RAINBOW CHICKEN LIMITED

(Previously Rainbow Chicken Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2024/200346/06)
(Share Code: RBO ISIN: ZAE000334850)
("**ListCo**" or "**the Company**")

PRE-LISTING STATEMENT

This Pre-Listing Statement is issued in compliance with the JSE Listings Requirements

The definitions and interpretations commencing on page 10 of this Pre-Listing Statement apply through this entire document, including this cover page, except where the context indicates a contrary intention.

This Pre-Listing Statement is not an invitation to any person or the public to acquire or subscribe for any shares or securities in ListCo in any jurisdiction, but has been prepared and is issued in compliance with the JSE Listings Requirements for the purpose of providing information to RCL Foods Shareholders in South Africa and other jurisdictions with regard to:

- The business and affairs of ListCo and the ListCo Group, trading under the "Rainbow", "Rainbow Simply Chicken", "Farmer Brown", "Epol", and "Driehoek Feeds" brands in South Africa;
- the Listing of the ListCo Distribution Shares on the Main Board of the JSE; and
- the Unbundling of ListCo from the RCL Foods Group by way of a *pro rata* distribution *in specie* of the ListCo Distribution Shares held by RCL Foods in ListCo (comprising 100% of the issued ListCo Shares) to RCL Foods Shareholders entitled to participate in the Unbundling, in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, in the ratio of 1 ListCo Distribution Share for every 1 RCL Foods Share held by RCL Foods Shareholders entitled to participate in the Unbundling as at the Unbundling Record Date.

This Pre-Listing Statement relates to the Listing of the ListCo Distribution Shares on the Main Board of the JSE by introduction as a primary listing. The Unbundling does not require the approval of RCL Foods Shareholders.

The JSE has approved the Listing of the ListCo Distribution Shares in the "Consumer Goods" sector ("Food Products" sub-sector) on the Main Board of the JSE under the abbreviated name "RAINBOW" and share code "RBO". It is expected that the Listing and dealings in the ListCo Distribution Shares will commence with effect from the commencement of trade on 26 June 2024. The international securities identification number ("**ISIN**") for the ListCo Shares is ZAE000334850.

There will not be any stabilisation activity in relation to any ListCo Shares.

The ListCo Distribution Shares will be delivered to RCL Foods Shareholders entitled to participate in the Unbundling, pursuant to the Unbundling, in Dematerialised form only and, accordingly, no physical Documents of Title will be issued or delivered in respect of the ListCo Distribution Shares.

As at the date of this Pre-Listing Statement, the authorised share capital of ListCo comprises 2,000,000,000 ordinary shares of no par value, the issued share capital of ListCo comprises 890,296,405 ordinary shares of no par value and ListCo has no treasury shares in issue.

Financial Adviser and Transaction sponsor

RMB

Legal Adviser

ENS

Independent Auditors

pwc

EY

Transfer Secretaries

Computershare

Date of issue: Monday, 10 June 2024

*This Pre-Listing Statement is available in English only and may be obtained by RCL Foods Shareholders on Business Days during normal business hours for 14 days from the date of issue of this Pre-Listing Statement, from the registered address of RCL Foods, ListCo and the Transfer Secretaries set out in the section "**Corporate Information and Advisers**" on page 6 of this Pre-Listing Statement, as well as on https://rainbowchickens.co.za/investor-relations/.*

Upon implementation of the Listing, the authorised share capital of ListCo will comprise 2,000,000,000 ordinary shares of no par value and the issued share capital of ListCo will comprise 890,296,405 ordinary shares of no par value, which shares will be listed on the JSE.

All the ListCo Shares rank *pari passu* in all respects, there being no conversion, redemption, or exchange rights attaching thereto, and have equal rights to participate in capital, dividend and distributions by ListCo, including rights on liquidation or distribution of capital assets. No ListCo Shares are, or on the Listing Date are expected to be, held in treasury by the ListCo Group.

The Directors, whose names are set out on page 6 of this Pre-Listing Statement, collectively and individually accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief: (i) there are no facts that have been omitted which would make any statement false or misleading; (ii) all reasonable enquiries to ascertain such facts have been made; and (iii) this Pre-Listing Statement contains all information required by the JSE Listings Requirements.

The financial adviser, transaction sponsor, independent auditors, legal adviser and transfer secretaries whose reports and/or names are included in this Pre-Listing Statement, have given and have not withdrawn their consent to the inclusion of their names and/or reports in this Pre-Listing Statement in the form and context in which they appear.

The advisers to RCL Foods and/or ListCo as set out herein are acting exclusively for RCL Foods and ListCo, and no one else, in connection with the Listing and Unbundling. They will not regard any other person (whether or not the recipient of this Pre-Listing Statement) as their clients in relation to the Listing and will not be responsible to anyone for giving advice in respect of the Listing or any transaction or arrangement referred to in this Pre-Listing Statement. No representation or warranty, express or implied, is made by any of the advisers to RCL Foods Shareholders as to the accuracy, completeness or verification of the information set out in this Pre-Listing Statement, and nothing contained in this Pre-Listing Statement is, or shall be relied upon, as a promise or representation in this respect, whether as to the past or future. The advisers assume no responsibility for the accuracy, completeness or verification of this Pre-Listing Statement and accordingly disclaim, to the fullest extent permitted by applicable Laws, any and all liability, whether arising in delict, tort, contract or otherwise, which they might otherwise be found to have in respect of this Pre-Listing Statement.

A list of risk factors relating to ListCo, the ListCo Group and the ListCo Shares is set out in "***Section 6: Risk Factors***" commencing on page 73 of this Pre-Listing Statement.

IMPORTANT INFORMATION

The definitions and interpretations commencing on page 10 of this Pre-Listing Statement apply mutatis mutandis to this section.

NOT AN OFFER AND RESTRICTED DISTRIBUTION

This Pre-Listing Statement is not an offer to any person or the public to acquire or subscribe for any shares or securities in ListCo in any jurisdiction and has been prepared solely for purposes of complying with the JSE Listings Requirements in connection with the Listing of the ListCo Distribution Shares and the subsequent distribution, pursuant to the Unbundling, of such JSE-listed ListCo Distribution Shares to the RCL Foods Shareholders to whom this Pre-Listing Statement is addressed. This Pre-Listing Statement is only addressed to RCL Foods Shareholders who may lawfully participate in the Unbundling. In addition, this Pre-Listing Statement does not constitute, nor does it intend to constitute: (i) a "registered prospectus" as contemplated by the Companies Act; or (ii) a prospectus or registration statement under the securities Laws of any jurisdiction. As a result, this Pre-Listing Statement does not comply with the substance and form requirements for prospectuses set out in the Companies Act or any jurisdiction, and has not been approved by and/or registered with CIPC or any regulator in any jurisdiction.

The release, publication or distribution of this Pre-Listing Statement in certain jurisdictions may be restricted by the Laws applicable in that jurisdiction and, therefore, persons into whose possession this Pre-Listing Statement comes should inform themselves about and observe any applicable restrictions and requirements in terms of such Laws. Any failure to comply with these restrictions or requirements may constitute a violation of the securities Laws of such jurisdiction. To the fullest extent permitted by applicable Laws, RCL Foods and ListCo disclaim any responsibility or liability for any violation of such restrictions or requirements by any person. No action has been taken or will be taken to permit an offering of any shares or the possession or distribution of this document (or any other offering or public materials relating to the ListCo Shares) in any jurisdiction where action for that purpose may be required, or doing so is restricted or prohibited by Laws.

This Pre-Listing Statement does not constitute an offer to sell or issue, or the solicitation of any offer to purchase or to subscribe for shares or other securities, or a solicitation of any vote or approval, nor shall there be any sale, issuance, transfer or delivery of the securities referred to in this Pre-Listing Statement in any jurisdiction in contravention of applicable Laws, or where further action is required for such purpose.

APPLICABLE LAWS

The Unbundling is of securities of a South African company (being ListCo) and is governed by, and must be construed in accordance with, the Laws of South Africa. Accordingly, the Unbundling is subject to South African procedural Laws and disclosure requirements.

This Pre-Listing Statement has been prepared for purposes of complying with the applicable disclosure requirements of the JSE Listings Requirements in relation to the Listing of the ListCo Distribution Shares that will be distributed by RCL Foods to RCL Foods Shareholders entitled to participate in the Unbundling pursuant to the Unbundling. The information disclosed may not be the same as that which would have been disclosed, had this Pre-Listing Statement been prepared in accordance with the Laws and regulations of any jurisdiction outside South Africa.

Any RCL Foods Shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

FOREIGN SHAREHOLDERS – GENERAL

This Pre-Listing Statement has been prepared for the purposes of complying with: (i) the Laws of South Africa, and is subject to applicable Laws of South Africa, including *inter alia* to the Companies Act, the Companies Regulations and the Exchange Control Regulations, and (ii) the JSE Listings Requirements. The information disclosed in this Pre-Listing Statement may not be the same as that which would have been disclosed, if this Pre-Listing Statement had been prepared in accordance with the Laws of any jurisdiction outside of South Africa, or the rules or requirements of any exchange other than the JSE.

The legality of the Unbundling to persons resident or located in jurisdictions outside of South Africa may be affected by the Laws of the relevant jurisdiction. Such persons should consult their professional advisers and inform themselves about any applicable legal requirements, which they are obligated to observe. It is the responsibility of any such person wishing to participate in the Unbundling to satisfy themselves as to the full observance of the Laws of the relevant jurisdiction in connection therewith.

RCL Foods Shareholders who are not residents of South Africa or whose registered addresses fall outside of South Africa should contact their CSDP or Broker if they are uncertain of the impact of the Unbundling on them.

Foreign Shareholders must satisfy themselves as to the full observance of the Laws of their country or territory of residence in relation to all aspects of this Pre-Listing Statement that may affect them, including the Unbundling. Foreign Shareholders should consult and take into account the disclaimers detailed in this Pre-Listing Statement, including but not limited to those set out in "***Section 15: Settlement/Dealings***" commencing on page 116 of this Pre-Listing Statement, in relation to those jurisdictions and should also consider the Exchange Control Regulations, summarised in "***Section 14: Exchange Control***" commencing on page 114 of this Pre-Listing Statement.

Any ListCo Distribution Shares to which Foreign Excluded Shareholders are entitled will be aggregated and disposed of on the JSE by the Transfer Secretaries for the benefit of such Foreign Excluded Shareholders.

It is the responsibility of Dematerialised RCL Foods Shareholders to inform their CSDPs if they are Foreign Excluded Shareholders. CSDPs will then be responsible for informing the Transfer Secretaries of all Dematerialised Shares held by them on behalf of Foreign Excluded Shareholders. It is the responsibility of Certificated RCL Foods Shareholders to inform the Transfer Secretaries if they are Foreign Excluded Shareholders.

Foreign Excluded Shareholders will, in respect of their shareholdings, receive the average consideration per share (net of costs) at which all Foreign Excluded Shareholders' ListCo Distribution Shares were disposed of. The average consideration will be calculated, and the consideration due to each Foreign Excluded Shareholder will be paid, only once all these ListCo Distribution Shares have been disposed of.

RCL Foods Shareholders who are not resident in the Common Monetary Area for purposes of the Exchange Control Regulations must satisfy themselves as to the full observance of the Laws of any applicable jurisdiction concerning the receipt of the ListCo Distribution Shares, including any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such other jurisdictions, and are required to advise RCL Foods of all such filing or regulatory obligations with which RCL Foods or ListCo may be required to comply in such jurisdictions in relation to the Unbundling. RCL Foods Group and the ListCo Group and their respective boards of directors and advisers accept no responsibility for the failure by a RCL Foods Shareholder to inform itself about, or to observe, any applicable legal requirements in any relevant jurisdiction, nor for any failure by the RCL Foods Group or the ListCo Group to observe the requirements of any jurisdiction.

It may be difficult for you to enforce your rights and any claim you may have arising under US or other foreign securities Laws, since RCL Foods and ListCo are located in South Africa. You may not be able to sue RCL Foods or ListCo or their officers or directors in a foreign court, including South African courts, for violations of US securities Laws. It may be difficult to compel RCL Foods or a member of the RCL Foods Group, or ListCo or a member of the ListCo Group, to subject itself to a US court's judgment. Any RCL Foods Shareholder who is in doubt as to their position, including, without limitation, their tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

For further information regarding settlement of the Unbundling and future dealings in ListCo Shares, Foreign Shareholders should please refer to "***Section 15: Settlement/Dealings*** commencing on page 116 of this Pre-Listing Statement.

DISCLAIMER

The release, publication or distribution of this Pre-Listing Statement in certain jurisdictions may be restricted by Laws and therefore persons in any such jurisdictions into which this Pre-Listing Statement is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities Laws of any such jurisdiction. This Pre-Listing Statement does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or to subscribe for shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

FORWARD-LOOKING STATEMENT

Certain statements contained in this Pre-Listing Statement, other than historical facts, constitute or may be deemed to constitute, 'forward-looking statements'. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as 'believes', 'expects', 'aims', 'estimates', 'anticipates', 'may', 'should', 'could', 'intends', 'plans', 'seeks' or words of similar import.

Examples of forward-looking statements include statements regarding a future financial position or future profits, dividends, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic factors, such as, amongst other things, interest and exchange rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. ListCo cautions that forward-looking statements are not guarantees of future performance or results. Actual results, performance or achievements of ListCo, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such risks, uncertainties and other factors include, among others, the lack of availability to ListCo of necessary capital on acceptable terms, general economic and business conditions, industry trends, competition, changes in government regulation, interest rate fluctuations, currency fluctuations, changes in business strategy or development and growth plans, the outcome and consequences of any pending litigation proceedings and other risks. ListCo bases these forward-looking statements on particular assumptions that it has made in light of its industry experience, as well as its perception of historical trends, current conditions, expected future developments and other factors that ListCo believes are appropriate under the circumstances.

Although ListCo believes that these forward-looking statements are based on reasonable assumptions and has used its best endeavours to ensure the accuracy thereof, you should be aware that many factors could affect ListCo's actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. You should keep in mind that any forward-looking statement made in this Pre-Listing Statement or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of ListCo not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement is not known.

ListCo has no duty and does not intend to release publicly any updates or revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Pre-Listing Statement except as required by Law or by any appropriate regulatory authority. In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained in this Pre-Listing Statement will in fact transpire.

No forward-looking statements have been reviewed nor reported on by either Ernst & Young Inc. or PricewaterhouseCoopers Inc.

MARKET AND INDUSTRY INFORMATION

Information relating to markets, market size, market share, market position, growth rates, average prices and other industry data pertaining to ListCo's business contained in this Pre-Listing Statement consists of estimates based on data compiled by professional organisations and analysts, on data from external sources, on ListCo's estimates or knowledge of markets and on ListCo's calculations based on such information. In many cases, there is no readily available external information (whether from trade associations, governmental bodies or other organisations) to validate market-related analyses and estimates, thus requiring ListCo to rely on internally developed estimates. While ListCo has compiled, extracted and reproduced market or other industry data from external sources that it believes are reliable, including third-party or industry or general publications, neither ListCo nor the sponsor nor the advisers have independently verified any such data. ListCo makes no representation and does not give any assurance of the accuracy or completeness of, nor takes any responsibility for, such data. Similarly, while ListCo believes its internal estimates to be reasonable, they have not been verified by any independent sources, and ListCo does not represent or give any assurance as to their accuracy.

LISTCO'S OWN ANALYSIS

This Pre-Listing Statement also contains estimates of market data and information derived from estimates of market data that are generally not available from publications issued by market research firms or from other independent sources. This information is based on ListCo's own analysis and adjustment or supplementation, where necessary, of a combination of publicly available and non-public data, including some of which was independently commissioned (such analysis, the "**Company Internal Analysis**") and, as such, may differ from the estimates made by its competitors or from data collected in the future by various market research firms or other independent sources. To the extent ListCo derived or summarised the market information contained in this Pre-Listing Statement from a number of different studies, an individual study is not cited unless the respective information can be sourced from it directly.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

ListCo has a twelve-month financial year beginning in July and ending in June each year. ListCo reports on the retail calendar of trading weeks, which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two days in a leap year) per calendar year. These days are/will be brought to account approximately every six years by including a 53rd week in the reported results. Accordingly, 30 June 2024 is the last day of the current financial year.

The: (i) audited historical financial information of ListCo at incorporation, including the notes thereto, is included in **Annexure 1A** to this Pre-Listing Statement and has been prepared in accordance with the basis of preparation set out in **Annexure 1A**; (ii) audited Combined Carve-Out Historical Financial Information of RainbowDiv for the financial year ended 2 July 2023, including the notes thereto, is included in **Annexure 2B** to this Pre-Listing Statement and has been prepared in accordance with the basis of preparation set out in **Annexure 2A**; (iii) reviewed Combined Carve-Out Historical Financial Information of RainbowDiv for the financial years ended 3 July 2022 and 4 July 2021, including the notes thereto, is included in **Annexure 2B** to this Pre-Listing Statement and has been prepared in accordance with the basis of preparation set out in **Annexure 2A**; (iv) the reviewed condensed consolidated interim historical financial information of RainbowCo for the six-month period ended 31 December 2023, is included in **Annexure 3A** to this Pre-Listing Statement and has been prepared in accordance with the basis of preparation set out in **Annexure 3A**; and (v) the *Pro Forma* financial information of ListCo is included in **Annexure 4A** to this Pre-Listing Statement and has been prepared in accordance with the basis of preparation set out in **Annexure 4A.**

Unless otherwise indicated, all financial information in this Pre-Listing Statement is presented on a continuing operations basis.

In this Pre-Listing Statement, ListCo presents certain Non-IFRS Measures (such as EBIT, EBITDA, and Free Cash Flow) in describing RainbowCo's results of operations and financial position. ListCo uses these measures as an internal measure of performance to benchmark and compare performance against other companies, and ListCo believes that these measures serve as useful supplementary financial indicators to analysts and investors since some of these measures are commonly reported and widely accepted by analysts and investors as providing additional information to measure ListCo's operating performance. ListCo's use of Non-IFRS Measures may vary from the use of other companies in its industry. The measures used should not be considered as an alternative to net income/(loss), revenue or any other performance measure derived in accordance with IFRS or to net cash flows from operating activities as a measure of liquidity. The Non-IFRS Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of RainbowCo's results as reported under IFRS. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. In particular, other companies may define the Non-IFRS Measures used herein differently than the Directors do. In those cases, it may be difficult to compare the performance of those entities to ListCo's performance based on these similarly named Non-IFRS Measures. In addition, the exclusion of certain items from Non-IFRS Measures does not imply that these items are necessarily non-recurring. From time to time, the Directors may exclude additional items if the Directors believe doing so would result in a more transparent and comparable disclosure.

The Non-IFRS Measures should be considered in conjunction with the Combined Carve-out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information prepared in accordance with the basis of preparation set out in **Annexure 2A** and **Annexure 3A** to this Pre-Listing Statement respectively. For reconciliations of these Non-IFRS Measures to their most directly comparable IFRS measures, please see "***Section 5: Management's Discussion and Analysis of Financial Condition and Results of Operations***" commencing on page 59 of this Pre-Listing Statement. The Directors are responsible for the Non-IFRS Measures.

Some financial information in this Pre-Listing Statement has been rounded and, as a result, the numerical figures shown as totals in this Pre-Listing Statement may vary from the exact arithmetic aggregation of the figures that precede them.

For more information on the presentation of financial information and Non-IFRS Measures in this Pre-Listing Statement please see "***Section 11: Financial Information***" commencing on page 105 of this Pre-Listing Statement.

TAX

The summary contained in the section entitled "***Section 13: Taxation***", commencing on page 110 of this Pre-Listing Statement, is a general guide and is not intended to constitute a complete analysis of the tax consequences of the Unbundling. It is not intended to be, nor should it be considered to be, legal or tax advice. RCL Foods Shareholders should, therefore, consult their own tax advisers on the tax consequences for them of the Unbundling in both South Africa and their jurisdiction of residence, for which none of RCL Foods, ListCo nor their advisers will be held responsible.

DATE OF INFORMATION PROVIDED

Unless the context clearly indicates otherwise, all information provided in this Pre-Listing Statement is provided as at the Last Practicable Date.

CONFLICTS OF INTEREST

In respect of the Transaction, RMB acts as Financial Adviser and Transaction Sponsor to ListCo through its corporate finance and sponsor teams, respectively. In addition, FirstRand Bank Limited, acting through its RMB division, has entered into the Funding Agreements pursuant to which FirstRand Bank Limited shall make available to RainbowCo a working capital facility in the form of general banking facilities.

In its capacity as Transaction Sponsor in relation to the Listing and Unbundling, RMB has confirmed to the JSE that there is no matter that would impact on its ability to exercise reasonable care and judgement in order to achieve and maintain independence and objectivity in its professional dealings in relation to ListCo, or that would impact on its ability to act within the Code of Conduct as set out in the JSE Listings Requirements.

RMB has appropriate internal procedures in place to ensure that its ability to act independently as the Financial Adviser, lender to RainbowCo, and Transaction Sponsor to ListCo in relation to the Listing and Unbundling is not compromised.

Pursuant to these internal procedures, RMB identifies and manages the risks of perceived conflict and maintains strict information barriers to ensure that, as future JSE sponsor to ListCo, it is and will be able to act independently from other divisions within RMB. RMB also maintains and enforces restrictions around access to information, in order that such access is limited to deal teams for whom the information is relevant, for the purposes of the Listing and Unbundling.

CORPORATE INFORMATION AND ADVISERS

Directors

MP Stander
KR van der Merwe
WA De Wet
PR Louw
WO van Wyk
A Brinkhuis
CJ Robertson
SM Parsons
ZP Zatu Moloi

Company Secretary

FluidRock Co Sec Proprietary Limited
Unit 5
First Floor
Berkley Office Park
8 Bauhinia Street
Highveld Technopark
Centurion
0169

Registered office and business address

Southdowns Ridge Office Park
Suite 12
Ground Floor
Cnr John Vorster and Nelmapius Drive
Irene
Centurion
0062

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
2196
(Private Bag X9000, Saxonwold, 2132)

Financial Adviser and Transaction Sponsor

Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton
2196
(PO Box 786273, Sandton, 2146)

Legal Adviser

Edward Nathan Sonnenbergs Incorporated t/a ENS
2nd Floor La Gratitude
95–97 Dorp Street
Stellenbosch
7600
(PO Box 940, Stellenbosch, 7599)

Independent Auditor

PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
34 Richefond Circle
Ridgeside Office Park
Umhlanga Ridge
4319

Independent Auditor

Ernst & Young Inc.
(Registration number 2005/002308/21)
1 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge
Durban North
4051

Place and date of incorporation

Republic of South Africa on 11 April 2024

With the exception of the Directors, none of the other above-mentioned persons hold any securities in, options on securities in, or have agreed to acquire or subscribe for any securities in, ListCo.

CONTENTS

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 10 of this Pre-Listing Statement apply mutatis mutandis to this "Important Dates and Times" section.

The following timetable sets out the dates for implementation of the Listing and Unbundling.

	2024
Publication of this Pre-Listing Statement on the Rainbow website (https://rainbowchickens.co.za/investor-relations/) and the RCL Foods website (https://rclfoods.com/investor-center/transaction-documents/) on	**Monday, 10 June**
Abridged Pre-Listing Statement released on SENS on	**Monday, 10 June**
Pre-Listing Statement distributed to RCL Foods Shareholders	**Monday, 10 June**
Release of the Unbundling finalisation announcement by RCL Foods on SENS on	**Monday, 10 June**
Last day to trade for RCL Foods Shareholders to be entitled to participate in the Unbundling	**Tuesday, 25 June**
RCL Foods Shares commence trading "ex" entitlement to ListCo Shares	**Wednesday, 26 June**
Listing of ListCo Distribution Shares on the Main Board of the JSE under the abbreviated name RAINBOW, share code RBO and ISIN ZAE000334850, and shares commence trading on	**Wednesday, 26 June**
Announcement of specified ratio to apportion existing cost/base cost of RCL Foods Shares between Rainbow Shares and RCL Foods Shares for taxation/CGT purposes released by RCL Foods on SENS by 11:00 on	**Thursday, 27 June**
Unbundling Record Date to receive JSE-listed ListCo Distribution Shares pursuant to the Unbundling	**Friday, 28 June**
Closing price of RCL Foods Shares and ListCo Shares released on SENS after market close on	**Friday, 28 June**
Unbundling Operative Date, being the date on which JSE-listed ListCo Distribution Shares are unbundled to RCL Foods Shareholders entitled to participate in the Unbundling	**Monday, 1 July**
RCL Foods Shareholders' CSDP or Broker accounts expected to be updated and credited with JSE-listed ListCo Distribution Shares	**Monday, 1 July**

Notes:

1. All references to times shown in this Pre-Listing Statement are to South African standard time.
2. There may be no rematerialisation or Dematerialisation of RCL Foods Shares between **Wednesday, 26 June 2024** and **Friday, 28 June 2024,** both days inclusive.

DEFINITIONS AND INTERPRETATION

In this Pre-Listing Statement and the documents attached hereto, unless the context indicates otherwise, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and vice versa, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and vice versa, and cognate expressions shall bear corresponding meanings below.

"**Authorised Dealer**"	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
"**B-BBEE**"	Broad-Based Black Economic Empowerment;
"**B-BBEE Act**"	the South African Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
"**Board**"	the board of Directors of ListCo, as constituted from time to time, as at the date of this Pre-Listing Statement comprising the Directors reflected on page 6 of this Pre-Listing Statement;
"**Broker**"	any person registered as a "broking member (equities)" in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
"**Business Day**"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"**Certificate**" and "**Certificated**"	the process by which electronic records of ownership of shares are replaced with paper share certificates and/or other Documents of Title;
"**Certificated Shares**"	shares which have not been Dematerialised, title to which is represented by share certificates or other Documents of Title;
"**CGT**"	Capital Gains Tax as determined in terms of the Eighth Schedule of the Income Tax Act;
"**CIPC**"	the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
"**Combined Carve-out Historical Financial Information**"	collectively: (i) the audited Combined Carve-Out Historical Financial Information of RainbowDiv for the financial year ended 2 July 2023, including the notes thereto, as set out in Annexure 2B to this Pre-Listing Statement; and (ii) the reviewed Combined Carve-Out Historical Financial Information of RainbowDiv for the financial years ended 3 July 2022 and 4 July 2021, including the notes thereto, as set out in Annexure 2B to this Pre-Listing Statement;
"**Common Monetary Area**"	the common monetary area established between South Africa, Namibia, Eswatini and Lesotho;
"**Companies Act**"	Companies Act, No. 71 of 2008, as amended from time to time;
"**Companies Regulations**"	the regulations issued in terms of the Companies Act;
"**Company Secretary**"	the company secretary of ListCo;
"**Condensed Consolidated Interim Historical Financial Information**"	the reviewed condensed consolidated interim historical financial information of RainbowCo for the six-month period ended 31 December 2023, including the notes thereto, as set out in Annexure 3A to this Pre-Listing Statement;
"**Covid-19**"	the coronavirus disease 2019, an illness caused by a novel coronavirus called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), which was declared a global pandemic by the World Health Organisation on 11 March 2020;

"**CSDP**"	a Central Securities Depository Participant, being a "participant" as defined in section 1 of the Financial Markets Act;
"**Dematerialised**" or "**Dematerialising**"	the process by which Certificated Shares are converted into electronic form as dematerialised shares and recorded in the uncertificated securities register of a company administered by a CSDP;
"**Director/s**"	any member of the Board;
"**Documents of Title**"	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the shares in question, acceptable to the Directors;
"**Epol**"	Epol (Pty) Limited, registration number 1952/002660/07, a private company duly incorporated and registered in accordance with the Laws of South Africa, and a wholly owned Subsidiary of RainbowCo;
"**Eswatini**"	the Kingdom of Eswatini;
"**Exchange Control Regulations**"	the exchange control regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 1993 (Act 9 of 1933), as amended;
"**Farmer Brown**"	Farmer Brown (Pty) Limited, registration number 1952/002660/07, a private company duly incorporated and registered in accordance with the Laws of South Africa, and a wholly owned Subsidiary of RainbowCo;
"**Financial Markets Act**"	the Financial Markets Act, No. 19 of 2012, as amended from time to time;
"**financial year**" or "**FY**"	any financial year of ListCo for any 12-month period ended in June;
"**FinSurv**"	the Financial Surveillance Department of the SARB;
"**Foreign Excluded Shareholders**"	a Foreign Shareholder, in respect of whom the distribution of ListCo Distribution Shares would or may infringe the Laws of any jurisdiction outside South Africa, or would require RCL Foods or ListCo to comply with any governmental or other consent or any registration, filing or other formality with which RCL Foods or ListCo is unable to comply or compliance with which RCL Foods regards as unduly onerous or burdensome;
"**Foreign Shareholders**"	a RCL Foods Shareholder who has a registered address outside South Africa, or who is resident, domiciled or located in, or who is a citizen or national, of, a country other than South Africa;
"**Funding Agreements**"	the written agreement entered into by RainbowCo and FirstRand Bank Limited pursuant to which FirstRand Bank Limited shall make available to RainbowCo a working capital facility in the form of general banking facilities;
"**Independent Auditor**"	as the case may be, PricewaterhouseCoopers Inc., registration number 1998/012055/21, a personal liability company duly incorporated and registered in accordance with the Laws of South Africa ("**PwC**"), or Ernst & Young Incorporated, registration number 2005/002308/21, a personal liability company duly incorporated and registered in accordance with the Laws of South Africa and the independent auditor to ListCo ("**E&Y**");
"**IFRS**"	IFRS® Accounting Standards as issued by the International Accounting Standards Board;
"**Incorporation Historical Financial Information**"	the audited historical financial information of ListCo at incorporation date, being 11 April 2024, including the statements of financial position, profit or loss and other comprehensive income, cash flows, and changes in equity, and the relevant notes thereto, which is included in Annexure 1A to this Pre-Listing Statement;

"**Governmental Authority**"	• the government of any applicable jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof; • any governmental, quasi-governmental or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental authority or quasi-governmental authority within any applicable jurisdiction; and • any securities exchange within any applicable jurisdiction;
"**HACCP**"	Hazard Analysis Critical Control Point, an internationally recognised, standard food safety management system used in the food service and food production industry, which ensures a measured approach to food safety in all aspects including biological, chemical, and physical hazards;
"**HORECA**"	hotels, restaurants, and catering;
"**Income Tax Act**"	the Income Tax Act, No. 58 of 1962, as amended from time to time;
"**JSE**"	the Johannesburg Stock Exchange, operated by JSE Limited, registration number 2005/022939/06, a public company duly incorporated and registered in accordance with the Laws of South Africa and listed on the Main Board of the JSE, licensed as an exchange under the Financial Markets Act;
"**JSE Listings Requirements**"	the listings requirements issued by the JSE under the Financial Markets Act and to be observed by issuers of equity securities listed on the JSE, as amended;
"**King Code**"	the King Code of Governance Principles and the King Report on Governance for South Africa, as published on 1 November 2016;
"**Last Practicable Date**"	the last practicable date prior to the finalisation of this Pre-Listing Statement, being 31 May 2024;
"**Laws**"	laws, legislation, statutes, regulations, directives, orders, notices, promulgations and other decrees of any Governmental Authority which have force of law or which would be an offence not to obey, and the common law, all of the aforementioned as modified, re-enacted, restated, replaced or re-implemented from time to time;
"**Legal Adviser**"	Edward Nathan Sonnenberg Incorporated trading as ENS, registration number 2006/018200/21, a personal liability company duly incorporated and registered in accordance with the Laws of South Africa and the legal adviser to ListCo and RCL Foods;
"**Lesotho**"	the Kingdom of Lesotho;
"**ListCo**" or "**Company**"	Rainbow Chicken Limited, registration number 2024/200346/06, a public company duly incorporated and registered in accordance with the Laws of South Africa;
"**ListCo Distribution Shares**"	all of the ListCo Shares held by RCL Foods as at the Last Practicable Date and the Unbundling Operative Date, comprising 100% of the issued ListCo Shares, being 890,296,405 ListCo Shares, which are to be distributed to the RCL Foods Shareholders entitled to participate in the Unbundling recorded in the Register of RCL Foods on the Unbundling Record Date;
"**ListCo Group**"	ListCo and its subsidiaries, as the case may be from time to time;
"**ListCo Shares**"	unlisted ordinary shares of no par value in the issued share capital of ListCo and which are to be listed in accordance with the Listing;

"**Listing**"	the listing by introduction, as a primary listing, in accordance with the JSE Listings Requirements, of all the ListCo Distribution Shares on the Main Board of JSE in the "Consumer Goods" sector ("Food Products" sub-sector) and under the abbreviated name "**RAINBOW**" and having the JSE share code "**RBO**";
"**Listing Date**"	the date on which the ListCo Distribution Shares are listed on the JSE, which date is expected to be on or about Wednesday, 26 June 2024;
"**Major Subsidiary**"	major subsidiary, as defined in the JSE Listings Requirements, of ListCo, with ListCo's Major Subsidiary, as at the Last Practicable Date, being RainbowCo;
"**Matzonox**"	Matzonox (RF) (Pty) Limited, registration number 2014/003695/07, a private company duly incorporated and registered in accordance with the Laws of South Africa and a partially owned Subsidiary of RainbowCo. RainbowCo and Green Create W2V SA (Proprietary) Limited each own 50% of the issued share capital of Matzonox respectively;
"**Matzonox Fertilisers**"	Matzonox Fertilisers (Pty) Limited, registration number 2021/536332/07, a private company duly incorporated and registered in accordance with the Laws of South Africa and a partially owned Subsidiary of RainbowCo. RainbowCo and Green Create W2V SA (Proprietary) Limited each own 50% of the issued share capital of Matzonox Fertilisers respectively;
"**Memorandum of Incorporation**" or "**MOI**"	the memorandum of incorporation of ListCo in force as at the Last Practicable Date;
"**Non-IFRS Measures**"	certain non-IFRS measures and ratios, being EBITDA, EBIT, HEPS, and Free Cash Flow that are not required by, or presented in accordance with, IFRS;
"**Non-resident**"	a person who is not considered to be an ordinary resident in South Africa in terms of the Exchange Control Regulations;
"**Phase One Recapitalisation Implementation Agreement**"	the written implementation agreement entered into between RainbowCo, RCL Foods and RCL Foods Treasury in terms of which *inter alia* certain intra-group transactions and distributions have occurred between and amongst entities forming part of the RCL Foods Group;
"**Phase Two Restructuring Implementation Agreement**"	the written implementation agreement entered into between RainbowCo, RCL Foods, RCL Foods Treasury and ListCo in terms of which *inter alia* the implementation of the Restructuring was regulated, as described in "***Section 4: Restructuring and Formation of the ListCo Group***";
"**Pre-Listing Statement**"	this Pre-Listing Statement, consisting of all documents contained in this bound document, including the annexures hereto, dated Monday, 10 June 2024, that has been prepared in compliance with the JSE Listings Requirements;
"***Pro Forma* Financial Information**"	the *pro forma* statement of profit and loss for the six-month period ended 31 December 2023 and *pro forma* statement of financial position information as at 31 December 2023 of the ListCo Group, and the notes thereto, which is included in Annexure 4A to this Pre-Listing Statement, illustrating the impact of post-balance sheet transactions;
"**QSR**"	quick service restaurants;
"**RainbowCo**"	RCL Foods Consumer (Pty) Limited, registration number 1960/002377/07, a private company duly incorporated and registered in accordance with the Laws of South Africa, being the entity which houses RainbowDiv in its entirety from 1 February 2023;
"**RainbowDiv**"	the poultry and animal feed agri-processing businesses (namely the chicken, animal feed and waste-to-value businesses) housed in and operated by, as applicable: • RCL Foods, through RainbowCo, prior to the Unbundling; or • the ListCo Group, post the Unbundling;

"**Rainbow Chicken Foods**"	Rainbow Chicken Foods (Pty) Limited, registration number 2004/012689/07, a private company duly incorporated and registered in accordance with the Laws of South Africa, and a wholly owned Subsidiary of RainbowCo;
"**Rainbow Farms**"	Rainbow Farms Investments (Pty) Limited, registration number 1962/000300/07, a private company duly incorporated and registered in accordance with the Laws of South Africa, and a wholly owned Subsidiary of RainbowCo;
"**Rand**" or "**R**"	South African Rand, the official currency of South Africa;
"**RCL Foods**"	RCL Foods Limited, registration number 1966/004972/06, a public company duly incorporated and registered in accordance with the Laws of South Africa, the shares of which are listed on the Main Board of the JSE in the "Food Producers" sector of the list;
"RCL Foods Group"	RCL Foods and its subsidiaries, as the case may be from time to time;
"**RCL Group Services**"	RCL Group Services (Pty) Limited, registration number 1957/004291/07, a private company duly incorporated and registered in accordance with the Laws of South Africa, and a wholly owned Subsidiary of RCL Foods;
"**RCL Foods Shareholders**"	the holders of RCL Foods Shares at any point in time, or as the case may be;
"RCL Foods Shares"	listed ordinary shares of no par value in the issued share capital of RCL Foods;
"**RCL Foods Treasury**"	RCL Foods Treasury (Pty) Limited, registration number 1983/002520/07, a private company duly incorporated and registered in accordance with the Laws of South Africa, and a wholly owned Subsidiary of RCL Foods;
"RCL Foods VAFB Group"	RCL Foods and its subsidiaries, as the case may be from time to time, other than RainbowCo (and, therefore, RainbowDiv);
"**Register**"	means the securities register of a company maintained in accordance with section 50 of the Companies Act;
"**Remgro**"	Remgro Limited, registration number 1968/006415/06, a public company duly incorporated and registered in accordance with the Laws of South Africa, which is the controlling shareholder of ListCo;
"**Restructuring**"	the restructuring implemented prior to the Last Practicable Date in order to facilitate the Listing, which included, *inter alia*, interposing ListCo between RCL Foods and RainbowCo, such that RainbowCo became a wholly owned Subsidiary of ListCo, with ListCo being a wholly owned Subsidiary of RCL Foods, as more fully described in "***Section 4: Restructuring and Formation of the ListCo Group***";
"**RMB**"	Rand Merchant Bank (a division of FirstRand Bank Limited), registration number 1929/001225/06, a public company duly incorporated and registered in accordance with the Laws of South Africa and the financial adviser and transaction sponsor to ListCo;
"**SARB**"	the South African Reserve Bank;
"**SENS**"	the Stock Exchange News Service operated by the JSE;
"**South Africa**"	the Republic of South Africa;
"**Transaction Sponsor**"	RMB;
"**Strate**"	Strate (Pty) Limited, registration number 1998/022242/07, a private company duly registered and incorporated in accordance with the Laws of South Africa and licensed as a CSDP in terms of the Financial Markets Act;
"**Subsidiary**"	will bear the meaning assigned to this term in the Companies Act;

"**Transfer Secretaries**" or "**Computershare**"	Computershare Investor Services (Pty) Limited, registration number 2004/003647/07, a private company duly incorporated and registered in accordance with the Laws of South Africa and the transfer secretaries to ListCo;
"**Transitional Services Agreement**"	the written transitional and support services agreement entered into between RainbowCo and RCL Group Services in respect of certain transitional and longer-term support services to be rendered by RCL Group Services to the ListCo Group after the Unbundling Operative Date;
"**Unbundling**"	the proposed distribution *in specie* of 890,296,405 ListCo Shares held by RCL Foods, and comprising 100% of the issued ListCo Shares, to RCL Foods Shareholders entitled to participate in the Unbundling in the ratio of 1 ListCo Share for every 1 RCL Foods Share held as at the Unbundling Record Date, in terms of section 46 of the Companies Act and section 46 of the Income Tax Act;
"**Unbundling Operative Date**"	the date on which the Unbundling will be implemented and the beneficial ownership in the ListCo Distribution Shares will pass to the RCL Foods Shareholders registered as such in the RCL Foods Register on the Unbundling Record Date, expected to be Monday, 1 July 2024;
"**Unbundling Record Date**"	the last date on which a RCL Foods Shareholder must be recorded in the RCL Foods Register in order to participate in the Unbundling, expected to be Friday, 28 June 2024;
"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;
"**US**" or "**United States**"	the United States of America;
"**US Securities Act**"	the US Securities Act, 1933, as amended;
"**VAT**"	value-added tax levied in terms of the Value-Added Tax Act, No. 89 of 1991; and
"**Vector**"	Vector Logistics (Pty) Limited, registration number 2002/009081/07, a private company duly registered and incorporated in accordance with the Laws of South Africa.

SECTION 1: OVERVIEW OF THE LISTING AND UNBUNDLING

1.1 INTRODUCTION

This Pre-Listing Statement should be read with the announcements released by RCL Foods on SENS on 6 March 2023, 4 September 2023 and 4 March 2024, in which RCL Foods Shareholders were advised that, following the strategic review of RCL Foods, a formal separation of RainbowDiv from RCL Foods would be pursued. On 1 March 2024, the board of directors of RCL Foods provided its preliminary approval to pursue the formal separation of RainbowDiv via the Listing and Unbundling.

