

RFG

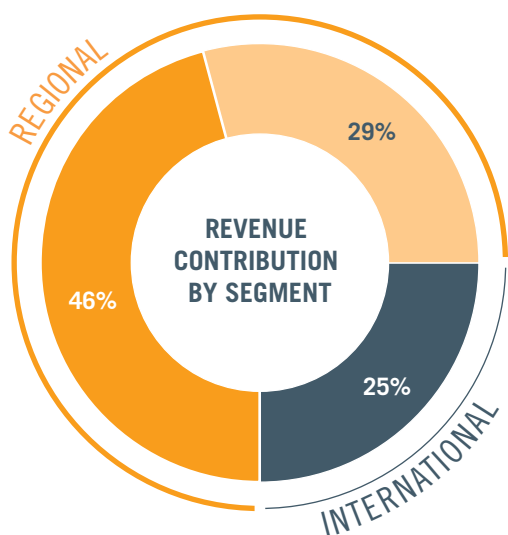


# 2022 Preliminary Summarised Consolidated Financial Statements

for the year ended 2 October 2022

# KEY FEATURES

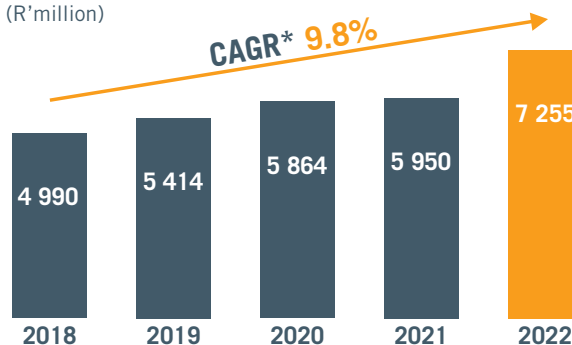
<p><b>Group revenue</b></p> <p><b>+ 21.9%</b> to R7.3 billion</p> <p><b>Operating profit</b></p> <p><b>+ 54.1%</b> to R574 million</p> <p><b>Diluted headline earnings per share</b></p> <p><b>+ 57.3%</b> to 137.3 cents</p>	<p><b>Regional revenue</b></p> <p><b>+ 13.5%</b></p> <p><b>Group operating margin</b> up 160 basis points to</p> <p><b>7.9%</b></p> <p><b>Dividend per share</b></p> <p><b>+ 57.4%</b> to 45.8 cents</p>	<p><b>International revenue</b></p> <p><b>+ 57.4%</b></p> <p><b>Headline earnings</b></p> <p><b>+ 56.9%</b> to R361 million</p> <p><b>Net debt-to-equity ratio improved to</b></p> <p><b>36.2%</b> from 39.4%</p>
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- Long Life Foods
- Fresh Foods
- International

## GROUP TURNOVER

(R'million)



\*Compound annual growth rate.



# COMMENTARY

## PROFILE

RFG is a leading producer of fresh, frozen and long life convenience meal solutions for customers and consumers across South Africa, sub-Saharan Africa and major global markets. RFG's balanced portfolio of market leading brands, which includes Rhodes, Bull Brand, Magpie, Squish, Hinds and Today, is complemented by private label product ranges packed for all major South African retailers and international customers.

## TRADING AND FINANCIAL PERFORMANCE

Group revenue increased by 21.9% to R7.3 billion in the 53 weeks to 2 October 2022 (2021: 52 weeks). Growth was driven by the recovery in the international business with strong demand for canned fruit and fruit puree products and a resilient regional performance in the constrained consumer spending environment. The Today pie business generated revenue of R147.2 million for the eight months since acquisition and accounted for 2.5% of Group revenue growth.

Revenue in the regional segment (South Africa and the rest of Africa) increased by 13.5% with acquisitive growth of 3.1%, volume growth of 2.5% and price inflation and mix changes contributing 7.9% to the increase in revenue for the year.

Regional fresh foods revenue increased by 19.9% with acquisitive growth of 8.4%. Price increases and mix changes accounted for organic revenue growth of 11.5% while volumes were in line with the prior year. Ready meals achieved good volume growth and proved resilient in the weak consumer spending environment, with pie volumes continuing to recover.

