the solvency and liquidity test as contemplated in the Companies Act;
- The Company and the Group will be able to pay its debts for a period of 12 (twelve) months after the date of this Notice of AGM;
- The assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 (twelve) months after the date of this Notice of AGM which assets and liabilities have been valued in accordance with the accounting policies used in the Audited Consolidated Annual Financial Statements of the Group for the year ended 30 September 2021;
- The share capital and reserves of the Company and the Group will be adequate for the ordinary course of business purposes for a period of 12 (twelve) months after the date of this Notice of AGM; and
- The working capital of the Company and the Group are considered adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this Notice of AGM.

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

Reason for and effect of special resolution number 3

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

The Board has considered the impact of a repurchase of up to 5% (five percent) of the Company's shares, being within the maximum permissible in terms of this general authority. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the Company to repurchase such shares, it is deemed appropriate that the Company or a subsidiary be authorised to repurchase the Company's shares. Any shares that may be repurchased for the time being shall be in connection with:

(a) a general repurchase of shares by the Company and/or any subsidiary; or

(b) awards made in the normal course in respect of the Company's Forfeitable Share Plan.

Disclosure in terms of section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are disclosed in the audited annual financial statements and this Integrated Report as set out below:

Major shareholders	Refer to page 184
Share capital	Refer to page 151

Directors' responsibility statement

The directors, whose names appear on pages 10 to 12 to collectively and individually accept full responsibility for the accuracy of the information pertained to this special resolution and certify to the best of their knowledge and belief that there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and this special resolution contains all the information required by the JSE Listings Requirements.

Material change

There has been no material change in the affairs of or financial position of the Company and its subsidiaries since year-end.

VOTING AND PROXIES

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

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

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

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

Registered holders of certificated Astral shares and holders of dematerialised Astral shares in their own name and who are unable to attend the AGM and who wish to be represented at the AGM, must complete and return the attached Form of Proxy in accordance with the instructions contained in the Form of Proxy. The completed Forms of Proxy must be lodged with the Transfer Secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132) by Wednesday, 2 February 2022, to be received by them not later than 08:00 (South African time) for administrative purposes, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the Chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.

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

ELECTRONIC COMMUNICATION AND PARTICIPATION

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

- Must either register online using the online registration portal at www.smartagm.co.za by no later than 08:00 on Wednesday, 2 February 2022;
- Will be required to provide reasonably satisfactory identification; and
- Will be billed separately by their own telephone service providers for their telephone call to participate in the AGM.

By order of the Board

Leonie Marupen
Group Company Secretary

Centurion

10 November 2021

FORM OF PROXY

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

Form of proxy for the use of shareholders, registered as such and who have not dematerialised their shares or hold own name dematerialised shares, at the twenty first Annual General Meeting of the Company to be held at 92 Koranna Avenue, Doringkloof, Centurion and by way of electronic communication (in accordance with section 63(2) of the Companies Act) by registering online using the online registration portal at www.smartagm.co.za, on Thursday, 3 February 2022 at 08:00.

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

I/We

of (address)

being the registered holder(s) of shares

in the Company and unable to attend the AGM of the Company to be held on Thursday, 3 February 2022, do hereby appoint (see note below)

or failing him/her

or failing him/her

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

Signature

Signed this day of 20

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

		In favour*	Against*	Abstain*
	ORDINARY RESOLUTIONS			
1.	Consideration and adoption of Annual Financial Statements			
2.	Election of directors			
	2.1 Mr FG van Heerden			
	2.2 Ms AD Cupido			
3.	Re-election of directors			
	3.1 Mr WF Potgieter			
	3.2 Mrs TM Shabangu			
4.	Re-appointment of members of the Audit and Risk Management Committee			
	4.1 Mr DJ Fouché			
	4.2 Mr S Mayet			
	4.3 Mrs TM Shabangu (subject to the passing of ordinary resolution 3.2)			
5.	Re-appointment of members of the Social and Ethics Committee			
	5.1 Mrs TM Shabangu (subject to the passing of ordinary resolution 3.2)			
	5.2 Dr T Eloff			
	5.3 Mr GD Arnold			
	5.4 Mr LW Hansen			
6.	Appointment of the independent auditor			
7.	Authority for determination of auditor's remuneration			
8.	Approval of the Remuneration Policy			
9.	Approval of the implementation of the Remuneration Policy			
10.	Signature of documentation			
	SPECIAL RESOLUTIONS			
11.	Special resolution number 1 Fees payable to non-executive directors			
12.	Special resolution number 2 Authority to provide financial assistance to related and inter-related companies			
13.	Special resolution number 3 General authority to repurchase shares in the Company			

FORM OF PROXY (CONTINUED)

NOTES TO FORM OF PROXY

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

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

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

This Form of Proxy must be received by the Transfer Secretaries, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132) or electronically to proxy@computershare.co.za by Wednesday, 2 February 2022, to be received by them not later than 08:00 (South African time) for administrative purposes, provided that any Form of Proxy not delivered to the Transfer Secretaries by this time may be handed to the Chairman of the meeting at any time before the appointed proxy exercises any shareholder rights at the AGM.

Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM on Thursday, 3 February 2022 at 08:00 via electronic communication (Participants), must preferably register online using the online registration portal at www.smartagm.co.za.

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

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

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

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

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

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

NOTES

NOTES

CORPORATE INFORMATION

Registration No. 1978/003194/06
Share Code: ARL
ISIN Number ZAE000029757

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

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

WEBSITE ADDRESS
www.astralfoods.com

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

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

SPONSOR
Nedbank CIB
135 Rivonia Road, Sandown, 2196
PO Box 1144, Johannesburg, 2000
Telephone (011) 295 8525

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

INVESTOR RELATIONS
Keyter Rech Investor Solutions CC
Fountain Grove Office Park, Block 1, Ground Floor
5 2nd Road, Hyde Park, Johannesburg, 2195
Tel: +27 83 701 2021

MAJOR SUBSIDIARIES

Astral Operations Limited
Registration No. 1947/027453/06
Directors:
GD Arnold
DD Ferreira
OM Lukhele
N Moodley
E Potgieter
CE Schutte

Africa Feeds Limited (Zambia)
Registration No. 36327
Directors:
GD Arnold
TD Banda*
NR Mwanyungwi*
H Nienaber
GNH Robinson*
* *Zambian.*

Meadow Feeds Eastern Cape (Pty) Ltd
Registration No. 2003/021458/07
Directors:
GD Arnold
DD Ferreira
CE Schutte
CL Sexton

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

Meadow Moçambique Limitada
Registration No. 5710/MP/G/2001
Directors:
GD Arnold
GP de Witt
DD Ferreira

Mozpintos Limitada
Registration No. 100228777
Directors:
GD Arnold
GP de Witt

National Chicks Swaziland
Registration No. 94/63894/07
Directors:
GD Arnold
A Geldard
D Stock

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

Astral

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