As detailed in the RCL Foods SENS Announcement released on Tuesday, 4 June 2024, the board of directors of RCL Foods has resolved to implement the separation by way of the Unbundling, in terms of which the ListCo Shares will be distributed *in specie* to RCL Foods Shareholders entitled to participate in the Unbundling, following which, ListCo will be an independent publicly traded company on the JSE (with separate public ownership, board of directors and management).

The Unbundling entails:

- the Listing of the ListCo Distribution Shares on the Main Board of the JSE; and
- the *pro rata* distribution *in specie* of the ListCo Distribution Shares held by RCL Foods (comprising 100% of the issued ListCo Shares) to RCL Foods Shareholders entitled to participate in the Unbundling in terms of section 46 of the Companies Act and section 46 of the Income Tax Act, on the basis that RCL Foods Shareholders recorded in the RCL Foods Register at 17:00 on the Unbundling Record Date will receive 1 ListCo Share for every 1 RCL Foods Share held.

The purpose of this Pre-Listing Statement is to provide RCL Foods Shareholders with information regarding the salient terms of the Listing and Unbundling, and the business and affairs of ListCo and the ListCo Group.

1.2 RATIONALE FOR THE LISTING AND UNBUNDLING

The Listing and Unbundling of ListCo is pursuant to the outcomes of the strategic review completed by RCL Foods during its financial year ended 4 June 2021 (further details of which are set out in paragraph 2.1 of "***Section 2: Overview of the ListCo Group***"). The Listing and Unbundling follow an extensive and detailed two-year analysis and review by the board of directors of RCL Foods of various separation options for RainbowDiv. This analysis and review was conducted in parallel with RCL Foods monitoring RainbowDiv's improving performance, in line with its overarching strategy of becoming a sustainable, market-leading, low-cost poultry producer.

As indicated in RCL Foods' latest interim results for the six-month period ended 31 December 2023, RainbowDiv has made significant strides in delivering on its strategy to restore through-the-cycle profitability through an appropriately structured and sustainable operational base. Given the traction displayed by RainbowDiv in this regard, particularly in relation to (i) the successful implementation of a change of its chicken breed (a significant change to the genetics of its breeding stock), which was completed in the current financial year, and (ii) improved operational resilience in the face of significant headwinds experienced recently, the board of directors of RCL Foods and the Board have confidence in the ListCo Group's ability to operate on a standalone basis and deliver sustainable and attractive financial performance over the long term.

The board of directors of RCL Foods therefore believes the timing to be optimal to separate RainbowDiv (via ListCo) from the RCL Foods Group formally, so that it can continue to deliver on its turnaround plan and strategic objectives in a pure-play poultry environment. The Listing and Unbundling is expected to enable both RCL Foods and ListCo to pursue their respective growth ambitions and investment cases in a focused manner and with improved alignment on capital allocation priorities. Equally, RCL Foods Shareholders will be afforded an enhanced ability to manage their preferred investment exposures to the RCL Foods VAFB Group and ListCo, respectively. It is also anticipated that the Listing will create the opportunity for ListCo to have direct access to equity markets with attendant access to a broader and deeper spectrum of capital to pursue growth opportunities, as may be appropriate in the future.

Following the Listing and Unbundling, both RCL Foods and ListCo will remain South African domiciled companies, with their primary listings on the JSE.

The board of directors of RCL Foods and the Board are of the view that ListCo is a company with a strong and aligned organisational culture, an experienced and entrenched executive management team, deep talent pool, substantial operations across South Africa, diversified product offering delivered through leading brands, and loyal customer following, all of which will be leveraged to create a unique investment opportunity in the South African listed environment.

1.3 **APPROVALS**

The Listing will be a primary listing by introduction on the JSE and does not contemplate an offer for sale by RCL Foods of securities in ListCo, nor an offer for subscription by ListCo, and is therefore not categorisable by RCL Foods in terms of paragraph 4.11 or section 9 of the JSE Listings Requirements.

The Unbundling constitutes a *pro rata* distribution *in specie* by RCL Foods of JSE-listed ListCo Distribution Shares to all RCL Foods Shareholders entitled to participate in the Unbundling, being the holders of RCL Foods Shares, contemplated in paragraph 5.85 of the JSE Listings Requirements. Since all ListCo Distribution Shares will be listed on the Main Board of the JSE, the Unbundling will not require the approval of RCL Foods Shareholders in terms of the JSE Listings Requirements.

In terms of paragraph 16.26(i) of the JSE Listings Requirements and paragraph B(viii)(i) of Section G of the Exchange Control Manual, the prior approval of FinSurv is required for RCL Foods to effect a distribution *in specie* in the form of the Unbundling. The Listing has been approved by ListCo's authorised dealer, and the Unbundling has been approved by FinSurv.

1.4 **THE LISTING**

The JSE has approved the Listing of the entire issued ordinary share capital of ListCo in the "Consumer Goods" sector ("Food Products" sub-sector) on the Main Board of the JSE, under the abbreviated name "**RAINBOW**", the share code "**RBO**", and ISIN ZAE000334850**,** with effect from the commencement of business on Wednesday, 26 June 2024.

1.5 **THE UNBUNDLING**

The Unbundling will be governed by and will be carried out in accordance with the provisions of section 46 of the Companies Act and section 46 of the Income Tax Act. In terms of section 46 of the Companies Act, a *pro rata* distribution *in specie* of ListCo Shares must be approved by the board of directors of RCL Foods and can be given effect to only if, considering all reasonably foreseeable financial circumstances of RCL Foods at that time:

- the assets of RCL Foods, as fairly valued, equal or exceed the liabilities of RCL Foods, as fairly valued; and
- it appears that RCL Foods will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the distribution is implemented.

The Companies Act requires that the board of directors of RCL Foods acknowledge, by resolution, that they are satisfied that the above requirements are fulfilled.

Consistent with the foregoing, the board of directors of RCL Foods approved the implementation of the Unbundling by passing the requisite resolutions on Monday, 3 June 2024.

1.6 **TIMETABLE FOR IMPLEMENTATION OF THE LISTING AND UNBUNDLING**

The timetable for implementing the Listing and Unbundling is set out in the section entitled "***Important Dates and Times***" on page 9 of this Pre-Listing Statement.

1.7 **RECEIPT OF LISTCO DISTRIBUTION SHARES**

For a detailed explanation of the settlement of the Unbundling and future trading in ListCo Distribution Shares, please refer to "***Section 15: Settlement/Dealings***" commencing on page 116 of this Pre-Listing Statement.

ListCo and RCL Foods do not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of RCL Foods Shares to notify such beneficial owner of the details set out in this Pre-Listing Statement.

1.8 **STRATE AND TRADING LISTCO SHARES ON THE JSE**

For a detailed explanation of the Strate system and the trading of ListCo Shares on the JSE, please refer to "***Section 15: Settlement/Dealings***" commencing on page 116 of this Pre-Listing Statement.

1.9 **COPIES OF THE PRE-LISTING STATEMENT**

Copies of the Pre-Listing Statement may be obtained during normal business hours from Monday, 10 June 2024 from RCL Foods' and ListCo's registered offices, and the offices of the Transfer Secretaries, the addresses of which are set out in the "***Corporate Information and Advisers***" section on page 6 of this Pre-Listing Statement as well as on https://rainbowchickens.co.za/investor-relations/ and https://rclfoods.com/investor-center/transaction-documents/.

SECTION 2: OVERVIEW OF THE LISTCO GROUP

2.1 BACKGROUND

In 2020, RCL Foods initiated a strategic review of its operations and the composition of its underlying portfolio of businesses.

The outcome of the strategic review, which was endorsed by the board of directors of RCL Foods and announced on SENS as part of RCL Foods' interim results for the six months ended December 2020, was that RCL Foods was not optimally configured to achieve its strategic objectives and would, over time, seek to divest of or otherwise separate its agri-processing and logistics businesses (namely RainbowDiv, and its sugar and logistics divisions) from its value-added branded foods businesses.

Since December 2020, RCL Foods has evaluated various options to implement such divestments and/or separations, as well as the consequences thereof on the residual RCL Foods Group. After careful consideration, it was determined that the sugar division would be retained for an extended period of time due to the integration between this division and RCL Foods' valued-added branded foods operations. Accordingly, RCL Foods has focused on separating and divesting only its (i) chicken, animal feed and waste-to-value, and (ii) logistics operations. The disposal of RCL Foods' logistics operation, Vector, was completed in August 2023, with proceeds of approximately R1.3 billion received.

In relation to RainbowDiv, an operational separation of this division from the rest of RCL Foods was implemented with effect from October 2021, to enable RainbowDiv to operate independently and to allow dedicated management focus on effecting a turnaround in RainbowDiv's operational and financial performance, which had been sub-optimal for a number of years. This strategy, developed in 2021 by a new senior leadership team, has yielded positive outcomes, with RainbowDiv delivering an improved operational and financial performance for the 2022 financial year. A challenging operating and commodity price environment contributed to a decline in 2023, with high input costs, infrastructure challenges, and the impact of load shedding negatively impacting margins.

The above notwithstanding, the implementation of the revised strategy for RainbowDiv including, *inter alia*, the reconfiguration of the business' operating model, investment in assets and infrastructure, improvements in farming and agricultural practices, and the rollout of a new chicken breed, have driven much improved performance despite ongoing sector headwinds. This has been most recently evidenced in the financial performance of RainbowDiv as set out in RCL Foods' results for the six-month period to 31 December 2023, which were announced on SENS on 4 March 2024. As a result of the above, RCL Foods is of the view that the timing is optimal to implement a formal separation of RainbowDiv from the RCL Foods Group by means of the Listing and Unbundling.

2.2 OVERVIEW OF THE BUSINESS OF THE LISTCO GROUP

The ListCo Group produces and sells a wide range of frozen, fresh, and further-processed added-value chicken, as well as grain-based animal feed products, under its established brands including confined labels and dealer-owned brands. RainbowCo is the major operating Subsidiary of the ListCo Group.

RainbowCo is a market-leading, fully integrated poultry producer, with operations across the entire chicken production value chain. RainbowCo's fully integrated business model allows it to obtain supply chain and cost efficiencies across various stages of chicken production. RainbowCo controls and operates 174 farms, 1,288 houses, eight hatcheries, three primary processing plants, two further processing plants dedicated to added-value chicken products, six animal feed mills, and is a 50% shareholder in a joint venture (Matzonox) which operates two waste-to-value plants. RainbowCo products are supplied through traditional retail and wholesale channels, as well as HORECA, industrial reprocessors ("**IR**"), and QSR. RainbowCo's product distribution is primarily managed by Vector, who also provides multi-temperature warehousing and distribution solutions to various divisions of RCL Foods and a range of external customers. RainbowCo is structured into three reporting divisions or segments, namely (i) chicken farming and processing ("**Chicken**"), (ii) animal feed production and sales ("**Animal Feed**"), and (iii) Matzonox ("**Waste-to-Value**").

2.3 INCORPORATION, HISTORY AND EVOLUTION OF THE LISTCO GROUP

2.3.1 INCORPORATION AND FORMATION OF THE LISTCO GROUP

ListCo was incorporated in South Africa on 11 April 2024 in terms of the Companies Act as a private company with registration number 2024/200346/07. ListCo was converted to a public company on Friday, 31 May 2024 with registration number 2024/200346/06.

The business of ListCo and its principal activity is to act as a listed holding company for RainbowDiv, via its shareholding in RainbowCo.

The registered address and head office of ListCo is Southdowns Ridge Office Park, Suite 12, Ground Floor, Cnr John Vorster and Nelmapius Drive, Irene, Centurion. There has been no material change in the business or trading objects of ListCo since incorporation.

ListCo was incorporated as a wholly owned Subsidiary of RCL Foods. The registered address and national office of RCL Foods is Ten The Boulevard, Westway Office Park, Westville, 3629.

2.3.2 HISTORY

The ListCo Group started its life through Rainbow Poultry Farms Proprietary Limited, which was founded in 1960 by Stanley Methven on his father's farm in Hammarsdale, outside Durban. Originally operating from a stall in Durban, demand for the company's chicken grew quickly and, in 1963, the first processing plant was commissioned in Hammarsdale. In 1966, Rainbow Chicken Limited ("**RainbowHoldCo**") was formed as the holding company for Rainbow Poultry Farms Proprietary Limited. A period of rapid growth followed, with an additional three processing plants commissioned from 1970 to 1985.

The award of a KFC tender in 1984 helped establish a QSR and food service business, creating a platform for a profitable distribution channel. Strategically, RainbowHoldCo focused on differentiating itself through fully integrating the supply chain and expanding the business offering across retail, wholesale, and food service customers, and introducing branded products, including the Rainbow, Simply Chicken and Farmer Brown ranges. Epol was acquired in 1992, beginning the diversification of RainbowHoldCo away from pure chicken through exposure to the animal feed segment.

In 2004, RainbowHoldCo acquired Vector to provide in-house end-to-end management of RainbowHoldCo's supply chain, including warehousing, cold storage, and distribution. At the time of the acquisition, Vector distributed approximately 70% of RainbowHoldCo's production, with RainbowHoldCo accounting for c.60% of Vector's business. Post the acquisition, the operations of Vector were fully integrated into those of RainbowHoldCo. However, in 2011 RainbowHoldCo was restructured into two operating entities, namely RainbowDiv and Vector, which enabled both businesses to pursue separate strategic growth plans and allowed Vector to grow its external client and revenue base.

In May 2013, RainbowHoldCo acquired a controlling shareholding in Foodcorp Holdings Proprietary Limited ("**Foodcorp**"), bringing numerous branded food products and leading brands into RainbowHoldCo. This transaction marked a significant change in RainbowHoldCo's strategy and vision, transforming it from a pure agri-food processor into a diversified branded consumer food business. Accordingly, RainbowHoldCo's name was changed to RCL Foods Limited to reflect this new vision for the group's business. In line with the revised strategy, sugar operations in the form of Transvaal Suiker Beperk and the Molatek brand were acquired in 2014. In 2021, RCL Foods partnered with The LIVEKINDLY Collective to establish the LIVEKINDLY Collective Africa, in which RCL Foods currently holds a 49.99% stake.

In October 2021, an RCL Foods internal reorganisation was implemented in order to transfer relevant operations of RainbowDiv into a single operating company, namely RainbowCo, and to transfer certain operations of other RCL Foods divisions (pies, beverages, grocery, and specialty) out of RainbowCo.

Today, RainbowCo is one of the leading poultry producers in South Africa, with a range of chicken and animal feed brands, differentiated by its fully integrated supply chain and operations which enables it to manage production from farm to fork.

2.3.3 **LISTCO'S MISSION AND VALUES**

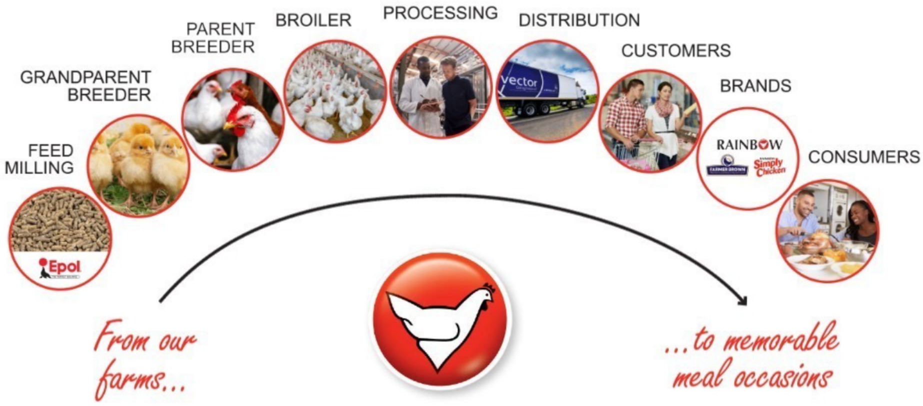
The ListCo Group's mission is to deliver great-tasting, quality chicken to every table in South Africa. The ListCo Group aims to feed families, empower local communities, and ultimately nourish the nation in a sustainable manner that supports the environment. The ListCo Group's mission is brought to life by weaving the five values below into all activities and operations of the business.

2.3.4 **THE LISTCO GROUP'S INVESTMENT HIGHLIGHTS**

The following points of differentiation form the basis of the ListCo investment thesis.

2.3.4.1 **The ListCo Group is one of the largest, fully integrated processors and marketers of chicken and animal feed in South Africa.**

Over the past 64 years, the ListCo Group has grown into one of the leading processors and marketers of chicken and animal feed in South Africa, growing revenue to over R13.4 billion in the 2023 financial year. Importantly, RainbowCo operates an integrated model, from "farm to fork", starting with ensuring the best genetic traits of its chickens are developed and nurtured through three generations and the entire value chain, to ultimately deliver its range of quality products to the South African market. RainbowCo's integrated model is characterised by exposure to all elements of the value chain as outlined below.



2.3.4.2 **ListCo is diversified across product and sales channels, and is well positioned for growing demand for chicken products as an affordable source of protein.**

As a leading producer, the ListCo Group plays a major role in the national supply of chicken. Key to its long-term sustainability and competitive positioning, the ListCo Group's chicken sales are balanced across the following two main channels:

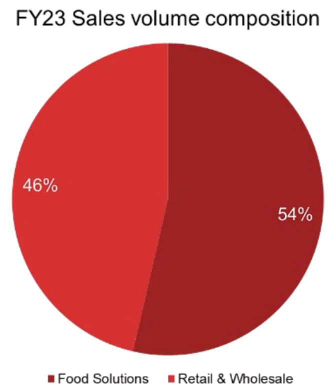
- **Retail & Wholesale ("R&W")**:

  RainbowCo sells its products to and has strong relationships with most major retail and wholesale food and consumer packaged goods businesses across South Africa, including Shoprite, Checkers, Woolworths, Spar and Pick n Pay. Retail involves selling goods to consumers for personal use, usually in smaller quantities, whereas wholesale focuses on selling goods to customers in larger quantities.

- **Food Solutions**:

  RainbowCo is a prominent food service chicken provider in South Africa through the "Food Solutions" channel. RainbowCo's sales are diversified across various key sub-channels including QSR, HORECA, forecourts for major service stations, retail prepared ("**RP**"), and IR. While RainbowCo also engages in export channels, this segment represents a smaller portion of its overall operations and revenue.

  Within the Food Solutions channel, RainbowCo offers a range of products for either in-store preparation or delivery of the final product in a state/form ready for immediate consumption. The products are versatile and can be tailored to meet specific customer needs, or customers can opt for an existing branded product range.



RainbowCo has, over time, developed strong and trusted customer relationships across both channels, which it continues to grow.

RainbowCo's strong positioning within the food service industry complements its R&W exposure through a significant volume of contractual supply and diversification of the overall revenue and margin mix, and allowing RainbowCo to partner with key customers, meeting their product requirements as they expand their own national footprints. In respect of Food Solutions, RainbowCo has a substantial and diversified customer base within the QSR segment in South Africa, where it is a leading supplier to popular franchises such as KFC, Chicken Licken, Nando's, Burger King, Pedros, Spur, Galito's, Hungry Lion and several others.

Across its core channels and customers, RainbowCo also optimally manages its mix between "demand-driven" and "value-driven" chicken products (described in further detail below).

Key international and regional demand fundamentals which support the investment case for the chicken industry include:

- global demand for chicken is forecast to increase by 120% (more than double) and become the largest meat source by 2050[1];
- chicken is the most efficient converter of feed to product and has the smallest environmental footprint, relative to other major protein sources;
- in the context of a growing population and scarcity of suitable land in South Africa, poultry uses the least land per unit vs. other meat sources;
- South Africa continues to consume below the recommended daily protein intake per capita;
- chicken ranks as the top expenditure item across low, lower middle-income and upper middle-income households in South Africa, and the second highest expenditure item in affluent households, across all food expenditure items. The category is therefore highly defensive even in periods of subdued or depressed macroeconomic conditions; and
- in South Africa, the entire chicken is consumed, with nothing going to waste, which is fairly unique in the global context. All portions of the chicken are enjoyed by consumers, from high-end added-value fillet products, to the lower cost elements of the bird.

1 Source: Cara Helena Wilcox, Victoria Sandilands, Novi Mayasari, Indrawati YudhaAsmara & Asep Anang (17 Oct 2023): A literature review of broiler chicken welfare, husbandry, and assessment, World's Poultry Science Journal

2.3.4.3 **ListCo's portfolio of chicken brands have a rich history, spanning over 60 years, with strong brand and customer affinity and ongoing consumer relevance supported by targeted product innovation.**

RainbowCo distributes its products through three main chicken brands, with the "Rainbow" brand, which enjoys iconic status in South Africa, being the first brand established.

The "Rainbow Simply Chicken" brand was created subsequently to meet the demand for value-added chicken and has developed into a leading brand within the category through strong innovation. "Farmer Brown" is a niche brand offering, through which the ListCo Group supplies chicken raised on a vegetarian diet, with the end product aimed at serving a narrower, more selective customer segment.

ListCo's brands offer diverse products which are strong competitors in their respective markets, with various products commanding upwards of 10% market share in specific categories (per Company Internal Analysis). ListCo's Chicken division has historically enjoyed a strong leadership position in chicken product innovation in South Africa.

Select key highlights in relation to ListCo's brands and product innovation in recent years include:

- the launch of Rainbow Polony achieved a 5.4% value share and 4.4% volume share within a year of launch in 2021, per Company Internal Analysis;
- Simply Chicken "Chickees" range and "Hot and Spicy" ranges achieved a 4.8% value share and 4% volume share in the first 6 months since launch, delivering volume growth well ahead of the category, per Company Internal Analysis; and
- Simply Chicken franks and grillers won the NielsenIQ breakthrough innovation award for 2022.

It is becoming increasingly important for the ListCo Group to invest in accelerated product renovation and innovation (from concept to launch), especially under ListCo's own brands and outside of launches of products required by QSR customers (such as Chicken Licken, Nando's, KFC, Hungry Lion and Burger King), and retail customers (such as Woolworths, Shoprite and Pick n Pay).

Category management and leadership is a key focus to continue distinguishing and differentiating ListCo's Chicken brands. In this regard, the Chicken division's latest category and brand plans are focused on driving market competitiveness to achieve profitable volume growth through competitive pricing on the core products and value growth through product renovation and innovation. While innovation and product development are key to the ListCo Group's strategy, all new stock keeping units ("**SKUs**") are considered in the context of an overarching focus on low cost of production and processing optimisation.

2.3.4.4 **Market leading and scaled animal feed business providing strong and consistent earnings.**

ListCo's Animal Feed division is the second largest feed company in South Africa, and delivers consistent, high-quality feed to the Chicken division and external customers across South Africa through its Epol and Driehoek Feeds brands. The Animal Feed division's technical team are qualified animal nutritionists, who ensure that feed produced achieves the required animal performance and health criteria. A commitment to quality is evident throughout the operation, with stringent controls maintained at the on-site laboratories and the use of near infra-red testing to determine the quality of all incoming and outgoing feed. The division also provides on-farm technical, nutritional and support services to its customers through an in-house team of technical managers.

The Animal Feed division's external feed business provides a meaningful underpin to overall financial performance of the ListCo Group, by enhancing consistency and quality of earnings.

2.3.4.5 **Experienced and dedicated management team with an outstanding industry track record.**

ListCo is managed by a deeply skilled and highly experienced executive and senior leadership team. As detailed in paragraph 2.3.4.6 below, the execution of the ListCo Group's "Future Perfect Rainbow Chicken" strategy to date has been driven by the appointment of key senior executives in 2021. The ListCo executive leadership team is as follows:

Marthinus Petrus Stander *Chief Executive Officer*	Marthinus has 28 years of experience in the food and agri-processing sectors, with a significant portion of that time spent in the poultry industry. He is an experienced leader with expertise in defining clear vision and strategy, mergers and acquisitions, building strong teams, and media communication, and has a proven track record in leadership roles in the sector.
Wouter Alphonso De Wet *Chief Operating Officer*	Wouter is responsible for the profitable operation of the various business units. Wouter has a background as a turnaround specialist with a strong track record of successful turnaround projects in various industries. Wouter joined RainbowHoldCo in 1997 as part of the original turnaround project. He has since filled various senior roles in the industry, managed two acquisitions, and the merger of Epol and Molatek.
Kerry Rosemary van der Merwe *Chief Financial Officer*	Kerry joined RainbowCo in 2012, holding pivotal senior positions such as IFRS and Tax Executive, as well as Finance and Commercial Executive, gaining a wealth of poultry industry experience within the organisation. Kerry was appointed as Chief Financial Officer-Designate of RainbowCo in July 2023 and has since been appointed as Chief Financial Officer of the ListCo Group.

Key to ListCo's "Future Perfect Rainbow Chicken" strategy is the attraction and retention of strong talent across its integrated operations. In particular, the ListCo Group has a strong focus on culture which is encapsulated in the messages of "OneTeamOneDream" and "#WeAreRainbow".

Further detail in relation to ListCo's executive and senior management team can be found in "***Section 9: Directors, Senior Management and Corporate Governance***" commencing on page 90.

2.3.4.6 **Demonstrated traction in respect of ListCo's "Future Perfect Rainbow Chicken" strategy to ensure ListCo continues to grow as a sustainable, low-cost producer of scale and deliver attractive through-the-cycle profitability, returns and growth.**

The ListCo Group's "Future Perfect Rainbow Chicken" strategy is being successfully delivered, with traction demonstrated by, *inter alia*, fundamentally reset agricultural key performance indicators ("**agric KPIs**") and consistent volume and revenue growth, driving improved profitability. In the period prior to 2021 and in recent years, the ListCo Group was faced with and overcame a number of challenges which negatively impacted its through-the-cycle profitability and sustainability including, *inter alia*, status of operational assets at agricultural, processing and feed facilities, outbreaks of avian influenza, and breed/genetics challenges.

Key to the sustainability of any poultry producer is an ability to deliver strong agricultural and operating performance, and a low cost of production to ensure that despite the input cost and demand-side volatility inherent to the sector, long-term sustainability and profitability can be achieved.

An important element of ListCo's investment case is the fact that, since 2021, ListCo's management team, led by Marthinus Stander, has been implementing ListCo's revised strategy: "**Future Perfect Rainbow Chicken**". The ListCo Group has demonstrated strong traction on its revised strategy, including:

- significant capital investment in the ListCo Group's operations, with further investment in the asset base catered for in the recapitalisation of RainbowCo (and therefore ListCo) ahead of the Listing and Unbundling;
- introduction of a revised operating model and management structure aimed at achieving a high degree of accountability, improved monitoring of operational performance, faster decision making, and optimising regional opportunities, ultimately resulting in improved operating performance at an underlying operating unit/asset level;
- developing and implementing a focused agriculture strategy which resulted in improvement in important agric KPIs and the full implementation of a new chicken breed and change in genetics across RainbowCo's operations, with the process for the full transition to the new chicken breed completed in April 2024;
- launched two successful interventions aimed at developing the skills of operational staff and creating a cost-conscious culture, which resulted in improved cost benchmarking and control to deliver improved cost of production; and
- enhanced focus on developing and maintaining customer relationships and targeted product innovation across its sales channels, delivering consistent volume and market share growth.

All of the above has contributed to the ListCo Group delivering improved operational performance in recent years despite market pressures including elevated feed prices, instances of highly pathogenic avian influenza ("**HPAI**"), and consumer pricing pressure.

Further detail in relation to the "Future Perfect Rainbow Chicken" strategy is outlined in paragraph 2.3.12 of this Pre-Listing Statement.

2.3.5 **THE LISTCO GROUP'S OPERATING MODEL**

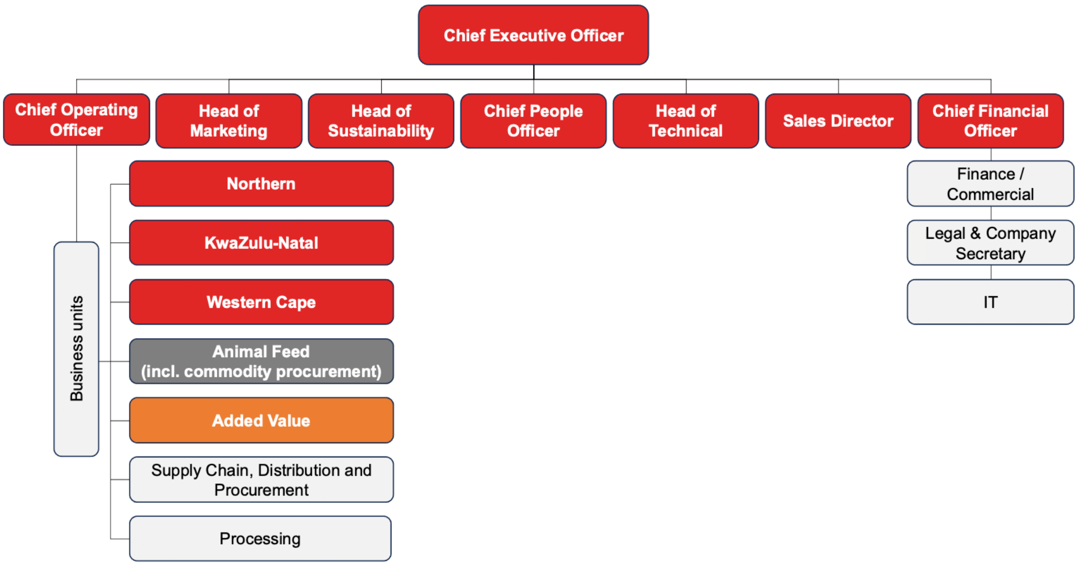
RainbowCo operates through a hybrid structure consisting of five business units. These include three regional integrated poultry business units (Northern, KwaZulu-Natal, and Western Cape). These units handle various aspects of the value chain, such as parent rearing and breeding, broiler production, and processing. The term broiler refers to any chicken that is bred and raised specifically for meat production. One of the main benefits of this integrated regional approach and focus is faster and better decision making across a complex value chain, where the cost of unintended consequences can sometimes outweigh the benefits if not well understood or properly considered.

Animal Feed is the fourth business unit. The focus of the Animal Feed division is on ensuring the nutritional needs of RainbowCo's own chickens, as well as those of the livestock with which its customers farm, are optimally met in the most cost-effective manner, by utilising the most affordable, quality raw materials. There is a direct correlation between the consistency and quality of poultry feed and major agric KPIs. The same applies for external feed customers where the focus is on producing high-quality animal feed on a national scale, with the goal of providing nutritious animal feed for most livestock needs, including poultry, cattle and other animals. A steady supply of quality feed is essential for maintaining optimal chicken growth in the Chicken division.

The fifth business unit is the added-value business. These operations play a crucial role in enhancing the product range where added-value chicken products, that cater to diverse consumer preferences, are produced. Across product sets such as marinated chicken, convenient ready-to-cook options, and specialty cuts, the added-value unit ensures that consumers have a variety of choices.

The aforementioned units/operations are assisted by a national support function which includes, *inter alia*, commercial, supply chain management, technical support, sales and marketing, finance and accounting, and safety, health, environment and quality ("**SHEQ**").

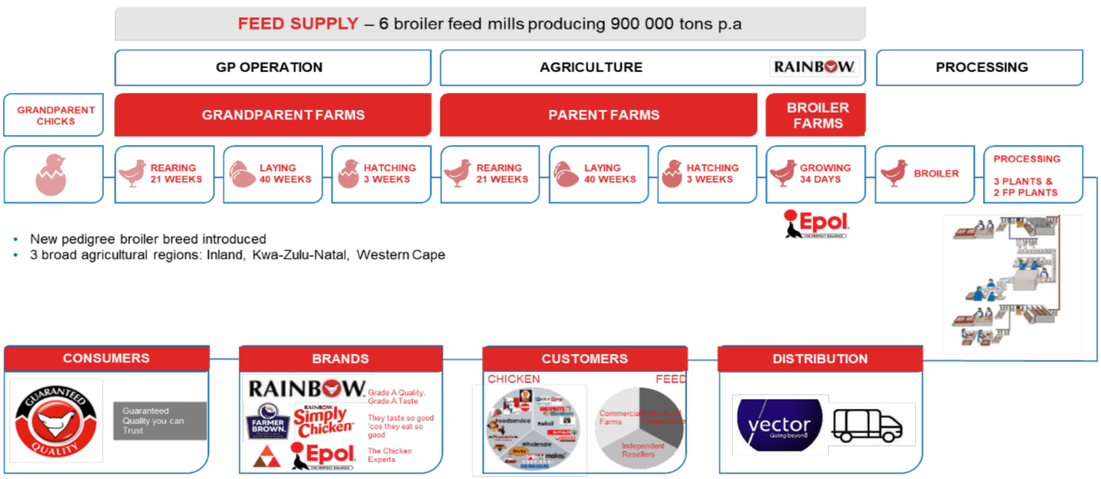
The ListCo Group's operating model and related organisational structure are outlined in more detail below.



2.3.6 **THE INTEGRATED VALUE CHAIN**

RainbowCo is a fully integrated chicken/broiler producer, breeding and rearing its own livestock (or via contract growers), which are fed using the products manufactured at RainbowCo's own feed mills.

Additionally, RainbowCo processes, distributes, and markets fresh, frozen, and further processed added-value chicken. The RainbowCo integrated value chain is presented in the below schematic.



Per the above illustration, broilers slaughtered in the ListCo Group's operations represent the fourth generation of chicken flocks which begin at the great grandparent level (imported from abroad), grandparent flocks, parent flocks, and finally broilers. Detailed economic considerations are applicable at each stage of bird production/rearing, with costs accumulating through the stages, and each cost element is supported by a set of agric KPIs which inform overall profitability. Feed produced at low costs and with energy levels tailored for optimum performance is required across the value chain and must be matched to the breed/poultry genetics of choice.

The integrated value chain is in essence a two-year pipeline, requiring precise planning in terms of the breed, and volumes required for optimal efficiency, lowest cost, facility capacities, and customer demand. Each operating region of the ListCo Group is therefore managed to be self-sufficient regarding egg and chick volumes, which are converted into the best quality chicks which facilitates achievement and exceeding targeted agric KPIs.

The success of chicken farming depends on attaining the optimum balance between nutrition, genetics, environment, health of chickens and state of the assets employed. The ListCo Group's philosophy in this regard is focused on the "best people applying brilliant basics consistently," to manage its key objectives.

2.3.7 OVERVIEW OF THE CHICKEN DIVISION'S OPERATIONS

2.3.7.1 Operational overview

The ListCo Group's Chicken division aims to achieve sustainable agriculture performance through a holistic approach to flock rearing and management, starting with healthy grandparents passing along optimal genetics through the parent stage to broiler flocks. As outlined above, each step in the initial value chain is monitored by a set of agric KPIs.

Tracking these critical metrics is key to understanding and improving operational and financial performance. From a RainbowCo perspective, the most important agric KPIs monitored and managed by the business on an ongoing basis are as follows:

- **Hatchability**:

  This refers to the ability of an egg to successfully hatch into a chick and is expressed in percentage terms. Hatchability is influenced by various factors, including the fertility of the flock, quality of the egg, the conditions of incubation and the health of the parent birds.

- **Mortality:**

  Mortality refers to the death of chickens during the production/rearing process and is expressed in percentage terms.

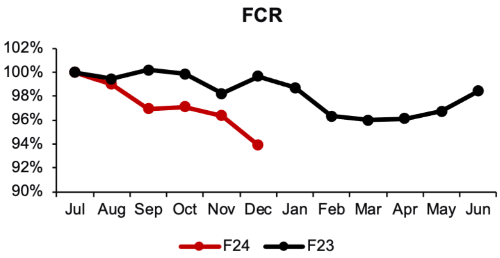
- **Feed conversion ratio ("FCR")**:

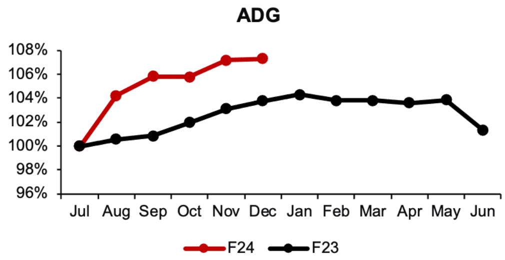
  FCR is a measure of broilers' efficiency in converting feed into increased body mass (i.e. broiler meat). For example, an FCR of 2.00 indicates 2.0kg of feed is required to increase a broiler's mass by 1.0kg. A lower FCR level is indicative of broilers more efficiently converting feed into desired mass.

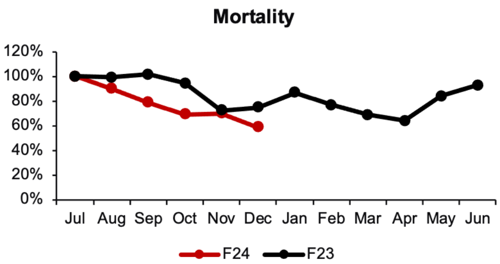
- **Average daily gain ("ADG")**:

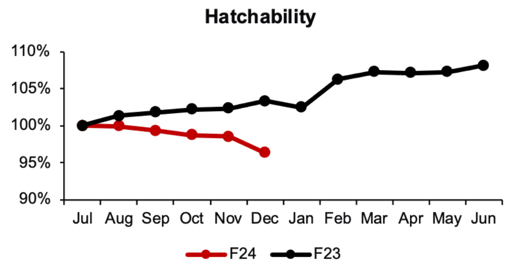
  ADG is a measure of how much weight (measured in grams) a broiler gains each day on average. ADG assists in tracking growth performance of broilers, and in monitoring the efficiency of feeding and management practices.

A key element of RainbowCo's "Future Perfect Rainbow Chicken" strategy (as detailed in paragraph 2.3.12 below) has been the improvement of the aforementioned KPIs. A foundational element of the strategy has been the change in broiler breed. The breed change project has been methodically implemented over multiple years to optimally manage production, whilst implementing this extensive task. The change in breed/genetics was finalised by April 2024. The full roll-out of the new broiler breed is expected to provide upside to further cost reduction and better agric KPIs and is a key underpin to the strategy, with the full benefit of the new breed expected to materialise after ListCo's 2024 financial year. The improvement in agric KPI's delivered over the past 18-month period is outlined below:









2.3.7.2 **Overview of RainbowCo's chicken farming process and practices**

RainbowCo's broiler production process begins at the great grandparent level, where day-old chicks are imported from an overseas supplier. Formal broiler farming begins from this stage, with grandparent stock being raised to maturity under strict biosecurity conditions to produce fertile eggs which are hatched into parent chicks. The process usually takes an estimated 64 weeks from rearing to hatching, and culminates in the parent chicks being sent to parent farms for further raising.

Parent farms are responsible for rearing, laying and hatching the next generation of chicks. RainbowCo owns 70 parent farms and also collaborates with a few contract grower farms for this process. These contract growers are key suppliers, with whom RainbowCo has long-standing relationships. The quality of supply is managed through the stipulation and monitoring of strict agric KPIs by RainbowCo.

The final stage in the process takes place at broiler farms. Here, the chicks hatched from eggs produced at the parent farms are grown to maturity and the mature broilers are used by RainbowCo for processing into its various chicken products. RainbowCo operates and contracts with external growers on farms strategically located near processing facilities to ensure consistent supply to the manufacturing process.

Optimising agriculture performance has been a holistic approach in order to ensure sustainable results. Managing every step of a process stretching more than two years means that a number of basics must be executed well every day by people with the appropriate skill levels. The initiatives across the business to design and implement the appropriate structures and develop the best skill-set to achieve this is well under way.

2.3.7.3 **Facilities overview**

Outlined below is an overview of the active farming (excluding leased or dormant farms) facilities of the Chicken division.

	Grandparent farms	Parent farms	Broiler farms
Number of owned farms	9	70	36
Number of owned houses	36	355	423
Number of contract grower farms	–	9	50
Number of contract grower houses	–	33	441
Hatcheries	1	7	–

Outlined below is an overview of the production facilities of the Chicken division.

Site	Region	Capacity	Products	Staff[1]
Hammarsdale P2 (processing)	KwaZulu-Natal	1.5m broilers per week	QSR/Fresh/ individual quick frozen/deboning (fillets and trimmings)	1,750
Rustenburg (processing)	North West	2.0m broilers per week	QSR/Fresh/ individual quick frozen/deboning (fillets and trimmings)	1,990
Worcester (processing)	Western Cape	1.3m broilers per week	QSR/Fresh/ individual quick frozen/deboning (fillets and trimmings)	2,275
Hammarsdale P1 (further processing)	KwaZulu-Natal	100 tons per day	Viennas/freezer to fryer/Full Cooked Birds	435
Wolwehoek (further processing)	Free State	55 tons per day	Polonies, Russians, Franks & Grillers	165

2.3.7.4 **Overview of commodity inputs and the procurement process**

Management of agric KPIs is underpinned by appropriate cost control and strong procurement controls especially in relation to maize and soyabean meal. Commodity price fluctuations have a significant impact on the overall cost of broilers. The most expensive component of feeding broilers is energy as measured through the prices of these key commodities, as well as oil, and indirectly the performance of the Rand against major foreign currencies, particularly the US Dollar. As prices increase and the Rand depreciates, monitoring the conversion of the energy into broiler meat becomes even more crucial, given the impact of these factors on input costs.