Regional long life revenue grew by 9.9% with volumes 4.0% higher. Fruit juice was the main revenue driver but this was partially negated by a decline in canned meat and vegetable volumes. Long life food sales into the rest of Africa grew by 14.5%, supported by fruit juice, canned meat and dry foods sales.

International revenue grew by 57.4% due to strong demand, with export volumes increasing by 18.3%. The Group increased production volumes to meet the higher market demand arising from the failure of last year's peach crop in Greece, the world's largest exporter of canned peaches.

International revenue also benefited from the 7.1% weakening in the Rand against the basket of trading currencies which boosted revenue by R118.3 million.

The Group's operating profit increased by 54.1% to R574.4 million with the operating profit margin expanding by 160 basis points to 7.9%.

The performance was impacted by once-off costs of R25.7 million relating to the acquisition of the Today pie business while the Group received an insurance settlement of R43.4 million for loss of profits during the Covid-19 lockdown, reflected in other income.

Regional operating profit declined by 21.6% to R323.4 million as the operating margin reduced from 8.6% to 5.9%. Operating profit in ready meals, fruit juice, dry foods as well as pulps and purees increased as a result of stronger sales growth and improved operating profit margins. However, this was offset by pressure on operating margins due to delays in recovering higher input costs in the meat, vegetables and pie categories. The most significant inflationary pressure came from cans, meat, fats and oils.

The operating profit for the international segment increased by R202.2 million from R6.9 million to R209.1 million as the operating margin recovered from 0.6% to 11.7%. The Group secured good export pricing in trading currencies across the product portfolio and benefited from the market opportunity to increase volumes. The weakening of the Rand to the US dollar in the second half of the year also contributed to the improved operating profit.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 33.6% to R818.3 million, while the EBITDA margin strengthened by 100 basis points to 11.3%.

Headline earnings increased by 56.9% to R360.7 million, with diluted headline earnings per share 57.3% higher at 137.3 cents.

The Group maintained its dividend policy of three times diluted HEPS cover and declared a dividend of 45.8 cents per share, an increase of 57.4% on the prior year.

Net working capital increased by 16.1% to R1 811 million largely due to the 13.9% increase in inventory. Inventory levels have normalised as expected from the peak at the half year due to increased levels of shipments to international markets.

Net cash flow generated from operations increased by 31.6% to R672.7 million owing mainly to improved profitability. The increased cash was utilised to fund a third provisional income tax payment for the year due to the inclusion of a 53rd trading week and the R38 million increase in capital expenditure. Net cash inflow from operating activities increased by 22.9% to R427.4 million.

The Group's net debt, including lease liabilities, increased marginally to R1 098 million (2021: R1 084 million), with the net debt-to-equity ratio improving to 36.2% (2021: 39.4%).

## COMMENTARY CONTINUED

Capital expenditure of R259.9 million included the completion of the new warehouse at the fruit juice plant, the integration of the Today pie business, equipment upgrades at the Eswatini and pie facilities and the ongoing development of the pineapple plantations in Eswatini.

The performance for the past year has ensured that the Group made pleasing progress in delivering on its medium-term financial targets, with the revenue growth target being exceeded, the operating profit margin expanding by 160 basis points and the return on equity improving from 8.1% to 12.5%.

### OUTLOOK

In the year ahead the Group aims to drive organic growth to expand brand shares while recovering volumes in canned meat, vegetables and pies. The significant inflationary input cost pressures experienced in the reporting period appear to be stabilising and the Group is focusing on recovering increased costs from the market in the affected categories. Management's priority is to restore the regional operating profit margin which started to recover in the latter months of the financial year and into the new year.

The momentum in the international business is expected to be maintained owing to the improvement in international pricing and ongoing strong demand for RFG's canned fruit products. The Group continues to diversify its international sales and expand into new markets, including South America.

Canned fruit and fruit puree production volumes will normalise in the 2023 financial year after being accelerated in 2022 to take advantage of the lower Greek production output.

The volume of pineapple products to be exported from RFG's Eswatini facility will be increased following the development of new plantations over the past few years. Production is expected to reach full capacity by the 2024 financial year.

The Group is expanding its renewable energy infrastructure to reduce the impact of loadshedding, with solar installations planned for a further three production sites in the new financial year. In addition, to mitigate the impact of related water supply interruptions the Group is investing in increasing water storage capacity at certain facilities.

Management continues to evaluate opportunities for value-accretive bolt-on acquisitions aligned to the Group's strategy and core product categories.

The Group is focusing on improving free cash flow specifically through strategic capital allocation and reducing net working capital levels. Capital expenditure of R250 million, including R50 million for expansion and replacement of pineapple plantations in Eswatini, is planned for the 2023 financial year.

Any reference to future performance included in this announcement has not been reviewed or reported on by the Group's independent auditor.

### CASH DIVIDEND DECLARATION

The board of directors has declared a gross cash dividend of 45.8 cents per share in respect of the year ended 2 October 2022 for holders of ordinary shares.

The dividend has been declared out of income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt, resulting in a net dividend to these shareholders of 36.64 cents.

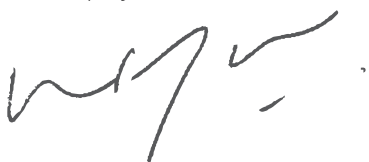
Shareholders are advised of the following salient dates in respect of the dividend declaration:

Last day to trade to receive a dividend	Tuesday, 17 January 2023
Shares commence trading "ex" the dividend	Wednesday, 18 January 2023
Record date	Friday, 20 January 2023
Dividend payment to shareholders	Monday, 23 January 2023

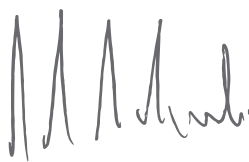
Share certificates may not be dematerialised or rematerialised between Wednesday, 18 January 2023 and Friday, 20 January 2023, both days included.

The number of ordinary shares in issue at the date of declaration is 262 762 018.

The company's tax reference number is 9348/292/17/9.



**Pieter Hanekom**  
Chief executive officer



**Tiaan Schoombie**  
Chief financial officer

Groot Drakenstein  
23 November 2022

# SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 2 October 2022

	Notes	2022 R'000	2021 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>2 657 659</b>	2 607 879
Property, plant and equipment	2	1 845 124	1 773 618
Right-of-use assets	3	146 185	153 580
Intangible assets		189 550	202 079
Goodwill		444 857	444 857
Investment in associate		7 384	6 061
Deferred taxation asset		283	250
Biological assets		14 857	14 951
Loans and other receivables		9 419	12 483
<b>Current assets</b>		<b>2 765 945</b>	2 510 746
Inventory	4	1 543 959	1 356 064
Accounts receivable		1 171 968	1 109 245
Biological assets		27 655	33 952
Loans and other receivables		11 970	8 087
Taxation receivable		26	12
Bank balances and cash on hand		10 367	3 386
<b>Total assets</b>		<b>5 423 604</b>	5 118 625
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>		<b>3 032 943</b>	2 752 552
Share capital		1 554 251	1 562 509
Equity-settled employee benefits reserve		15 994	15 470
Accumulated profit		1 452 951	1 166 065
Equity attributable to owners of the Group		3 023 196	2 744 044
Non-controlling interest		9 747	8 508
<b>Non-current liabilities</b>		<b>877 284</b>	965 947
Long-term loans		476 826	546 380
Long-term lease liabilities		137 197	138 149
Deferred taxation liability		250 086	268 336
Employee benefit liability		13 175	13 082
<b>Current liabilities</b>		<b>1 513 377</b>	1 400 126
Accounts payable and accruals		905 408	905 367
Employee benefits accruals		95 274	60 179
Taxation payable		18 827	32 060
Current portion of long-term loans		217 388	89 734
Current portion of lease liabilities		45 339	35 421
Bank overdraft		231 141	277 365
<b>Total equity and liabilities</b>		<b>5 423 604</b>	5 118 625

# SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 2 October 2022

	Notes	2022 R'000	2021 R'000
<b>Revenue</b>	5	<b>7 255 150</b>	5 950 023
Direct manufacturing costs	4	(4 889 047)	(4 014 695)
Manufacturing operating costs	4	(725 314)	(646 902)
Selling and distribution costs		(559 067)	(416 362)
Other operating costs		(565 154)	(527 006)
Other income		56 533	27 221
<b>Operating profit before associate profit</b>		<b>573 101</b>	372 297
Associate profit		1 323	462
<b>Profit before interest and taxation</b>		<b>574 424</b>	372 741
Interest expense		(89 214)	(73 136)
Interest income		749	172
<b>Profit before taxation</b>		<b>485 959</b>	299 777
Taxation		(124 036)	(83 300)
<b>Profit for the year</b>		<b>361 923</b>	216 477
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>		<b>65</b>	40
Remeasurement of employee benefit liability		77	56
Deferred taxation effect		(12)	(16)
<b>Total comprehensive income for the year</b>		<b>361 988</b>	216 517
<b>Profit for the year attributable to:</b>			
Owners of the Group		360 684	216 145
Non-controlling interest		1 239	332
		<b>361 923</b>	216 477
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Group		360 749	216 184
Non-controlling interest		1 239	333
		<b>361 988</b>	216 517
Earnings per share (cents)		<b>137.9</b>	82.6
Diluted earnings per share (cents)		<b>137.3</b>	82.1

# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 2 October 2022

	Notes	Share capital R'000	Equity-settled employee benefits reserve R'000	Accumulated profit R'000	Non-controlling interest R'000	Total R'000
<b>Balance at 27 September 2020</b>		1 562 509	15 425	1 024 730	8 176	2 610 840
Profit for the year		–	–	216 145	332	216 477
Other comprehensive income for the year		–	–	40	–	40
Equity-settled employee benefits expense recognised		–	5 906	–	–	5 906
Equity-settled employee benefits settlement <sup>1</sup>		–	(5 861)	501	–	(5 359)
Dividend paid	9	–	–	(75 351)	–	(75 351)
<b>Balance at 26 September 2021</b>		1 562 509	15 470	1 166 065	8 508	2 752 552
Profit for the year		–	–	360 684	1 239	361 923
Other comprehensive income for the year		–	–	65	–	65
Equity-settled employee benefits expense recognised		–	7 694	–	–	7 694
Equity-settled employee benefits settlement <sup>1</sup>		–	(7 170)	2 275	–	(4 895)
Acquisition of treasury shares		(8 258)	–	–	–	(8 258)
Dividend paid	9	–	–	(76 138)	–	(76 138)
<b>Balance at 2 October 2022</b>		<b>1 554 251</b>	<b>15 994</b>	<b>1 452 951</b>	<b>9 747</b>	<b>3 032 943</b>

<sup>1</sup> Settled by purchase of shares in the open market.

# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 2 October 2022

	Notes	2022 R'000	2021 R'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		672 696	511 355
Interest paid		(90 503)	(73 338)
Interest received		749	172
Taxation paid		(155 577)	(90 528)
<b>Net cash inflow from operating activities</b>		<b>427 365</b>	<b>347 661</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(259 863)	(221 517)
Purchase of intangible assets		(141)	(296)
Proceeds on disposal of property, plant and equipment		8 168	19 688
Proceeds on disposal of assets held for sale		–	8 915
Acquisition of business	10	(53 726)	–
Loans and other receivables advanced		(5 296)	(7 150)
Loans and other receivables repaid		3 308	2 716
<b>Net cash outflow from investing activities</b>		<b>(307 550)</b>	<b>(197 644)</b>
<b>Cash flows from financing activities</b>			
Equity-settled employee benefits settlement <sup>1</sup>		(4 895)	(5 359)
Acquisition of treasury shares		(8 258)	–
Long-term loans raised		150 000	75 000
Long-term loans repaid		(91 900)	(192 466)
Principal portion of lease liabilities repaid		(35 419)	(53 322)
Dividends paid	9	(76 138)	(75 351)
Movement in bank overdraft		(46 224)	98 491
<b>Net cash outflow from financing activities</b>		<b>(112 834)</b>	<b>(153 008)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6 981</b>	<b>(2 991)</b>
Cash and cash equivalents at beginning of the year		3 386	6 377
<b>Cash and cash equivalents at end of the year</b>		<b>10 367</b>	<b>3 386</b>

<sup>1</sup> Settled by purchase of shares in the open market.