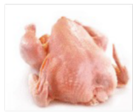
The purchase of commodity inputs is managed through RainbowCo's internal procurement team. Led by seasoned procurement specialists and governed by a formal procurement committee, the team's key objective is to achieve competitive prices for all the regions. In doing so, the team formulates views on forward volume requirements based on internal needs, and commodity prices through extensive engagement with key suppliers (multinational grain and commodity traders and regional operators), banks and by conducting market research. The procurement positions taken are governed through a procurement policy which stipulates the minimum and maximum limits on how far forward positions can be procured, buffer stocks, and minimum cover levels, to ensure there are no operational shortages. Positions taken are committed to on a delivered basis, with the suppliers responsible for delivery.

1 Staff complement includes both permanent employees and contract workers.

The internal procurement team also manages procurement for the Animal Feed division. The team has developed trusted relationships with numerous major suppliers. These relationships ensure a steady physical supply and diversify the team's ability to source the necessary feed efficiently and cost-effectively. The suppliers include international trading companies such as COFCO, Cargill and Seaboard, as well as local companies like Bester, Perdigon and Willowton.

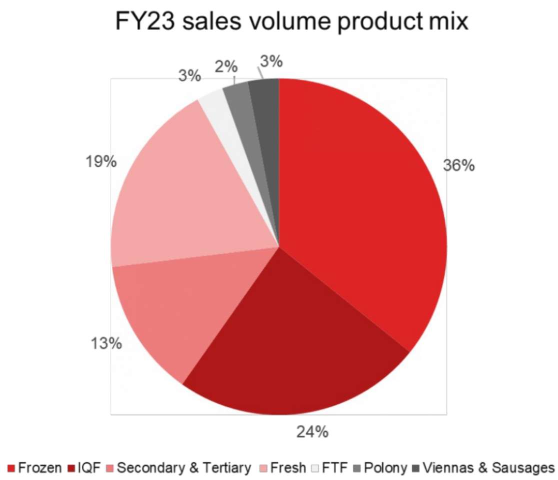
2.3.7.5 **Products and brands**

The Chicken division's products are marketed via the major brands owned by the ListCo Group, namely Rainbow, Rainbow Ready2Go, Rainbow FlavourBurst, Rainbow Simply Chicken and Farmer Brown. Additionally, RainbowCo supplies its products under dealer-owned brand labels. The major brands are differentiated in terms of positioning and the underlying product sets across the categories outlined below:

IQF	PRIME PORTIONS	SECONDARIES & TERTIARIES	FRESH PORTIONS	FTF	POLONY	VIENNAS, FRANKS, GRILLERS AND SAUSAGES
						
Mixed portions & single portions	Portions (incl. 9-piece cut), mine cut portions, chunks/ supachunks, braaipack and frozenfFillet	Livers, gizzards, giblets, stew packs (AA coin/ Isishebo), heads & feetand bones	All fresh chicken incl. Wholebirds	Nuggets, schnitzels, bites/pops, burgers, steaklets, fully cooked	All polony	All viennas, frankfurters, grillers and sausages

Rainbow: Rainbow is a trusted South African heritage brand that consumers have come to rely on for quality chicken products. The Rainbow brand was the AskAfrika Icon Brand award winner in 2021, and in 2023 was the recipient of a gold award at the Gold City Press Readers Choice Award. Rainbow's diverse product offering includes the following product sets:

- fresh chicken: raw chicken served at chilled temperatures across a variety of portion sizes;
- standard chicken: longer-lasting, individual quick frozen chicken products, including mixed portions, bones, stew cuts, livers, gizzards, necks, giblets, heads, feet and Russian sausages;
- frozen specialised chicken: weight graded and portion controlled prime chicken; and
- chilled processed meats in the form of polony and viennas, as well as freezer to fryer crumbed chicken.



Rainbow FlavourBurst and Ready2Go: These brands are primarily used for the Chicken division's food service customers, offering dependable, flavourful and quick to prepare chicken meals in larger portion sizes. These include chicken burgers, chicken schnitzels, tenderstrips, nuggets, slider patties, wings and chicken bites. The chilled processed meats chicken range which produces HACCP and Halaal-compliant chicken sausages, viennas and chicken portions.

Rainbow Simply Chicken: A wide range of added-value chicken products catering for all occasions, from quick snacking to mealtime solutions. The latest addition to the ListCo Group's branded portfolio, Rainbow Simply Chicken, is a 2022 NielsenIQ Breakthrough Innovation Award winner. The Simply Chicken range is based on 100% chicken meat and caters to all ages and occasions, with the product set including, *inter alia*, viennas, frankfurters, cheese grillers, nuggets, chicken burgers and steaklets. Simply Chicken's viennas and freezer to fryer products are prominent within this segment.

Farmer Brown: A staple since the 1980s, Farmer Brown has maintained a timeless approach to raising chickens, resulting in the distinctive Farmer Brown taste that consumers demand. Farmer Brown chickens follow a strict vegetarian diet. This commitment to ethical and wholesome practices ensures that their chickens live up to the saying: "They taste so good 'cos they eat so good".

2.3.7.6 Customer channels

The Chicken division's sales channels are managed across two key segments, namely "demand-driven" and "value-driven" chicken.

Demand-driven chicken provides for a higher degree of customisation by offering chicken for in-store preparation or via ready-to-eat products. These products can be tailored to meet the specific needs of customers or leveraged from an existing branded product range. This segment is sub-segmented into the following key customer channels: QSR, R&W, and HORECA, IR and RP.

The value-driven chicken segment focuses on products that require less differentiation and more emphasis on mass production ability. Various SKUs are developed and marketed through these channels. These products are usually retailed under the Rainbow brand or via dealer-owned brands in packages suitable for individual consumption, and are displayed on shelves or in freezers for purchase by consumers. The value-driven segment is solely comprised of the R&W channel.

QSR	Chicken Licken Soul Food, Nando's, KFC, Pedros, Steers, Hungry Lion, Galito's
HORECA	Compass Group, sodexo, Royal Mnandi, Bidfood, TSEBO
RP & IR	Shoprite, Checkers, Woolworths, SPAR, Pick n Pay, Finlar Fine Foods, Stormberg Foods, RFG, in2food
Retail	Shoprite, SPAR, Checkers, Boxer, Cambridge food, Food Lover's Market
Wholesale	Ohlanga Cash and Carry, Massmart powered by Walmart, EST Africa, Dawood, Mega Chicks

2.3.7.7 **Front-end sales, distribution and warehousing and sales and merchandising**

The Chicken division has a dedicated and deeply experienced front-end sales and commercial team which holds relationships with all key customers across the various channels serviced by the division. This team is responsible for management of contractual and supply relationships with customers including the negotiation of pricing and other key commercial terms, marketing, promotional activity and volume strategy.

The warehousing and distribution of the Chicken division's products have been outsourced to Vector, with whom the ListCo Group has held a relationship for over 20 years. Outlined below is a description of the key services provided by Vector to the Chicken division and additional information regarding the contractual relationship in relation to these services.

- As chicken products are manufactured at each of the Chicken division's sites, products are passed directly into an on-site storage facility (a plant-based cold storage facility, or "**PBCS**"). Vector is responsible for the management of these PBCS sites and immediately begins to facilitate the storage and movement of products.
- Thereafter, Vector will manage the movement of products to the Chicken division's end customers, either through a direct distribution model (where goods are transported to a customer's distribution centre or end-destination, e.g. an end customer store) or via the Vector secondary network (a national hub of Vector-owned and operated cold storage sites, where products are stored for a period of time and then distributed to customers at a later date). The contractual relationship between the Chicken division and Vector is one of principal and agent, with Vector acting on behalf of the ListCo Group in relation to the services provided.
- Vector also provides the Chicken division with in-store sales and merchandising (field marketing and retail activation services), managing the process of placement, packing and merchandising chicken products at the end destination within retail. Vector has a well-capacitated and dedicated workforce which provides sales and merchandising services to members of the RCL Foods Group distinctly from other external clients of Vector (a historical arrangement implemented to manage Vector's conflicts between the RCL Foods Group and other clients who may own and operate competing brands). The Chicken division will continue to have access to and utilise this dedicated sales and merchandising team post the Listing and Unbundling, in accordance with the terms of the contractual arrangement between RainbowCo and Vector.

- Lastly, Vector is responsible for handling the order-to-cash cycle for Rainbow in relation to sales made to end-customers. As a value-added offering to its clients, Vector leverages its strong information technology-capabilities and physical infrastructure to assume responsibility for its clients' debtor collection process in relation to sales in the ordinary course. In the case of the Chicken division, Vector will, on RainbowCo's behalf, invoice end clients, collect the proceeds of sales and remit these cash proceeds to RainbowCo on an aggregated basis periodically. In this regard, Vector acts as *del credere* agent of RainbowCo. Vector manages the credit risk associated with its business model through a combination of strict customer vetting processes, as well as credit insurance in relation to its debtors book, which comprise its own clients' end customers (e.g. major retailers, QSR franchises, etc).

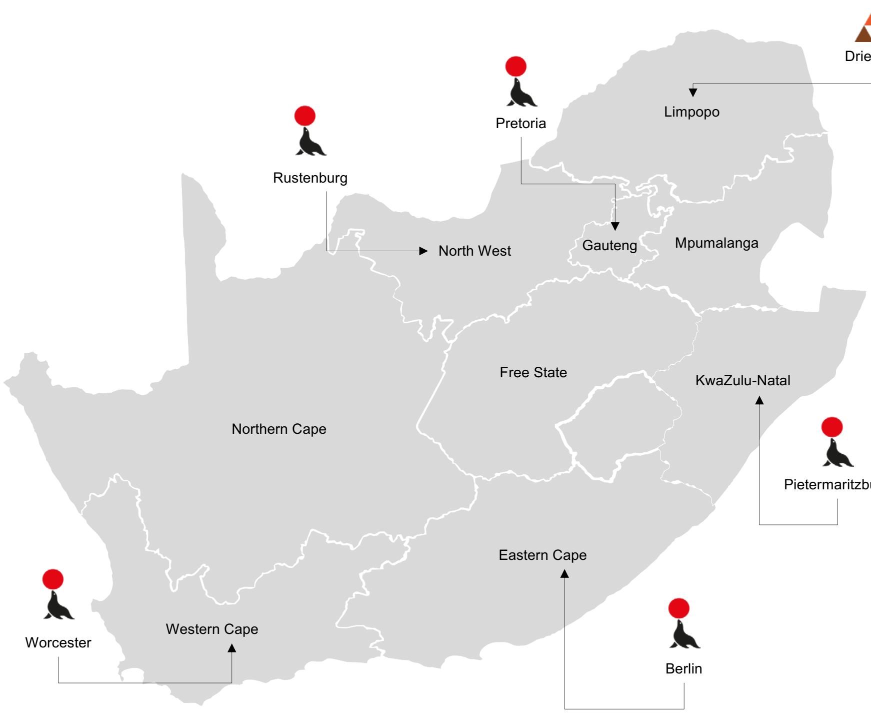
2.3.8 OVERVIEW OF THE ANIMAL FEED DIVISION

Established in 1916, Epol is the oldest branded manufacturer of animal feed. Epol is one of the leading animal feed manufacturers in South Africa serving a diverse range of species both nationally and internationally. From equine feed to pig nutrition, Epol offers a range of scientifically formulated diets. Epol's product set is focused on productive animal categories, sport horses and pet food, all of which are sold under the Epol and Driehoek Feeds brands. Part of Epol's strategic focus is to profitably grow its game, dairy and other ruminant volumes.

2.3.8.1 Operational overview

Epol operates through a hybrid model divided into two regions, namely the Northern region (Rustenburg, Pretoria and Driehoek/Vaalwater) and the Coastal region (Pietermaritzburg, Berlin and Worcester). The hybrid model has been implemented to transform Epol into a leading monogastric, grain-based feed company which is poised to capitalise on organic growth opportunities from the increasing demand for feed from both RainbowCo's Chicken division, as well as external commercial poultry and other farmers.

Epol owns six feed mills across the country, which consist of three large feed mills in Pietermaritzburg, Rustenburg and Worcester, as well as three smaller feed mills in Berlin, Pretoria and Driehoek.



- **Rustenburg**: Epol's flagship monogastric facility, which supplies feed for both internal use in the Northern business unit and sales to external customers. It currently produces 25,500 tons of feed per month, primarily as broiler feed. The mill underwent pellet mill upgrades in FY2024 which are expected to boost total production capacity from 31,000 tons to 40,000 tons. The mill also offers production flexibility with the capability to produce both broiler and breeder feed.

- **Pietermaritzburg**: This mill supplies feed to the KwaZulu-Natal business unit, as well as external customers, and is a significant and highly efficient monogastric feed facility. Currently, the mill operates through a three-shift system that produces an average of 18,000 tons of poultry feed per month with a maximum capacity of 26,000 tons.
- **Worcester**: The Worcester mill supplies feed to the Western Cape business unit, as well as external customers, and is a highly efficient monogastric feed manufacturing facility operating close to its designed capacity. The mill currently produces an average of 20,000 tons of feed per month with approximately 90% of output comprised of poultry feed. Worcester underwent upgrades in FY2024 that are expected to increase capacity from 20,000 tons to 22,800 tons, with management focused on improving efficiencies to leverage the increased capacity.
- **Pretoria**: The Pretoria mill supplies feed to RainbowCo's pedigree chickens operation, as well as a diverse range of products across various species to the external market. The Pretoria facility is a smaller feed mill which produces 4,200 tons of feed per month. 25% of output relates to breeder feed, with horse feed the second largest category at approximately 20% of output.
- **Berlin**: A smaller mill producing 4,500 tons of feed per month. Major categories of output include poultry feed (c.60% including broiler, layer & breeder feed), pig feed (18%) and dairy feed (16%).
- **Driehoek**: A smaller feed mill that was acquired in 2018 with the objective of expanding and consolidating Epol's offering as a game feed supplier. Driehoek produces 1,500 tons per month consisting of poultry, horse, game, ruminant, pig feed, as well as dog food. Animal feed produced is sold in bag format rather than in bulk.

2.3.8.2 Key inputs and suppliers

The main raw material inputs for animal feed are maize, soyabean meal and soya oil, all of which are procured through local and international commodity traders and regional suppliers. Whilst South Africa as a producing country is mostly able to produce sufficient levels of maize and soyabean to satisfy its own consumption requirements, occasionally raw materials will be imported, depending on local supply and demand dynamics. Local soyabean crushers have invested significantly in their production facilities to provide the local industry with high-quality soyabean meal cake and soya oil.

For further detail on the supplier and procurement team please refer to paragraph 2.3.7.4 above.

2.3.8.3 Manufacturing process

The manufacturing process can be broken down into six distinct steps. Whilst the equipment varies slightly between mills, the process is consistent across all operations. All feed is initially produced as meal and is then pelleted and bagged, according to specific customer and product requirements. These six stages are:

- Receiving and cleaning: All raw materials are received and cleaned, including passing through cleaning screens and magnets to remove any foreign materials before storage;
- Grinding: Certain raw materials are ground through hammer mills and/or roller mills to produce the specified sizes required for different feeds. These are then transferred to bins for batching;
- Batching: All raw materials are weighed in specific quantities dictated by the specific formulation requirements;
- Mixing: All the different ingredients from the batching process are mixed in a mixer to ensure uniform product distribution;
- Pelleting: A mixed mash passes through a process where thermal energy and mechanical energy are used to form the mixed mash into cylindrical pellet; and
- Out loading: All finished product can either be distributed as bulk or in bag format.

2.3.8.4 **Products and brands**

Whilst Epol is well-known for its chicken feed products, it also provides feed solutions for various species both nationally and internationally. Epol aims to be a customer's first choice, by offering high-quality formulation feed which provides optimal nutrition. Given the general excess of feed supply capacity in the local market, Epol has strategically positioned its offering as a high-quality product rather than opting to compete on the basis of price in the South African market.

2.3.8.5 **Customer channels**

Epol's production infrastructure in Rustenburg, Pietermaritzburg and Worcester, which is primarily geared towards the requirements of RainbowCo's Chicken division, collectively have excess capacity to ensure sufficient supply to the ListCo Group's chicken farming operations. Each of Epol's feed mills target external market opportunities in their various regions and have dedicated sales teams.

	Sales channel	
	RainbowCo	**External**
Proportion of total Epol sales volumes	65% – 75%	25% – 35%
Disaggregation of sales volume by animal feed type	Poultry (100%)	Poultry (67%) Horse (8%) Pig (8%) Dairy (8%) Other (9%)

2.3.8.6 **Front-end sales, distribution and warehousing**

The Animal Feed division's priority is to ensure security of supply of high-quality feed to the ListCo Group's Chicken division as well as to their external customers. The Animal Feed division utilises a dedicated front-end sales team to focus on the external feed sales market. In relation to external feed sales on both a national and regional basis, a core priority is to sell products into the market on a profitable basis through a quality-focused strategy which helps ensure sustainable margins are delivered despite potential volume challenges due to the general oversupply of feed in the local market.

From a distribution perspective, the Animal Feed division makes use of specialised feed logistics partners (e.g. Unitrans and Hestony). The Animal Feed model can be summarised as follows:

- The in-house sales team manages customer relationships and the pricing strategy across the division's range of animal feed products.
- Invoicing of customers and management of the debtors' book and collection process is performed by the in-house debtors team.
- Product distribution is managed by the Animal Feed division, who contract with specialised transportation suppliers to deliver the products directly to customers. This is done in either bulk or bag format, with sales taking place across a range of sites including feedlots, local depots etc.

2.3.9 **WASTE-TO-VALUE/MATZONOX**

Matzonox is a waste-to-value operation based at the Chicken division's Worcester and Rustenburg chicken processing sites. The ListCo Group owns a 50% shareholding in Matzonox. Responsible agricultural and industrial waste treatment is an extremely challenging task, requiring large capital investment and complex treatment techniques and technologies to implement effective systems. With natural resources quickly depleting, and the volatility and lack of sustainable energy supply needed to maintain effective business operations, finding sustainable waste-to-value solutions is critical and the ListCo Group is committed to investing in technology that reduces the reliance on water and fossil fuel-based energy.

The investment in Matzonox is contributing positively towards the ListCo Group's ambitions of reducing its carbon footprint, preparing the business for compliance with future regulations, and contributing towards the national objective of a net zero carbon emission by 2050.

The ListCo Group also owns a 50% shareholding in Matzonox Fertiliser, a fertiliser operation located at the Rustenburg Waste-to-Value site. Its core activities involve the management of poultry manure sourced from RainbowCo's chicken farms as feedstock for the Matzonox Rustenburg waste-to-value operation. In addition to feedstock management, it supervises the marketing and sale of digestate fertiliser produced.

2.3.9.1 **Operational overview**

Matzonox processes wastewater from chicken processing plants and poultry manure from chicken farms to generate electricity, heat and recycled water.

Matzonox's Worcester plant was commissioned in 2017 and converts wastewater from the chicken processing plant into biogas, producing enough renewable energy to generate up to 30% of the energy requirements of the overall chicken processing site. The 1.5MW plant produces between 6,500MWh and 8,500MWh per year (7,314MWh generated in 2023). The Worcester chicken processing plant is required to process and dispose of nutrient rich wastewater in accordance with governmental and local authority water discharge requirements and regulations. From an environmental point of view and as a result of having the waste-to-value plant in place in Worcester, 7,900 tons of biological waste (fats and suspended solids) no longer need to be discharged into the municipal wastewater treatment system and landfill sites every year, as the waste-to-value plant discharges clean water.

At 6MW, the Rustenburg plant (commissioned in 2020) has four times the capacity of the Worcester plant and uses different inputs to generate a larger variety of outputs. The plant generates biogas from a combination of wastewater sludge from the abattoir and chicken litter from the chicken farms. The Rustenburg waste-to-value plant is designed to provide up to 50% of the power needs of the Rustenburg chicken and animal feed site, as well as 100% of the steam requirements of the animal feed mill.

2.3.9.2 **Key inputs and suppliers**

The slaughtering of broilers is an extensive process creating significant quantities of dissolved and suspended solids, including blood, fat, brine etc., which need to be removed before being discharged to the sewer and being treated at downstream municipal wastewater treatment facilities. Failure to remove these suspended solids results in higher discharge costs and penalties, and could result in the suspension of an operating licence. As a result, having a water treatment plan is essential in operating a food processing facility.

Matzonox processes and recycles nutrient-rich wastewater such that it can be reused for certain industrial applications and discharged in a more processed state, thereby reducing water treatment and water disposal costs. Additionally the nutrient-rich wastewater is used to generate electricity and thermal energy.

Key to this complex technological process are the insights of and partnership with Green Create W2V SA (Proprietary) Limited ("**GreenCreate**"), which owns the remaining 50% shareholding in Matzonox, alongside the ListCo Group. GreenCreate's core technology is a license which enabled the creation of an integrated biological waste-to-energy systems application. GreenCreate utilises its relationships with various global suppliers to create biological waste treatment, biogas collection and treatment systems, as well as heat and power units, which combine to form a turnkey solution. GreenCreate is responsible for the operational optimisation of the operations, whilst allowing the ListCo Group oversight across the entire waste-to-value ecosystem.

The key input to this process is waste, which is a by-product of poultry slaughtering and accumulates at the Chicken division's processing plants. These waste materials are usually disposed of, in line with prevailing regulation, after certain chemical cleaning procedures have been conducted. The Waste-to-Value operation processes this naturally occurring waste and thus does not have a distinct supplier base other than the ListCo Group's other operations. In this regard, RainbowCo is bound by an agreement with Matzonox's funding partner that requires RainbowCo to advance standby equity contributions in the event of an offtake or feedstock supply agreement being cancelled due to an avian influenza or contamination event. RainbowCo will be liable for up to 50% of the amount outstanding with respect to the aforementioned loan. Further detail in this regard is included in paragraph 5.6.1 of this Pre-Listing Statement.

2.3.9.3 **Products and brands**

The Matzonox operation provides a resource-saving solution by producing the following:

- Partially independent power supply, which benefits the processing facilities and mitigates on-site risk from potential power failures.
- Reduced use of fossil fuels for heating through innovative recovery of waste heat.
- Improved waste treatment systems (i) to recover value or reduce disposal charges, and (ii) which are in excess of the strict requirements from municipal service providers.
- Improved treatment of poultry manure by recovering energy-rich biogas, whilst retaining fertiliser value.
- Improved use of potable water, through recycling and re-use of treated effluent.

2.3.10 **HUMAN CAPITAL**

The ListCo Group is a diverse organisation with a workforce of over 9,000 permanent and temporary employees, across its various operations. With a hybrid operating model, ListCo actively seeks out top-tier talent to ensure optimal functionality of its business units. The ListCo Group's commitment to diversity and inclusion ("**D&I**") is reflected in its diverse representation as follows: 78% African, 16% Coloured, 4% White and 2% Indian. Currently 48% of the ListCo Group's managers are ACI ("**African, Coloured and Indian**"). The ListCo Group's gender distribution is a split of 56% male and 44% female employees. Upholding its commitment to D&I, the ListCo Group employs 11 individuals with disabilities. From a trade union representation perspective, 74% of the workforce are in the bargaining unit and approximately 30% of these subscribe to recognised unions, namely the Food and Allied Workers Union ("**FAWU**") and the National Union of Food, Beverage, Wine, Spirit and Allied Workers ("**NUFBWSAW**").

The ListCo Group is a firm proponent of learning and development, with a core focus on developing employees' skills and experience, and has nurtured a deeply invested culture signified by its values that were co-created alongside its employees. ListCo is of the view that its people are the most important resource in achieving sustainable competitive advantage and success in its operations. In this regard, ListCo's management actively manages the following dynamics within the workforce to achieve success:

- **Workplace culture**: Emphasis on maintaining a healthy workplace culture enhancing ListCo's ability to attract and retain the right skills.
- **Age**: Operations are physically intensive, and the average workforce age is closely monitored to ensure continuity of operations.
- **Specialised skills**: Competition for talent is a constant in the poultry industry due to a limited availability of specialised skills across areas such as engineering, veterinary services, feed formulation etc. Employee development is a key tool in managing the impact of employee turnover.

- **Pipeline**: Developing an internal talent pipeline for key positions.
- **Engagement**: Maintaining high levels of staff engagement to ensure early detection and resolution of employee relations issues and that workplace satisfaction is maintained.
- **Transformation**: Driving D&I and B-BBEE as a priority.
- **Reward**: Recognising and rewarding high performers and outperformance more generally.

2.3.11 ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") STRATEGY

ListCo is aware and appreciative of its responsibilities, as an agricultural company, from an ESG perspective. As a responsible corporate citizen, it is committed to creating long-term value for its stakeholders whilst minimising its impact on the environment. Guided by the principles of the King Code, ListCo recognises the interconnectivity of economic, social and environmental factors and their impact on its success. ListCo's ESG strategy is built on the foundation of ethical leadership, transparency and accountability, and is designed to integrate sustainability into every aspect of its operations. Through this strategy, ListCo aims to not only mitigate risks, but also seize opportunities that contribute to a better future for all, while upholding the highest standards of governance, social responsibility and environmental stewardship.

The ListCo Group's business practices emphasise ethics, and ListCo's ethical business practice framework outlines its commitment to providing quality chicken products without compromising on ethical principles. The ListCo Group's "ethical business practices" model is comprised of the following:

- **Code of Conduct and Ethics**: ListCo upholds a comprehensive code of conduct and ethics, emphasising integrity, transparency, fairness and respect for all stakeholders.
- **Animal welfare:** ListCo undergoes regular unannounced audits by the Society for the Prevention of Cruelty to Animals and is regularly audited by specific customers who, as part of quality assurance and "farm to fork" methodology, review and prescribe farming practices ensuring animal welfare is at the highest standard.
- **Compliance and legal standards**: ListCo strictly adheres to local and international laws and regulations, ensuring compliance in business conduct, labour practices, food safety and environmental sustainability.
- **Employee welfare and development**: ListCo prioritises the welfare and deployment of its employees, offering fair wages, benefits, health, safety and opportunities for growth.
- **Supplier relationships**: Ethical sourcing practices and sustainable supply chain management are integral to ListCo's approach, fostering fair and respectful relationships with suppliers.
- **Customer satisfaction**: The ListCo Group is dedicated to delivering high-quality products and exceptional customer service, meeting consumer expectations while maintaining rigorous standards.

ListCo's ethical business practices are supported by its sustainability mission, "Vision 2030", whereby the ListCo Group aims to build a legacy that ensures implementation of best-in-class sustainability practices aimed at optimising the use of limited natural resources and minimising the long-term impact to the environment including, *inter alia*, the following:

- Achieving energy self-sufficiency, water neutrality and the generation of renewable resources at a rate greater than the rate of consumption.
- Reabsorbing all the waste generated into utilities for application across the manufacturing value chain.
- Achieving zero-emission of harmful chemicals or hazardous toxic waste into the environment.
- Encouraging biodiversity and conservation by protecting natural habitats and promoting sustainable agricultural practices.
- Ensuring steps are taken to achieve a responsible supply chain and monitoring supply chain ESG performance.
- Investing in sustainable packaging solutions.
- Actively participating in industry initiatives to harmonise co-existence around/ in the vicinity of operations and contribute towards industry thought leadership on sustainability.

Additional focus areas include: (i) leveraging technology to improve ESG performance, reduce environmental impact and promote sustainable practices; (ii) collaborating and engaging with industry peers by participating in industry-wide ESG initiatives and sharing best-practices; (iii) establishing clear ESG performance metrics, setting achievable targets and monitoring progress.

ListCo also supports the "10x20x30 Food Loss and Waste Initiative", which is a commitment by food and beverage industry participants to:

- by 2030, halve per capita global food waste at the retail and consumer levels, and reduce food losses along production and supply chains, including post-harvest losses;
- adopt the food utilisation hierarchy, which prioritises increasing food utilisation and reducing food and beverage waste. This is followed by redistributing edible and nutritious surplus food for human consumption, and creating secondary markets for surplus food and beverages, all while taking food safety into account; and
- report annual quantities of food and beverage waste, and quantities diverted to food surplus redistribution or secondary markets, using the agreed reporting protocol.

In line with its responsibilities to the environment and good ethical practices, ListCo recognises the social responsibility it bears as an employer of over 9,000 people. To this end, ListCo has implemented a growth plan which contributes to the local economy and community upliftment through:

- understanding community needs through dedicated engagement practices;
- identifying solutions to the ongoing challenges within South Africa by collaborating with like-minded organisations and partnering with local government and municipalities;
- investing in training and development through accredited learnerships, apprenticeships, and internships for individuals from previously disadvantaged and marginalised groups; and
- investing in its employees' training needs and providing the necessary access to skills and development.

As a purpose-driven organisation committed to nourishing the nation while operating sustainably and supporting communities, The ListCo Group prioritises making a positive impact wherever it operates. The ListCo Group's corporate social investment ("**CSI**") initiatives are primarily channelled through its partnership with the DoMore Foundation. Established by RCL Foods in 2017, the DoMore Foundation is a registered non-profit organisation with a network of over 260 partners across the private and non-profit sectors. It has launched various National Young Child programmes directed at improving nutrition, early learning, childhood development, and providing parent/caregiver support, as well as initiatives focusing on youth enterprise development and hunger alleviation. The DoMore Foundation drives deep-rooted, collaborative community development programmes in resource-poor communities. Notably, RainbowCo contributes approximately R2 million on an annual basis in product and financial donations to support child feeding programmes administered by the DoMore Foundation.

In addition to the DoMore Foundation partnership, the ListCo Group supports several other initiatives aimed at addressing social challenges faced by communities near its operations, such as:

- school and care facility support: The ListCo Group provides assistance to local schools and care facilities for the elderly;
- infrastructure support: The ListCo Group has assisted local municipalities with infrastructure maintenance for basic utilities such as water and electricity in areas surrounding its facilities; and
- the upcoming "Rainbow Reach Programme": The ListCo Group is set to launch the Rainbow Reach Program, which will focus on four key pillars:
  - Education and skills development: literacy programmes, vocational training, and scholarship programmes.
  - Health and nutrition: initiatives focused on nutrition and wellness.
  - Community development: infrastructure projects and volunteer programmes.
  - Cultural and social integration: sponsorship of the Boland Rugby Union.

Through these initiatives, The ListCo Group demonstrates its commitment to addressing critical socio-economic challenges faced by the communities it serves. As a leading food producer, ListCo recognises its responsibility to contribute to improved nutrition, education, and overall well-being, particularly for the most vulnerable segments of the population. The ListCo Group's CSI efforts align with its broader sustainability goals and aim to create shared value for the company and the communities it serves, ultimately contributing to a more prosperous and inclusive society.

ListCo is committed to upholding the highest standards of corporate governance, as embodied in the King Code. It recognises the importance of good governance in promoting transparency, accountability, and sustainability in its operations. ListCo will apply the King Code principles in its governance practices, including:

- the social and ethics committee will oversee organisational ethics and compliance;
- the remuneration and nomination committee will ensure fair, equitable and responsible executive and employee remuneration practices;
- the audit and risk committee will maintain oversight over financial reporting, internal controls and external audit processes, and will implement a comprehensive risk management framework to identify, assess and mitigate potential risks and oversee sustainability initiatives; and
- the Board is committed to D&I and independence, with a majority of independent non-executive directors.

In terms of ListCo's commitment to stakeholders, ListCo recognises its responsibility to create value for all stakeholders, including shareholders, employees, customers, suppliers and the communities it serves. ListCo's commitment to the King Code principles demonstrates dedication to ethical leadership, sustainability and long-term success.

2.3.12 THE LISTCO GROUP'S "FUTURE PERFECT RAINBOW CHICKEN" STRATEGY

The ListCo Group/RainbowCo has experienced a number of challenges in recent years, due to both external market forces and internal operational challenges, including the following:

- Breed challenges at the grandparent level, due to genetic issues, have contributed to poorer agric KPI performance, sub-standard processing performance and cost inefficiencies.
- Global soft commodity prices have escalated significantly in recent years, most recently as a result of the ongoing conflict between Russia and the Ukraine, with white maize and soyabean meal prices increasing by over 40% between June 2020 and June 2023 and the Rand weakening by c.8.0% against the US Dollar over the same timeframe. In 2021, RainbowCo partnered with several commodity suppliers to assist in managing its soft commodity exposures and implemented less energy dense feed plans to mitigate the impact of rising costs.
- Outbreaks of HPAI, including the recent outbreak of the H7N1 strain, have impacted industry performance in recent years. With respect to the H7N1 strain, despite the implementation and maintenance of strict biological security measures, the impact on RainbowCo's parent operations in the Northern region was severe with more than 700,000 of the breeding stock having to be culled. Through a combination of measures, including the extension of breeding flocks, improved breed performance, movement of eggs between regions and the import of broiler eggs, impact on broiler production was limited.
- The sale of commoditised chicken imports into the South African market, at prices below the local cost of production, and resultant oversupply placed additional pressure on the industry. In response, the South African government and the private sector formulated the South Africa Poultry Master Plan ("**Poultry Master Plan**"). The implementation of the Poultry Master Plan is expected to support domestic poultry production and ensure further curtailment of low-cost imports, which remain significant. The introduction of the delayed anti-dumping duties in August 2023 will assist in reducing the amount of "dumped imports" in the market going forward. The Poultry Master Plan also has the potential to make export markets more accessible for South African producers. RainbowCo was, and continues to be, an active participant in the development and implementation of the Poultry Master Plan.
- Covid-19 negatively impacted the food service channel due to the closure of QSR outlets. RainbowCo mitigated this challenge through strategically increasing volumes of certain products within the retail channel, in parallel revitalising the Rainbow brand. This resulted in pleasing volume and market growth within certain product sets and strengthened relationships with key retail customers.

In the context of the above, the ListCo Group's management team developed and commenced the implementation of its "Future Perfect Rainbow Chicken" strategy premised on improving farming and processing performance, cost efficiencies and scale to return to consistent profitability.

The key drivers of sustainable financial performance for the poultry industry are based on achieving the lowest cost of production for live broilers (feed and bird cost included), converting that into chicken products delivered to customers at maximum efficiency and lowest cost, and realising products at prices that fully recover costs at a fair margin for the company's product mix. As such, the key objective of "Future Perfect Rainbow Chicken" is to re-establish the business as a sustainable integrated chicken business that delivers specific targets across, *inter alia*, volume growth, operating margin and return on invested capital by 2027.

The ListCo Group is well progressed with the implementation of its revised strategy, the key pillars of which are outlined below:

- **Revised operating model and management structure:**

  During the 2021 financial year, RainbowCo restructured its operating model towards a decentralised, regional model to optimise management focus, accountability and agility. This model allows the business to optimise regional opportunities while still delivering outstanding customer focus to national customers. The revised structure, with a specific implementation through Rainbow's "Brilliant Basics" and "Project Best" initiatives, has already yielded improved operational performance and efficiencies;

- **Agric and farming KPI improvement:**

  Historic underperformance of RainbowCo's previous breed due to genetic challenges at grandparent level caused sub-standard production at parent farms which, coupled with sub-optimal farming and operational management practices, negatively impacted efficiencies and costs of production at broiler and processing operations. To compete optimally and deliver consistent financial performance, it was necessary to reset the agric KPI baseline at lower density feed formulation for the business to achieve sector-leading agricultural performance. As such, a key element of "Future Perfect Rainbow Chicken" has been the introduction and roll-out of an entire new breed across RainbowCo's farming operations in parallel with the implementation of a new agricultural strategy focusing on brilliant basics, skills development, delivering improved agric KPIs despite using significantly lower-cost and specification feed, and a more sustainable approach to the use of medication. Whilst breed alteration is a complex process, this project has been implemented on schedule, with the initial benefits from the new breed having been realised in 2022, 2023 and 2024. Coupled with improved management focus, the project has resulted in RainbowCo delivering enhanced agric and farming KPIs, supporting improved margins. The full benefit of the breed roll-out is expected to be realised after the 2024 financial year;

- **Cost focus and control:**

  As part of the revised strategy and management structure, and implementation through RainbowCo's "Project Lean" which was focused on implementing and driving efficiencies throughout the business, more focused cost benchmarking and tracking is being implemented to further support improved operational and financial performance;

- **Growth:**

  To drive scale and efficiency as a low-cost, high-quality producer, RainbowCo's revised strategy has included the implementation of specific volume growth initiatives. In partnership with KwaZulu-Natal-based contract growers, RainbowCo invested R220 million (over R600 million including investment from contract growers) to implement a second shift at its Hammarsdale P2 processing facility, to increase fresh and added-value volumes to meet growing regional demand. The "Double Hammarsdale" project was implemented successfully in the 2024 financial year;

- **Brand reinvigoration:**

  Maintaining RainbowCo's strong brand relevance and affinity has also been key to "Future Perfect Rainbow Chicken". Continued investment in brands and new product development have been a key focus. Investment in product relaunches has yielded positive results, with multiple Simply Chicken and other products growing their market shares significantly ahead of the market;

- **Restructured and fit-for-purpose capital structure:**

  In preparation for the Listing and Unbundling, RainbowCo's capital structure has been restructured to position RainbowCo with no long-term debt, supporting the implementation of "Future Perfect Rainbow Chicken" and delivering sustainable performance going forward; and

- **Great ListCo people**

  ListCo's leadership team firmly believes in the business' philosophy that "people trump assets". In other words, people are the most important resource in achieving sustainable competitive advantage and success in business. In this regard, management recognises that, in the context of the South African labour market, and specifically the integrated poultry sector, the key challenges facing ListCo are as follows:

  – Ability to attract and retain the right skills into the poultry industry.
  – Ageing workforce.
  – Competition for talent due to limited availability of specialised skills.
  – Slow pace of transformation – demographic representation that is misaligned to national demographics.
  – Productivity and low morale amongst shop floors employees.
  – Building a fit-for-purpose organisation and culture.

  In addition to addressing the items outlined above, management also aims to further develop and entrench the following core people interventions and initiatives across the business:

  – Becoming a low-cost producer.
  – Continue building a values-based and fit-for-purpose organisation and culture.
  – Attracting the best skilled people in the market.
  – Building world class capabilities to have the best farmers, process leaders, mill operators and supervisors in the industry.
  – Driving diversity, equity, and inclusion.
  – Recognising and rewarding exceptional performance.
  – Retaining specialised skills.
  – Further development of an internal talent pipeline for key positions.
  – Maintaining high levels of staff engagement.
  – Achieving determined transformation targets.

ListCo's other key strategic priorities include:

- strong market facing capabilities (focus on customer relationships, brand positioning, service levels, meeting consumer needs/expectations and anticipating shifts in market trends);
- competitive procurement of feed raw materials and feed formulation;
- best-in-class bio-security practices to minimise the risk of outbreaks of HPAI and/or other diseases, especially in breeding flocks;
- production flexibility across the value chain to shift with changing market demands;
- future-proofing ListCo's businesses against water and electricity supply interruptions;
- ListCo's sustainability mission, which is based on:
  – maintaining compliance with the national regulatory framework;
  – improving business continuity through energy self-sufficiency and water neutrality;
  – generation of renewable resources at a rate greater than rate of consumption;
  – re-absorption of all the waste generated into utilities for application across the business' manufacturing value chain;
  – achieving zero-emission of harmful chemicals into the environment;
  – actively participating in industry initiatives to harmonise co-existence around the business' operations and contribute towards industry thought leadership on sustainability; and
  – continued proactive and positive engagement with government to support the sustainability and growth of the local industry as was envisaged in the Poultry Master Plan.

From an Epol perspective, ListCo's growth aspirations are underpinned by the continued growth in requirements for internal feed supply, as well as opportunities to grow into the external feed market either organically or inorganically (through regional acquisitions). As one of the oldest and leading manufacturers of animal feed in South Africa, Epol has had stable feed manufacturing infrastructure with its base volume underpinned by ListCo's Chicken division's requirements. Whilst the business' volumes are currently underpinned by internal sales to the Chicken division, the brand has historically enjoyed widespread participation in the external market, establishing an acclaimed reputation in the industry. The Animal Feed division's strategy is based on the following key strategic priorities:

- Entrench a high-performance, customer-centric culture focused on propelling external sales.
- Invest in facilities to enhance value creation with increased capacity, improved efficiencies and aggressively driving down cost of production.
- Capitalise on organic growth by satisfying the Chicken division's increasing demand for feed as well as gearing the business to support the growth of external commercial poultry farmers.
- Build best-in-class sales structure and competence to aggressively drive profitable sales of animal feed in bag format through resellers, which are more profitable relative to feed sales in bulk format.
- Continuously refine the current procurement model and opportunities to acquire raw materials more profitability to enhance market competitiveness.
- Progressively focus on profitability of customers through research and development and customer centricity.

As part of "Future Perfect Rainbow Chicken", management intends to build the business's culture such that it is underpinned by an ambition that connects and inspires all stakeholders, values unity and diversity, grows the business and its people, and inspires them to do and be better, and deliver the best value and experience for its customers. ListCo's values and behaviours are based on connectivity, belonging, growth, creativity and customer and consumer obsession.