# SUMMARISED CONSOLIDATED SEGMENTAL REPORT

for the year ended 2 October 2022

## PRODUCTS AND SERVICES FROM WHICH REPORTABLE SEGMENTS DERIVE THEIR REVENUE

Information reported to the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided, and in respect of the "regional" and "international" operations, the information is further analysed based on the different classes of customers. The chief operating decision-maker of the Group has chosen to organise the Group around the difference in geographical areas and operate the business on that basis.

Specifically, the Group's reportable segments under IFRS 8: Operating segments are as follows:

- Regional
- International

## SEGMENT REVENUE AND RESULTS

The Group's revenue and results by reportable segment are analysed and incorporate disaggregation of revenue.

	Notes	2022 R'000	2021 R'000
<b>Segment revenue</b>			
<b>Regional</b>			
Fresh products sales		2 095 228	1 748 064
Long life products sales		3 367 311	3 063 314
		<b>5 462 539</b>	4 811 378
<b>International</b>			
Long life products sales		1 792 611	1 138 645
<b>Total</b>	5	<b>7 255 150</b>	5 950 023
<b>Segment profit</b>			
Regional		323 410	412 364
International		209 108	6 922
<b>Adjusted operating profit<sup>1</sup></b>		<b>532 518</b>	419 285
Impairment loss	2	(1 348)	(15 976)
Acquisition costs		(146)	(3 523)
Insurance claim proceeds <sup>2</sup>		43 400	–
Adjustment for incorrect electricity expenses in prior years <sup>3</sup>		–	(27 046)
Interest income		749	172
Interest cost		(89 214)	(73 136)
<b>Profit before taxation</b>		<b>485 959</b>	299 777
<b>Segment depreciation</b>			
Regional		172 827	160 607
International		58 332	66 561
		<b>231 159</b>	227 168
<b>Segment amortisation</b>			
Regional		12 404	12 235
International		266	377
		<b>12 670</b>	12 612

<sup>1</sup> Adjusted operating profit excludes items that do not occur in the normal course of the Group's operating activities.

<sup>2</sup> Insurance claim proceeds relate to an insurance settlement for loss of profits during the Covid-19 lockdown in 2020. This amount relates to the regional segment and is recognised in other income in the statement of profit or loss and other comprehensive income.

<sup>3</sup> Refers to an adjustment for incorrect electricity billings amounting to R27.046 million which has been recognised in the prior year. Of this amount, R17.177 million relates to the 2020 financial year and R9.869 million to the 2019 financial year.

# SUMMARISED CONSOLIDATED SEGMENTAL REPORT CONTINUED

for the year ended 2 October 2022

Notes	2022 R'000	2021 R'000
	<b>Share of profit of associate</b>	
Regional	<b>1 323</b>	462

Segment revenue reported above represents revenue generated from external customers. Intercompany sales in the regional long life segment amounted to R425.229 million (2021: R416.037 million), which have been eliminated upon consolidation.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit before tax earned by each segment without allocation of impairment losses, acquisition costs, interest received and interest paid. This is the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

## GEOGRAPHICAL INFORMATION

The Group's non-current assets by location of operations (excluding goodwill and deferred taxation asset) and revenue are detailed below. The chief operating decision maker does not evaluate the Group's assets or liabilities on a segmental basis for decision-making purposes.

	2022 R'000	2021 R'000
	<b>Non-current assets</b>	
South Africa	<b>1 986 613</b>	1 968 094
Eswatini	<b>225 906</b>	194 678
	<b>2 212 519</b>	2 162 772
	<b>Revenue</b>	
South Africa	<b>7 009 756</b>	5 779 433
Eswatini	<b>245 394</b>	170 590
	<b>7 255 150</b>	5 950 023

## INFORMATION REGARDING MAJOR CUSTOMERS

Two customers (2021: two customers) individually contributed 10% or more of the Group's revenues arising from both regional and international sources.

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

## 1. GENERAL INFORMATION

RFG Holdings Limited is a company domiciled in South Africa. These summarised consolidated financial statements (“financial statements”) as at and for the financial year ended 2 October 2022 comprise the company and its subsidiaries (together referred to as the “Group”). The main business of the Group is the manufacturing and marketing of convenience meal solutions. These include ready meals, pies and other pastry-based products, dairy products, fruit juices, fruit purees and concentrates and long life meals including jams, fruits, salads, vegetables, meat and dry packed foods. There were no major changes in the nature of the business of the Group during the year ended 2 October 2022.

The directors are responsible for the preparation and integrity of the summarised consolidated financial statements and other information contained therein and have not been audited by the external auditors. The summarised consolidated financial statements are derived from a correct extraction from the audited consolidated financial statements for the year ended 2 October 2022, and have been prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa applicable to summarised financial statements and the JSE Limited Listings Requirements. The summarised consolidated financial statements contain, as a minimum, the information required by IAS 34: Interim Financial Reporting.

The accounting policies and methods of computations applied in the preparation of the summarised consolidated financial statements comply with IFRS and are consistent with those applied in the consolidated financial statements for the year ended 26 September 2021, except as mentioned below.

Management has considered all standards, interpretations and amendments that are in issue but not yet effective. The Group has not early adopted the following standards, interpretations and amendments which are relevant to the Group but which are not expected to have a material impact on the Group's results:

- **Amendments to IAS 1, Classification of Liabilities as Current or Non-current**  
The amendment provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date, and clarifies the requirements for classifying liabilities as current or non-current. The amendments are effective for the annual periods beginning on or after 1 January 2023.
- **Amendments to IAS 12, Deferred Tax relating to Assets and Liabilities arising from a single transaction**  
Amendments to IAS 12 Income Taxes which narrows the scope of the initial recognition exception under IAS 12, to the effect that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments are effective for the annual periods beginning on or after 1 January 2023.
- **Amendments to IAS 16, Property, Plant and Equipment: Proceeds before intended use**  
The amendment to IAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendments are effective for the annual periods beginning on or after 1 January 2022.
- **Amendments to IFRS 3, Reference to the Conceptual Framework**  
Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation Note 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The amendments are effective for annual periods beginning on or after 1 January 2022.

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

## 2. PROPERTY, PLANT AND EQUIPMENT

<b>COST</b>	Opening balance R'000	Acquisition of business R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>2022</b>	<b>2 583 327</b>	<b>11 500</b>	<b>259 863</b>	<b>(65 780)</b>	<b>2 788 910</b>
<b>2021</b>	2 452 018	–	221 517	(90 208)	2 583 327

<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT</b>	Opening balance R'000	Depreciation R'000	Disposals R'000	Impairment R'000	Closing balance R'000
<b>2022</b>	<b>809 709</b>	<b>189 551</b>	<b>(56 822)</b>	<b>1 348</b>	<b>943 786</b>
<b>2021</b>	680 324	181 834	(68 425)	15 976	809 709

<b>NET ASSET VALUE</b>	Opening balance R'000	Closing balance R'000
<b>2022</b>	<b>1 773 618</b>	<b>1 845 124</b>
<b>2021</b>	1 771 694	1 773 618

Impairment of property, plant and equipment during the year amounted to a loss of R1.348 million (2021: loss of R15.976 million). These impairment losses were recognised as part of other operating costs in the consolidated statement of profit or loss and other comprehensive income.

During the year, the Group contracted R54.855 million (2021: R57.447 million) for future capital commitments. This will be financed through a combination of operating cash flows and available overdraft facilities.

There has been no major change in the nature of property, plant and equipment, the policy regarding the use thereof, or the encumbrances over the property, plant and equipment.

## 3. RIGHT-OF-USE ASSETS

The Group leases various buildings, plant and machinery and vehicles. Rental contracts are typically entered into for fixed periods, but may sometimes have extension options. Lease terms are negotiated on an individual basis by the underlying business components and contain a range of terms and conditions. Leases of plant and machinery and vehicles are generally limited to a lease term of nineteen years (2021: twenty years). Leases of property generally have a lease term ranging from five to ten years.