"Future Perfect Rainbow Chicken" is in its third year of implementation and has delivered positive results. Much of the investment required for the strategy, including increased capital investment in ListCo's farming and processing operations, has been spent, with the remainder earmarked for 2025 and 2026. Allowance for these investments has been a critical input into the recapitalisation of RainbowCo by RCL Foods and ListCo's capital structure post the Listing and Unbundling.

2.3.13 OPTIMISATION OF THE LISTCO CAPITAL STRUCTURE

Historically, the funding requirements of RainbowDiv were primarily met by RCL Foods and RCL Foods Treasury in the form of intra-group loans and funding extended to RainbowDiv. Prior to implementing the Restructuring, the following intra-group loans were owing by RainbowCo and its Subsidiaries:

- Interest-free loan funding provided to RainbowCo by RCL Foods, amounting to R1,466,997,565 ("**RCL Foods Loan**").
- Interest-bearing funding provided to RainbowCo by RCL Foods Treasury, primarily to support RainbowDiv's ongoing short-term funding and operational cash flow requirements. As of 23 February 2024, the total amount of such funding provided to RainbowCo amounted to R1,432,287,780 ("**Treasury Loan**").
- Interest-free loan funding provided to Epol by RCL Foods, amounting to R767,092 ("**Epol Loan**").

In anticipation of the Listing and Unbundling, and prior to the Restructuring, RCL Foods implemented the following steps at the end of February 2024 in terms of the Phase One Recapitalisation Implementation Agreement (and accompanying subscription agreement) to ensure that ListCo has an optimal capital structure on and post the Listing and Unbundling:

- RCL Foods subscribed for, and RainbowCo issued to RCL Foods, a first tranche of 875,933 RainbowCo shares for an aggregate consideration of R1,250,000,000.
- RainbowCo used the consideration to partially settle the Treasury Loan.
- RCL Foods Treasury declared a distribution *in specie* to RCL Foods to the value of R150,000,000 which amount constituted a portion of the remaining balance still owing by RainbowCo to RCL Foods Treasury in relation to the Treasury Loan.

- RCL Foods subscribed for, and RainbowCo issued to RCL Foods, a second tranche of 1,122,174 RainbowCo shares for an aggregate consideration of R1,601,397,619. The obligation on RCL Foods to pay the consideration for the additional RainbowCo shares was set-off against RainbowCo's obligation to repay the RCL Foods Loan and the majority of the residual balance of the Treasury Loan.

The effect of the above steps is that the intra-group debt owed by RainbowCo to RCL Foods was reduced by approximately R2,851,397,619. Any residual amount owing to RCL Foods in respect of Treasury Loan on the Unbundling Operative Date shall be repaid by RainbowCo on or about the Unbundling Operative Date through the utilisation of RainbowCo's new working capital facility made available to RainbowCo pursuant to the Funding Agreements, as detailed below.

In addition to the recapitalisation of historic long-term loans to RainbowCo from the RCL Foods Group, the ListCo Group received an additional R300,767,092 of equity funding from RCL Foods via the subscription for a third tranche of RainbowCo shares by RCL Foods in terms of the Phase Two Restructuring Implementation Agreement (and accompanying subscription agreement) on 24 May 2024 (prior to the Listing and Unbundling). Utilising the proceeds of the aforementioned issue of shares to RCL Foods, RainbowCo advanced an interest-free shareholder loan of R767,092 to Epol to enable Epol to settle the Epol Loan owing to RCL Foods.

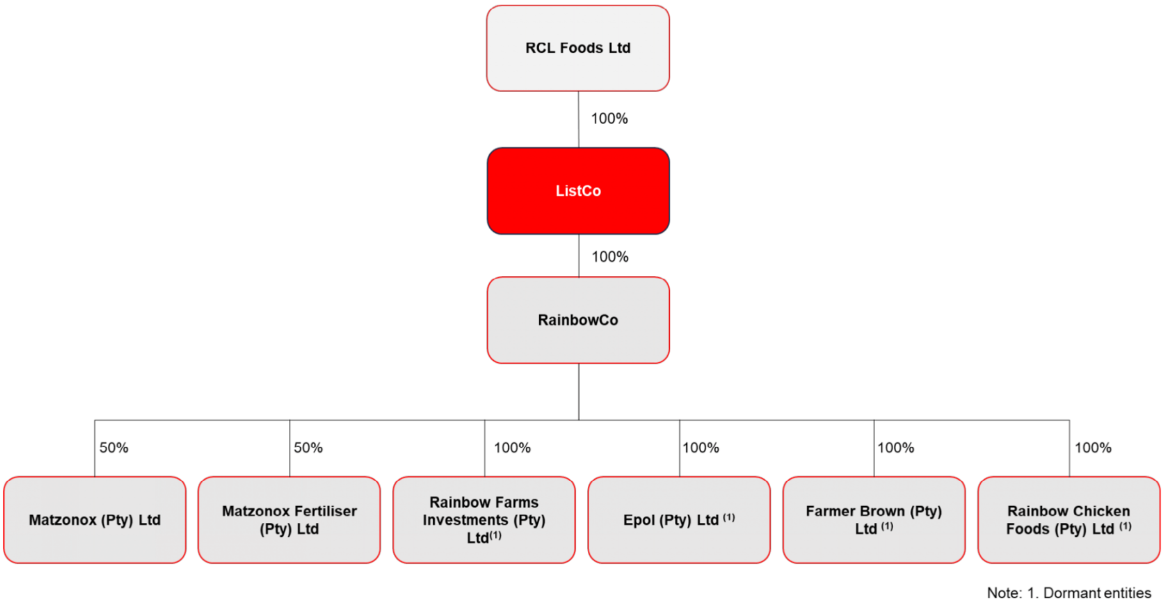
Lastly, pursuant to the Funding Agreements, RainbowCo will have access to a third-party bank-funded working capital facility, with a maximum available amount of R500 million, to support RainbowCo's short-term working capital funding requirements on a month-to-month basis. The directors of RainbowCo are satisfied that the quantum of available funding under the aforesaid working capital facility, together with operational cash flows expected to be earned by RainbowCo over the near- to medium-term, are sufficient to address RainbowCo's peak working capital funding requirements on a through-the-cycle basis.

2.3.14 RESTRUCTURING

In order to facilitate the Listing and Unbundling, RCL Foods implemented the Restructuring which, through a series of intra-group transactions, resulted in the consolidation of RainbowDiv under ListCo.

As depicted in the organisational structure diagram below, ListCo is the ultimate holding company of RainbowCo, which in turn houses and operates the entire RainbowDiv.

It is the shares in ListCo that RCL Foods intends to unbundle to the RCL Foods Shareholders, through implementation of the Listing and Unbundling, as described in more detail in this Pre-Listing Statement.



For a more detailed explanation of the Restructuring and formation of the ListCo Group, please refer to "***Section 4: Restructuring and Formation of the ListCo Group***" commencing on page 57 of this Pre-Listing Statement.

2.3.15 FINANCIAL PERFORMANCE OVERVIEW

For a detailed discussion and breakdown of the ListCo Group's financial performance please see "***Section 5: Management's Discussion and Analysis of Financial Condition and Results of Operations***" commencing on page 59 of this Pre-Listing Statement.

2.4 *PRO FORMA* FINANCIAL INFORMATION

The *Pro Forma* Financial Information is included for the purpose of illustrating the impact of the proposed acquisition of RainbowCo and subsequent listing of ListCo on the Incorporation Historical Financial Information.

The *Pro Forma* Financial Information is presented in accordance with the provisions of the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants. The *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors.

The accounting policies used in the preparation of the *pro forma* financial effects are compliant with IFRS® Accounting Standards as issued by the International Accounting Standards Board and are consistent with those applied in the annual financial statements of the RCL Foods Limited for the financial year ended 2 July 2023. The *Pro Forma* Financial Information is included in Annexure 4A to this Pre-Listing Statement.

The *Pro Forma* Financial information is prepared in accordance with the basis of preparation set out in Annexure 4A to this Pre-Listing Statement.

The Independent Auditor's Assurance Report on the *Pro Forma* Financial Information is set out in Annexure 4B to this Pre-Listing Statement. Such report is included solely to comply with the requirements of the JSE Listings Requirements in South Africa.

The *Pro Forma* Financial Information is the responsibility of the Directors of ListCo.

2.5 DIVIDEND POLICY

For a detailed discussion on ListCo's dividend policy, please see "***Section 12: Dividends and Dividend Policy***" commencing on page 109 of this Pre-Listing Statement.

2.6 RISK FACTORS

A list of risk factors relating to ListCo, the ListCo Group and the ListCo Shares is set out in "***Section 6: Risk Factors***" commencing on page 73 of this Pre-Listing Statement.

SECTION 3: INDUSTRY OVERVIEW

This section includes information sourced from various third parties. In particular, this section makes reference to and relies on information obtained from market research, publicly available information, reports of governmental agencies and industry publications and surveys.

In addition, certain statements in this section are based on ListCo's own estimates, insights, opinions, or proprietary information. Such statements contain the words "the ListCo Group believes" or "the ListCo Group expects" or similar, and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read. For further information on the treatment of third-party information and statements based on the ListCo Group's own estimates, insights, opinions or proprietary information, see "***Section 5 – Management's Discussion and Analysis of the Financial Conditions and Results of Operations***". While the ListCo Group is not aware of any misstatements regarding the industry data presented herein, its estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "***Section 6 – Risk Factors***" to this Pre-Listing Statement.

3.1 **SOUTH AFRICAN MACRO-ECONOMIC ENVIRONMENT**

South Africa is a large, diversified and advanced economy, underpinned by a wealth of natural resources and a diversified industrial base. Key sectors contributing to the overall size and scale of the South African economy include resources and mining, manufacturing, banking and financial services which is mature and well-developed relative to other emerging markets, as well as consumer and retail. South Africa is one of the largest economies in Africa, and the 41st-largest economy globally (according to the International Monetary Fund) with a nominal GDP of R6.97 trillion recorded in Q4 2023 (according to Stats SA).

South African economic performance has been muted in recent years, largely driven by structural constraints, with the economy having delivered compound annual growth in GDP of less than 0.5% between 2017 and 2023 (GDP measured at constant 2015 prices, seasonally adjusted and annualised). The onset of the Covid-19 pandemic had a material impact on the South African economy, particularly with respect to heightened job losses and delayed investment by government and corporates alike which resulted in a year-on-year decline in real GDP of 6.0% between 2019 and 2020. The economy experienced some recovery in 2021 having delivered year on year GDP growth of 4.7% in 2021. Despite better performance in the past two to three-year period by industries such as mining and resources, electricity supply shortages continue to have a material negative impact on GDP growth.

Power cuts and operational problems in freight rail and ports continue to disrupt economic activity and limit South Africa's export potential. According to National Treasury, South Africa's economy is forecast to grow at an average of 1.6% over the next three years. This outlook is supported by an expected recovery in household spending as inflation declines and employment and credit extension levels improve, and reduced frequency of power cuts coinciding with an increase in energy-related fixed investments. Longer-term, sustainable growth is highly dependent on improving capacity in energy, freight rail and ports, and on continuing to reduce structural barriers to economic activity.

The economic outlook remains vulnerable to global macroeconomic shifts and political risks. According to the SARB (per the SARB's January 2024 Monetary Policy Committee Statement), global economic conditions remain mixed and the outlook uncertain. Both advanced and emerging economies are likely to see modest economic growth in 2024 with financing conditions expected to remain constrained. For most countries globally, policy priorities are likely to focus on reaching inflation targets, reducing fiscal deficits, and containing or lowering debt levels.

Over the long-term, the global economic outlook is equally uncertain as geopolitical tensions and climate change threaten supply chains, output, and prices. This uncertainty, alongside high interest rates and debt, will dampen investor appetite and capital flows, resulting in volatile financial markets and asset prices. Taking these and other factors into account, the SARB expects relatively weak global growth of 2.6% in 2024.

A South African economic recovery over the medium-term is based on the following key factors:

- Continued commitment by government to fiscal consolidation, providing a stable foundation for sustainable growth.
- Implementing growth-enhancing reforms, including addressing electricity shortages and dealing with long-running structural constraints in the economy, particularly in relation to freight rail and ports infrastructure to reinvigorate export activity.
- Enhancing key enablers for growth and state capability including combating crime and corruption, and improving service delivery at the municipal level.

	2018A	**2019A**	**2020A**	**2021A**	**2022A**	**2023E**	**2024F**
Real GDP growth (%)	1.6%	0.3%	(6.0%)	4.7%	1.9%	0.6%	1.3%

Source: Stats SA (2017A – 2022A), National Treasury (2023E – 2024F), as of March 2024

The repurchase rate ("**repo rate**") is defined as the rate at which the private sector banks borrow funds from the SARB and is used by monetary authorities as a primary measure to control and maintain inflation within the SARB's stated target long-term range for CPI of 3.00% to 6.00%.

2020 and the first half of 2021 were characterised by subdued consumer and business spending as a result of the effects of the Covid-19 pandemic which led to a number of reductions in the repo rate by the SARB as an economic stimulus measure. In contrast, the SARB implemented ten consecutive hikes to the repo rate between November 2021 and May 2023, increasing the repo rate from 3.50% to 8.25% over this period, with the repo rate having been maintained at these levels for the past 12 months. Increases to the repo rate typically restrict growth as banks increase their prime lending rates as a consequence, thereby impacting lending and average consumption of goods and services. The SARB is expected to begin reducing interest rates in mid-2024 in line with the SARB's quarterly projection model, although this will depend on better certainty regarding the domestic economic outlook and global macroeconomic indicators.

	2018A	**2019A**	**2020A**	**2021A**	**2022A**	**2023A**	**March 2024**
SARB repo rate (%)	6.75%	6.50%	3.50%	3.75%	7.00%	8.25%	8.25%

Source: SARB (end of period rates), as of March 2024

The SARB's hiking cycle was necessitated by the significantly elevated levels of inflation experienced since mid-2021, driven largely by higher soft commodity and fuel prices, as well as supply chain challenges experienced post-Covid-19 and after the onset of the ongoing conflict between Russia and Ukraine. These factors drove materially higher fuel and food price inflation, which resulted in headline CPI (a core measure of inflation) averaging 6.9% in 2022 and 5.9% in 2023, significantly above the SARB's target inflation range, with food and non-alcoholic beverage inflation at c.8.5% year on year to December 2023.

According to the SARB, compared to many other emerging and advanced economies, the rise in South Africa's headline inflation rate was more gradual and peaked lower. However, the return to target has been slow and the inflation rate remains sensitive to changes to both global and domestic supply and demand. In this regard, whilst oil prices remain generally high at c.US$82 per barrel, the SARB expects prices to fall over the next two years thereby easing some pressure on local production/manufacturing and distribution costs. In addition, food price inflation is expected to moderate somewhat as soft commodity prices continue to normalise, offset to some extent by higher production costs associated with local businesses combatting electricity shortages through the use of backup power solutions. Per the SARB's most recent monetary policy statement (March 2024), the SARB continues to expect headline CPI to return to 4.5% (mid-point of the SARB's target range). However, given extra inflation pressure noted in recent months, the SARB now expects headline inflation to only reach the target midpoint at the end of 2025, later than previously expected.

	2018A	**2019A**	**2020A**	**2021A**	**2022A**	**2023A**	**2024F**
Headline CPI (%)	4.7%	4.1%	3.3%	4.5%	6.9%	6.0%	5.1%

Source: Stats SA (2018A – 2021A), SARB (2022A – 2024F), as of March 2024

The South African Rand has devalued notably against the US Dollar post the period of Rand strength during and immediately after the Covid-19 pandemic which was itself largely driven by a favourable commodity price environment. According to the SARB, the uncertainties of the global environment, and various South Africa-specific factors, including sluggish growth and dependence on commodity export prices continue to weigh on the value of the currency. The rand depreciated over the course of 2023 by c.11% against the US Dollar, making it one of the worst performing emerging market currencies. Currency weakness has also been attributed to interest rates in developed market economies remaining higher for longer, as well as a weakening in South Africa's terms of trade.

According to National Treasury, the US Dollar is expected to depreciate over the near-term as global monetary conditions become more favourable, supporting moderate improvements in the foreign exchange value of the Rand. Despite the improved global outlook for 2024, South Africa's near-term growth prospects remain hamstrung by subdued prices for key export commodities and domestic supply-side constraints. Downside risks remain from potential spikes in the global oil price if the conflict in the Middle East escalates and/or if growth falters in China – the country's largest trade partner – due to its continuing real estate crisis.

	2018A	**2019A**	**2020A**	**2021A**	**2022A**	**2023A**	**2024E**
US Dollar/SA Rand exchange rate	14.41	14.04	14.62	15.89	16.98	18.58	19.40

*Source: SARB end of period rates (2017A – 2023A), Fitch Solutions Country Risk & Industry Research ("**Fitch Solutions**") (2024E) as of March 2024*

3.2 OVERVIEW OF THE SOUTH AFRICAN CONSUMER ENVIRONMENT

South Africa's mature financial markets and strong levels of mobile device adoption has resulted in a well-developed consumer and retail market. From a demographics perspective, South Africa has a highly urbanised population with a significant youth population. According to Stats SA's mid-year population estimates for 2022, South Africa's youth population (individuals aged 15-34 years) amounted to approximately 34% of the total population.

In addition, notwithstanding currently challenging macroeconomic conditions, the country continues to exhibit generally favourable growth in its middle-income population, thereby improving the potential for household spending on consumer goods over the long-term. This is supported by significant urbanisation with more than half of South Africa's population residing in the Gauteng, KwaZulu-Natal, and Western Cape provinces where the majority of the country's economic activity is based.

	2018A	**2019A**	**2020A**	**2021A**	**2022A**	**2023E**	**2024F**
South African population (million)	57.3	58.1	58.8	59.4	59.9	60.4	61.0
Urban population as a percentage of total South African population	66.3%	66.8%	67.4%	67.8%	68.3%	68.8%	69.3%
Youth population as a percentage of total South African population	35.8%	35.5%	35.2%	34.7%	34.3%	33.8%	33.3%

Source: Fitch Solutions, as of March 2024

The South African consumer has been under significant strain over the past 18 to 24-month period driven largely by the combination of a higher interest rate environment impacting the household debt service costs, rising inflation driving higher fuel and food prices, weak consumer confidence, and higher levels of unemployment. Employment levels have stabilised to some extent more recently with the unemployment rate having moderated to 31.9% in Q3 2023, with employment levels exceeding pre-pandemic levels by c.325 000 additional jobs.

The above notwithstanding, the near-term outlook for consumer spending remains more positive with expectations of more controlled inflation and a stronger labour market. This is expected to give way to lower household debt levels, increased purchasing power, while a brighter economic outlook and SARB policy rate cuts in the second half of 2024 is likely to support disposable income levels and therefore spending growth.

Household spending is expected to grow by c.1.7% year on year in 2024 (c.0.5% in 2023) driven by softer inflation and a better labour market supporting spending growth. Spending on essential goods is expected to comprise c.56% of total household spend in 2024, followed by (i) transport and food, and (ii) non-alcoholic beverages at c.16.6% and c.16.5% of total spending respectively. Over the medium-term (2024 to 2028), real household spending growth is expected to average c.1.9% year on year, reaching c.R2.56 trillion by 2028.

	2018A	**2019A**	**2020A**	**2021A**	**2022A**	**2023E**	**2024F**
Household spending (R' billion)	3,430.8	3,605.4	3,481.1	3,838.2	4,209.5	4,478.8	4,765.6
Disposable income per household (R's)	169,100	175,100	171,200	181,500	191,600	197,600	207,600

Source: Fitch Solutions, as of March 2024

South Africa has a diverse consumer base with respect to demographics, preferences, income levels and patterns of consumption. The South African Advertising Research Foundation LSM is the most widely used segmentation tool in South Africa, and it divides the population into 10 LSM groups, from 1 (lowest) to 10 (highest). The LSM categories cut across race, gender, and other categorisation techniques, to group the population according to their living standard, using wealth and access indicators such as degree of urbanisation, ownership of cars and major appliances and access to basic services such as water and electricity. While household income is not by itself a variable in determining LSM, higher LSM consumers tend to have higher incomes and vice-versa.

SEM is a revised framework developed by the Broadcasting Research Council in conjunction with Kantar TNS that is becoming a more widely used alternative to LSM as a population segmentation tool given greater perceived accuracy. SEM measures how people live according to what infrastructure they have access to, factoring in 14 variables or inputs that are unique to the South African socio-economic climate including, *inter alia*, dwelling type and construction, access to critical infrastructure (e.g. police stations), etc.

	SEM 1 – 3	**SEM 4 – 7**	**SEM 8 – 10**
Percentage of South African population represented	32.4%	45.4%	22.2%

Source: Marketing Research Foundation MAPS, December 2023

3.3 SOUTH AFRICAN FOOD SECTOR OVERVIEW

South Africa has a diversified, well-established, and sophisticated food sector, across manufacturing and production, logistics and distribution, and retail (both formal and informal). According to Fitch Solutions, the total value of food sales in 2023 is estimated to have been approximately R659 billion, representing a year-on-year increase of 6.2% from R620 billion in 2022. Growth in food sales in absolute Rand terms has been largely driven by inflationary pressures in the recent past with sales having grown at a compound annual growth rate ("**CAGR**") of c.10.2% between 2020 and 2023.

As indicated in the table below, packaged food sales are expected to grow to c.R879 billion by 2027, representing a CAGR of approximately 7.5% between 2023 and 2027. Growth over this period is expected to be driven by a gradual recovery in economic growth, easing inflationary pressures, improved employment prospects and wage growth collectively boosting food spending/sales. In addition, South Africa's large and growing youth population is expected to provide a meaningful underpin for food producers and retailers looking for long-term investment in the food and drink sector.

	2020E	**2021E**	**2022E**	**2023F**	**2024F**	**2025F**	**2026F**	**2027F**
Food sales (R'billion)	492.2	540.2	620.4	659.2	704.9	756.7	815.6	878.7

Source: Fitch Solutions, as of March 2024

South Africa's highly developed food production, processing and retail industry have made a wider variety of products more accessible and affordable to consumers and is expected to see a greater shift in dietary spending patterns. From a category perspective, food spend has and is expected to continue to become more concentrated on meat and poultry, and dairy. Staples (bread, rice, and cereals) are also expected to continue to attract a significant proportion of total spend. In addition, consumers are generally becoming more "time poor" thereby increasing demand for foods associated with convenience. Key trends and themes in the food sector include the following:

- **Growth in the meat and poultry category**

  Meat and poultry form a core part of South African diets and as a category has been the main beneficiary of growth in household income levels over time. Importantly, household income levels have in general not risen to a sufficient extent to shift spending towards more expensive cuts of meat (such as beef and lamb). Poultry, therefore, remains a key protein source for South African consumers primarily due to its relative affordability, and its wider acceptance for consumption across cultural and religious lines. As a result, poultry is expected to comprise c.39% of total meat spending in value terms by 2027 with strong growth in per capita consumption levels, followed by beef as the second largest sub-category, comprising c.24% of meat spending on a comparable basis.

- **The impact of mass grocery retail on the affordability of key staple food product**s

  The evolution of the mass grocery retail sector and informal market penetration has had a pronounced effect on the cost of staple food products over time. Staples accounted for c.35.4% of average spending in value terms in 2010, and is expected to decline to 22.9% by 2027 indicating the improvement in relative affordability.

- **Continued shift to convenience:**

  Demand for convenience meals and products has seen rapid growth in recent years, driven by changes in the labour market, ways of working, and growth of the South African middle class. In response to this trend, South African retailers have been increasing their convenience meal offering in order to tap into the growing demand for these foods, in particular, focusing on their respective ranges of ready-made meals that can be consumed without requiring any further cooking. Retailers have also increased their range of convenience meals to include healthy and vegan meal options in order to cater to a wider consumer base.

	Food sales by category (% of total sales in Rand terms)							
	2020E	**2021E**	**2022E**	**2023F**	**2024F**	**2025F**	**2026F**	**2027F**
Meat and poultry	35.5%	36.3%	36.7%	36.9%	37.0%	37.2%	37.4%	37.5%
Staples (bread, rice, pasta, and cereals)	20.5%	20.1%	19.1%	18.8%	18.4%	18.0%	17.6%	17.3%
Dairy	16.7%	17.3%	17.6%	17.7%	17.9%	18.1%	18.3%	18.4%
Fresh and preserved fruit and vegetables	11.0%	10.3%	10.2%	10.1%	10.1%	10.0%	10.0%	9.9%
Sugar and sugar products	3.3%	3.2%	3.3%	3.3%	3.3%	3.4%	3.4%	3.4%
Oils and Fats	2.9%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Fish and fish products	2.6%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other	7.5%	7.7%	7.9%	8.0%	8.1%	8.2%	8.3%	8.3%

Source: Fitch Solutions, as of March 2024

Food production is a major manufacturing sector, accounting for about 15.0% of overall South African domestic production. The sector is highly competitive with more than 1,800 food production companies. There are also at least 10 large players which respectively hold strong competitive positions in the market totaling approximately 68.0% of total industry turnover (according to Fitch Solutions).

The industry is made up of both large domestic food producers as well as prominent multinational companies that have been present in South Africa for a number of years. Most of the packaged food consumed in South Africa is produced domestically, largely due to high costs related to importing food products into South Africa, as well as the competitive domestic industry.

In general, South African food producers contend with low levels of consumer and business confidence, persistent uncertainty regarding energy supply, and currency weakness. In addition, sector participants have experienced significant margin compression over the past two to three years due to rising input costs, with commodity inputs and labour chief among these, and challenges recovering incremental costs through price increases in an increasingly pressured consumer spending environment. As a result, implementing initiatives to improve cost effectiveness and deliver operational efficiencies/enhancements have been critical for food producers to protect margins and deliver some level of consistency in financial performance.

3.4 THE SOUTH AFRICAN POULTRY AND FEED MARKETS

3.4.1 MARKET OVERVIEW

The poultry (and egg) industry is the largest contributor to the agricultural sector in South Africa, with a total annual gross value of production of almost R72 billion in 2022 (2021: R61 billion). In 2022, the industry accounted for 17.1% (2021: 16.8%) of total agricultural gross value and 40.3% (2021: 39.1%) of total animal product gross value. It is estimated that the industry provides direct and indirect employment to more than 118,000 people, is the second largest consumer of maize in the country (behind producers of maize-based products for human consumption) and supports many peripheral businesses (including the feed industry) and those downstream in the value chain.

The industry is the primary supplier of quality, affordable protein to South Africans and there are more than a million households in the country engaged in some form of poultry production, mostly on a subsistence level. Chicken meat and hen eggs are the dominant and most significant components of the poultry industry, comprising over 93% of production. Chicken meat is popular due to its relatively low cost, rapid growth rate, and versatility in food preparation.

There are five major elements of the poultry and egg industry, and larger sector operators in the South African market have integrated their businesses up and down the value chain in order to derive competitive advantage and deliver operational efficiencies and economies of scale. Upstream comprises of poultry breeders and feed suppliers. The breeders supply broiler chickens to the broiler industry and layer pullets (the industry term for young hens) to the egg industry (the egg industry is not discussed in detail herein). Broiler and egg-laying operations are the heart of the industry. Downstream, meat processors are supplied products by the broiler industry to manufacture consumer products. Further detail in relation to the industry value chain is outlined below.

- **Chick supply to broiler and egg-laying farms**

  The supply of chicks starts with breeders and hatcheries that work exclusively with patented, imported breeds. Latest statistics suggest there are 45 breeders in South Africa. For the commercial broiler industry, the Cobb, Indian River, Ross, and Arbor Acres breeds dominate, while Lohmann, Dekalb Amberlink and Hy-line breeds are preferred for commercial layers.

  Parent and grandparent pure-bred lines are typically imported and supplied to hatcheries from which day-old chicks are produced. In most cases broiler breeding is integrated, meaning inhouse breeding operations supply eggs to an inhouse hatchery where eggs are hatched. There is a large presence of independent layer breeders in the industry. Hatchlings are supplied as day-old broiler chicks or day-old layer pullets either to inhouse or third-party farms.

- **Feed supply to broiler and egg-laying farms**

  Feed ingredients consist mainly of yellow maize and soyabean meal, but also sunflower cake and fishmeal, while vitamins and minerals are added to prepared feeds. Feed prices are driven by the agricultural performance of the supplying industries and are the single highest input cost in broiler production. Most feed ingredients are sourced by millers locally, with imports typically required to fill the supply gap in times of weaker local crop production.

  The poultry and egg industry, including ostrich farming, was the biggest consumer of animal feed in South Africa in 2022, consuming 66% of supply according to the Animal Feed Manufacturing Association ("**AFMA**"). The South African Poultry Association ("**SAPA**") estimates that broiler chickens account for over 75% of chickens farmed, and consume 43% of total animal feed consumed, while layers (for the egg industry) account for another 23% of total animal feed consumed. According to the Department of Agriculture, Land Reform and Rural Development ("**DALRRD**"), the top five producers of broiler feed are Epol, Country Bird Holdings' subsidiary Nutri feeds, agricultural services company Afgri, Astral Foods' subsidiary Meadow Feeds and Quantum Foods' subsidiary Nova Feeds, collectively supplying 75% of animal feed to South Africa's poultry producers.

Feed supply can account for up to 70% to 80% of broiler production costs. Maize and soyabean meal are the major ingredients, making up the majority of prepared feed costs, making broiler production hugely dependent on market and pricing dynamics in maize and soya agriculture. Local production of soyabean oilcake and meal imports has increased significantly in recent years. Where imports are necessary, downstream affordability can be affected at times when the exchange rate is weak. The high cost of feed has prompted poultry and egg companies to develop backward linkages into feed manufacture to reduce supply chain costs and has prompted an industry focus on improving the feed conversion rates as a key performance indicator in broiler production.

- **The broiler industry**

  The broiler industry is the largest part of the poultry and egg industry. According to the Essential Food Price Monitoring Report, despite there being a significant number of broiler operations in the country, five producers (RainbowCo, Country Bird Holdings, Astral Foods, Quantum Foods, and Sovereign Foods) account for nearly 70% of total chicken production. Of these five, the top two producers, RainbowCo and Astral Foods, make up 50% of local production volumes, with small and medium enterprises and imports accounting for the balance of total volumes. The large producers are diverse, integrated companies extending upstream into day-old chick supply and feed supply as well as downstream into chicken meat processing and marketing. Chicks are reared for a specified period of time before they are sent to inhouse or third-party abattoirs.

- **The poultry meat processing industry**

  Chicken meat processing is subject to strict regulations and standards to ensure food safety and consumer protection, with processing facilities subject to hygiene, sanitation, equipment, and labelling guidelines. Chicken meat products are prepared for wholesale, retail, and export markets. Processing follows a series of steps including the following activities:

  – Abattoirs where birds are slaughtered, defeathered and eviscerated (removal of internal organs), often using automated machines.

  – The processing of fresh, chilled, or frozen chicken (using cold water immersion or air chilling methods) in processing plants and retail operations.

  – Food processing plants where bird carcasses are processed into various cuts, such as whole chickens, chicken parts or boneless meat and may be dressed, marinated, or seasoned using manual or automated systems, and packed for distribution and retail sales. Some chicken meat products, such as pre-cooked or ready-to-eat items, undergo additional cooking or processing steps. Processed chicken meat products are distributed to wholesalers, retailers, and food service establishments for sale to consumers.

  – Other activities, including the manufacture of natural sausage casings and production of sausages, the preservation and preparation of meat and meat products by processes such as smoking, salting, quick-freezing, and injecting with brine, and rendering and refining feathers and/or edible animal fats.

South African poultry market size analysis

	2020E	**2021E**	**2022E**	**2023F**	**2024F**	**2025F**	**2026F**	**2027F**
Poultry sales (R billion)	66.2	74.5	87.0	93.2	100.1	107.3	116.0	125.1
Poultry production (million tons)	1.54	1.52	1.58	1.61	1.65	1.68	1.71	1.75
Poultry consumption (million tons)	1.92	1.91	1.94	1.97	2.00	2.02	2.04	2.06

Source: Fitch Solutions, as of March 2024

SAPA is a representative body which aims to serve the interests of the poultry industry. SAPA's mission is to act as an intermediary and catalyst in relation to any matter the industry wishes to collectively address, and to act as the face of the industry, addressing and maintaining a presence in society. Recent industry issues in which SAPA has been involved include agricultural trade policy and tariffs, food safety, matters pertaining to feed and veterinary activities, training and technology transfer, codes of practice, and accreditation of hatcheries. SAPA has historically been a key advocate for the local poultry industry and in recent times have been a very strong proponent of protectionist policies to stem the inflow of cheap imports into South Africa which were ultimately implemented by governmental authorities in 2023.

3.4.2 OVERVIEW OF THE SOUTH AFRICAN FEED INDUSTRY

The animal feed industry is a critical role player in South Africa's agricultural economy, providing nutritious feed inputs to animal farming, whilst at the same time being a major buyer of raw materials from farms (grains) and other manufacturing (oilcake, grain milling residues and other raw materials) industries. The industry's modern, competitive and capital-intensive operations result in the production of a variety of quality feeds, high in nutritional food components and specifically tailored for the different animal consumption segments for increased productivity. The animal feed industry is, therefore, a critical player in providing animals with adequate, balanced diets, free of toxins and contaminants, which is essential to promote productivity and animal welfare.

The industry can be segmented into feed manufacturers (dedicated processors of feed for direct sales), feedlots and informal feed milling. Feed manufacturers can further be divided into balanced feed manufacturers and those that mainly manufacture pre-mixes are also used as an input into the feed milling process. Each manufactured feed follows strict formulations based on the nutritional requirements of different animals, and within each category, a range of products are developed, depending on its use. For instance, of the estimated 13 million tons of feed produced, around 3.4 million tons are for broiler feeds. Within this category, feed volumes are further split into feeds dedicated to the different growth stages of the bird. The poultry industry is the largest customer of feed mills. A total of 6.9 million tons of animal feed was sold in 2022, 2.2% more than in 2021. Of this, 4.4 million tons was consumed by poultry (including ostriches), mostly in the broiler industry.

Feed mill profitability is highly dependent on competitive sourcing of raw materials and requires high utilisation rates of manufacturing capacity in a market with thin margins. South Africa's feed mills currently operate at approximately 75% utilisation capacity and the average feed mill processes about 150 thousand tons of feed per year. According to the Bureau for Food and Agricultural Policy ("**BFAP**"), in the past decade, the average net profit per ton of feed produced was on average R417 per ton and achieved net earnings before interest and tax of 4% of total income generated.

It is expected, based on the BFAP's Baseline Outlook, that some growth is forthcoming in animal feed demand, with volumes growing by 1.2% per annum towards 2030 under baseline conditions with historical demand for animal feed in South Africa having been largely driven by the expansion of animal production for local meat consumption markets, particularly chicken meat.

The main association responsible for the animal feed industry in South Africa is AFMA. Its objective is to represent the animal feed industry on different committees and platforms where it is necessary to increase or protect the interests of the industry. AFMA is also a member of International Feed Industry Federation ("**IFIF**") which represents the global feed industry as an essential participant in the food chain that provides sustainable, safe, nutritious and affordable food for a growing world population. IFIF is made up of national and regional feed associations, feed-related organisations, and corporate members from around the globe. Overall, IFIF members represent over 80% of global compound animal feed production.

3.4.3 COMPETITIVE LANDSCAPE

The South African poultry market is characterised by a combination of large commercial producers, smaller independent farmers, and various companies involved in production, processing, distribution, and retail. Although over a million households are active in poultry production in some form, over 90% of the country's poultry meat output comes from commercial operations with such operators having integrated through the value chain with their own feed operations primarily to support internal broiler volumes as well as external market demand. RainbowCo (through its Rainbow, Farmer Brown, and Simply Chicken brands) and a limited number of major producers including, *inter alia*, the operators set out below account for the vast majority of local output:

- **Astral Foods**

  Astral Foods is one of the largest integrated poultry producers in South Africa. It's operations include manufacture of animal feed, broiler genetics (Astral is the sole distributor of the Ross 308 parent stock to the local broiler industry), production and sale of day-old chicks and hatching eggs, abattoirs, and the sale and distribution of key poultry brands including, *inter alia*, Goldi, Festive, Mountain Valley and County Fair. Through these four key brands, Astral has operations in four major provinces of South Africa, providing a combined processing capacity of approximately 5.9 million broilers per week. Astral Foods' feed operations are conducted via the Meadow Feeds brand, comprising seven feed mills strategically located across the country.

- **Country Bird Holdings**

  Country Bird Holdings is one of the largest poultry and animal feeds producers in Africa. The company's operations span across South Africa, Botswana, Nigeria, Mozambique, Zambia, and Zimbabwe. Supreme Chicken/Supreme Poultry is Country Bird Holdings' key poultry brand in the South African market with operations comprising three abattoirs across the North West and Free State provinces and with a collective processing capacity of approximately 1.8 million broilers per week. Nutri Feeds is the company's animal feed manufacturing business in South Africa, with a core focus on supplying Supreme Poultry's broiler growing operations as well as external customers across a range of protein categories.

- **Sovereign Foods**

  Sovereign Foods is one of the largest poultry producers in South Africa, with operations fully integrated through the poultry value chain. The company's core brands include Country Range, Chicken'tizers, and Cater Chicken. Sovereign Foods has approximately 24 broiler rearing farms, four hatcheries, one feed mill, and two abattoirs in South Africa. The company's current infrastructure accounts for a combined processing capacity of approximately 1.6 million broilers per week.

- **Daybreak Farms**

  Daybreak Farms was founded in 2001 and is an integrated South African poultry producer providing a wide range of poultry products from its operations across the Gauteng, Mpumalanga, Limpopo, and KwaZulu-Natal provinces. Operations include breeding, feed mills, and broiler production (farms located in Mpumalanga and Gauteng, with 41 independent contract grower farmer sites), processing, production and sale of day-old chicks, and the sale and distribution of various chicken products. Daybreak Farms has a total processing capacity of 1.4 million broilers per week.

Imports have historically been a significant competitive constraint in the South African environment in that due to "dumping" practices by international poultry exporters, South African end-market pricing for poultry imports from countries such as Brazil have been at levels at or below the cost of production. This has led to some degradation of the local poultry industry given the material negative effects thereof on financial performance of the major local producers. This has led to the recent implementation of regulatory protectionist measures to safeguard the local industry through the levying of tariffs on imported poultry products from specific jurisdictions, aligned with the Poultry Master Plan.

	South African poultry volume market share analysis					
	ListCo	**Competitor A**	**Competitor B**	**Competitor C**	**Imports**	**Other**
12 months to December 2023	18.5%	25.3%	9.0%	8.0%	9.4%	29.8%
12 months to December 2022	17.0%	28.8%	9.0%	8.0%	9.1%	28.1%
12 months to December 2021	15.5%	24.9%	7.5%	6.4%	21.3%	24.4%

Source: Company Internal Analysis incorporating SAPA Broiler Industry Production Report (December 2023), SARS Import Table (December 2023)

	ListCo poultry category value share analysis					
	Polony		**Viennas**	**Total freezer to fryer**		
	Simply Chicken	**Rainbow**	**Simply Chicken**	**Simply Chicken**	**Rainbow**	**Farmer Brown**
12 months to December 2023	16.7%	7.8%	38.6%	30.6%	1.1%	0.6%
12 months to December 2022	15.8%	5.4%	34.4%	29.6%	0.4%	–
12 months to December 2021	15.5%	3.6%	31.3%	32.1%	–	–

Source: Circana MAT, as of December 2023

	ListCo poultry category volume share analysis					
	Polony		Viennas	Total freezer to fryer		
	Simply Chicken	Rainbow	Simply Chicken	Simply Chicken	Rainbow	Farmer Brown
12 months to December 2023	10.1%	6.7%	30.3%	28.4%	1.3%	0.4%
12 months to December 2022	9.1%	4.4%	26.5%	27.4%	0.4%	–
12 months to December 2021	8.8%	3.0%	24.1%	30.2%	–	–

Source: Circana MAT, as of December 2023

	ListCo share of South African animal feed category market share by production volume					
	Poultry	Horse	Game	Pig	Dairy	Ruminants
12 months to November 2023	18.3%	86.0%	34.9%	3.3%	1.9%	1.3%
12 months to November 2022	18.0%	90.6%	38.0%	5.1%	2.0%	1.8%
12 months to November 2021	18.1%	93.5%	40.0%	4.7%	2.4%	1.6%

Source: AFMA production statistics and Company Internal Analysis

3.4.4 STATE OF THE SOUTH AFRICAN POULTRY INDUSTRY

The local industry as a whole has been under pressure for a number of years following a severe drought starting in 2015 and HPAI outbreaks in 2017 and 2021, with nearly 4 million birds being culled. The most recent outbreak of HPAI in 2023 seriously affected the operations of major poultry and egg producers as well their financial performance. In addition, elevated soft commodity prices between 2021 and 2023, and the material on-costs of electricity shortages have driven notable margin compression for all industry players.