Set out below are the carrying amounts of right-of-use assets recognised in the statement of financial position and the movements during the year:

	Opening balance R'000	Additions R'000	Terminations R'000	Depreciation R'000	Remeasurements <sup>1</sup> R'000	Closing balance R'000
<b>2022</b>						
Land and buildings	61 591	13 242	(15)	(15 239)	16 272	75 851
Plant and machinery	91 609	1 216	(202)	(26 146)	3 700	70 177
Vehicles	380	–	–	(223)	–	157
Net book value	<b>153 580</b>	<b>14 458</b>	<b>(217)</b>	<b>(41 608)</b>	<b>19 972</b>	<b>146 185</b>
	Adoption of IFRS 16 R'000	Additions R'000	Terminations R'000	Depreciation R'000	Remeasurements <sup>1</sup> R'000	Closing balance R'000
<b>2021</b>						
Land and buildings	72 276	3 762	–	(14 447)	–	61 591
Plant and machinery	96 210	27 313	–	(30 297)	(1 617)	91 609
Vehicles	970	–	–	(590)	–	380
Net book value	169 456	31 075	–	(45 334)	(1 617)	153 580

<sup>1</sup> Lease remeasurements relate to lease liabilities where the options to extend the lease terms were exercised during the year under review and the prior year.



# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

## 4. INVENTORY

The value of the finished goods disclosed at net realisable value is R44.068 million (2021: R79.048 million).

Cost of sales consists of direct manufacturing costs and an allocation of manufacturing operating costs. Cost of sales amounted to R5 614.361 million for the year ended 2 October 2022 (26 September 2021: R4 661.597 million).

## 5. REVENUE

The disaggregated revenue from sales contracts with customers is as follows:

	2022 R'000	2021 R'000
<b>Regional</b>		
Fresh products	2 095 228	1 748 064
Long life fruit products	624 011	586 576
Long life grocery products	2 743 300	2 476 738
	<b>5 462 539</b>	4 811 378
<b>International</b>		
Long life fruit products	1 766 136	1 111 669
Long life grocery products	26 475	26 976
	<b>1 792 611</b>	1 138 645
	<b>7 255 150</b>	5 950 023

The revenue categories consist of net sales of the following:

- Fresh products: Ready meals, pies, bakery and dairy products.
- Fruit products: Canned fruit and jam, fruit purees and fruit concentrates.
- Grocery products: Canned vegetables, canned meat, bottled salads & pickles, fruit juice, dry packaged foods and infant meals.

## 6. HEADLINE EARNINGS PER SHARE

### 6.1 HEADLINE EARNINGS PER SHARE

	2022 R'000	2021 R'000
Reconciliation between profit attributable to owners of the parent and headline earnings:		
Profit attributable to owners of the parent	360 684	216 145
Adjustments to profit attributable to owners of the parent	–	13 838
Loss on disposal of property, plant and equipment	790	2 095
Impairment of property, plant and equipment	1 348	15 976
Insurance proceeds related to property, plant and equipment	(2 138)	–
Loss on disposal of asset held for sale	–	1 149
Taxation effect	–	(5 382)
Headline earnings	<b>360 684</b>	229 983
Headline earnings per share (cents)	<b>137.9</b>	87.9

### 6.2 DILUTED HEADLINE EARNINGS PER SHARE

Headline earnings	<b>360 684</b>	229 983
Diluted headline earnings per share (cents)	<b>137.3</b>	87.3

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

## 6. HEADLINE EARNINGS PER SHARE CONTINUED

	2022 R'000	2021 R'000
<b>6.3 WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE</b>		
Weighted average number of shares in issue	<b>262 762 018</b>	262 762 018
Treasury shares	<b>(1 149 171)</b>	(1 125 000)
Weighted average number of shares in issue	<b>261 612 847</b>	261 637 018
Effect of share options	<b>1 141 990</b>	1 689 941
Weighted average number of dilutive shares in issue	<b>262 754 837</b>	263 326 959

## 7. FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and liabilities reported in the statement of financial position approximate fair values at the reporting date, except where noted otherwise in the notes.

## 8. RELATED PARTY TRANSACTIONS

The Group sold goods to Peaty Mills Plc for R372.721 million (2021: R299.742 million). Included in trade receivables are amounts due from Peaty Mills Plc for R69.379 million (2021: R67.969 million).

The Group did not sell goods to Ma Baker Xpress (Pty) Ltd during the year under review (2021: R2.657 million).

## 9. DIVIDENDS

On 24 January 2022, a dividend of 29.1 cents (2021: 28.8 cents) per share was paid amounting to a total dividend of R76.1 million (2021: R75.4 million).