Escalating feed prices reached record highs in 2022 as raw material input costs soared, underpinned by inflated global prices for maize and soya beans on the back of droughts, the war in Ukraine and a weaker rand. Whilst local producers have seen some relief more recently through a notable decline in feed prices, further normalisation to historical pricing levels, or further market price recovery, is still required to restore poultry producer profitability to more sustainable levels. Climate change poses a risk to the downside in terms of this normalisation as the onset of El Niño-related weather patterns resulted in reduced summer rainfall levels which, in turn, affected maize crop yields within the local market and therefore drive escalated pricing.

While local demand for poultry meat has steadily increased since 2008, there has been a growing presence of cheap imports. This has meant the increased demand has not been met by local production. Imports have typically targeted low-priced dark meat bone-in products that are the mainstay of the local industry. Availability of low-priced imported products, combined with the general reduction in consumer spending power over the past decade, have prohibited local producers from protecting margins through pricing. The result of the above is that whilst imports have driven growth in the overall poultry market in volume terms, local production capacity has declined through further consolidation and vertical integration which producers have had to implement to preserve some economies of scale.

The Poultry Master Plan which was signed by industry players and regulators in 2019, was designed to promote the development and transformation of the local industry, including measures to expand and improve production, raise domestic and export demand, along with addressing certain trade-related measures. There has been progressive implementation of the Poultry Master Plan over the past few years. As a result, imports have gradually declined through anti-dumping duties having been implemented to prevent predatory trade and illegal imports, although severe HPAI outbreaks in the northern hemisphere also played a significant role in decreasing imports from Denmark, Germany, Ireland, Netherlands, Poland, Spain and the UK. Following six months of provisional anti-dumping duties implemented in December 2021, government suspended anti-dumping duties on chicken imports for 12 months (from August 2022 to July 2023), resulting in a decline in the ability of local producers to compete with cheaper imports and to recover rising variable input costs. Import tariffs were reintroduced in 2023 which has provided support to local producers in the context of other structural and macroeconomic challenges faced.

Conversely, in February 2024, the South African Competition Commission ("**Competition Authorities**") published the draft terms of reference of a planned market inquiry to be conducted by the Competition Authorities into the poultry industry value chain (the "**Poultry Market Inquiry**"). The Poultry Market Inquiry is aimed at evaluating, *inter alia*, the following:

- Whether features of the local market distort competition throughout the value chain including the pricing and access to quality key inputs such as genetic stock, parent stock, feed, eggs, day-old chicks of pullets, abattoirs and cold chain logistics.
- The impact of large integrated producers as gatekeepers of key inputs, particularly feed and day-old chicks, on the production of small and medium-size enterprises and/or businesses owned by historically disadvantaged persons, as well as genetic stock and parent stock for broiler and egg production.
- The role of retailers, quick-service restaurants, and processed food companies in facilitating new entry and access to markets by independent producers, along with the availability and pricing of cold chain storage and logistics.

3.4.5 KEY TRENDS AND THEMES

- **Technological advancements**

  The poultry industry is adopting advanced technologies to improve production efficiency, animal welfare, and sustainability. Innovations such as automated systems for feeding, monitoring, and disease control, as well as precision nutrition and genetic improvements, are being implemented to optimise poultry farming practices.

  For example, in July 2021, MSD, a US-based health care company that delivers innovative health solutions through its prescription medicines, vaccines, biological therapies, and animal health products, launched the Poultry Sense platform, which monitors broiler production in real-time. Through this platform, farmers can predict flock health, enhance performance, and ultimately improve sustainability at a farm level. The platform is built on sensors that are positioned in sheds and record data on things like bird weight, air pressure, humidity, temperature, and carbon dioxide levels.

  The adoption of camera-based weighing systems in particular is a key trend in the poultry market These innovative systems utilise computer vision and image analysis techniques to accurately measure the weight of individual poultry birds without the need for manual handling. By capturing images of the birds as they move through the weighing process, the systems can analyse the images and calculate precise weights. This eliminates the labour-intensive and stressful task of manually weighing each bird and reduces the risk of injuries or disturbances to the flock.

- **Use of artificial intelligence ("AI")**

  AI technologies offer significant benefits in improving efficiency, productivity, and decision-making processes throughout the poultry production cycle. AI-powered systems can collect and analyse vast amounts of data from various sources, including sensors, cameras, and monitoring devices, to provide real-time insights and enable proactive management practices.

  For example, in January 2022, a US-based global food corporation, introduced a portfolio of AI-driven innovations, known as Galleon Microbiome Analysis and Birdoo, to help maximise animal health and flock performance. With the help of the Galleon tool, broiler farmers may decide how modifications to their flock's feed, raw materials, additives, vaccination schedules, and farming methods would affect the microbiome of their animals.

  Birdoo is an innovation that blends hands-free, in-the-moment flock observations with data from predictive modeling using proprietary computer visioning technology. Due to greater flock performance, higher uniformity, and improved animal health and welfare, farmers are able to make more informed decisions more quickly, which benefits their bottom lines.

- **Strategic partnerships and acquisitions**

  Major companies operating in the poultry market are focusing on strategic partnerships and acquisitions to leverage each other's resources and expand in the market.

  For example, in July 2022, Tyson Foods, Inc., an American food processing company, partnered with Tanmiah Food Company, a Saudi-based producer and supplier of poultry and other meat products. With the help of this partnership, Tyson Foods will be able to access chicken supply in Saudi Arabia and satisfy the region's expanding need for protein.

  Furthermore, In July 2022, Cargill, a US-based food company and Continental Grain Company, a US-based grain trading company, together acquired Sanderson Farms for an undisclosed amount. The acquisition combined Sanderson Farms, a US-based poultry farming company, with Wayne Farms, a subsidiary of Continental Grain, to form Sanderson-Wayne Farms, a new privately held poultry business.

SECTION 4: RESTRUCTURING AND FORMATION OF THE LISTCO GROUP

4.1 **FORMATION OF THE LISTCO GROUP**

ListCo was incorporated as a wholly owned Subsidiary of RCL Foods for purposes of a proposed acquisition of RainbowCo and subsequent listing of ListCo on the Main Board of the stock exchange operated by the JSE Limited and, subsequent to the Restructuring, is the holding company of the ListCo Group.

The ListCo Group includes RainbowCo as an intermediate holding company, being a wholly owned Subsidiary of ListCo and the entity through which the ListCo Group conducts RainbowDiv in South Africa. RainbowCo in turn is the holding company of Rainbow Chicken Foods, Epol, Farmer Brown and Rainbow Farms (all of which are dormant legal entities) and a 50% shareholder of Matzonox, and is the Major Subsidiary in the ListCo Group.

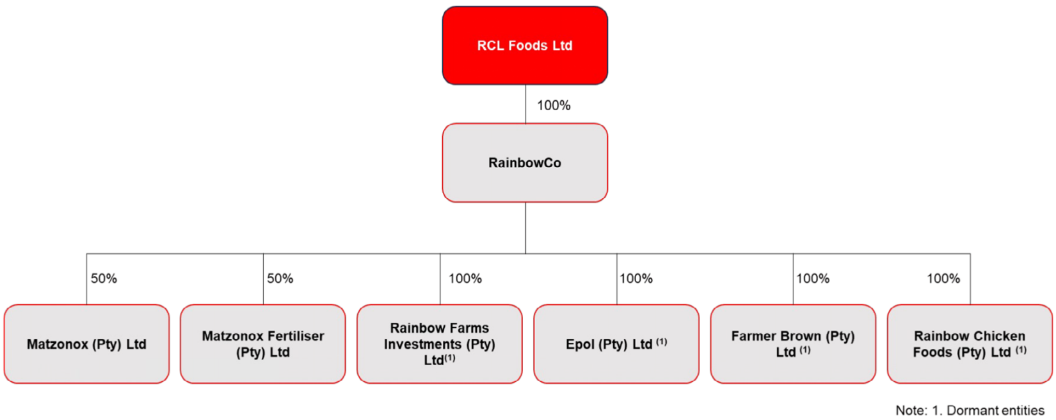
4.2 **CAPITALISATION OF THE LISTCO GROUP**

Ahead of the Restructuring, as detailed below, RCL Foods implemented a recapitalisation of RainbowCo to improve RainbowCo's financial condition and the overall strength of its balance sheet and cash position prior to implementation of the Unbundling. The recapitalisation was implemented in terms of the Phase One Recapitalisation Implementation Agreement (and accompanying subscription agreement) implemented at the end of February 2024, as well as the subscription for new equity in RainbowCo by RCL Foods and the third-tranche subscription and settlement of the Epol Loan contemplated in the Phase Two Restructuring Implementation Agreement (and accompanying subscription agreement) implemented at on 24 and 27 May 2024, as detailed in paragraph 2.3.13 of "***Section 2: Overview of the ListCo Group***" of this Pre-Listing Statement. Copies of all agreements will be available for inspection per paragraph 16.15 of this Pre-Listing Statement. The recapitalisation of RainbowCo and, therefore, of ListCo, is intended to ensure that ListCo is unbundled by RCL Foods with a suitable and sustainable capital structure which can support the continued operation of ListCo in the ordinary course and provide an optimal platform for growth into the longer-term.

4.3 **RESTRUCTURING**

4.3.1 **PRIOR TO THE RESTRUCTURING**

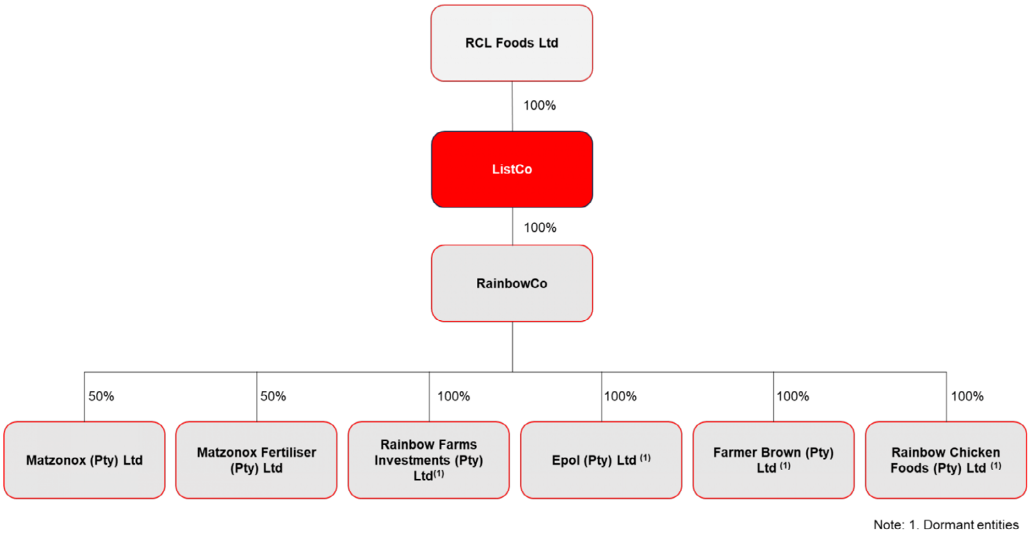
Prior to implementation of the Restructuring, RainbowCo, the intermediate holding company housing RainbowDiv, was a wholly owned Subsidiary of RCL Foods. The simplified diagram of the organisational structure below depicts how RCL Foods housed and operated its poultry-related agri-processing businesses prior to implementation of the Restructuring.



4.3.2 **AFTER THE RESTRUCTURING**

In order to facilitate the Listing and Unbundling, RCL Foods implemented the Restructuring in terms of the Phase Two Restructure Implementation Agreement (and accompanying exchange agreement) which, through a series of intra-group transactions, resulted in ListCo, which was incorporated as a wholly owned Subsidiary of RCL Foods, being subsequently interposed between RCL Foods and RainbowCo, with the result that ListCo became the holding company of RainbowCo.

As at the Last Practicable Date and following the implementation of the Restructuring, ListCo houses the entire RainbowDiv through its holding of 100% of the shares in RainbowCo, as depicted in the simplified diagram of the organisational structure below.



4.3.3 STEPS THAT GAVE EFFECT TO THE RESTRUCTURING

The Restructuring involved the implementation of the following steps. The details of the agreements that were entered into to give effect to these steps are discussed more fully in Annexure 12 to this Pre-Listing Statement.

Step 1: Incorporation of ListCo

ListCo was registered and incorporated as Rainbow Chicken Proprietary Limited on 11 April 2024, for purposes of implementing the Listing and Unbundling. RCL Foods held 100 ordinary no par value shares in ListCo, constituting 100% of ListCo's issued share capital. ListCo held no assets or liabilities on incorporation.

Step 2: Transfer of RainbowCo shares from RCL Foods to ListCo

Following implementation of Step 1 above, all the shares in RainbowCo held by RCL Foods were disposed of by RCL Foods to ListCo (a wholly owned Subsidiary of RCL Foods) in exchange for the issue by ListCo to RCL Foods of 890,296,305 additional ordinary shares in ListCo as consideration for the shares acquired in RainbowCo, as an "asset-for-share" transaction in accordance with section 42 of the Income Tax Act.

The result of completion of this Step 2 was that ListCo became the sole shareholder and holding company of RainbowCo.

Step 3: Conversion of ListCo from a private to public company

Following implementation of Step 2, ListCo was converted from a private company to a public company on Friday, 31 May 2024, in anticipation of the Listing and Unbundling.

4.3.4 OVERVIEW OF THE TRANSITIONAL SERVICES AGREEMENT

To ensure that ListCo is separated from the RCL Foods Group in a responsible manner, which protects the existing operational base of the ListCo Group and ensures continuity of operations in the ordinary course, RainbowCo has entered into a transitional and support services agreement with RCL Group Services (the Transitional Services Agreement), whereby certain transitional and longer-term support services will be provided by the RCL Foods VAFB Group to the ListCo Group after the Unbundling Operative Date. The fees payable by ListCo in relation to the Transitional Services Agreement will be reviewed periodically post the Unbundling in accordance with the ListCo Group's strategy over the medium to long term. Further detail in relation to the Transitional Services Agreement is set out in Annexure 12 to this Pre-Listing Statement.

SECTION 5: MANAGEMENT'S ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following analysis of ListCo's financial condition and results of operations should be read together with the description of the business of ListCo in the sections entitled: "**Section 2: Overview of the ListCo Group**" commencing on page 18 of this Pre-Listing Statement, "**Section 11: Financial Information**" commencing on page 105 of this Pre-Listing Statement, the Incorporation Historical Financial Information, the Combined Carve-out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information included in Annexures 1A, 2B, and 3A to this Pre-Listing Statement. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled: "**Section 6: Risk Factors**" commencing on page 73 of this Pre-Listing Statement. Actual results could differ materially from those contained in any forward-looking statements. Investors are strongly urged not to place undue reliance on any of the statements set forth below. The ListCo Group can give no assurance that the targets and outlook described below will materialise or prove to be correct. Some financial information in this **Section 5** and elsewhere in the Pre-Listing Statement has been rounded and, as a result, the numerical figures shown as totals may vary slightly from the exact arithmetic aggregation of the figures that precede them.*

5.1 OVERVIEW

The ListCo Group produces and sells a wide range frozen, added-value, and further-processed chicken, and grain-based animal feed products under its established brands including confined labels and dealer-owned brands through ListCo's wholly owned Subsidiary, RainbowCo.

RainbowCo's Chicken division produces chicken products under the well-known, heritage Rainbow, Simply Chicken, and Farmer Brown brands. The Animal Feed division produces a range of grain-based animal feed products under the Epol and Driehoek Feeds brands, primarily for internal RainbowCo use in its poultry operations, as well as for the external South African animal feed market, with a core focus on product quality. Matzonox, a joint venture in which RainbowCo owns a 50% shareholding, is a waste-to-value operation based at the Worcester and Rustenburg chicken processing sites focused on processing effluent water and other waste products to generate electricity, and heat, and recycle water.

The ListCo Group's financial results over the three-year period ended 2 July 2023 and the six-month period ended 31 December 2023 reflect the improving operational and financial performance of the ListCo Group's operations through the continued implementation of the "Future Perfect Rainbow Chicken" strategy. The ListCo Group delivered revenue and EBITDA for the financial year ended 2 July 2023 of R13.5 billion and R38.6 million respectively. This represents a revenue CAGR of 14.1% and an EBITDA CAGR of 60.2% between the 2021 and 2023 financial years. For the six-month period ended 31 December 2023, the ListCo Group delivered revenue of R7.2 billion and EBITDA of R265.4 million.

Improved financial performance has been achieved in the context of significant industry headwinds including energy and water availability constraints and related on-costs in managing consistent supply of critical inputs, elevated global soft commodity and fuel prices combined with currency weakness resulting in higher input costs, outbreaks of HPAI leading to culling of flocks and discarding of feed, and a generally weak consumer environment. The financial and operational results delivered by the ListCo Group are evidence of the vastly improved resilience of underlying operations in recent years and the significant progress of the ListCo Group in applying brilliant basics consistently towards attaining the optimal balance between nutrition, genetics, environmental management, health of poultry flocks, and the condition of the asset base and infrastructure employed. In addition, improved front-end pricing dynamics have assisted in managing input cost pressures.

5.2 FACTORS AFFECTING THE LISTCO GROUP'S FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

5.2.1 MACROECONOMIC ENVIRONMENT IN WHICH THE LISTCO GROUP OPERATES

In FY2023, and the six-month period ended December 2023, the ListCo Group generated revenues from its operations of R13.5 billion and R7.2 billion respectively, with all revenues generated in South Africa.

The ListCo Group is primarily a South African poultry and animal feed operator, with a relatively limited contribution to overall revenues and profitability from export sales and is therefore directly impacted by general macroeconomic conditions.

According to National Treasury, South Africa's economy is forecast to grow at an average of 1.6% over the next three years. This outlook is supported by an expected recovery in household spending as inflation declines and employment and credit extension levels improve, and reduced frequency of power cuts coinciding with an increase in energy-related fixed investments. Longer-term, sustainable growth is highly dependent on improving capacity in energy, freight rail and ports, and on reducing structural barriers to economic activity.

The economic outlook remains vulnerable to global macroeconomic shifts and political risks. According to the SARB (per the SARB's January 2024 Monetary Policy Committee Statement), global economic conditions remain mixed and the outlook uncertain. Both advanced and emerging economies are likely to see modest economic growth in 2024 with financing conditions expected to remain constrained. For most countries globally, policy priorities are likely to focus on reaching inflation targets, reducing fiscal deficits, and containing or lowering debt levels.

Over the long-term, the global economic outlook is equally uncertain as geo-political tensions and climate change threaten supply chains, output, and prices. This uncertainty, alongside high interest rates and debt, will dampen investor appetite and capital flows, resulting in volatile financial markets and asset prices. Taking these and other factors into account, the SARB expects relatively weak global growth of 2.6% in 2024.

The ListCo Group has sought to mitigate the impacts of the prevailing environment through focus on cost control and efficiencies, agric KPI's, as well as operational diversification including, *inter alia*, the following:

- Increased focus on demand-driven chicken products and investment in key brands to drive strong market positioning and an ability to sell core chicken products profitably.
- A multi-channel approach covering R&W, QSR, RP, IR, and HORECA, providing support where demand in any single channel may temporarily decline.
- External animal feed sales provide a meaningful and consistent revenue and margin underpin to overall ListCo Group performance and helps manage industry cyclicality on a through-the-cycle basis.

5.2.2 GROWTH IN DEMAND FOR CHICKEN

From a demographics perspective, South Africa has a highly urbanised population with a significant youth population. In addition, notwithstanding currently challenging macroeconomic conditions, the country continues to exhibit generally favourable growth in its middle-income population, thereby improving the potential for household spending on consumer goods over the long-term. This is supported by significant urbanisation with more than half of South Africa's population residing in the Gauteng, KwaZulu-Natal, and Western Cape provinces where the majority of the country's economic activity is based.

Local demand for poultry meat has steadily increased since 2008, in line with demographic changes in the local environment and given the versatility of poultry meat in terms of preparation. In this regard, increased urbanisation, a sizeable youth population, and a growing middle class collectively support the favourable outlook for local poultry demand over the medium- to long-term. This is underpinned by a highly pressured consumer environment characterised by persistent inflation coupled with limited growth in real income levels, wherein consumers are actively focusing purchasing decisions towards affordable protein sources. As such, there is a continued shift from other protein sources such as beef and lamb to poultry, with bone-in chicken cuts accounting for 60% of total chicken demand as consumers become more price-driven.

In recent years and pursuant to the "Future Perfect Rainbow Chicken" strategy, the ListCo Group has positioned itself optimally in response to expected increased demand through:

- the completion of the new breed rollout which is expected to drive better agric, and operational performance, availability, and lower cost of production through the cycle;
- the "Double Hammarsdale" project which related to the reinstatement of the second shift at RainbowCo's Hammarsdale operation, thereby providing a step change in overall volumes delivered by the ListCo Group. The full benefit of the "Double Hammarsdale" project is expected to be realised after the 2024 financial year with RainbowCo's processing capacity at the operation expected to grow to approximately 300,000 chickens per day (an increase of 125,000 birds per day); and
- operational efficiencies including optimal utilisation of facilities and reducing bottlenecks during manufacturing to improve overall volumes.

5.2.3 EFFECTS OF IMPORTS ON THE SOUTH AFRICAN POULTRY INDUSTRY

The South African poultry sector has seen a significant rise in imported chicken volumes since 2008, driven by the relative affordability of imported vs. locally produced chicken, a function of dumping practices employed by international chicken exporting countries. In order to safeguard the local industry, the Poultry Master Plan was launched in 2019. Amongst other measures, the Poultry Master Plan introduced special anti-dumping tariffs against bone-in-chicken imports from various countries including Brazil, Denmark, Ireland, Poland and Spain. The key objectives of this approach were to prevent dumping, boost the capacity and competitiveness of the local poultry industry, encourage investment and the creation of additional job opportunities, as well as facilitate the growth of exports for local producers.

In 2022, the prices of soft commodities (particularly maize and wheat) increased significantly in response to Russia's invasion of Ukraine and the resultant supply chain constraints which emanated from the outbreak of the conflict. Elevated commodity pricing, notably above peak levels over the prior 10-year period, resulted in material input cost pressure for South African poultry producers driving higher prices for poultry products in consumer and retail markets. In response to the escalating prices of chicken products (and the broader food prices basket), the Department of Trade, Industry, and Competition ("**DTIC**") suspended anti-dumping tariffs on chicken imports from Brazil and the European Union for a period of 12 months from July 2022. Anti-dumping tariffs were reinstated in 2023 and have brought some relief to local chicken producers, but there remains a risk that duties and tariffs could be temporarily lifted in the future subject to governmental policy.

Whilst future increases in imported chicken volumes would have a notable impact on local producers, the ListCo Group has introduced various initiatives to improve the resilience of its operations to withstand potential volatility in this regard in future including, *inter alia*, improved farming and management practices to reinforce the achievement of appropriate agric KPI's thereby safeguarding margins, a core focus on cost control and operational efficiencies, investment in RainbowCo's core underlying brands, and diligent attention to, management of, and investment in key customer relationships across major channels.

5.2.4 INPUT COST PRESSURES IN AN INFLATIONARY ENVIRONMENT

From a critical inputs perspective, the results of the ListCo Group's operations are dependent on and closely linked to (i) the US Dollar-based price of soft commodities, specifically maize and soyabean meal, and (ii) the quality and availability of water and electricity.

Maize and soyabean meal are the major inputs to the production of feed for internal use and external sales. As such, elevated global soft commodity prices impact significantly on poultry producers' ability to manufacture chicken products on a profitable basis given limited capacity of producers to pass on input cost pressure to consumers through end-market pricing. Despite some relief experienced in December 2023 driven by a more favourable exchange rate environment and a more positive weather outlook creating better sentiment regarding planting and crop levels, global commodity prices remain elevated relative to historic peak pricing levels.

A sustainable improvement in commodity prices will be linked to, *inter alia*, resolution of major global geopolitical conflicts, favourable weather conditions in South America providing support for crop levels, appropriate crop production in South Africa subject to favourable weather conditions, and a stabilisation and/or strengthening of the Rand/US Dollar exchange rate. The ListCo Group has implemented various strategies to address the effects of elevated commodity prices including:

- management of commodity procurement in accordance with the ListCo Group's forward procurement and hedging strategy which balances financial risk management with production requirements and ensuring continuity of supply of commodity inputs to farming and manufacturing;
- related to the above, management of the ListCo Group's foreign currency exposure in line with its currency hedging strategy and policies; and
- ensuring feed formulation optimally balances the need for quality feed to improve agricultural outcomes and the cost of commodity inputs to the feed formulation process.

5.2.5 ACHIEVEMENT OF APPROPRIATE AGRIC KPI'S THROUGH FARMING AND OPERATIONAL MANAGEMENT PRACTICES

Key to the sustainability of RainbowCo's operational and financial results is its ability to deliver strong agricultural and operating performance, and a low cost of production to ensure that despite the input cost and demand-side volatility inherent to the sector, long-term sustainability and profitability can be achieved. This is dependent on consistent application of best-practice agricultural management practices to drive the achievement of suitable agric KPI's which are monitored at each stage of the chicken farming process.

During the past 18–24 months, RainbowCo has implemented a number of initiatives to enhance its overall management practices and deliver better operating performance. This includes, *inter alia*, an extensive project to change the Chicken division's chicken breed which was completed in 2024. These have resulted in a significant improvement in RainbowCo's agric KPI's and have provided material support to most recent financial performance in the context of major industry headwinds. The roll-out of RainbowCo's new chicken breed in particular is a key underpin to RainbowCo's strategy, with the full benefit of the new breed expected to materialise after ListCo's 2024 financial year.

5.2.6 AVAILABILITY AND QUALITY OF CRITICAL INPUTS

The ListCo Group's operations are water-usage intensive, requiring stable and ongoing access to water of a suitable quality. The ListCo Group has in recent years experienced challenges relating to water availability and quality which has impacted operational continuity and overall financial performance. In response, the ListCo Group has implemented a number of initiatives focused on improving availability of suitable quality water resources including, *inter alia*, continual water quality assessments and proactive management plans to ensure sufficient supply, entering into partnerships with local municipalities to resolve issues of ageing infrastructure, the installation of back-up water reservoirs and use of ground water sources such as boreholes, reverse osmosis measures in respect of its Waste-to-Value operations, and managing relationships with key service providers to reduce overall consumption.

Persistent load shedding over the past two to three-year period has resulted in significant on-costs to the ListCo Group's operations, primarily in relation to the sourcing and installation of back-up power supply and the ongoing costs of operating back-up supply systems (e.g. generators). The ListCo Group has implemented suitable protocols to manage energy availability including, *inter alia*, the following:

- investigation of long-term alternative energy sources including wind, solar, and poultry litter;
- implementing continuous, extended, or additional manufacturing shifts to compensate for lost volumes during periods of load shedding;
- improving the ListCo Group's flexibility to leverage its national infrastructure and optimising the utilisation of plants across different regions according to load shedding schedules where possible;
- investment in waste-to-value technology to secure approximately 30% of the electricity requirements of its plants/manufacturing sites; and
- entering into arrangements with local service providers to reduce consumption during periods where the national electricity grid is constrained.

5.2.7 **OUTBREAKS OF DISEASE, INCLUDING HPAI**

The poultry industry periodically experiences outbreaks of disease which can have a material impact on operations and financial performance. HPAI is well-adapted to chickens in that the disease easily infects chickens and replicates, migrating rapidly between birds and farms. Avian influenza is a "controlled disease" meaning that the treatment thereof is placed under strict governmental control with the aim of eradication as quickly as possible when outbreaks are detected. All outbreaks on farms are to be immediately reported to the state veterinary service, which takes responsibility for control/eradication. The protocol for HPAI control is that all affected farms are to be placed under strict quarantine and all in-contact and surviving birds destroyed and disposed of as quickly as possible in order to limit the further spread of the disease. However, there are challenges to this approach including limited capacity and resources of state veterinary services to effectively detect and manage outbreaks, and the fact that farmers are not compensated by the government for their associated losses leading to difficulty in enforcing compliance.

The most recent widespread outbreak of HPAI in South Africa occurred in 2023. The ListCo Group's operations in the Gauteng and North West provinces were most severely impacted between July and October 2023 with a loss of approximately 700,000 breeder broiler birds across 18 sites. This resulted in a total loss of approximately 70 million hatching eggs in the region, a requirement to extend breeder flock life in its operations in KwaZulu-Natal and the Western Cape, and to import hatching eggs. The total cost of the outbreak was approximately R184 million for the six-month period ending December 2023, with additional costs expected in the second half of the financial year. Since the end of October 2023, no further instances of HPAI were experienced within the ListCo Group's operations.

The ListCo Group actively manages its farming practices and has extensive measures and robust protocols in place to prevent the occurrence and spread of diseases such as HPAI including:

- bio-exclusion procedures including limiting movement of people and equipment between farms, fumigation of open spaces and equipment entering and leaving each site, physical access controls, staff cleanliness, safety protocols, and extensive staff training;
- vaccination of flocks on a regular basis against diseases (note no vaccinations in relation to HPAI are conducted yet, pending final government approval);
- wild bird and neighbourhood disease surveillance in the vicinity of farming operations as an early warning system;
- world-class, accredited veterinary diagnostic laboratories located in each of the three main production regions;
- preventative treatment procedures; and
- maintaining a suitable level of surplus flocks on the ground as a buffer to supply.

In addition, the ListCo Group is currently engaging with the Department of Agriculture, Land Reform, and Rural Development on its strategy document in relation to an HPAI vaccination published in November 2023. The strategy encompasses, amongst other things, the requirements/characteristics of HPAI vaccines to be used, approval requirements, surveillance requirements for vaccinated farms, control of movement of stocks, and actions to be taken in the event of an HPAI outbreak on a vaccinated farm. Key focus areas of the ListCo Group in these engagements will be clarification of specific vaccination protocols, and in general, ensuring that the requirements and associated costs of the strategy are commensurate with the potential benefits of a vaccination protocol.

5.2.8 **CONTINUED INVESTMENT IN THE INFRASTRUCTURE AND ASSET BASE OF THE LISTCO GROUP**

In FY2022, the ListCo Group began a process of material investment in the asset base of its underlying operations as a key component of its strategy to facilitate growth. In this regard, total capital expenditure in FY2023 per the statement of cash flows was approximately R416.8 million (FY2022: R411.1 million), including maintenance capital expenditure of approximately R241.0 million (FY2022: R288.0 million) and expansionary capital expenditure of approximately R168.1 million (FY2022: R122.0 million).

As outlined in further detail below, the ListCo Group expects to continue to invest significantly in its asset base over the next 12 to 24 months in order to ensure its underlying operations are appropriately capacitated to deliver on its strategic objective of operating as an efficient, low-cost producer in the South African market.

5.3 CURRENT TRADING AND PROSPECTS OF THE LISTCO GROUP

5.3.1 RECENT DEVELOPMENTS IN THE LISTCO GROUP'S TRADING

Performance for the first half of the 2024 financial year saw a notable improvement in results, despite the significant impact of the most recent HPAI outbreak. The ListCo Group delivered revenue of R7.2 billion and EBITDA of R265.4 million, with EBITDA increasing by c.587% relative to the full year result for the 2023 financial year. Improved results were largely driven by better agricultural performance and agric KPI's aided by the new breed rollout, a core focus on cost control initiatives across the ListCo Group, improved margins and higher volumes in the retail and wholesale channel.

Key factors affecting recent trading, and operational and financial performance include, *inter alia*, the matters outlined below.

- During the first half of the 2024 financial year, front-end pricing improved relative to prior year performance, mainly in relation to secondary and tertiary products. However, demand in the QSR channel, although slightly improved relative to volumes in the previous financial year, has fallen short of projected levels with the decline largely driven by reduced demand from select QSR customers.
- During the first half of the 2024 financial year, feed prices were below those in the prior financial year but remain at extremely high levels relative to average pricing over the last 10 years. ListCo continues to apply its approved hedging and procurement strategy to manage the impact of commodity price pressures.
- Agric KPI's have been encouraging with significant improvements in all key indicators across FCR, hatchability, mortality, and breed performance, the result of continued implementation of ListCo's strategic objectives including best-practice farm management.
- The ListCo Group incurred significant costs to manage the recent HPAI outbreak which mainly related to the costs of importing hatching eggs, feed costs to extend healthy flocks, expenses associated with the safe disposal of culled birds and cleaning, and the loss relating to the down placement of broiler birds. Since late October 2023, no further HPAI outbreaks have been experienced and RainbowCo is engaging with South African governmental authorities on proposals relating to an industry-wide vaccination protocol.
- The external feed market continues to be characterised by an oversupply relative to prevailing levels of demand. In this highly competitive environment, the ListCo Group has implemented a quality-led strategy allowing the business to safeguard margin in the context of volume changes. This strategy, coupled with a core focus on cost control and efficiencies delivered improved results relative to the ListCo Group's target for this financial period.

5.3.2 RECENT CHANGES TO THE LISTCO GROUP'S CAPITAL STRUCTURE

Ahead of the Listing and Unbundling, RCL Foods implemented a recapitalisation of RainbowCo to improve RainbowCo's financial condition and the overall strength of its balance sheet and cash position prior to implementation of the Unbundling. The recapitalisation was concluded via the implementation of the Phase One Recapitalisation Implementation Agreement on 29 February 2024, and the Phase Two Restructuring Implementation Agreement on 24 May 2024.

The recapitalisation of RainbowCo (and, therefore, of ListCo) incorporated the following key elements:

- The subscription for RainbowCo shares by RCL Foods for an aggregate consideration of R1,250,000,000, enabling RainbowCo to partially settle R1,250,000,000 of the Treasury Loan, with R150 000 000 of the Treasury Loan distributed by RCL Foods Treasury to RCL Foods as a distribution *in specie*, implemented at the end of February 2024.
- The subscription for further RainbowCo shares by RCL Foods for an aggregate consideration of R1,601,397,619, with the obligation on RCL Foods to pay the consideration due for such shares being set-off against RainbowCo's obligation to repay the RCL Foods Loan and R150 000 000 of the Treasury Loan, implemented at the end of February 2024.
- The subscription for additional RainbowCo shares by RCL Foods for an aggregate consideration of R300,767,092 with such consideration settled in cash, implemented on 24 May 2024.

The effect of the above steps is that the intra-group debt owed by RainbowCo to RCL Foods has been reduced by approximately R2,851,397,619 via loan conversions, with further equity capital of R300.8 million provided via a subscription for shares in RainbowCo by RCL Foods as set out above.

In addition, pursuant to the Funding Agreements, RainbowCo will, prior to the Listing and Unbundling, have access to a third-party bank-funded working capital facility, with a maximum available amount of R500 million**,** to support RainbowCo's short-term working capital funding requirements on a month-to-month basis. It is expected that any remaining balance owing by RainbowCo to RCL Foods in relation to the Treasury Loan as at the Unbundling Operative Date will be repaid by RainbowCo by drawing down available funding from the aforementioned external working capital facility.

The recapitalisation of RainbowCo and, therefore, of ListCo, is intended to ensure that ListCo is unbundled by RCL Foods with a suitable and sustainable capital structure which can support the continued operation of ListCo in the ordinary course and provide an optimal platform for growth into the longer-term.

5.3.3 **THE LISTCO GROUP'S PROSPECTS**

The ListCo Group has made significant strides in recent years in enhancing its operational and financial performance through the ongoing implementation of the "Future Perfect Rainbow Chicken" strategy. This strategy has allowed the business to improve its resilience and capability to withstand shocks that have and will continue to affect operations in a cyclical industry including elevated commodity prices, outbreaks of disease, and competitive dynamics. Notwithstanding the positive traction achieved to date, there remains further work to be done in this regard and the ListCo Group intends to continue the implementation of this strategy towards becoming a market-leading, low-cost producer in the South African environment through consistent focus on "brilliant basics" and best-in-class farming practices, product quality, cost control, and investment in the ListCo Group's infrastructure and asset base, the combination of which is expected to drive strongly-improved profitability and financial returns.

Management expects continued momentum in revenue growth over the near-term, aligned to its strategy of volume growth resulting from the "Double Hammarsdale" initiative. Revenues are expected to be supported by increased pricing to recover higher input costs, and more general demand improvement in line with expected growth in demand for chicken as an affordable protein source in a pressurised consumer environment.

Over the medium-term, RainbowCo aims to achieve financial performance (including in respect of margins, cash flows, and returns) that is, at a minimum, in line with and potentially superior to through-the-cycle results of key industry peers. RainbowCo management believe the business has a vastly improved ability to withstand potential volatility in the future through the implementation of its strategy and the reset of its operational base.

The ListCo Group has targeted achieving revenue growth between FY2023 and FY2025 of c.8–10%, and year-on-year growth of between 6–7% thereafter. The ListCo Group is targeting achieving an absolute minimum sustainable EBITDA as a percentage of revenue ("**EBITDA margin**") of 6.0%. Various key factors are expected to drive the achievement of this level of EBITDA margin including, *inter alia*, the following:

- Continued delivery of targeted agric KPI's.
- Achievement of the full benefit of the rollout of the new chicken breed, expected to be delivered after the 2024 financial year.
- Normalisation of soft commodity prices to levels commensurate with historic average pricing, thereby resulting in lower feed costs.
- A continued focus on cost control and efficiency initiatives.

The ListCo Group is in the process of investing in its infrastructure and asset base at levels higher than its expected sustainable level of capital expenditure, with this process of heightened investment expected to be concluded by the end of the 2025 financial year. Key capital expenditure projects yet to be completed include, *inter alia*, an upgrade to the air chiller at the Rustenburg site, upgrading of broiler houses and hatcheries, boiler replacement, and new raw material storage and intake infrastructure. Capital expenditure is expected to be funded from future operational cash flows and the proceeds of the RainbowCo recapitalisation.

After the end of the 2025 financial year, the ListCo Group's capital expenditure program is expected to range from R320 million to approximately R370 million per year (including both maintenance and expansionary capital expenditure), approximating 2.0% of total revenue over the medium-term.

Net working capital over the near- to medium-term is not expected to be materially different to average levels over the prior two financial years.

From a capital structure perspective, ListCo does not expect to incur/raise long-term debt over the medium term. Management aims to maintain operational flexibility and, as such, debt is expected to comprise of appropriately structured short-term facilities to support the business' ongoing working capital requirements. Any future potential changes to the capital structure will be considered in light of the above and in the context of operational and strategic requirements.

5.3.4 DIVIDEND POLICY CONSIDERATIONS

ListCo and the Board recognise the importance of maintaining a consistent dividend policy and will endeavour to avoid volatility in the dividend profile, together with ensuring sufficient available cash to reinvest for growth within the ListCo Group.

The continued implementation of the "Future Perfect Rainbow Chicken" strategy in order to conclude the improvement in RainbowCo's operational and financial performance requires ListCo to conserve cash to adequately invest in its operations, working capital cycle and retain cash buffers to enable the ListCo Group to appropriately withstand potential industry cyclicality. As such, ListCo needs to retain flexibility to redirect cash resources towards operations as required.

Considering the above, the quantum, timing and frequency of dividend declarations will be at the sole discretion of the Board and will be a function of the profitability and cash resources, targeted growth opportunities and the overall ListCo strategy. For further detail in relation to ListCo's dividend policy, please refer to "***Section 12: Dividends and Dividend Policy***" commencing on page 109 of this Pre-Listing Statement.

5.3.5 KEY FINANCIAL HIGHLIGHTS

The ListCo Group monitors various key metrics and indicators to monitor and evaluate the operational and financial performance of the ListCo Group's business. The financial indicators below provide a summary of the ListCo Group's financial performance over the past three financial years, and the most recently completed six-month period:

Financial metrics (R'million)	**FY2021**	**FY2022**	**FY2023**	**H1-FY2024**
Revenue	10,336	11,385	13,464	7,249
EBITDA	15	336	39	265
Operating profit	(209)	81	(229)	112
Growth and margins (%)	**FY2021**	**FY2022**	**FY2023**	**H1-FY2024**
Revenue growth		10.1%	18.3%	
EBITDA margin	0.1%	3.0%	0.3%	3.7%
Operating profit margin	(2.0%)	0.7%	(1.7%)	1.5%

5.4 **OVERVIEW OF THE RESULTS OF THE LISTCO GROUP'S OPERATIONS**

5.4.1 **RESULTS OF OPERATIONS FOR THE FINANCIAL YEAR ENDED 2 JULY 2023 AND THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023, WITH COMPARISON TO THE FINANCIAL YEARS ENDED 3 JULY 2022 AND 4 JULY 2021**

R'000	**FY2021**	**FY2022**	**FY2023**	**H1-FY2024**[1]
Revenue	**10,335,889**	**11,384,801**	**13,463,861**	**7,249,374**
Cost of sales	(9,192,037)	(9,961,301)	(12,276,876)	
Gross profit	**1,143,852**	**1,423,500**	**1,186,985**	
Administration expenses	(492,182)	(542,512)	(481,374)	
Selling and marketing expenses	(160,259)	(174,781)	(170,676)	
Distribution expenses	(888,530)	(802,377)	(924,932)	
Net impairment of property, plant, and equipment, and intangible assets	(2,088)	–	(1,417)	
Other income	189,832	177,448	162,457	
Operating profit/(loss)	**(209,375)**	**81,278**	**(228,959)**	**112,215**
Finance costs	(50,583)	(85,732)	(173,169)	(107,847)
Finance income	20,879	10,741	5,098	13,472
Share of profit/(loss) of associates	5,810	(4,730)	4,903	–
Profit/(loss) before tax	**(233,269)**	**1,557**	**(392,127)**	**17,840**
Income tax expense	71,505	14,093	106,103	(4,897)
Profit/(loss) for the year	**(161,764)**	**15,650**	**(286,024)**	**12,943**

Reconciliation of operating profit to EBITDA

R'000	**FY2021**	**FY2022**	**FY2023**	**H1-FY2024**
Operating profit/(loss)	**(209,375)**	**81,278**	**(228,959)**	**112,215**
Depreciation, amortisation, and impairments of property, plant, and equipment, and intangible assets	224,434	254,933	267,603	153,185
EBITDA	**15,059**	**336,211**	**38,644**	**265,400**

- **Revenue**

  Revenue for the 12 months ended 2 July 2023 was R13.5 billion, an 18.3% improvement from FY2022. Over the past three completed financial years, revenue has grown at a CAGR of approximately 14.0%. For the six-month period ended 31 December 2023, the ListCo Group generated revenue of R7.2 billion, approximately 53.8% of the total revenue generated in FY2023. Revenue growth over the financial periods outlined above has been driven by a combination of robust volume growth, and price increases to recover input cost pressure.

- **Gross profit**

  Given the majority of the ListCo Group's revenue is derived from the sale of chicken, the prices of soft commodities which are used as inputs into the production of feed, particularly maize and soyabean meal, have a significant effect on cost of sales which ultimately impact of the ListCo Group's gross profit and gross profit margin. As a result of the above and the growth in revenue over the same period, cost of sales grew at a CAGR of 15.6% between FY2021 and FY2023, with gross margins contracting from 11.1% in FY2021 to 8.8% in FY2023.

- **Analysis of major costs**

  – **Administration expenses**

    Administration expenses reduced by approximately 11.3% between FY2022 and FY2023, a result of the ListCo Group's focus on cost control and delivering operational efficiencies, and a decrease in overheads linked to an office relocation and non-payment of bonuses in FY2023 due to the financial results achieved.

1 The detailed operating profit/(loss) note disclosure is not prepared in relation to interim financial results i.e. for the interim six-month period ended 31 December 2023. As such, the detailed financial statement line items between (i) revenue and (ii) operating profit/(loss) are not presented for the interim period.

- **Selling and marketing expenses**

  Selling and marketing expenses grew by approximately 6.5% between FY2021 and FY2023, largely in-line with inflation.

- **Distribution expenses**

  Distribution expenses grew by approximately 4.1% between FY2021 and FY2023. Despite the significant increases in fuel costs over the past three-year period, overall distribution expenses have grown at a level below inflation largely due to a significant reduction in storage and double-handling costs due to the onset of Covid-19, and negotiated reductions in contractual costs as well as improved operational efficiencies. Growth in FY2023 largely driven by volume growth in the Chicken division, higher fuel prices, and an inflationary increase in service costs.

- **Other income**

  Other income decreased by approximately 14.4% over the period FY2021 to FY2023. Other income relates primarily to (i) fair value adjustments on biological assets and derivatives, insurance proceeds, and rental income in relation to operating leases. The major driver of the decline in operating income between FY2021 and FY2023 was a decrease of c.15.7% in relation to fair value adjustments on derivatives, offset to some extent by an increase in rental income.

- **Finance costs**

  Finance costs grew at a CAGR of 85.0% from FY2021 to FY2023. This has been driven by a combination of factors including:

  - Growth in the balance of intercompany funding provided by RCL Foods Treasury to RainbowCo which increased at a CAGR of approximately 95.7% (utilised to fund investment in RainbowCo's asset base, as well as for operational cash flow requirements as a result of weaker RainbowCo performance over the period and increased net working capital requirements due to higher feed prices); and
  - the general increases in the prevailing interest rate as a result of the SARB's hiking cycle over the past two-year period in particular.

- **Operating profit/(loss) and EBITDA**

  For the reasons outlined above in respect of the industry and operational challenges experienced during the last 12 to 18-month period, for the financial year ended 2 July 2023 the ListCo Group generated an operating loss of R229.0 million, a decline of approximately 9.4% from FY2021. As a result of improved operational performance and through continued implementation of the ListCo Group's defined strategy, operating profit for the six-month period ended 31 December 2023 improved to R112.2 million.

  From an EBITDA perspective, for the financial year ended 2 July 2023, the ListCo Group delivered EBITDA of R38.6 million, with EBITDA having grown at a CAGR of approximately 60.2% from FY2021. For the six-month period ended 31 December 2023, the ListCo Group generated EBITDA of R265.4 million, with EBITDA approximately 590% higher than the prior full financial year.

5.4.2 OVERVIEW OF THE LISTCO GROUP'S SEGMENTAL PERFORMANCE

The ListCo Group's business is comprised of four segments namely, (i) Chicken, (ii) Animal Feed, (iii) Waste-to-Value (consisting of Matzonox and Matzonox Fertilisers), and (iv) Group (an aggregation of other immaterial segments). ListCo's management team assesses the performance of the operating segments based on EBITDA and operating profit. Transactions between segments are accounted for in accordance with IFRS within the individual/underlying segments.

R'000	FY2021	FY2022	FY2023	H1-FY2024
Revenue	**10,335,889**	**11,384,801**	**13,463,860**	**7,249,374**
Chicken	8,614,472	9,794,769	11,627,989	6,438,361
Feed	5,489,653	6,002,870	7,761,021	3,541,940
Waste-to-Value	42,562	55,349	62,145	48,634
Sales between segments:				
Chicken to Feed	(60,298)	(104,228)	(106,358)	(52,608)
Feed to Chicken	(3,707,938)	(4,308,610)	(5,820,971)	(2,689,227)
Waste-to-Value to Chicken	(42,562)	(55,349)	(61,696)	(37,726)

R'000	FY2021	FY2022	FY2023	H1-FY2024
EBITDA	**15,059**	**336,211**	**38,644**	**265,400**
Chicken	(237,112)	50,155	(234,843)	110,588
Feed	238,680	276,792	262,339	138,760
Waste-to-Value	12,258	7,427	2,903	16,183
Group	1,233	1,837	8,245	(131)

R'000	FY2021	FY2022	FY2023	H1-FY2024
Operating profit	**(209,375)**	**81,278**	**(228,959)**	**112,215**
Chicken	(394,379)	(133,993)	(431,019)	(5,560)
Feed	198,414	235,301	223,001	117,869
Waste-to-Value	(14,642)	(21,867)	(29,186)	37
Group	1,232	1,837	8,245	(131)

- **Chicken division**

  Revenue for the Chicken division grew at a CAGR of 16.2% from FY2021 to R11.6 billion in FY2023. Over the same period, EBITDA declined by approximately 1.0%. The Chicken division delivered revenue of R6.4 billion and EBITDA of R110.6 million in the six-month period ended 31 December 2023.

  Over the past three years, ListCo management have focused on improving the operational resilience of the Chicken division through focused interventions across farming and manufacturing processes. This has yielded favourable results, particularly in the last 12 months, in respect of the Chicken division's ability to withstand volatility inherent in the industry including significant input cost pressure as a result of elevated commodity prices and energy availability challenges.

  The improvement in results over the interim period was largely due to better agricultural performance aided by the new breed roll-out, cost control initiatives, and higher volumes in the R&W channel. These most recent results indicate an ability for the Chicken division to operate profitably on a through-the-cycle basis notwithstanding notable headwinds which may be experienced.

- **Animal Feed division**

  Revenue for the Animal Feed division grew at a CAGR of 18.9% from FY2021 to R7.8 billion in FY2023. Over the same period, EBITDA grew at a CAGR of 4.8%. For the six-month period ended 31 December 2023, the Animal Feed division delivered revenue of R3.5 billion at an EBITDA margin of approximately 3.9%.

  Approximately 70% of total Animal Feed revenue is derived from internal sales by the Animal Feed division to the Chicken division. As such, the strong growth in revenue and EBITDA experienced over the past three-year period is largely driven by the significant improvement in the performance of the Chicken division from a revenue perspective.

- **Matzonox (Waste-to-Value) division**

  For the financial year ended 2 July 2023, Matzonox generated revenue of R62.1 million, with revenue having grown at a CAGR of 20.8% between FY2021 and FY2023. Over the same period, Matzonox's EBITDA declined by approximately 51.3%. For the six-month period ended 31 December 2023, the Matzonox division delivered revenue of R48.6 million at an EBITDA margin of approximately 33.3%.

  Almost 100% of Matzonox's revenue is generated through internal sales to the Chicken division. Matzonox results are expected to improve over time as further operational initiatives are implemented, particularly in relation to ListCo's Rustenburg plant.

5.5 CASH FLOW AND LIQUIDITY

5.5.1 CASH FLOW

Outlined below is a summary of the ListCo Group's net movement in cash flows for the financial year ended 2 July 2023, with comparison to the financial years ended 3 July 2022 and 4 July 2021, as well as for the six-month period ended 31 December 2023.

R'000	FY2021	FY2022	FY2023	H1-FY2024
Net cash inflow/(outflow) from operating activities	(145,896)	(370,588)	(368,941)	557,453
Net cash inflow/(outflow) from investing activities	(261,262)	(410,586)	(416,810)	(170,149)
Net cash inflow/(outflow) from financing activities	451,491	776,761	702,308	(365,414)
Net movement in cash and cash equivalents	**44,333**	**(4,413)**	**(83,444)**	**21,890**
Total cash and cash equivalents at the end of the year/period	115,868	111,455	28,011	49,901

- **Net cash flows from operating activities**

  Net cash inflows from operating activities decreased slightly in the 12 months ended 2 July 2023 to a net outflow of R368.9 million. Whilst there was strong improvement in cash utilised by operations in FY2023 which decreased by c.R140.7 million from FY2022, this was largely offset by an increase in finance costs paid of c.R87.0 million to R168.1 million for FY2023.

  For the six-month period ended 31 December 2023, the ListCo Group delivered a net cash inflow from operating activities of R557.5 million, a significant increase relative to the prior three-year period. This was largely driven by focused management of net working capital through optimising customer and supplier payment terms, improved revenue and margin performance (which included the positive effects of, *inter alia*, strongly improved agric KPI's) resulting in cash generated from operations of approximately R650.2 million relative to the FY2023 period where cash utilised in operations amounted to R205.9 million.

- **Net cash flows from investing activities**

  Net cash outflows from investing activities increased by approximately R6.2 million in the 12 months ended 2 July 2023 to R416.8 million. Cash flows from investing activities over the last three-year period have been primarily driven by capital expenditure. In the 12 months to 2 July 2023, the ListCo Group incurred R416.8 million in capital expenditure (R241.0 million and R168.1 million of replacement and expansion capital expenditure respectively, with intangible asset additions of R7.6 million). Capital expenditure in the FY2022 period amounted to R411.2 million (R288.0 million and R122.0 million of replacement and expansion capital expenditure respectively, with intangible asset additions of R1.2 million).

  Key capital expenditure projects undertaken in the past 3.5-year period include, *inter alia*, water security initiatives (e.g. extension of water reservoirs), upgrades to the Waste-to-Value operations, the implementation of the "Double Hammarsdale" initiative, pellet mill upgrades in the Feed division, upgrade of air chillers (e.g. in the Western Cape), expansion of the fresh library in the Western Cape, and other ongoing replacement initiatives in respect of ventilation and heating, fire safety, and injector replacements.

  For the six-month period to 31 December 2023, net cash flows from investing activities decreased to an outflow of R170.1 million. This primarily related to capital expenditure of R171.3 million (comprising R162.0 million and R9.3 million of replacement and expansion capital expenditure respectively), offset to a minor extent by proceeds from the disposal of property, plant, and equipment, and intangibles of R1.3 million.

- **Net cash flows from financing activities**

  Net cash inflows from financing activities decreased by R74.5 million for the financial year ended 2 July 2023 to R702.3 million, primarily due to reduced borrowings from RCL Foods Treasury. Cash flows from financing activities primarily relate to loan funding received from the RCL Foods Group and lease payments.

5.5.2 **LIQUIDITY**

As a result of the recapitalisation of the ListCo Group completed ahead of the Listing and Unbundling, ListCo's balance sheet was restructured to ensure the business would be separated from the RCL Foods Group on a sustainable basis with no long-term third-party debt.

In addition to the recapitalisation of historic long-term and treasury loans to RainbowCo from the RCL Foods Group, the ListCo Group received an additional R300.8 million of equity funding from the RCL Foods Group via the subscription for additional RainbowCo shares by RCL Foods prior to the Listing and Unbundling.

Furthermore, the ListCo Group has access to a standalone working capital facility made available to the ListCo Group by FirstRand Bank Limited. As of the Unbundling Operative Date, ListCo has access to funding of R500 million in relation to the working capital facility.

5.6 **MATERIAL INDEBTEDNESS**

5.6.1 **THIRD-PARTY BORROWINGS**

The table below sets out a summary of third-party borrowings within the ListCo Group as at the end of the financial year ended 2 July 2023, with comparison to FY2022 and FY2021, and the end of the six-month period to 31 December 2023:

R'000	**FY2021**	**FY2022**	**FY2023**	**H1-FY2024**
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	76,385	153,955	141,762	124,372
Loan from GreenCreate	102,600	94,578	110,519	133,017
Lease liabilities	82,458	47,217	157,619	134,473
	261,443	**295,750**	**409,900**	**391,862**
Current portion	150,636	136,199	67,888	188,255
Non-current portion	110,807	159,551	342,012	203,607

- The Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited ("**FIRST**") is a debt funding platform created through a partnership between international development funding institutions and a South African commercial bank to unlock funding for small renewable projects. The loan from FIRST relates to Matzonox's operations and was granted in two tranches. The first tranche was obtained in 2020 and accrues interest at the three-month JIBAR plus a margin of 4.08%. During FY2022, a further loan from FIRST was obtained which accrues interest at the three-month JIBAR plus a margin of 3.95%. The total loan balance is repayable quarterly over a 10-year term. The loan is secured by:
  - a notarial bond registered over the Worcester Waste-to-Value (first tranche) and Rustenburg Waste-to-Value (second tranche) plants;
  - certain bank accounts held with First National Bank, a division of FirstRand Bank Limited (Debt-service and Maintenance Reserve Accounts); and,
  - the shares held by RainbowCo and GreenCreate in Matzonox.

  In addition, RainbowCo is bound by an agreement with FIRST that requires RainbowCo to advance standby equity contributions in the event of an offtake or feedstock supply agreement being cancelled due to an avian influenza or contamination event. RainbowCo will be liable for up to 50% of the amount outstanding with respect to the aforementioned loan.
- GreenCreate is a 50% shareholder in Matzonox. GreenCreate has provided finance related to the construction of the Waste-to-Value plant in Rustenburg. The repayment date for the loans were revised during the 2023 financial year which resulted in the loan balance being a non-current liability at year-end. The loan is unsecured and interest accrues at the prime lending rate. The loan is repayable in September 2024. The funding to Matzonox has been provided in equal proportions by GreenCreate and RainbowCo. RainbowCo's portion of the funding (FY2023: R110.5 million) has been eliminated on consolidation.

For additional information, please refer to Annexures 2B and 3A to this Pre-Listing Statement.

5.6.2 MATERIAL LOANS FROM THE RCL FOODS GROUP

Entities within the ListCo Group have historically received long- and short-term funding via the RCL Foods Group. The table below summarises the ListCo Group's borrowings from the RCL Foods Group as at the end of the financial year ended 2 July 2023, with comparison to FY2022 and FY2021, and the end of the six-month period to 31 December 2023:

R'000	FY2021	FY2022	FY2023	H1-FY2024
Loan from RCL Foods	1,465,739	1,465,667	1,466,157	1,467,765
Loan from RCL Foods Treasury	531,107	1,292,939	2,034,902	1,695,445
	1,996,846	**2,758,606**	**3,501,059**	**3,163,210**
Current portion	1,996,846	2,758,606	3,501,059	3,163,210
Non-current portion	–	–	–	–

- The loan from RCL Foods is unsecured, does not bear interest, and is repayable on demand. This loan has been settled through the Recapitalisation (in particular the issue of shares in RainbowCo) as set out in paragraph 2.3.13 of this Pre-Listing Statement.
- The loan from RCL Foods Treasury is unsecured and is repayable on demand. The interest rate on this loan (which varies from month to month) was between 6.9% and 10.08% for the financial year ended 2 July 2023 (FY2022: between 5.48% and 6.79%; FY2021: between 3.25% and 5.92 Approximately R1.4 billion of this loan has been settled through the Recapitalisation (in particular the issue of shares in RainbowCo) as set out in paragraph 2.3.13 of this Pre-Listing Statement. Any remaining balance owing by RainbowCo to RCL Foods Treasury at the Unbundling Operative Date in relation to this loan will be repaid by RainbowCo through drawing down funds from its new external working capital facility.

For additional information, please refer to Annexures 2B and 3A to this Pre-Listing Statement.

5.7 FINANCIAL RISK MANAGEMENT

For a detailed description of the ListCo Group's management of financial risk (including credit, liquidity, interest rate risk, foreign currency risk, and commodity price and procurement risk), please refer to Annexure 2B to this Pre-Listing Statement.

The Board has overall responsibility for the establishment and oversight of the ListCo Group's risk management framework. The Board has established an audit and risk committee, which is responsible for developing and monitoring the ListCo Group's risk management policies. The committee reports quarterly to the Board on its activities.

SECTION 6: RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties set out below, together with the other information contained in this Pre-Listing Statement, before making an investment decision with respect to the ListCo Shares.

The risks and uncertainties described below represent the risks of which ListCo is currently aware and believes to be material, but these are not the only risks and uncertainties the ListCo Group faces. Additional risks and uncertainties not presently known to the ListCo Group or that the ListCo Group currently believes are immaterial could also impair the ListCo Group's business operations. If any of the following risks materialise, the ListCo Group's business, results of operations, financial condition or prospects could be adversely affected. If that were to happen, the trading price of the ListCo Shares could decline and investors may lose all or part of their investment. Factors which are material for the purpose of assessing the market risks associated with the ListCo Shares are also described below.

All these risk factors and events are contingencies that may or may not occur. The ListCo Group may face a number of these risks described below simultaneously and some risks described below may be interdependent. Although the material risks have been grouped together in a coherent manner and material, the order in which the risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential negative impact to the ListCo Group's business, financial condition, results of operations and prospects. While the risk factors below have been divided into categories, some risk factors could belong to more than one category and prospective investors should carefully consider all the risk factors set out in this section.

6.1 RISKS RELATED TO THE ENVIRONMENT IN WHICH LISTCO OPERATES

6.1.1 Poor or sub-optimal macroeconomic, political, and/or social conditions may negatively impact ListCo, its business, financial condition, and results of operations.

The South African macroeconomic environment has been under notable strain in recent years given rising inflation, elevated fuel and commodity prices, and persistent high interest rates. In addition, serious political and social disruptions have taken place in specific areas of the country including social unrest and natural disasters, particularly within the KwaZulu-Natal province. Further deterioration in the South African macroeconomic environment or worsening of political, or social conditions in the country could have a negative effect on investor sentiment and/or levels of consumer confidence in companies operating within South Africa. In addition, political instability due to the actions or inactions of government may result in a decline in investor confidence and market conditions, thereby affecting the ability of ListCo to access local and international equity and debt capital markets. These risks may also affect the ListCo Group's ability to grow and expand its operations, and to deliver on its strategy, and therefore may have a material adverse effect on the ListCo Group's business and operations, financial condition, and results of operations.

6.1.2 Rising inflation and interest rates may negatively impact the general market in which ListCo operates and the financial condition of the ListCo Group.

The average annual headline consumer price inflation for 2023 was 5.4%, near the upper end of the SARB's target inflation range, and had a direct effect on South African monetary policy with interest rates being held at elevated levels for an extended timeframe. This has had a material impact on the general consumer across all industries, including the ListCo Group's customers in relation to levels of household disposable income, and the affordability of consumer goods and food products. Higher interest rates can affect the ListCo Group's borrowing costs and may limit the ability of the ListCo Group to borrow. Growth in inflation and continued interest rate hikes could therefore have a material adverse impact on the ListCo Group's business, operational results, or financial condition.

6.1.3 **ListCo's operations may be negatively impacted by potential disruptions to the supply of electricity and water in South Africa.**

National electricity shortages continue to persist in South Africa, with periodic power outages or spikes, prompting the national power utility, Eskom, to impose electricity rationing and scheduled blackouts (known in South Africa as "load shedding"). In the case of South Africa, its energy provider, Eskom, has warned that the national power grid will continue to be stressed over the near- to medium-term as existing power stations are maintained, new power stations come online, and additional generation capacity from the private sector becomes available. During this time, regular power outages are likely to continue.

The ListCo Group has installed generators at various farming, manufacturing, and processing facilities where it is affected by load shedding to keep operations running during scheduled blackouts. However, if these blackouts were to occur for prolonged periods, it could influence ListCo's ability to produce its products at full capacity or at all. Any extended period of planned or unplanned electrical power outages could result in significantly higher energy or other utility costs associated with operating backup power generators. If the ListCo Group cannot utilise its generators and alternative electricity supplies to keep operations running, it may have a material adverse effect on the ListCo Group's business, financial condition, and results of operations.

The ListCo Group's operations are heavily dependent on quality water supply and access and are subject to water use regulations. The scarcity of water in South Africa, including the lack of sustainable supply of quality/clean water, may cause increasing operating costs implications for the ListCo Group's business and may have an impact on the quality of its products which could affect its financial performance.

6.1.4 **Elevated levels of crime in South Africa to which ListCo may be exposed.**

South Africa experiences high levels of unemployment and crime which exposes the operations of the ListCo Group to physical security breaches and other acts of criminality. In the event that such security breaches or criminal acts cause a disruption to or shutdown of operations, it could negatively impact on the ListCo Group's business, financial condition and results of operations.

6.1.5 **Changes in fiscal policies and tax rates may negatively impact ListCo and results of operations.**

The current or future government(s) of South Africa may seek to adopt new tax laws or modify existing tax laws to increase taxes applicable to the ListCo Group's business or the ListCo Group's products. In addition, the ListCo Group may be subject to periodic inspections or audits by tax and regulatory agencies. The ListCo Group's tax approach may be challenged by applicable tax authorities as a result of such inspections or audits if there is a difference of opinion on the application of the relevant laws and provisions. This could result in significant additional expenses related to justifying the ListCo Group's position and, eventually, significant additional amounts due to revenue authorities if it is unsuccessful in defending its tax positions. The ListCo Group strives to comply with all applicable tax regulations, but it cannot guarantee that its provisioning for further tax contingencies and obligations is right, or that no additional tax liabilities would arise. Any material assessment or objection by the revenue authorities to the ListCo Group's tax positions might have a materially negative impact on the ListCo Group's business, operational results, or financial condition.

6.2 RISKS RELATED TO THE LISTCO GROUP'S INDUSTRY

6.2.1 **Risks relating to the importing of poultry products from other countries and dumping practices.**

The cost of farming and agricultural production in South Africa has risen significantly in recent years, driven by a combination of high soft commodity prices, elevated fuel costs, the economic impact of outbreaks of disease such as HPAI for which South African farmers are not compensated by governmental bodies, and direct and indirect costs of load shedding. Local producers have historically been challenged in passing these higher input and production costs to consumers given the highly pressurised consumer environment and poor household disposable income levels.

The above has been compounded by a number of poultry-exporting countries participating in the dumping of chicken products in South Africa. Dumping refers to the practice whereby a company exports a product at a price that is lower in the importing market than the price in that company's own domestic market. In South Africa, these practices extended to poultry being imported at a price below the cost of production of local (South African) poultry producers. Through these dumping practices, the end selling prices of imported poultry products were lower than those of locally produced poultry, which had a significant adverse impact on sales and overall financial performance of local poultry producers, including the ListCo Group.

In 2023, the International Trade Administration Commission, South Africa's oversight body in relation to trade, recommended the implementation of anti-dumping tariffs against nine poultry exporting countries with such tariffs having been accepted and implemented by the DTIC. These tariffs seek to discourage dumping practices and safeguard the local poultry industry. Industry bodies have since discussed the possibility of temporarily suspending tariffs during periods where an HPAI outbreak occurs.

A relaxation or removal of these protectionist measures in the future, or the offering by industry bodies of rebates of tariffs to poultry exporting countries is likely to result in greater volumes of imported chicken into South Africa and a reduction in sale volumes of local producers. This in turn could have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.2.2 **ListCo's operations may be materially adversely affected by the outbreak of HPAI or other diseases in its grandparent, parent, or broiler flocks.**

Maintaining the physical health of poultry flocks is a key enabler of performance for poultry producers. An outbreak of disease, specifically an outbreak of HPAI, is required to be immediately identified and contained, with infected or affected birds culled according to appropriate health and safety practices, which has a negative impact on the financial performance of poultry producers.

Outbreaks of disease within grandparent and parent flocks are considered more serious than in relation to broiler farms due to the fact that producers typically control a more limited number of birds at the grandparent and parent farming levels of operations which then supply birds to broiler operations. An uncontained outbreak of disease at any level of the ListCo Group's farming operations, and in particular at grandparent and parent farming operations, would likely lead to culling of birds and could have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.2.3 **ListCo's operations may be materially negatively affected by incidences of fires at its poultry farming and/or feed mill operations, or at its manufacturing plants.**

As an integrated poultry operator, the ListCo Group's business incorporates a range of bird farming operations including grandparent, parent, and broiler flocks, and hatcheries, as well as processing and warehousing. Were a fire to occur at any of these operations and, in particular, at non-broiler farms or at a hatchery, this would result in a significant reduction in production volumes and therefore lost revenues, and higher costs related to addressing damage incurred. As a result, incidences of fire could have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.2.4 **ListCo's financial condition, and results of operations may be adversely affected by a decline in demand for poultry from major retail and QSR customers.**

A material proportion of ListCo's total sales volumes are derived from its commercial relationships with major QSR franchises and large retailers in South Africa. Governments, multilateral organisations and consumers (either pressure groups or individuals by choice in their purchasing decisions) are pressing for sustainable solutions. Healthy eating, wellness and food product provenance is gaining worldwide awareness and there is an increased interest in vegetarian, vegan, other meat-free, and generally healthier-eating lifestyles. As such, there is a risk that consumer demand for the ListCo Group's products declines in future, either through retail, QSR, or other channels, due to changes in consumer behaviour and consumption patterns which could have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.2.5 **The relative importance of feed as a key input to poultry operations exposes ListCo to the risk that ListCo's financial condition and operational results are materially adversely affected by increases in soft commodity prices and/or a weakening of the South African Rand relative to other foreign currencies, primarily the US Dollar.**

Feed supply can account for up to 70% – 80% of broiler production costs, with the primary commodity inputs being maize and soyabean meal both of which are (i) subject to global soft commodity pricing dynamics and fluctuations and (ii) priced in US Dollar-terms. As such, the ListCo Group is exposed to variability in global soft commodity prices as well as exchange rate and currency fluctuations over time.

In addition, ongoing challenges to South Africa's freight rail infrastructure and any worsening in the current state of said infrastructure could result in feed needing to be transported through road freight which is a materially more costly mode of transportation of feed. This would likely increase the overall cost of feed which could impact on ListCo's financial condition and results of operations.

Whilst the ListCo Group employs appropriate hedging practices according to a well-defined internal policy and framework, there is a risk that commodity price and currency variability results in increased input costs to the ListCo Group's operations and which either cannot be passed on to consumers through price increases, or where price increases are implemented, could result in reduced sale volumes due to relative affordability considerations. Significant and/or ongoing volatility in the variables underpinning the price of feed could, therefore, have a material adverse effect on the ListCo Group's business, financial condition, and results of operations.

6.2.6 **ListCo's market and brand positioning, financial condition, and results of operations may be adversely affected by negative findings from the Poultry Market Inquiry.**

The Competition Authorities recently announced an investigation into the South African poultry industry (the Poultry Market Inquiry) which is aimed at evaluating, *inter alia*, whether features of the local market and, in particular, the level of vertical integration present within the operations of major South African poultry producers, distort competition throughout the value chain and inhibit the competitiveness of smaller or independent poultry producers.

The ListCo Group is committed to sound business practices and appropriate corporate governance and will actively participate and positively contribute to the investigation to be conducted by the South African Competition Authorities. However, the risk exists that the results and/or findings of the Poultry Market Inquiry could have negative consequences on the reputation or market perception of the South African poultry industry, the ListCo Group, or the ListCo Group's key consumer-facing brands, which in turn could have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.3 **RISKS RELATED TO THE LISTCO GROUP'S BUSINESS**

6.3.1 **Risk of an outbreak of a food-related disease due to a failure to comply with applicable food safety and/or health and safety requirements, or otherwise.**

Given the nature of ListCo's operations comprise the processing, manufacture, and distribution of food products, the ListCo Group is required to comply with a range of regulations and requirements in relation to health and safety and food safety. A failure to comply with such regulations or a breakdown of controls and/or processes relating to the handling of food products and/or inputs to the manufacturing process may lead to an outbreak of disease which could impact on end consumers. This would likely need to be mitigated through, *inter alia*, product recalls, culling of flocks, and a halt to manufacturing and production processes resulting in higher costs and reputational damage to ListCo and/or key brands of the ListCo Group. An outbreak of disease could, therefore, have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.3.2 **A decline in the condition and/or quality of ListCo's asset base and operational infrastructure may have a materially negative effect on ListCo's financial condition and operational results.**

Poultry farming and production is an asset-intensive industry requiring continued investment in infrastructure across operations. A reduction in maintenance and related capital expenditure could lead to a deterioration in the quality of the ListCo Group's asset base and infrastructure resulting in operational inefficiencies, higher costs, a reduction in the quality of the ListCo Group's products, and potentially lower revenues due to a loss of market share, which could, individually or collectively, have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.3.3 **ListCo's operational results are highly dependent on optimal management of farming operations to enable the achievement of appropriate/targeted agric KPI's.**

The profitability of ListCo's operations is subject to the achievement of appropriate agric KPI's in poultry farming operations. A deterioration in ListCo's farming and management practices or breed-related issues (including a deterioration in genetics and performance) could result in a material increase in input costs, poorer overall operational efficiency, and less favourable sales, which could have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.3.4 **Disruption in the supply of grandparent or parent poultry stock may have a material adverse effect on ListCo's financial condition and operational results.**

The ListCo Group imports grandparent stock from a single international company which controls the genetics in relation to ListCo's breed of choice. The terms and conditions of this supply arrangement are stringent and require compliance by the ListCo Group to ensure continued supply of grandparent stock into the ListCo Group's operations. However, there is a risk that the ListCo Group does not comply with the terms of the supply agreement and, as a result, is unable to import grandparent stock thus impacting on the ListCo Group's operations throughout the value chain which could have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.3.5 **Risks relating to the reliability of supply and quality of raw materials.**

From a commercial perspective, the ListCo Group is reliant on the consistency and quality of the raw materials it obtains to manufacture its products. Its largest raw material inputs, aside from poultry stock, are maize and soyabean meal which are used as inputs in feed formulation. Although the ListCo Group currently contracts in advance for the supply of these commodities, if it were unable to secure such contracts in future, if the counter-parties to such contracts failed to perform their obligations on time or at all, if the quality of raw materials delivered to the ListCo Group was below the required standard, or if there was a shortage of raw materials available of the required quality, this could have a materially negative impact on the quantity and potentially quality of the poultry it produces, lowering revenue, forcing the ListCo Group to switch to alternative and potentially more expensive suppliers, and/or rising input costs, all of which could have a materially negative impact on the ListCo Group's business, financial condition and results of operations.

Any disruption in the sourcing of raw materials due to factors beyond the ListCo Group's control, such as poor crop yields, droughts, floods, fluctuating quality, port delays and strikes or temporary shortages in the supply of raw materials, could force the ListCo Group to reduce poultry production, which could have a materially negative impact on its business, financial condition, and results of operations.

In order to ensure sufficient supply of soft commodities, the ListCo Group has consistently applied its commodity procurement and currency hedging policy, which is designed to give enough certainty of supply for the foreseeable future at any one point in time. There is a risk that the policy might not work as it has in the past or in line with expectations. In addition, rising commodity prices lead to significant working capital absorption, which requires funding for the ListCo Group.

6.3.6 **Risks relating to a decline in the perception of the quality of or negative publicity in relation to ListCo's brands by consumers and corporate customers.**

The ListCo Group's branded products have a longstanding reputation, heritage and significant value in the South African market. These products account for a significant portion of the ListCo Group's revenue, which could be harmed by a variety of factors, such as failure to provide customers with the quality of products they expect, disputes or litigation with third parties, such as employees, suppliers, or customers, or negative media coverage. A significant deterioration in the reputation of ListCo's brands, or the value connected with them, could have a negative impact on the ListCo Group's future financial success and results of operations.

6.3.7 **ListCo's operations are heavily dependent on a key distribution/route-to-market partner and any failure of this supplier may have a material adverse impact on ListCo's financial condition and operational results.**

The ListCo Group's products are distributed by a single service provider namely, Vector, which acts as an agent of the ListCo Group in terms of the contractual relationship between the parties. Vector performs a number of services on behalf of the ListCo Group including, *inter alia*, the distribution of the ListCo Group's chicken products, sales and merchandising in the R&W channel, and invoicing and collection in relation to sales made by the ListCo Group.

As such, the ListCo Group is materially dependent on Vector as the route to market for its products, in relation to Vector sales and merchandising systems and infrastructure, and as an intermediary to the collection of the ListCo Group's receipts from customers. Vector ceasing to operate in the ordinary course, or experiencing an operational failure or being otherwise unable to provide services to the ListCo Group for any reason, including bankruptcy, could result in a shortage of ListCo's products to end customers, which could have a material adverse effect on the ListCo Group's business, financial condition and results of operations. In addition, any inability on the part of Vector to recover cash from end customers would have a negative impact on ListCo's cash flows and funding requirements.

6.3.8 **Risks relating to energy and fuel costs and availability.**

The ListCo Group's business operations and transportation systems rely on a number of energy and fuel sources, such as petrol and diesel. In order to distribute and deliver the ListCo Group's products to its trade partners, the ListCo Group utilises Vector, Unitrans, and Hestony as independent logistics partners, which are dependent on these fuel sources. Fuel prices have moderated since the highs seen in mid-2022 amidst significant supply chain constraints experienced at the time but downside risk remains in relation to future hikes in fuel prices.

In addition, the ListCo Group's manufacturing and production facilities consume a substantial amount of power and energy. Increased demand, natural disasters, power outages, epidemics, pandemics, or other public health concerns, government regulations, taxes, policies, or programmes, including programmes designed to reduce greenhouse gas emissions to address climate change, could all result in an increase in the ListCo Group's energy and fuel costs. Any one of these factors might have a materially negative impact on the ListCo Group's business, financial condition and results of operations

6.3.9 **Risks relating to trade unionism and industrial action.**

South Africa has a highly unionised workforce and is subjected to planned legal strike action and unplanned and illegal strike action from time to time. In relation to ListCo, a number of trade unions are prevalent within the employee base with no single union representing a clear majority of the workforce. Such industrial action and prolonged and frequent strike actions may have a negative impact on the ListCo Group and its customer base. Unplanned employee strikes and unrest in the future could result in damage to property and lead to ListCo's inability to conduct business, which could have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.3.10 **Risks relating to dependence on key personnel.**

The success of ListCo is reliant on human capital, and the skill and experience of its key employees, particularly the executive and senior management team described in "***Section 9: Directors, Senior Management, and Corporate Governance***". These individuals have significant experience and knowledge of the operations and markets in which they work. Poultry farming and production, including feed formulation, is a highly specialised industry which requires suitably skilled and experienced employees in critical operational functions (e.g., engineers, veterinarians, etc.). Failure by ListCo to retain key personnel or to execute its succession plan, or an inability to recruit additional personnel, could have a material impact on the ListCo Group's business, operational performance, and financial results.

6.3.11 **Risks relating to climate change, natural disasters, social unrest, and public health crises may negatively impact ListCo's financial condition and results of operations.**

Changes in the local, regional, or global climate, such as rising temperatures, increased rainfall, other adverse weather conditions like droughts and flooding, and social and public health crises such as the Covid-19 pandemic or other epidemics and/or pandemics, may have a materially negative impact on consumer purchasing patterns, resulting in lower sales of the ListCo Group's product offerings.

In addition, such adverse climate changes, natural disasters and social crises, may affect the ListCo Group's operational capacity, the distribution and warehousing infrastructure of Vector, and points of sale in jurisdictions. Climate change causes volatility in weather patterns, increases in high temperatures, leading to drought, fires and water scarcity or high rainfall causing flooding, which could negatively impact the quality and availability or essential raw materials such as maize and/or soyabean meal, disrupt distribution and supply chains, or lead to a limitation of the ListCo Group's productivity which may have a negative impact on financial performance.

6.3.12 **Failures, breakdowns or other cybersecurity or information technology-related incidents, including any which affect the security and privacy of confidential information to which ListCo has access, including personal information, could negatively impact ListCo's brand perception, reputation, financial condition and/or operational results.**

The ListCo Group is reliant on third-party IT systems and infrastructure to be available on a continuous and uninterrupted basis, for example Microsoft for operating systems. The ListCo Group's computer and management systems could be harmed by a variety of circumstances, including disruptions to telecommunications infrastructure, insufficient capacity at IT centres, fire, power outages or damage, and third-party attacks. Physical or electronic break-ins, computer viruses, or other interruptions could cause harm to the servers on which the ListCo Group's data are stored. Unexpected obstacles in the ListCo Group's systems may potentially cause the ListCo Group's activities to be disrupted. Existing security systems, IT security policy, data protection, physical access security, and access protection cannot be guaranteed with increased occurrences of hacking and ransom demands by third-party attackers.

Furthermore, the POPI Act in South Africa, requires that businesses comply with measures to protect the personal information of their customers. The POPI Act sets out the minimum standards regarding accessing and processing of any personal information. If ListCo fails to meet any of these minimum standards, it could lead to fines imposed by authorities, or reputational harm to the ListCo Group.

Any of the aforementioned factors could have a material negative impact on the ListCo Group's business, financial condition and results of operations.

6.3.13 **Risks relating to insurance, uninsured losses, losses for which ListCo's contractual insurance coverage is inadequate, or difficulty in entering into new insurance contracts.**

The ListCo Group is vulnerable to incidents (such as acts of God and force majeure, interruptions of specific activities, or HPAI) for which it has not contracted insurance coverage, or which result in losses in excess of the applicable policies' coverage limitations. Furthermore, the ListCo Group cannot guarantee that the insurance firms with which it maintains policies will not go bankrupt or become insolvent or otherwise lose business. The ListCo Group cannot guarantee that it will be able to keep and renew its existing insurance policies at appropriate commercial rates and terms, or with the same or comparable insurance carriers. If the ListCo Group is unable to maintain proper insurance coverage for its operations, it may suffer additional costs, which could impact on its profitability and financial condition.

6.3.14 **Risks relating to ListCo implementing its strategy.**

The ListCo Group has set itself several financial objectives in relation to near- and long-term financial performance. ListCo's ability to achieve these financial objectives is dependent on its ability to successfully execute on its strategy and on the accuracy of certain assumptions upon which these are based. Such assumptions involve factors that are substantially or entirely beyond ListCo's control and are subject to known and unknown risks, including the risks described in this section, uncertainties and other factors that may result in ListCo's inability to achieve its financial objectives.

In particular, ListCo's ability to successfully implement its strategy and achieve its financial objectives may be impacted by factors such as general economic and business conditions and competition in the industry in which the ListCo Group operates, all of which are outside of its control. If one or more of the assumptions that the ListCo Group has made in determining its strategy or setting its financial objectives is inaccurate, or if one or more of the risks described in this section were to occur, the ListCo may be unable to implement its strategy or achieve one or more of its financial objectives.

6.4 LEGAL AND REGULATORY RISKS RELATING TO THE LISTCO GROUP'S OPERATIONS

6.4.1 **Legal and regulatory restrictions in the food and poultry industry.**

The ListCo Group's facilities and operations are subject to certain environmental laws and regulations. These environmental requirements may include, among other things, certain pollution control measures or limits for solid and hazardous wastes, water discharges and air emissions, and may require businesses whose activities have an impact on the environment to obtain permits regulating those activities.

Non-compliance with such requirements may result in criminal or civil penalties, damages claims or requirements to install or retrofit pollution control equipment or practices. In addition, South African environmental law imposes an obligation on companies to remediate environmental damages (including damages to natural resources) caused, as well as a duty of care to take reasonable measures to prevent pollution or degradation of the environment from occurring, continuing or recurring. Regulations in relation to other forms of pollution (noise, odour), water usage and licensing, occupational health and safety, and animal welfare are also relevant to companies operating within the industry. Any failure by ListCo to comply with applicable laws and regulations could cause financial damage, reputational harm and legal challenges.