## 10. ACQUISITION OF BUSINESS

On 1 February 2022 the Group acquired the frozen foods business of Pioneer Foods Wellington Proprietary Limited for R53.7 million. The business services South Africa's top end retail market with well-known brands Today, Mama's and Big Jack.

The pie category should benefit from improved operating leverage following the consolidation of the Today pie business into the Group's existing plants.

	2022 R'000
<b>Assets and liabilities acquired</b>	
Property, plant and equipment	<b>11 500</b>
Inventory	<b>43 337</b>
Employee liabilities	<b>(1 111)</b>
Purchase price – settled in cash	<b>53 726</b>

From the date of acquisition, the business contributed R147.2 million to Group revenue and an operating loss of R7.7 million to the profit before income tax of the Group. The operating loss includes once off costs of R25.7 million since the date of acquisition.

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

## 11. GOING CONCERN

The directors believe that the Group has adequate financial resources available within the Group to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on the going concern basis.

## 12. EVENTS SUBSEQUENT TO REPORTING DATE

The board of directors is not aware of any matter or circumstance of a material nature arising since the end of the year ended 2 October 2022, otherwise not dealt with in the summarised consolidated financial statements, which significantly affects the financial position of the Group or the results of its operations.

## 13. FINANCIAL YEAR-END

The Group's financial year ends on or about 30 September and as a result the reporting date will differ year on year. The current financial year includes an extra trading week and as a result the annual financial statements were prepared for the 53 week year ended 2 October 2022 (2021: 52 week year ended 26 September 2021).

## 14. APPROVAL OF SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The summarised consolidated financial statements were approved by the board of directors on 18 November 2022.

## 15. PREPARER OF SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

These summarised consolidated financial statements were prepared under the supervision of CC Schoombie CA(SA), chief financial officer.

## 16. INDEPENDENT AUDITOR'S REPORT ON THE PRELIMINARY SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

### TO THE SHAREHOLDERS OF RFG HOLDINGS LIMITED

#### Opinion

The summarised consolidated financial statements of RFG Holdings Limited, contained in the accompanying preliminary report, which comprise the summarised consolidated statement of financial position as at 2 October 2022, the summarised consolidated statement of profit or loss and other comprehensive income, summarised consolidated changes in equity and cash flows for the 53 weeks then ended, and related notes, are derived from the audited consolidated financial statements of RFG Holdings Limited for the 53 weeks then ended 2 October 2022.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the summarised financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

#### Other matter

We have not audited future financial performance and expectations by management in the accompanying summarised consolidated financial statements and accordingly do not express any opinion thereon.

#### Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

#### The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 18 November 2022. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

# NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the year ended 2 October 2022

## 16. INDEPENDENT AUDITOR'S REPORT ON THE PRELIMINARY SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

### **Directors' responsibility for the summarised consolidated financial statements**

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 1 to the summarised financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

### **Auditor's responsibility**

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

*Ernst & Young Inc.*

### **Ernst & Young Inc.**

Director: Lucian Rolleston  
Registered Auditor  
Chartered Accountant (SA)

21 November 2022  
Cape Town

3rd Floor, Waterway House, 3 Dock Road, V&A Waterfront  
PO Box 656, Cape Town, 8000



# CORPORATE INFORMATION

## RFG HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 2012/074392/06

JSE share code: RFG

ISIN: ZAE000191979

### Registered address

Pniel Road, Groot Drakenstein, 7680  
Private Bag X3040, Paarl, 7620

### Directors

Dr YG Muthien\* (Chairperson)  
MR Bower\* (Lead independent director)  
WP Hanekom (Chief executive officer)  
BAS Henderson\*\*  
TP Leeuw\*  
S Maitisa\*  
BN Njobe\*  
CC Schoombie (Chief financial officer)  
CL Smart\*\*  
GJH Willis\*\*

\* *Independent non-executive*

\*\* *Non-executive*

### Company secretary

BM Lakey

### Transfer secretaries

Computershare Investor Services Proprietary Limited

### Sponsor

Rand Merchant Bank, a division of FirstRand Bank Limited

### Auditors

Ernst & Young Inc.

[www.rfg.com](http://www.rfg.com)