In general, the food industry has recently also been under increased scrutiny by regulators, such as the Competition Authorities. The food industry is subject to extensive regulation and licensing requirements, such as the Consumer Protection Act, the Agricultural Products Standards Act, the Food Cosmetic and Disinfectant Act, the Health Act, the Animal Improvement Act, the Meat and Safety Act, the Animal Diseases Act, labour legislation, health, safety and environmental legislation, and regulations in relation to ingredients and chemicals used in the food industry. Failure to comply with any of the applicable regulatory requirements could result in the loss of one or more of the ListCo Group's operating licences or severe fines, which could have a material negative impact on the ListCo Group's business, financial condition and results of operations. Furthermore, non-compliance with these applicable regulations could lead to reputational damage

In addition, legislators have restricted certain labelling practices since the issuance of The South African Food Labelling Regulations (R146/2010) which were published in the Government Gazette, in March 2010 (Health Department of South Africa). Manufacturers are only allowed to make claims if certain stipulated criteria are met, i.e. producers will need to ensure that the functionality and value proposition of products are reached. Descriptive labelling and technological advanced packaging are required to allow products to retain their freshness and natural or enhanced features. Non-compliance with such requirements could result in financial damage, reputational harm and legal challenges.

6.4.2 **The ListCo Group may be subject to, and impacted by, litigation or other legal proceedings which could materially adversely affect its business, financial condition and results of operations.**

In the ordinary course of business, ListCo and/or any of its Subsidiaries may be named as a defendant or an interested party in legal, tax and/or regulatory actions, proceedings, claims and disputes by governments, regulators, entities or individuals in connection with its business activities. There may be a higher likelihood that such actions, proceedings, claims and disputes may be brought by governments, regulators, entities or individuals for fees, taxes or other payments, even if meritless or frivolous under applicable Laws, and these actions, proceedings, claims and disputes may increase as the profile of the ListCo Group's business rises along with the continued growth and development of the ListCo Group's business. Any such litigation, dispute or proceedings, as well as lawsuits initiated by the ListCo Group for the collection of payables, may be costly, may be harmful to the ListCo Group's reputation and may divert management attention and other resources away from the ListCo Group's business, which could have a material adverse effect on ListCo's business, financial condition and results of operations.

Material litigation could have adverse reputational and financial consequences for the ListCo Group, and it may not have established adequate provisions for any potential losses associated with litigation not otherwise covered by insurance, which could have a material adverse effect on the ListCo Group's business, financial condition, results of operations and prospects. Additionally, any negative outcome with respect to any legal actions or regulatory studies, reviews or proceedings in which ListCo and/or any of its subsidiaries is involved in the future could have a material adverse effect on the ListCo Group's business, financial condition and results of operations.

6.4.3 **ListCo is required to comply with B-BBEE regulations in South Africa and any failure to comply with any of ListCo's obligations in relation to B-BBEE may negatively impact ListCo's business, financial condition, and results of operations.**

The B-BBEE Act and the B-BBEE amended Codes of Good Practice ("**Generic Codes"**), among other measures, constitute the South African government's policy to alleviate the economic divide in South African society as a result of historical discrimination. The ListCo Group is not required to comply with the Generic Codes, but there are generally accepted commercial imperatives to maximise one's score under the Generic Codes scorecard and putting in place measures to achieve the objectives of the B-BBEE Act and the Generic Codes is generally regarded as good corporate practice in South Africa. The ListCo Group has historically been measured for scorecard purposes as part of the RCL Foods Group and, as such, does not currently have a standalone B-BBEE rating.

However, a review conducted in 2023 by an independent advisory firm in relation to what ListCo's rating would be in a standalone environment indicated that ListCo would, on a standalone basis post the Unbundling, have a B-BBEE rating of level 6.

The ListCo Group cannot guarantee that future changes or amendments to the B-BBEE Act, the Generic Codes, or the B-BBEE regulatory regime will not have a material negative impact on ListCo's B-BBEE status, or that, where the ListCo Group requires approvals, consents or other authorisations from the Competition Authorities, South African Competition Tribunal, or any other competent South African regulatory authority, the ListCo Group will obtain them.

Furthermore, any failure to maintain ListCo's B-BBEE status, or to comply with any B-BBEE threshold or initiative post the Unbundling, may harm the ListCo Group's reputation and, where a B-BBEE requirement has been imposed on the ListCo Group by a regulatory authority, subject the ListCo Group to significant penalties, fines or sanctions, which may materially adversely affect its business, financial condition and results of operations. Furthermore, if the ListCo Group needs to improve the B-BBEE ownership of ListCo or other South African subsidiaries of ListCo, shareholders of ListCo may experience dilution or value leakage as a result of transactions that the ListCo Group may undertake in order to improve the B-BBEE ownership of ListCo.

6.4.4 **Shareholders' rights will be governed by South African law, which may differ in material respects from the rights of shareholders under the laws of other jurisdictions.**

ListCo is a public company incorporated under the Laws of South Africa. The rights of holders of ListCo Shares are governed by ListCo's MOI and by South African Law, which could change from time to time.

6.5 RISKS RELATED TO THE UNBUNDLING OF LISTCO

6.5.1 **ListCo may not realise the potential benefits from the Unbundling.**

There can be no guarantee that the anticipated benefits of the Unbundling will materialise in full or in part or in a timely manner. There can also be no guarantee that disadvantages for the ListCo Group will not emerge as a result of the Unbundling. If the benefits of the Unbundling are not realised as expected and/or the ListCo Group incurs significant costs in realising them, this could have a material adverse impact on its business, financial condition, results of operations and prospects.

6.5.2 **ListCo has no history operating as an independent public company. ListCo will incur some expenses to create the corporate infrastructure necessary to operate as an independent public company, and will experience increased ongoing costs in connection with being an independent publicly traded company.**

ListCo has historically used RCL Foods' corporate infrastructure to support many of its business functions. The expenses related to establishing and maintaining this infrastructure have historically been spread among all of the RCL Foods' businesses. Following the Unbundling, ListCo will no longer have access to RCL Foods' infrastructure, and will need to establish its own. RCL Foods currently provides services in relation to, *inter alia*, finance and accounting, payroll, information technology, and data functions. As an independent, publicly traded company, and effective as of ListCo's separation from RCL Foods through the Unbundling, ListCo will assume responsibility for the costs of these functions, with certain other functions or services to be provided to the ListCo Group by RCL Group Services at market-related costs in accordance with the terms of the Transitional Services Agreement as outlined in **Annexure 12** to this Pre-Listing Statement. Accordingly, ListCo's consolidated results of operations are not necessarily indicative of its future performance and do not reflect what its financial performance would have been, had ListCo been an independent publicly traded company during the periods presented.

The costs associated with performing or outsourcing these functions may exceed the amounts reflected in ListCo's *Pro Forma* Financial Information or an increase in the costs of performing or outsourcing these functions could adversely affect ListCo's businesses, financial conditions, results of operations or cash flows.

6.5.3 **The Combined Carve-Out Historical Financial Information of RainbowDiv contained in this document are not necessarily indicative of its future financial condition, future results of operations or future cash flows, nor do they reflect what its financial condition, results of operations or cash flows would have been as an independent public company during the periods presented.**

The Combined Carve-Out Historical Financial Information of RainbowDiv included in this Pre-Listing Statement do not reflect what ListCo's financial condition, results of operations or cash flows would have been as an independent public company during the periods presented and are not necessarily indicative of its future financial condition, future results of operations or future cash flows. This is primarily a result of the following factors:

- Costs in relation to maintaining a listing on the JSE have historically been borne by RCL Foods and allocated to all of its underlying businesses, including RainbowDiv.
- Certain services provided to RainbowDiv by virtue of it being a part of the RCL Foods Group may have, in some instances, been subject to better economics as a result of such services having been provided to a larger group relative to ListCo's size on a standalone basis (e.g. insurance).
- Costs incurred by RCL Foods centrally in providing shared services to divisions/parts of the RCL Foods Group have historically been recovered on a cost-basis, which is not reflective of an arms' length/market-related arrangement. Under the terms of the Transitional Services Agreement, any such services will be provided to ListCo on market-related terms at an appropriate cost reference.
- Costs incurred in the past which will no longer be incurred post the Listing and Unbundling, primarily in relation to expenses paid by the ListCo Group as a result of it being a part of the RCL Foods Group.

6.6 RISKS RELATED TO LISTCO SHARES

6.6.1 **The absence of an existing market for the ListCo Shares may limit their liquidity.**

There is currently no active market for the ListCo Shares. Although the ListCo Shares are expected to be listed and subsequently traded on the exchange operated by the JSE, there is no guarantee that an active trading market for the ListCo Shares will develop and continue after the Listing of the ListCo Shares. In addition, the JSE may prove to offer less liquidity than other internationally recognised stock exchanges. Historically, trading volumes and liquidity of shares listed on the JSE have been low in comparison with other major markets. Additionally, post the Unbundling, Remgro is anticipated to hold approximately 80% of ListCo Shares and were Remgro to retain this level of shareholding in ListCo for an extended period of time, this would result in a maximum potential free float of ListCo Shares of approximately 20%. If no active trading in the ListCo Shares develops or continues after the Listing of the ListCo Shares, this could have a material adverse effect on the liquidity and the market price of the ListCo Shares, and the ability of a holder to sell a substantial number of the ListCo's shares on the JSE in a timely manner, especially in a large block trade.

6.6.2 **The market price of ListCo shares may be volatile in the future.**

The trading volume and price of the ListCo Shares may fluctuate significantly. The share price is determined by the supply of, and demand for, the shares and may not necessarily reflect the fair value of ListCo. Some of the factors (which include factors not in ListCo's control) that could negatively affect the share price or result in fluctuations in the price and trading volume of the shares include, for example, changes in general market conditions, the general performance of the JSE, changes in sentiment in the market regarding the ListCo Shares (or securities similar to them), regulatory changes affecting ListCo's operations, variations in ListCo's operating results, business developments for the ListCo or its competitors, the operating and share price performance of other companies in the industries and markets in which ListCo's businesses operate, speculation about ListCo's business in the press, media or the investment community. Furthermore, ListCo's operating results and prospects from time to time may vary and may not meet the expectations of market analysts and investors which could result in share price fluctuations.

In addition, following the Unbundling, some ListCo Shareholders may not wish to hold ListCo Shares (or may not be permitted to do so under the terms of their investment mandates or if they are Foreign Excluded Shareholders), and may sell the ListCo Shares (or such ListCo Shares may be sold on their behalf, in the case of Foreign Excluded Shareholders) they received under the Unbundling. Sales of this sort could create selling pressure on the ListCo Shares.

There is no assurance that the price at which ListCo's shares will be traded following the Unbundling will be equivalent to or above the price of the ListCo Shares at the Unbundling. ListCo Shareholders might therefore only be able to sell their ListCo Shares at a price below the price of the ListCo Shares at the Unbundling. If the share price declines, investors may be unable to resell their ListCo shares at or above their purchase price and may lose some or all of their investment in the ListCo's shares.

Furthermore, Remgro is expected to receive ListCo Shares representing approximately 80% of ListCo's issued share capital. Any perception of Remgro's shareholding in ListCo as an "overhang" or that there is likely to be a significant volume of ListCo Shares sold by Remgro in the future may negatively affect the share price or result in fluctuations in the price and trading volume of the shares.

6.6.3 **If securities or industry analysts do not publish research or reports about ListCo and its business or industry, or if securities or industry analysts, where applicable, negatively amend or change their recommendations regarding ListCo Shares, there may be a material adverse impact on the market price and trading volumes of such ListCo Shares.**

The trading market for ListCo Shares may be influenced by the research and reports that securities or industry analysts publish about the ListCo Group's business or industry. If securities or industry analysts do not publish or cease to publish research or reports about the ListCo Group's business or industry, ListCo could lose visibility in the financial markets, which could cause the market price or trading volume of the ListCo Shares to decline. Also, if one or more of the analysts covering the ListCo Group's business or industry recommends selling ListCo Shares, or if negative research is published on the industry the ListCo Group serves, the market price of the ListCo Shares could decline.

6.6.4 **The payment of future dividends by ListCo will be dependent on its financial condition and results of operations in the future.**

ListCo's ability to declare and pay dividends in the future is contingent on a variety of factors, including its financial performance and capital needs. There can be no assurance that the ListCo Group's historic performance will be repeated in the future, or that its strategy will be implemented or effected, especially given the competitive nature of the industry in which it operates and its sales, profit, and cash flow may not be sufficient to allow it to pay dividends or at the level expected by the market.

Any decision to declare and pay dividends will be made at the discretion of the Board and: (i) will mainly depend on the requirements of the South African Companies Act, ListCo's financial position, results of operations, capital requirements, investment prospects, the existence of distributable reserves and available liquidity, finance costs, general economic conditions and such other factors as the Board may deem relevant from time to time; and (ii) is subject to factors that are beyond the ListCo Group's control.

The Directors recognise the importance of maintaining a consistent and transparent dividend policy and will endeavour to avoid volatile swings in the dividend profile by ensuring high-quality, medium-term strategic and financial planning. However, there is no assurance that a dividend will be paid in respect of any financial period, and any future dividends will be a function of the profitability and return on equity of ListCo, the future organic or acquisitive growth strategies which require capital investment, and/or the need to strengthen the balance sheet during periods of economic uncertainty, particularly whilst the ListCo Group continues to implement its revised strategy.

SECTION 7: REGULATORY ENVIRONMENT

The ListCo Group's business is subject to numerous Laws and regulations, in particular with respect to consumer protection, protection of personal data, environment and occupational health and safety Laws and competition. Compliance with these rules is centrally managed within the ListCo Group with assistance from service providers.

7.1 CONSUMER PROTECTION

The ListCo Group supplies goods, among others, to individual consumers and small, medium and micro-enterprises ("**SMMEs**"), and is therefore subject to consumer protection regulations.

7.1.1 Overview

South Africa's primary consumer protection legislation is the Consumer Protection Act, No. 68 of 2008 (the "**CPA**"). The CPA applies to the supply of goods and/or services to consumers, including individuals and small businesses with revenues below R2 million, within South Africa, unless specifically exempted. For example, the CPA does not apply where goods or services are promoted or supplied to the government.

There are also consumer protection provisions in relation to the supply of online goods and/or services in the South African Electronic Communications and Transactions Act, No. 25 of 2002 ("**ECTA**"). The CPA will still apply to online transactions unless otherwise indicated in the CPA, and in respect of instances where a particular Law or regulation is not expressly included in ECTA in relation to online transactions. For example, the key principles outlined below will apply in respect of both physical and online sales.

The national consumer regulator, the National Consumer Commission, has not been particularly active in the enforcement of the CPA and the consumer protection provisions under ECTA. There is also limited guidance published under the CPA.

7.1.2 Unconscionable conduct

The supplier (and/or its agents) may not use any physical force, coercion, undue influence, pressure, duress, harassment, unfair tactics or any other similar conduct when marketing and/or supplying any goods or services, or negotiating, concluding, executing or enforcing an agreement. Unconscionable conduct includes conduct where a supplier knowingly takes advantage of a consumer (for example, because of mental or physical disability, illiteracy, language barrier, or any other similar factor).

7.1.3 Unfair, unreasonable or unjust price and contractual terms

The supplier must not offer to supply, or enter into an agreement to supply, the contemplated services at a price that is unfair, unjust or unreasonable, or on terms generally that are unfair, unjust or unreasonable. This includes the manner in which the supplier markets these goods or services.

Although the CPA does not provide much guidance on what constitutes unfair, unreasonable or unjust terms, it does provide that a transaction or agreement, or terms of such transaction or agreement, is considered to be unfair, unreasonable or unjust if it is excessively one-sided in favour of any person other than the consumer; the terms are adverse to the consumer such that the terms are inequitable; or the consumer relied on a false, misleading or deceptive representation or statement on the part of the supplier to the consumer's own detriment.

Under the Consumer Protection Act Regulations, 2011, published under the CPA, certain contractual terms are presumed to be unfair or unreasonable. For example, terms of a consumer agreement which would allow the supplier to unilaterally alter the terms of the agreement including the characteristics of the products or service, unilateral termination rights in favour of the supplier, termination rights without reasonable notice, terms which allow the supplier an unreasonably long time to perform, unilateral rights to renew, or disproportionate apportionment of liability, are presumed to be unfair.

The CPA further provides that onerous terms, for instance, where the supplier's liability is limited, or the consumer assumes liability, or indemnifies the supplier, must be drawn to the attention of the consumer in a conspicuous manner, before the agreement is entered into.

7.1.4 **False, misleading or deceptive representations**

The supplier may not, whether expressly or implicitly, create any false, misleading or deceptive representation concerning a material fact to a consumer; use exaggerated language, innuendos or ambiguities as to a material fact such that it would deceive the consumer; or fail to correct an apparent misunderstanding on the part of the consumer which amounts to a false, misleading or deceptive representation. For example, the supplier should not falsely represent that any of its goods are of a particular standard, quality or grade.

7.2 **DATA PROTECTION**

South Africa's data protection legislation, the Protection of Personal Information Act, No. 4 of 2013 ("**POPIA**"), which became fully enforceable on 1 July 2021, will apply to the ListCo Group as it is incorporated in South Africa and processes personal information in South Africa. POPIA protects the personal information of individuals (natural persons) and juristic persons such as companies in certain instances.

7.2.1 **Overview**

In the course of its business and making available the relevant goods and services to consumers, the responsible party (i.e. the party who determines the means and purposes of processing personal information) will be processing (collecting, using, storing etc.) personal information of: (i) individual consumers; (ii) business consumers; and (iii) its employees, contractors and suppliers.

In general, a responsible party must process personal information (names, contact details, physical addresses, financial information etc.) in accordance with the lawful conditions for processing personal information. This includes, amongst other things, processing personal information with the consent of the data subject (unless other justification grounds exist), on a lawful basis and for explicitly defined purposes, which is typically set out in a responsible party's privacy policy. In the event that the responsible party has not already done so, it may need to adapt its privacy policy or notice to specifically cover and/or supplement, as the case may be, the following in relation to the relevant goods or services:

- The categories of personal information that will be collected and processed.
- The source of collection if not directly from the data subject.
- The purpose for which the personal information is collected.
- The name and address of the responsible party.
- The lawful basis (i.E. Consent, contract, legitimate interest, or legal obligation) on which personal information will be processed.
- The rights of data subjects including but not limited to the right to lodge a complaint with South Africa's data protection regulator, the Information Regulator, and the relevant contact details.
- Whether the relevant personal information will be shared with third parties and, if so, on what basis.
- Whether the relevant personal information will be transferred to third parties outside of South Africa and, if so, on what basis.

7.2.2 **Transfers of personal information outside of South Africa**

To the extent that the responsible party transfers any personal information in respect of the relevant services to third parties outside of South Africa, it must do so only in accordance with the grounds of justification under POPIA. These are:

- if the foreign third party is subject to a binding set of Laws, or a binding agreement, or binding corporate rules (in the case of intra-group transfers) providing for an adequate level of data protection;
- if the data subject consents to the transfer;
- if the transfer is necessary for the conclusion of an agreement entered into between the responsible party and the data subject;
- if the transfer is necessary for the conclusion of an agreement entered into between the responsible party and a third party, but which is carried out in the interests of the data subject; or
- if the transfer is generally for the benefit of the data subject and it is not reasonably practicable to obtain his, her or its consent and, if it were, the data subject would be likely to give it.

7.2.3 **Appointment Of Information Officer And Deputy Information Officer**

Each legal entity in the ListCo Group must appoint an Information Officer ("**IO**") (and deputy information officers, if needed) and register the IO (and DIO) with the Information Regulator.

7.2.4 **Duties of IO and policies**

The IO must ensure compliance in the organisation with POPIA. Included in his/her mandatory duties are to ensure that:

- a compliance framework is developed, implemented, monitored and maintained;
- a personal information impact assessment is done to ensure that adequate measures and standards exist in order to comply with the conditions for the lawful processing of personal information;
- internal measures are developed together with adequate systems to process requests for information or access thereto;
- internal awareness sessions are conducted regarding the provisions of POPIA, regulations made in terms of POPIA, codes of conduct, or information obtained from the Information Regulator;
- a PAIA manual is developed, monitored, maintained and made available as prescribed in sections 14 and 51 of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) ("**PAIA**");
- adequate data protection policies and procedures are in place; and
- operator agreements are in place with suppliers (third party processors).

7.2.5 **Operator agreements (data processing agreements)**

POPIA provides that a responsible party (ListCo Group) must have written agreements in place with any third party supplier or person that process personal information on behalf of the responsible party. Where personal information is shared with third parties, the responsible party must also ensure that proper data sharing agreements are in place.

7.2.6 **Paia manual**

In terms of POPIA read with PAIA, each responsible party (each legal entity in the ListCo Group) must have a PAIA manual, as prescribed. The PAIA manual (together with PAIA Guides in two official languages) must be available for inspection at each entity's head office or place of business and on its website.

7.2.7 **Security safeguards and data breaches**

Each entity in the ListCo Group must ensure that adequate operational and security measures are in place to protect personal information from unauthorised access and to prevent a data breach/security compromise.

The group should have processes in place to deal with and mitigate any security compromise. This may include a business continuity plan.

7.3 **B-BBEE**

7.3.1 **Overview**

B-BBEE is the South African government's policy aimed at increasing participation by Black South Africans in economic activity in South Africa. B-BBEE is measured on the basis of a scorecard approach and the overall score that a business achieves across all five of the measured elements, one of which is ownership by Black people, translates to a B-BBEE level. Other scorecard elements include management control, skills development, enterprise and supplier development and socio-economic development.

The principal legislation in this regard is the B-BBEE Act. Various Codes of Good Practice have been published by the Minister of Trade, Industry and Competition under the B-BBEE Act. In 2007, the Minister of Trade, Industry and Competition published the general Codes, which set out the details of the measurement process. The Generic Codes were published on 11 October 2013 and replaced the previous Codes with effect from 1 May 2015.

The Minister of Trade, Industry and Competition has also published various sector-specific codes, which detail the manner in which B-BBEE must be measured for businesses operating in particular sectors. Where a sector-specific code has been issued, businesses in that sector are required to apply the relevant sector code rather than the Generic Codes. The Generic Codes apply only where there is no sector-specific code, although the Generic Codes and the sector-specific codes generally apply the same broad principles.

Neither the B-BBEE Act nor the Generic Codes nor any sector code imposes any requirement that a certain level of B-BBEE must be achieved or that a certain percentage of equity in a business must be held by Black people and there are no sanctions for non-compliance. In contrast, organs of state and public entities must apply the Generic Codes (or any other relevant sectoral code of good practice) in (amongst others): (i) determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law, or (ii) developing and implementing a preferential procurement policy, or (iii) determining criteria for the awarding of incentives, grants and investment schemes in support of broad-based black economic empowerment. Excluding State and State-owned enterprises, the approach taken in the Generic Codes and in each of the sector codes is to set targets for various indicators under each of the elements of B-BBEE (being ownership, management control, skills development, enterprise and supplier development and socio-economic development, along with any other elements introduced in the context of a specific sector code).

From a practical perspective, although there are no mandatory requirements in relation to B-BBEE under the B-BBEE framework, any company wishing to do business in the South African environment must consider and develop its B-BBEE position, as an entity that does not have a good B-BBEE rating, or does not strive to improve its B-BBEE rating, may be hampered in the conduct of its day-to-day business with government, organs of state and private sector customers. Most private sector businesses to which services are rendered or goods are sold are under increasing pressure to buy goods and services from suppliers which have relatively high levels of Black ownership and/or good overall B-BBEE scores. As such, B-BBEE and Black ownership is becoming increasingly important for suppliers to these types of businesses.

Accordingly, this could have an impact on ListCo's ability to participate in major contracts particularly for government departments and state entities. Such entities will apply the requirements of section 217(3) of the Constitution, together with the Preferential Procurement Policy Framework Act No. 5 of 2000 (amongst others) and give specific preference and weighting to the B-BBEE contributor status level of bidders.

For a more detailed discussion on the importance of the B-BBEE status of, the ListCo Group is set out in "***Section 8: Commitment to Transformation and B-BBEE***" commencing on page 88 of this Pre-Listing Statement.

SECTION 8: COMMITMENT TO TRANSFORMATION AND B-BBEE

The ListCo Group considers socio-economic transformation and economic inclusivity to be a fundamental priority for the long-term development of South Africa. The ListCo Group is committed to B-BBEE and actively contributes to the expansion of opportunities for historically disadvantaged groups, and the empowerment of local communities. The ListCo Group has consistently implemented sustainable and meaningful empowerment policies across its operations and sees its contribution to transformation as an integral component of its value system.

Enhancing the ListCo Group's B-BBEE credentials is a key focus area for the business, as it provides a significant competitive advantage, enhances opportunities to do business with public and private sector customers and is a critical element of the ListCo Group's commitment to contribute meaningfully to redress the economic and social imbalances that remain in South Africa. As a responsible corporate citizen, ListCo strives to achieve meaningful transformation by actively promoting and implementing B-BBEE initiatives throughout the organisation. ListCo is committed to creating a diverse and inclusive workplace that provides equal opportunities for all individuals, regardless of race, gender, or background.

8.1 THE LISTCO GROUP'S B-BBEE CREDENTIALS AND STRATEGY

The ListCo Group has historically been measured for B-BBEE purposes as a component and Subsidiary of the RCL Foods Group and therefore any historical B-BBEE credentials attributable to the ListCo Group were derived from the RCL Foods Group.

The ListCo Group has recently partnered with an established external service provider namely Diversifi, a division of Alternative Prosperity Advisory and Products (Pty) Ltd ("**Diversifi**"), to design a fit-for-purpose strategy that will facilitate the achievement of a sustainable B-BBEE rating for the ListCo Group. To develop a sustainable approach to transformation, the ListCo Group will agree on a B-BBEE scorecard plan that enables the business to impact the economic landscape across key elements including ownership, management control, employment equity, skills development, preferential procurement, etc.

Per the analysis conducted by Diversifi as of December 2023, on a standalone basis post the Unbundling, assuming that the composition of ListCo's shareholder base is identical to that of RCL Foods at the time, ListCo would achieve a B-BBEE rating of level 6. This is in line with ListCo's B-BBEE strategy post the Unbundling, which is to achieve and maintain a B-BBEE rating of level 6. The view of the Board is that this outcome is appropriate in the context of ListCo's overall operational strategy, its sustainability and transformation goals, and is commensurate with or more favourable relative to key industry peers.

ListCo's initial strategy regarding the key elements of the B-BBEE scorecard in the context of its existing operations is set out below. The ListCo Group understands that transformation is a continuous process and is committed to achieving its goals in partnership with its stakeholders to promote diversity, equity, and inclusion in its organisation and, as such, intends to refine its approach to each of the elements below over time.

8.1.1 Ownership

On a preliminary basis post the Unbundling, ListCo will derive ownership credentials from its public shareholder base on a flow-through basis. Over the medium-term, it is the intention of ListCo to implement an appropriate and sustainable B-BBEE ownership structure which will enhance its score under the ownership element of the B-BBEE scorecard. However, such an ownership structure will only be considered by the Board once a sustainable improvement in financial performance of the ListCo Group has been achieved, and the delivery of the strategy will remain the core focus of the ListCo executive management team and the Board in the near-term.

8.1.2 Management control

Appropriate levels of management control will be delivered through a combination of (i) the composition of the Board, which was not taken into account in the analysis performed by Diversifi in December 2023, (ii) natural attrition in line with National EAP Indicators per the Department of Labour, and (iii) implementation of ListCo's succession planning framework in relation to senior and executive management.

8.1.3 **Skills development**

ListCo's strategy in relation to skills development includes a focus on training, to improve operational efficiencies, and learnership initiatives targeting employed and unemployed learners.

8.1.4 **Preferential procurement**

Additional analysis of the ListCo Group's supplier base is required in order to finalise the design of an optimal strategy regarding procurement. However, it should be noted that the vast majority of procurement spend by the ListCo Group in value terms is directed towards the purchase of soft commodity inputs to the ListCo Group's farming and production processes. Commodity inputs are typically sold to the ListCo Group by the major multinational soft commodity and grains trading houses, which are themselves generally not empowered suppliers as per the Generic Codes and, as such, meaningful improvement on the preferential procurement element of ListCo's B-BBEE scorecard is likely to be challenging.

8.1.5 **Enterprise and social development**

ListCo's strategy in relation to enterprise and social development will focus on providing operational support to qualifying entities to deliver synergies to the ListCo Group's existing operations and improve ListCo's score under this element of the B-BBEE scorecard on a sustainable basis.

8.1.6 **Socio-economic development**

Please refer to paragraph 2.3.11 of this Pre-Listing Statement for further information in respect of ListCo's socio-economic development initiatives.

8.2 **CONTRACTUAL COMMITMENTS OF THE LISTCO GROUP RELATING TO B-BBEE**

By virtue of the nature of the ListCo Group's operations and business, no members of the ListCo Group have any contractual commitments or obligations in relation to B-BBEE. Notwithstanding the above, ListCo recognises the critical role B-BBEE plays in the economic transformation of South Africa and is committed to the principles of B-BBEE as a business imperative.

SECTION 9: DIRECTORS AND CORPORATE GOVERNANCE

9.1 DIRECTORS

This section provides a description of the Directors of ListCo Group. A short biography of the Directors is set out in Annexure 5 and Annexure 6A to this Pre-Listing Statement.

9.1.1 COMPOSITION OF LISTCO'S DIRECTORS

The Directors comprise three executive Directors and six non-executive Directors, of whom four are independent non-executive Directors. None of the Directors perform any activities outside of the ListCo Group where such services are significant to the ListCo Group. The full names and capacities of the Directors are set out below:

Full name, age and nationality	Business address	Capacity	Date of appointment
Marthinus Petrus Stander, 60, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Executive Director and CEO of ListCo	11 April 2024
Kerry Rosemary van der Merwe, 41, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Executive Director and CFO of ListCo	11 April 2024
Wouter Alphonso De Wet, 57, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Executive Director and COO of ListCo	23 May 2024
Pieter Rudolf Louw, 55, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Non-executive Director and Chairman of the Board	23 May 2024
Agmat Brinkhuis, 61, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Independent, non-executive Director	23 May 2024
Cindy Joy Robertson, 48, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Independent, non-executive Director and Lead Independent Director	23 May 2024
Stephen Mark Parsons, 59, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Independent, non-executive Director	23 May 2024
Willem Ockert van Wyk, 45, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Non-executive Director	23 May 2024
Zimkhitha Phaphama Zatu Moloi, 40, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Independent, non-executive Director	23 May 2024

9.1.2 SENIOR MANAGEMENT OF THE LISTCO GROUP

Details of the senior management of RainbowCo are set out in Annexure 5 to this Pre-Listing Statement.

ListCo's affairs are managed by the Directors, who are responsible for ensuring that ListCo complies with all of its statutory and regulatory obligations, as specified in the Companies Act, the MOI and, following the Listing and Unbundling, the JSE Listings Requirements and the Financial Markets Act. The Directors have established a number of committees to assist the Board in discharging its duties, with the particulars of such committees appearing below.

No part of the business of the ListCo Group is managed, or is proposed to be managed, by a third party under a contract or arrangement.

9.1.3 DIRECTORS AND SENIOR MANAGEMENT OF MAJOR SUBSIDIARIES

The full names, ages, business addresses and capacities of the Directors and senior management of ListCo's Major Subsidiaries appear in Annexure 5 to this Pre-Listing Statement.

9.1.4 CHIEF FINANCIAL OFFICER

Kerry Rosemary van der Merwe is the Chief Financial Officer of ListCo. The Board and RCL Foods' board of directors have considered and satisfied themselves of the appropriateness of her expertise and her experience for the position of Chief Financial Officer of ListCo.

9.1.5 DECLARATION OF DIRECTORS

None of the Directors, and none of the directors of ListCo's Major Subsidiaries, has (or had):

- been declared bankrupt, insolvent or sequestrated or at any time made any individual voluntary compromise arrangement with their creditors in any jurisdiction;
- ever been involved in any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, administrations, company voluntary arrangements or any composition or arrangement with creditors generally or any class of creditors of any company, where such person is or was a director, with an executive function, within such company at the time of, or within the 12 months preceding, such events;
- entered into or has been involved in any compulsory liquidation, administration or voluntary arrangements of any partnership, where such person is or was a partner at the time of, or within the 12 months preceding, such events;
- had receivership of any of the assets of such person or of a partnership of which he or she is or was a partner at the time of, or within the 12 months preceding, such events;
- been the subject of public criticism by any statutory or regulatory authorities, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- ever been convicted of or committed any offence involving dishonesty;
- ever been removed from an office of trust on the grounds of misconduct and involving dishonesty; nor
- been subject to any court order declaring him or her delinquent or placing him or her under probation under section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 69 of 1984 or disqualifying him or her to act as a director under section 219 of the Companies Act, 61 of 1973 (which has, for the most part been repealed) or section 69 of the Companies Act.

All the Directors have submitted Director's declarations to the JSE in compliance with Schedule 13 of the JSE Listings Requirements.

The Directors confirm that ListCo is in compliance with the provisions of the Companies Act and is operating in conformity with its MOI.

9.1.6 ADDITIONAL INFORMATION

A list of other directorships held by the Directors is set out in Annexure 6B to this Pre-Listing Statement

No Director and no director of ListCo's Major Subsidiaries is a partner with unlimited liability or founders of ListCo as defined by the JSE Listings Requirements.

All Directors and all directors of ListCo's Major Subsidiaries are South African citizens.

9.1.7 APPOINTMENT, QUALIFICATION, REMUNERATION, BORROWING POWERS OF THE DIRECTORS AND THE COMPANY SECRETARY

9.1.7.1 Extracts from the MOI relating to Directors

The relevant provisions of the MOI governing the appointment, qualification, remuneration, participation in decisions relating to their remuneration, terms of office and borrowing powers of the Directors are set out in Annexure 7 to this Pre-Listing Statement.

The relevant provisions of the memoranda of incorporation of ListCo's Major Subsidiaries governing the appointment, qualification, remuneration, borrowing powers and procedure for appointment of the directors of the Major Subsidiaries are set out in Annexure 7 to this Pre-Listing Statement. The borrowing powers may be varied by amendment to the memoranda of incorporation of the Major Subsidiaries.

The memoranda of incorporation of each of the ListCo Group's subsidiaries do not have any provisions which would frustrate the ListCo Group's compliance or relieve ListCo of compliance with the JSE Listings Requirements.

9.1.7.2 Borrowing powers

ListCo's borrowing powers, exercisable by the Directors, are unlimited. The borrowing powers may be varied by an amendment to the MOI.

The borrowing powers of the Directors of the ListCo Group have not been exceeded during the three years preceding the Last Practicable Date. There are no restrictions on the borrowing powers of ListCo or its Major Subsidiaries.

9.1.7.3 Appointment and qualification of Directors

ListCo has signed letters of appointment with each non-executive Director of ListCo, in terms of which, among other things, each such non-executive Director has agreed to serve as a Director of ListCo. The salient terms of the letters of appointment, including the fees payable to non-executive Directors, are set out paragraph 9.1.10 below.

No person has a right, in terms of any agreement or otherwise, in respect of the appointment of any Director or any number of Directors.

Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act, a person need not satisfy any additional eligibility requirements or qualifications to become or remain a Director.

The MOI does not prescribe an age limit at which Directors are to retire.

9.1.7.4 Remuneration of Directors

ListCo may pay remuneration to non-executive Directors for their services as Directors in accordance with a special resolution approved by Shareholders within the previous two years, as set out in sections 66(8) and (9) of the Companies Act, and the power of ListCo in this regard is not limited or restricted by the MOI.

Any Director who: (i) serves on any executive or other committee; or (ii) devotes special attention to the business of ListCo; or (iii) goes or resides outside South Africa for the purpose of ListCo; or (iv) otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of ListCo and attending meetings of the Directors or of committees of the Directors.

In terms of the MOI, the remuneration of executive Directors is determined by a disinterested quorum of Directors. The remuneration of the Directors shall be determined by the Directors on recommendation from the remuneration committee from time to time.

The non-executive Director fees set out below has been approved by RCL Foods, in its capacity as sole shareholder of ListCo.

In accordance with the JSE Listings Requirements, the tables below (differentiating between the executive and non-executive Directors) disclose all remuneration received by the Directors from companies in the ListCo Group for the current financial period ending **June 2024** and the remuneration proposed to be paid to the Directors for the financial period ending **June 2025**.

9.1.8 **REMUNERATION RECEIVED BY EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDING JUNE 2024 FROM COMPANIES WITHIN THE LISTCO GROUP (R'000)**

Directors	Director's fees for ListCo	Director's fees for other ListCo Group companies	Other fees for RCL Foods	Fees for other ListCo Group companies	Basic salary	Pension/provident scheme	Medical aid	Other material benefits	Bonuses and performance related pay-ments*,**	Commission, gain or profit-sharing arrangements	Expense allowance	Total
Wouter Alphonso De Wet	–	–	–	–	R3,917	R374	R89	–	–	–	R91	**R4,471**
Marthinus Petrus Stander	–	–	–	–	R7,583	R619	R84	–	–	–	R161	**R8,447**
Kerry Rosemary van der Merwe	–	–	–	–	R2,560	R361	R89	–	–	–	R21	**R3,031**

* The Executive Directors are eligible to participate in ListCo's management profit share scheme ("**STI**"). The STI was initially implemented in respect of RainbowCo, has been assumed by ListCo, and is based on the achievement of specified financial targets, as determined by the remuneration committee of ListCo, in an individual financial year. Subject to (i) achievement by the ListCo Group of the specified financial target, and (ii) approval by the remuneration committee of ListCo, payments in relation to the STI are made in September each year in respect of the previous/most recently completed financial year. Such payments are determined as specified percentages of the total cost to company of each Executive Director subject to the discretion of the remuneration and nomination committee.

No payments in relation to the STI in respect of the financial year ending 2 July 2023, were made during the last financial year (the financial year ending June 2024 "**2024 Financial Year**"). Whilst the achievement of the specified financial targets for the 2024 Financial Year remains uncertain, an accrual for the STI in relation to the 2024 Financial Year (to be paid in the 2025 financial year) has been reported in the Condensed Consolidated Interim Historical Financial Information and shall be revised in the financial statements for the 2024 Financial Year when reported on. The award(s) of any future STIs are subject to approval thereof by the remuneration and nomination committee of ListCo.

** The Executive Directors are also eligible to participate in ListCo's long-term incentive program being the ListCo value creation plan ("**VCP**"). The scheme was designed and implemented in relation to RainbowCo (now assumed by ListCo) to attract, incentivise and retain senior management of ListCo to develop and implement the "Future Perfect Rainbow Chicken" strategy in a competitive market, where skills and expertise in the chicken industry are in deficit and highly sought after. The VCP results in an allocation of value to members of senior management (employees of Rainbow graded on the levels of D-upper and above, using the Patterson grading system) based on growth in the equity value of ListCo. The VCP operates as follows:

- The remuneration committee of ListCo determines a total Rand value ("**Allocation**") to potentially be paid to senior management, subject to achievement of a specified target equity value ("**Target Value**"), with such Target Value and the date by which such Target Value is to be achieved ("**Vesting Date**") determined by the remuneration committee of ListCo;

- The Allocation is then allocated to individual members of senior management (“**Individual Allocations**”) in accordance with their (i) seniority, and (ii) total cost to company, and (iii) the discretion of the remuneration and nominations committee;
- On the Vesting Date, if the equity value of ListCo, as determined in accordance with the valuation methodology specified by the remuneration committee of ListCo, is less than the Target Value, no payments in relation to the VCP will be made.
- Alternatively, if the equity value of ListCo, as determined in accordance with the valuation methodology specified by the remuneration committee, is equal to or greater than the Target Value:
  - the Individual Allocations are paid by ListCo to senior management; and
  - a further cash payment is made to senior management, which payment is determined by multiplying the Individual Allocations made to the relevant member of senior management by the percentage by which the equity value of ListCo, as determined in accordance with the valuation methodology specified by the remuneration committee, is equal to or greater than the Target Value.

Only those members of senior management who (i) remain employees in good standing at the time of vesting or, (ii) are deemed “good leavers”, qualify to benefit in respect of the VCP. Payment of the VCP will be made in the month of October following the relevant Vesting Date.

As at the Last Practicable Date, two Allocations to senior management were made as follows:

- First Allocation: A total amount of R39,750,049, with the Vesting Date being the last day of the financial year ending June 2025.
- Second Allocation: A total amount of R42,135,052, with the Vesting Date being the last day of the financial year ending June 2026.

As there has not yet been a vesting date in relation to the first or second Allocation, no payments in relation to the VCP were made during the 2024 Financial Year. The achievement of the Target Value for either the first or second Allocations remains uncertain as at the Last Practicable Date. An accrual in relation to the first Allocation will therefore only be made at the end of the 2024 Financial Year. The payment by ListCo of any amount in relation to the VCP will be subject to the financial performance and condition of ListCo as measured over the 2024 Financial Year, as well as the 2025 and 2026 financial years. Assuming the ListCo Group maintains a level of net debt of close to nil, the ListCo Group would need to deliver the following minimum levels of earnings before interest and tax (“**EBIT**”) in the 2024 Financial Year, and the financial years thereafter:

- First Allocation: EBIT of c.R300.1 million, measured as the average EBIT earned over the 2024 Financial Year and 2025 financial year, will result in the payment of the first Allocation (R39,750,049) in October 2025. If average EBIT over these years were 10% or 20% higher, the resultant payment to senior management would be R49,862,390 or R59,428,640 respectively. ListCo estimates that its executive Directors will, in aggregate, be entitled to approximately 25% of the total Rand amount of the first Allocation should such Allocation be paid.
- Second Allocation: EBIT of c.R292.3 million, measured as the average EBIT earned over the 2024 Financial Year, 2025 and 2026 financial years, will result in the payment of the second Allocation (R42,135,052) in October 2026. If average EBIT over these years were 10% or 20% higher, the resultant payment to senior management would be R52,712,057 or R62,570,007 respectively. ListCo estimates that its executive Directors will, in aggregate, be entitled to approximately 33% of the total Rand amount of the second Allocation should such Allocation be paid.

The award(s) of any future Allocations are subject to approval thereof by the remuneration committee of ListCo.

9.1.9 **PROPOSED REMUNERATION FOR EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDING JUNE 2025:**

Directors	Director's fees for ListCo	Director's fees for other ListCo Group companies	Other fees for RCL Foods	Fees for other ListCo Group companies	Basic salary	Pension/provident scheme	Medical aid	Other material benefits	Bonuses and performance related payments	Commission, gain or profit-sharing arrangements	Expense allowance	Total
Wouter Alphonso De Wet	–	–	–	–	R4,152	R396	R94	–	–	–	R97	**R4,739**
Marthinus Petrus Stander	–	–	–	–	R8,037	R657	R89	–	–	–	R171	**R8,954**
Kerry Rosemary van der Merwe	–	–	–	–	R2,713	R383	R94	–	–	–	R22	**R3,212**

9.1.10 **PROPOSED REMUNERATION (FEES) FOR NON-EXECUTIVE DIRECTORS FOR THE FINANCIAL YEAR ENDING JUNE 2025:**

Directors	**ZAR**
Chairperson – Pieter Rudolf Louw	350,000
Lead independent director – Cindy Joy Robertson	400,000
Member	
Agmat Brinkhuis	350,000
Zimkhitha Phaphama Zatu Moloi	350,000
Stephen Mark Parsons	350,000
Willem Ockert van Wyk	350,000
Committees	
Audit and risk committee	
Cindy Joy Robertson (committee Chairperson)	155,000
Agmat Brinkhuis	120,000
Zimkhitha Phaphama Zatu Moloi	120,000
Remuneration and nomination committee	
Stephen Parsons (committee Chairperson)	125,000
Cindy Joy Robertson	95,000
Pieter Rudolf Louw	95,000
Social and ethics committee	
Zimkhitha Phaphama Zatu Moloi (committee Chairperson)	125,000
Agmat Brinkhuis	95,000
Stephen Parsons	95,000

Directors are not entitled to commission and are not party to any gain or profit-sharing arrangements with ListCo. Save for the emoluments set out above, no other material benefits were received by Directors for the previous financial year ended 2 July 2023.

No fees have been paid to any third party in lieu of Directors' fees.

There will be no other variation of the remuneration of the executive and non-executive Directors of ListCo as a result of the Listing and the Unbundling.

9.1.11 **Listing Incentive Awards**

No payments (in cash or otherwise) were made to, or have been agreed to be paid to, any Director or any company in which he/she is beneficially interested, directly or indirectly, or of which he/she is a director (the "**associate company**") or to any partnership, syndicate or other association of which he/she is a member (the "**associate entity**") either to induce him/her to become, or to qualify him/her as a Director of ListCo or otherwise for the services rendered by him/her or by the associate company or the associate entity in connection with the promotion or formation of ListCo during the last three years preceding the date of the Pre-Listing Statement.

9.1.12 **Share Incentive Plans**

ListCo has adopted the ListCo Share Incentive Plan in furtherance of the Listing, which has been approved by the JSE in terms of Schedule 14 of the JSE Listings Requirements. For further information regarding the Share Incentive Plan refer to **Annexure 11** to this Pre-Listing Statement.

9.1.13 **DIRECTORS' INTERESTS IN LISTCO SECURITIES**

All ListCo Shares are currently held by RCL Foods. No ListCo Shares are held by its Directors or senior management. Save as disclosed below, as at the Last Practicable Date no Director, including any Directors who have resigned during the 18 months immediately preceding the Last Practicable Date, or their respective associates, holds any direct or indirect beneficial interests in RCL Foods Shares.

Name	Direct beneficial	Indirect beneficial	Total	% of issued RCL Foods Share capital
Wouter Alphonso De Wet	30,152 ordinary shares	–	30,152 ordinary shares	0.003%
Stephen Mark Parsons	17,804 ordinary shares	–	17,804 ordinary shares	0.002%
Total	**47,956**	**–**	**47,956**	**0.005%**

On the Unbundling Record Date, the Directors listed in the table above holding direct beneficial interests in RCL Foods Shares will be entitled to receive ListCo Shares in the ratio of 1:1, and it is expected that such Directors will hold the same or substantially similar direct beneficial interests in ListCo Shares (as a consequence of their holding of RCL Foods Shares).

Save for the interests of Directors in RCL Foods Shares which entitled the Directors listed in the table above to receive ListCo Shares pursuant to the Unbundling, as at the Last Practicable Date no Directors (including any Directors who have resigned during the 18 months immediately preceding the Last Practicable Date) and their associates had any direct or indirect beneficial interest in the issued share capital of ListCo and there have been no changes in this regard between the end of the most recent financial year ended 2 July 2023 and the Last Practicable Date.

9.1.14 **DIRECTORS' INTERESTS IN TRANSACTIONS**

The Directors, including any Directors who have resigned during the 18 months immediately preceding the Last Practicable Date, have no material beneficial interests, whether direct or indirect, in transactions that were effected by the ListCo Group: (i) during the current or immediately preceding financial year; or (ii) during an earlier financial year, where the benefits in respect of the contract effected in the earlier financial year remain in any respect outstanding or unperformed.

Save as disclosed above, none of the Directors has been granted any share options or awards or any other right which would have had the same or a similar effect in respect of providing a right to such Director to subscribe for ListCo Shares.

No Director has had any material beneficial interest, either direct or indirect, in the promotion of ListCo. No cash or securities have been paid and no benefit has been given to any promoter within the last three years preceding the date of the Pre-Listing Statement.

No commission was paid or is payable in respect of underwriting within the preceding three years, including commission so paid or payable to any sub-underwriter that is the holding company or a promoter or director or officer of ListCo, for subscribing or agreeing to subscribe, or procuring, or agreeing to procure, subscriptions for any securities of ListCo.

9.2 **ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE**

9.2.1 **Commitment**

ListCo is committed to principles of sound governance and application of appropriate business ethics and standards in the conduct of its business and affairs. The Directors are committed to the principles of diligence, honesty, integrity, transparency, accountability, responsibility and fairness. The Directors accept full responsibility for the application of these principles to ensure that the principles of good corporate governance are effectively practised throughout the ListCo Group. Furthermore, the Directors understand and accept their responsibility to safeguard and represent the interests of the stakeholders of ListCo in perpetuating a successful and sustainable business that ensures the achievement of the ListCo Group's strategic objectives.

ListCo operates in a sector which contributes to global carbon emission, and which impacts the environment. The ListCo Group is conscious of the importance of minimising the environmental impact of its operations and accordingly intends to adopt policies on climate change, energy efficiency, water use and management, and waste management that are aligned to the UN Sustainable Development Goals.

ListCo's ethical business practices are supported by its sustainability mission, Vision 2030, whereby the ListCo Group aims to build a legacy that ensures implementation of best-in-class sustainability practices aimed at optimising the use of limited natural resources and minimizing the long-term impact to the environment including, *inter alia*, the following:

- Achieving energy self-sufficiency, water neutrality, and the generation of renewable resources at a rate greater than the rate of consumption.
- Reabsorbing all the waste generated into utilities for application across the manufacturing value chain.
- Achieving zero-emission of harmful chemicals into the environment.
- Ensuring steps are taken to achieve a responsible supply chain.
- Investing in sustainable packaging solutions.
- Actively participating in industry initiatives to harmonise co-existence around/in the vicinity of operations, and contribute towards industry thought leadership on sustainability.

ListCo also supports the "10x20x30 Food Loss and Waste Initiative" which is a commitment by food and beverage industry participants to:

- by 2030, halve per capita global food waste at the retail and consumer levels, and reduce food losses along production and supply chains, including post-harvest losses;
- adopt the food utilisation hierarchy, which prioritises increasing food utilisation and reducing food and beverage waste. This is followed by redistributing edible and nutritious surplus food for human consumption, and creating secondary markets for surplus food and beverages, all while taking food safety into account; and
- confidentially report annual quantities of food and beverage waste, and quantities diverted to food surplus redistribution or secondary markets, using the agreed reporting protocol.

9.2.2 **Approach**

The Directors are responsible for ensuring that the ListCo Group complies with all of its statutory obligations as specified in, *inter alia,* ListCo's MOI, the Companies Act and Companies Regulations and the JSE Listings Requirements. The Directors endorse the King Code and are committed to the principles of transparency, integrity, fairness and accountability by ListCo in the conduct of its business and affairs. The Board will oversee and ensure an effective compliance framework, the integrity of the Group's financial reporting and risk management, as well as accurate, timely and transparent disclosure to Shareholders. ListCo has implemented the King Code through the application of the King Code disclosure and application regime. The Directors recognise that they are ultimately responsible for the financial performance of ListCo.

9.2.3 **Board of directors**

The size and composition of the Board is determined subject to, and in accordance with, ListCo's MOI, the Companies Act, applicable legislation and regulatory requirements, and the King Code.

The Board comprises three executive Directors and six non-executive Directors, of whom four are independent non-executive Directors.

The balance and composition of the Board has been carefully considered, taking into account the needs of ListCo. The Board as a whole believes that the current balance of knowledge, skill and experience meets the requirement to lead ListCo effectively.

The Directors' responsibilities include providing the ListCo Group with clear strategic direction, ensuring that there is adequate succession planning at senior levels, reviewing operational performance and management, reviewing policies and processes which seek to ensure the integrity of the ListCo Group's risk management and internal controls.

The Directors are ultimately responsible for the management of the ListCo Group's business, strategy and key policies. The Directors are also responsible for approving the ListCo Group's financial objectives and targets. In addition, it is the Directors' responsibility to ensure compliance with all applicable statutory and regulatory requirements, including the Companies Act and the JSE Listings Requirements.

The first chairperson of the Board, Pieter Rudolf Louw, is a non-independent non-executive Director. In line with the JSE Listings Requirements and the recommendations of the King Code, the chairperson does not exercise the functions of a chief executive officer in respect of ListCo. Pursuant to the King Code, Cindy J Robertson has been appointed as lead independent Director of ListCo.

The Directors have adopted a charter that sets out the practices and processes it follows to discharge its responsibilities. The charter specifically sets a description of roles, functions, responsibilities and powers of the Directors, the chairperson, individual Directors, company secretary and other prescribed officers of ListCo.

The terms of reference of the Board and its committees deal with such matters as corporate governance, Directors' dealings in securities, declarations of conflicts of interest, Board meeting documentation and procedures for the nomination, appointment, induction, training and evaluation of the Directors.

There is an appropriate balance of power and authority on the Board to ensure that no individual has unfettered powers of decision-making and no individual dominates the Directors' deliberations and decisions.

At each annual general meeting, one-third of the non-executive Directors, or if the number is not three or a multiple of three, the number nearest to one-third but not less than one-third, shall retire from office. A retiring non-executive Director is eligible for re-election.

The Directors have delegated certain specific responsibilities to the following committees:

- Audit and risk.
- Remuneration and nomination.
- Social and ethics.

The committees assist the Directors in discharging their responsibilities and duties under the King Code, whilst overall responsibility remains with the Board. Full transparency and disclosure of committee deliberations is encouraged, and the minutes of all committee meetings are available to all Directors.

Directors are encouraged to take independent advice, at the cost of ListCo, for the proper execution of their duties and responsibilities. The Directors have unrestricted access to the external auditors, professional advisers, the services of the company secretary and relevant service providers of ListCo at any time.

A detailed assessment of all Board members, including the chairperson, will be undertaken annually. Directors and committee members are supplied with comprehensive information that allows them to properly discharge their responsibilities. The members of the Board bring a mix of skills, experience and technical expertise. The Directors shall meet at least five times a year.

9.3 **BOARD DIVERSITY POLICY**

The Board recognises and embraces the benefits of having a diverse and inclusive Board, and regard increasing diversity at Board level as an essential element in maintaining a competitive advantage. It understands that a diverse Board will include, and make good use of, varied perspectives and approaches offered by Board members. The Board has adopted a policy which captures its objectives and approach in relation to Board diversity, specifically with regard to the diversity indicators of gender, race, age, culture, sexual orientation and gender identity. This policy has been prepared in accordance with the provisions of the King Code and the JSE Listings Requirements, respectively, and is intended to further align ListCo's Board governance practices to local and international best practice. The key principles of the policy are as follows:

- All Board and Board committee nominations and appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board or relevant committee, as applicable, as a whole, requires to be effective. In addition, the diversity indicators, set out above, are considered in determining the optimum composition of the Board or relevant committee and, when possible, are balanced appropriately.
- The same diversity indicators are considered when determining whether to re-nominate an incumbent Director. Diversity is also considered as part of the annual Board evaluation.
- The Board believes that heterogeneous groups add significant value in decision-making and effective risk management and sees the inclusion of sexual orientation and/or gender identity in its diversity indicators as an extension of its current efforts to promote gender and other dimensions of Board diversity.
- Although no voluntary targets have been set, the Board shall at all times and to the extent practically possible strive to meet its employment equity objectives in respect of the composition of the Board and its committees.
- Other aspects of diversity are informed by the specific gaps identified in the Board skills and experience matrix.

ListCo intends to achieve its objectives in respect of diversity through ongoing monitoring of adherence to the aforementioned principles at both the Board level and via the activities of the ListCo social and ethics committee. Diversity will be a key consideration as part of the annual Board evaluation, as outlined above.

9.4 **BOARD COMMITTEES**

As provided for in ListCo's MOI and the Board Charter, the Directors are supported and assisted by three committees. The responsibilities delegated to each committee are formally documented in the terms of reference for that committee, which have been approved by the Directors and will be reviewed at least annually. The current composition of each of the committees is set out below.

- **Audit and risk committee**

  The audit and risk committee of ListCo shall, going forward, execute all statutory duties in terms of section 94 of the Companies Act and will comply with all legislative and regulatory requirements. The audit and risk committee shall also ensure that the appointment of the auditor of ListCo is presented and included as a resolution at each annual general meeting pursuant to section 61(8) of the Companies Act.

  The audit and risk committee shall ensure that appropriate financial reporting procedures exist and are effective, which includes consideration of all entities included in the ListCo Group's IFRS compliant annual financial statements, to ensure that it has access to all the financial information of the ListCo Group to allow ListCo to effectively prepare and report on its annual financial statements.

  The audit and risk committee of ListCo has considered and satisfied itself, and will do so annually, of the appropriateness of the expertise and experience of Kerry Rosemary van der Merwe for the position of Chief Financial Officer.

  The audit and risk committee shall annually consider the information detailed in paragraph 3.84(g) of the JSE Listings Requirements in their assessment of the suitability for appointment or re-appointment, as the case may be, of the external auditor (as it did prior to the Listing).

  In terms of risk management (through consultation with the external auditors), the audit and risk committee ensures that management's processes and procedures are adequate to identify, assess, manage and monitor ListCo Group-wide risks.

The audit and risk committee has the following members:

- Cindy J Robertson (Chair).
- Agmat Brinkhuis.
- Zimkhitha P Zatu Moloi.

This committee will hold at least four meetings per financial year.

Willem O van Wyk will attend meetings of this committee as an observer.

As a statutory committee, the audit and risk committee is appointed by, and reports to, Shareholders.

- **Remuneration and nomination committee**

The Company's remuneration and nomination committee has the following members:

- Stephen M Parsons (Chair).
- Cindy J Robertson.
- Pieter R Louw.

This committee will hold at least three meetings per financial year.

This committee's responsibilities in relation to remuneration include, *inter alia*:

- assisting the Board to ensure the ListCo Group's reward and remuneration policies are aligned to its objective of value creation and benchmarked to ensure fairness and competitiveness;
- monitoring the implementation and effectiveness of the remuneration policy; and
- on the Board's behalf, annually:
  - » approving remuneration strategies and policies designed to attract, motivate and retain employees, senior management and Directors in achieving the ListCo Group's strategy to create value;
  - » recommending the remuneration policy and implementation reports to Shareholders; and
  - » recommending non-executive Directors' fees for approval by Shareholders.

The remuneration policy for ListCo will be in line with the requirements of the King Code.

The committee's responsibilities in relation to nomination include, *inter alia*:

- ensuring the establishment of a formal and transparent process for the nomination, election and appointment of Board members.
- considering the collective knowledge, skills and experience required by the Board, the appropriate size of the Board, the diversity of the Board and whether a candidate meets the appropriate fit and proper criteria.
- recommending candidates to the Board for consideration to be put forward to the Shareholders at the annual general meeting for voting and appointment.
- considering whether to recommend the re-election of non-executive members whose terms have come to an end, based on the availability of members, members' performance and attendance on the Board and committees.

The remuneration policy and the implementation report shall be tabled every year for separate votes by shareholders of ListCo at the annual general meeting. The remuneration policy records the measures that the Board commits to take in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised, which will comply with the requirements of the JSE Listings Requirements, the King Code and the Companies Act.

- **Social and ethics committee**

The Company's social and ethics committee has the following members:

- Zimkhitha P Zatu Moloi (Chair).
- Agmat Brinkhuis.
- Wouter A De Wet.
- Stephen M Parsons.

Willem O van Wyk will attend meetings of this committee as an observer.

In line with the requirements of the Companies Act, ListCo has established a social and ethics committee to act as the Company's social conscience and take into account public and stakeholder interests in the Company's operations. The social and ethics committee of the Company shall fulfil its mandate as prescribed by the Companies Act and Companies Regulations.

This committee has an independent role, operating as an overseer and a maker of recommendations regarding social and ethical matters, and in ensuring that the Company is a committed socially responsible corporate citizen. This committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. The commitment to sustainable development involves ensuring that the Company conducts business in a manner that meets existing needs, without knowingly compromising the ability of future generations to meet their needs.

This committee's primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of social and ethics, transformation and sustainable development related matters which, *inter alia*, include the following:

- Environmental management.
- Climate change.
- Ethics management.
- Safety and occupational hygiene.
- Health and wellness, including occupational health.
- Social labour plans (SLP) as well as any corporate social investment (CSI).
- Human resource development, employment equity and transformation.
- Stakeholder engagement.
- The protection of Company assets.

This committee will hold at least three meetings per financial year. As a statutory committee, the social and ethics committee is appointed by, and reports to, Shareholders.

9.5 **COMPANY SECRETARY**

ListCo has appointed FluidRock Co Sec Proprietary Limited as company secretary of ListCo in accordance with the Companies Act and the recommended practices in the King Code. The Directors, having considered the matter, are satisfied as to the competence, qualifications and experience of FluidRock Co Sec Proprietary Limited.

The Directors will annually, through discussion and assessment, review the qualifications, experience and competence of the company secretary.

All Directors have access to the advice and services of the company secretary, who is responsible for the proper administration of the Board and the implementation of sound corporate governance procedures. This includes Board induction and training programmes and the supply of all information to assist Board members in the proper discharge of their duties.

SECTION 10: SHARE CAPITAL

10.1 SHARE CAPITAL AND STATED CAPITAL

Upon incorporation, the: (i) authorised share capital of ListCo comprised 2,000,000,000 ordinary shares; and (ii) issued share capital of ListCo comprised 100 ordinary shares, all of which issued shares were held by RCL Foods.

10.1.1 AUTHORISED AND ISSUED SHARE CAPITAL AS AT THE LAST PRACTICABLE DATE AND AFTER THE RESTRUCTURING

As at the Last Practicable Date and after the Restructuring, the entire authorised and issued share capital of ListCo comprises:

Authorised shares	**Number of shares**
Ordinary shares of no par value	2,000,000,000
Issued shares	
Ordinary shares of no par value	890,296,405

10.1.2 AUTHORISED AND ISSUED SHARE CAPITAL AS AT THE LISTING DATE

As at the Listing Date, the authorised and issued share capital of ListCo will be as set out below:

Authorised shares	**Number of shares**
Ordinary shares of no par value	2,000,000,000
Issued shares	
Ordinary shares of no par value	890,296,405
Ordinary issued share capital (as per Annexure 3A)	R1,249,964,000

No ListCo Shares are, or on the Listing Date are expected to be, held in treasury by the ListCo Group. The entire issued share capital of ListCo will be listed on the JSE.

10.2 DESCRIPTION OF SECURITIES

All authorised and issued ListCo Shares are of the same class and rank *pari passu* in every respect. "*Pari passu*" means that the ListCo Shares:

- are in all respects identical;
- are of the same nominal value, and that the same amount per ordinary share has been paid up;
- carry the same rights as to unrestricted transfer, attendance and voting at general/annual general meetings and in all other respects; and
- are entitled to dividends at the same rate and for the same period, so that at the next ensuing distribution the dividend payable on each ordinary share will be the same amount.

Other than the ListCo Shares (which are expected to be listed) on the JSE, no other classes of shares have been authorised for issuance and no other securities have been issued by ListCo.

Pursuant to ListCo's MOI and subject to the provisions of the Companies Act and the JSE Listings Requirements, the Directors may issue securities of ListCo.

10.3 OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES

Neither ListCo nor its Subsidiaries are party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any securities in ListCo.

10.4 **ALTERATIONS TO SHARE CAPITAL IN THE PAST THREE YEARS**

ListCo was registered and incorporated on 11 April 2024 as a wholly owned Subsidiary of RCL Foods, which initially held 100 ListCo Shares. Pursuant to the Restructuring, as explained in more detail in the section titled "***Section 4: Restructuring and Formation of the ListCo Group***" commencing on page 57 of this Pre-Listing Statement, on and with effect from 27 May 2024 ListCo issued 890,296,305 additional ListCo Shares to RCL Foods, as consideration for the purchase by ListCo of all the issued shares in RainbowCo from RCL Foods, as an "asset-for-share" transaction in accordance with section 42 of Income Tax Act. The ratio at which this exchange of shares occurred was 402.00048 ListCo Shares per 1 RainbowCo share. Through the Restructuring, RCL Foods increased its shareholding in ListCo from 100 ListCo Shares to 890,296,405 ListCo Shares and remained the sole shareholder of ListCo.

Other than in respect of the Restructuring, no shares or securities in ListCo and/or its Major Subsidiaries have been issued within the three years preceding the date of this Pre-Listing Statement.

No share repurchases, sub-divisions or consolidations have been undertaken by ListCo and/or its Major Subsidiaries during the three years preceding the date of this Pre-Listing Statement.

10.5 **MAJOR AND CONTROLLING SHAREHOLDERS**

As at the date of this Pre-Listing Statement, the entire issued share capital of ListCo is held by RCL Foods. With effect from the Unbundling, the RCL Foods Shareholders entitled to participate in the Unbundling are expected to hold all ListCo Shares in the same proportion as they held RCL Foods Shares as at the Unbundling Record Date. Accordingly, RCL Foods' major shareholders as at the Last Practicable Date (which are expected to be ListCo's major shareholders on Unbundling) are set out below.

There has been no material change in the controlling shareholders and trading objects of ListCo since incorporation, nor of any of its Major Subsidiaries, during the past five years.

As at the Last Practicable Date, based solely on the securities register of RCL Foods (including disclosures, if any, of beneficial interest in RCL Shares made to RCL Foods in accordance with applicable Laws) approximately 19.80% of the issued RCL Foods Shares was held by public shareholders. It is anticipated that, all things being equal and on the assumption that no RCL Foods Shareholder will be prevented from receiving and holding its *pro rata* portion of the ListCo Distribution Shares due to restrictions in their jurisdiction of domicile, following the Unbundling, approximately 19.80% of the ListCo Shares will be held by public shareholders. Accordingly, the Board confirms that the level of public shareholders set out in paragraphs 4.25 and 4.26 of the JSE Listings Requirements will be achieved.

A list of the RCL Foods Shareholders, other than those who are directors of RCL Foods, insofar as is known to ListCo, directly or indirectly beneficially interested in 5% or more of the issued RCL Foods Shares as at the Last Practicable Date is set out below:

RCL Foods Shareholder	**Number of RCL Foods Shares beneficially held, directly and indirectly**	**% of issued RCL Foods share capital**
Remgro Limited (RCL Foods' controlling shareholder, holding more than 50.0% of RCL Foods' issued ordinary shares)	714,057,943	80.20
Oasis Asset Management Limited	76,723,234	8.62
M&G Investment Managers Proprietary Limited	45,054,597	5.06
Total	**834,835,774**	**93.88%**[1]

The Unbundling will not result in a change in the controlling shareholder of RCL Foods.

None of the advisers of ListCo had an interest in the issued share capital of ListCo at the Last Practicable Date.

No offer has been made to the public for the subscription or the sale of ListCo Shares or other securities in ListCo during the three years preceding the date of the Pre-Listing Statement.

1 0.01% difference due to rounding.

10.6 LISTING ON ANY EXCHANGE OTHER THAN JSE

As at the Listing Date, all of the issued ListCo Shares will be listed only on the JSE.

ListCo does not have any other shares listed on any stock exchange.

10.7 AUTHORISATIONS AND ISSUANCE OF ORDINARY SHARES

The provisions of the ListCo MOI regulating the issue of authorised but unissued securities of ListCo are set out in Annexure 7 to this Pre-Listing Statement.

A list of ListCo Shareholder special resolutions passed by RCL Foods, as the sole shareholder of ListCo, since the incorporation of ListCo is provided in Annexure 8 to this Pre-Listing Statement.

10.8 PREFERENTIAL OR EXCHANGE RIGHTS, OPTIONS, VOTING RIGHTS, DIVIDEND RIGHTS AND OTHER RIGHTS

There are no preferential, conversion or exchange rights or options attaching to the ListCo Shares.

In accordance with the MOI of ListCo, at a general meeting of the ListCo Shareholders every ListCo Shareholder present in person or by proxy has (i) one vote on a show of hands, and (ii) on a poll, the number of votes determined in accordance with the voting rights associated with the ListCo Shares held by that Shareholder, namely one vote for each ListCo Share held by that Shareholder. No special voting powers are reserved to any Director or other person.

Details of the rights pertaining to dividends and other rights including a variation of rights and rights on winding-up are set out in Annexure 7 to this Pre-Listing Statement.

10.9 SIMULTANEOUS ISSUES

No other securities of the same class are issued or to be issued simultaneously with the issue of ListCo Shares for which application to list is being made.

SECTION 11: FINANCIAL INFORMATION

11.1 **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

11.1.1 **General**

ListCo has been incorporated for purposes of the proposed acquisition of RainbowCo and subsequent listing of ListCo on the Main Board of the JSE. ListCo has a twelve-month financial year, typically beginning in July and ending in June each year. ListCo reports on the retail calendar of trading weeks, which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two days in a leap year) per calendar year. These days are/will be brought to account approximately every six years, by including a 53^{rd} week in the reported results. Unless otherwise indicated, all financial information presented in this Pre-Listing Statement is presented on a continuing operations basis.

In this Pre-Listing Statement, ListCo presents certain Non-IFRS Measures (such as EBITDA, EBIT, and Free Cash Flow) in describing the business' results of operations and financial position. ListCo uses these measures as an internal measure of performance to benchmark and compare performance against other companies, and ListCo believes that these measures serve as useful supplementary financial indicators to analysts and investors since some of these measures are commonly reported and widely accepted by analysts and investors as providing additional information to measure ListCo's operating performance. ListCo's use of Non-IFRS Measures may vary from the use of other companies in its industry. The measures used should not be considered as an alternative to net income/(loss), revenue or any other performance measure derived in accordance with IFRS or to net cash flows from operating activities as a measure of liquidity. The Non-IFRS Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of the business' results as reported under IFRS. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. In particular, other companies may define the Non-IFRS Measures used herein differently than the Directors do. In those cases, it may be difficult to compare the performance of those entities to ListCo's performance based on these similarly named Non-IFRS Measures. In addition, the exclusion of certain items from Non-IFRS Measures does not imply that these items are necessarily non-recurring. From time to time, the Directors may exclude additional items if the Directors believe doing so would result in a more transparent and comparable disclosure.

The Non-IFRS Measures should be considered in conjunction with the Combined Carve-out Historical Financial Information prepared in accordance with the basis of preparation set out in Annexure 2A to this Pre-Listing Statement, and the Condensed Consolidated Interim Historical Financial Information prepared in accordance with the basis of preparation set out in Annexure 3A to this Pre-Listing Statement. For reconciliations of these Non-IFRS Measures to their most directly comparable IFRS measures, please see "***Section 5: Management's Discussion and Analysis of Financial Condition and Results of Operations***" commencing on page 59 of this Pre-Listing Statement. The Directors are responsible for the Non-IFRS Measures.

Some financial information in this Pre-Listing Statement has been rounded and, as a result, the numerical figures shown as totals in this Pre-Listing Statement may vary slightly from the exact arithmetic aggregation of the figures that precede them.

The asset perimeter of RainbowDiv changed significantly between June 2021 and June 2023, which warranted the preparation of the Combined Carve-Out Historical Financial Information on a combined carve-out basis. The accounting on this basis has resulted in (i) RainbowDiv's acquisition of the animal feed operations and waste-to-value operations previously controlled directly by RCL Foods, and (ii) the disposal by RainbowDiv of the pies, beverages, grocery and speciality businesses ("**PBGS**") (collectively the "**Re-organisation Transactions**") being accounted for with an effective date of 1 July 2020, rather than on the dates the Re-organisation Transactions actually occurred. This accounting treatment was adopted for purposes of reflecting a combined carve-out view of the asset perimeter in the Combined Carve-out Historical Financial Information. Whilst the asset perimeter of RainbowDiv as of the June 2023 balance sheet date is complete and representative of the asset perimeter to be unbundled to RCL Foods Shareholders entitled to participate in the Unbundling, the accounting adjustments required to account for the Combined Carve-Out Historic Financial Information on a combined carve-out basis are reflected within RainbowDiv's equity balance.

In this regard, total closing equity for June 2023 is reflective of RainbowDiv in the form in which and with the asset perimeter it will be unbundled as part of RainbowCo, and therefore ListCo. As such, whilst this total equity balance is reflective of a balance sheet prepared on an IFRS basis (since the asset perimeter is complete) the individual line items which comprise total equity are not compliant with IFRS due to the method of accounting applied in the Combined Carve-Out Historical Financial Information with such closing balance rolling into the opening balance for the Condensed Consolidated Interim Historical Financial Information.

The Condensed Consolidated Interim Historical Financial Information has been prepared on an IFRS basis due to the asset perimeter being complete at the June 2023 balance sheet date being the last day of the completed financial period preceding the start of the interim six-month period ended 31 December 2023, and as a result there being no need to prepare the Condensed Consolidated Interim Historical Financial Information on a combined carve out basis. As a result, the combined carve out accounting policies used in preparation of the Combined Carve-Out Historical Financial Information has been changed to IFRS accounting for the Condensed Consolidated Interim Historical Financial Information.

Impact

The impact relates to the individual line items within opening equity and result primarily from the timing of when the Re-organisation Transactions were accounted for in the Combined Carve-Out Historical Financial Information, being 1 July 2020 versus the actual date the Re-organisation Transactions occurred:

- The timing of accounting for the animal feed and waste-to-value operations acquisitions impacted the value of the common control reserve recorded due to predecessor accounting being applied to these acquisitions.
- Retained earnings was impacted by the profit/loss for these animal feed and waste-to-value operations being included from 1 July 2020 and PBGS profit/loss being excluded from this date versus the date the Re-organisation Transactions took place, as well as being impacted by the profit/loss on sale on PBGS being calculated at 1 July 2020.
- Share based payments reserve was impacted by the accounting for the B-BBEE share-based payment charge for animal feed and waste-to-value operations being included from 1 July 2020 and PBGS's charge being excluded from this date.

The above does not have any impact on the total equity disclosed on the statement of financial position or statement of comprehensive income or any impact on EPS and HEPS.

		Equity	
R'000	**Closing equity June 2023**	**Carve-out adjustments**	**Opening equity December 2023**
Stated capital	1,249,964		1,249,964
Share-based payments reserve	203,379	3,707	207,086
Common control reserve	(1,048,798)	111,708	(937,090)
Retained earnings	275,118	(115,415)	159,704
Equity attributable to the equity holders of the Company	**679,664**		**679,664**
Non-controlling interests	31,180		31,180
Total equity	**710,844**		**710,844**

11.1.2 **Historical Financial Information of ListCo at Incorporation**

The Historical Financial Information of ListCo at Incorporation, including the notes thereto, is included in Annexure 1A to this Pre-Listing Statement and has been prepared in accordance with the basis of preparation set out in Annexure 1A.

The Historical Financial Information of ListCo at Incorporation should be read together with the Independent Auditor's Assurance Report thereon as set out in Annexure 1B to this Pre-Listing Statement.

11.1.3 **The Combined Carve-out Historical Financial Information**

The: (i) audited Combined Carve-Out Historical Financial Information of RainbowDiv for the financial year ended 2 July 2023, including the notes thereto, is included in Annexure 2B to this Pre-Listing Statement; and (ii) the reviewed Combined Carve-Out Historical Financial Information of RainbowDiv for the financial years ended 3 July 2022 and 4 July 2021, including the notes thereto, is included in Annexure 2B to this Pre-Listing Statement. The Combined Carve-out Historical Financial Information has been prepared in accordance with the basis of preparation set out in Annexure 2A to this Pre-Listing Statement.

The Combined Carve-out Historical Financial Information should be read together with the Independent Auditor's Assurance and Review Reports thereon as set out in Annexures 2C and 2D to this Pre-Listing Statement.

11.1.4 **The Condensed Consolidated Interim Historical Financial Information**

The reviewed Condensed Consolidated Interim Historical Financial Information of the business for the six-month period ended 31 December 2023, including specified notes thereto, is included in Annexure 3A to this Pre-Listing Statement and has been prepared in accordance with the basis of preparation set out in Annexure 3A to this Pre-Listing Statement. The Condensed Consolidated Interim Historical Financial Information should be read together with the Independent Auditor's Review Report thereon as set out in Annexure 3B to this Pre-Listing Statement.

11.1.5 **The *Pro Forma* Financial Information**

The *Pro Forma* Financial Information is included for the purpose of illustrating the impact of the proposed acquisition of RainbowCo and subsequent listing of ListCo on the Incorporation Historical Financial Information. The *Pro Forma* Financial Information is presented for illustrative purposes only and, because of its nature, may not fairly reflect ListCo's financial position, changes in equity, results of operations, or cash flows going forward.

The *Pro Forma* Financial Information is included in Annexure 4A to this Pre-Listing Statement and has been prepared in accordance with the basis of preparation set out in Annexure 4A to this Pre-Listing Statement.

The Independent Auditor's Assurance Report on the *Pro Forma* Financial Information is set out in Annexure 4B to this Pre-Listing Statement. Such report is included solely to comply with the requirements of the JSE Listings Requirements in South Africa. In addition, the rules and regulations related to the preparation of *pro forma* financial information in other jurisdictions may also vary significantly from the requirements applicable in South Africa.

The *Pro Forma* Financial Information is the responsibility of the Directors of ListCo.

11.1.6 **Material Borrowings, Inter-Company Loans and Loans Receivable**

Details of the material borrowings of the ListCo Group as at the Last Practicable Date are set out in Annexure 9 to this Pre-Listing Statement.

ListCo's borrowing powers are unlimited (there are no restrictions on the borrowing powers of ListCo). The borrowing powers of Directors have not been exceeded in the three years prior to the date of this Pre-Listing Statement.

As at the Last Practicable Day, ListCo does not have any debentures in issue.

Neither ListCo nor any of its Subsidiaries have advanced any loans which are material to the ListCo Group, nor made any loans or furnished securities to or for the benefit of any Director or manager or any associate of any Director or manager, of ListCo.

As at the Last Practicable Date, no loan capital is outstanding.

Details of material inter-company balances before elimination on consolidation as at the Last Practicable Date are set out in Annexure 9 to this Pre-Listing Statement. Other than the inter-company balances set out in Annexure 9 to this Pre-Listing Statement or otherwise provided for in the Combined Carve-out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information, there are no material inter-company financial or other transactions as at the Last Practicable Date.

11.1.7 **Material Commitments, Lease Payments and Contingent Liabilities**

As at the Last Practicable Date, ListCo had no material commitments, material contingent liabilities or material lease payments, other than ongoing lease payments, with details of the latter appearing in the Combined Carve-out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information, as presented in Annexure 2B and Annexure 3A to this Pre-Listing Statement.

11.1.8 **Material Changes**

Save for the Restructuring as outlined in "***Section 4: Restructuring and Formation of the ListCo Group***" commencing on page 57 of this Pre-Listing Statement, there has not been any material change in the financial or trading position, or in the trading objects or business, of the ListCo Group since the end of the last financial period in respect of which unaudited interim financial statements have been published.

11.1.9 **Working Capital Statement**

The Directors are of the opinion that the working capital available to ListCo and the ListCo Group is sufficient for the ListCo Group's present requirements, that is, for at least the next 12 months from the date of this Pre-Listing Statement. For the avoidance of doubt, the Directors are of the opinion that:

- ListCo and the ListCo Group will be able to pay its debts in the ordinary course of business for a period of 12 months after the date of this Pre-Listing Statement;
- the assets of ListCo and the ListCo Group will exceed the liabilities of ListCo and the ListCo Group for a period of at least 12 months after the date of this Pre-Listing Statement. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in RCL Foods Limited's latest audited annual financial statements;
- the share capital and reserves of ListCo and the ListCo Group will be adequate for ordinary business purposes for a period of at least 12 months after the date of this Pre-Listing Statement; and
- the working capital of ListCo and the ListCo Group will be adequate for ordinary business purposes for a period of at least 12 months after the date of this Pre-Listing Statement.

SECTION 12: DIVIDENDS AND DIVIDENDS POLICY

The Directors recognise the importance of maintaining a consistent dividend policy and will endeavour to avoid volatile swings in the dividend profile of ListCo by ensuring high-quality medium-term strategic and financial planning.

Any dividend proposed by the Directors in respect of any financial period will be dependent on and influenced by, among other considerations, ListCo's operating results, financial position, investment strategy, capital requirements and strategic initiatives. ListCo will seek to ensure that there is sufficient cash available and cash is generated by the business which will contribute to funding for ListCo's growth aspirations. Leverage will be used responsibly to maintain its strategic flexibility.

As detailed in "***Section 2: Overview of the ListCo Group***" of this Pre-Listing Statement, ListCo has made significant strides in implementing its strategy of becoming a market-leading, low-cost producer in South Africa. However, ListCo expects that, in the near term, it will continue to substantially utilise available free cash flows to invest and grow its infrastructure platform and will revisit defining a more formal dividend policy once the "Future Perfect Rainbow Chicken" strategy is fully reflected in its operational results for a full financial period.

The Directors retain absolute discretion to determine actual dividend declarations and the Board may opt to implement a formal dividend policy in the future and revise such policy time to time. There is no assurance that a dividend will be declared and/or paid in respect of any financial period, and any decision as to whether to pay cash dividends or other distributions (such as a return of capital to shareholders through share repurchases, for example) will depend upon a variety of factors, such as those outlined above, and, *inter alia*, macro-economic conditions, agreements with third-party and affiliated lenders (including debt servicing requirements and loan covenants), any other contractual restrictions, other cash requirements existing at the time, statutory requirements (including the solvency and liquidity test under the Companies Act), and the condition of capital markets.

Notwithstanding the above, the Board is confident that the ListCo Group's key financial and operational objectives will be met through the full implementation of the "Future Perfect Rainbow Chicken" strategy, which will result in the delivery of appropriate and attractive shareholder returns, including dividend yield, in the future.

Under the terms of the ListCo MOI and the Companies Act, the Directors may declare dividends in accordance with the Companies Act and ListCo may only make dividends or other distributions if such distribution is pursuant to an existing legal obligation of ListCo or a court order or is authorised by resolution of the Directors in compliance with the JSE Listings Requirements. A dividend may only be declared if it reasonably appears that ListCo will satisfy the solvency and liquidity test immediately after completing the proposed distribution, and the Directors, by resolution, have acknowledged that they have applied the solvency and liquidity test and have reasonably concluded that ListCo will satisfy the solvency and liquidity test immediately after completing the proposed distribution. The aforesaid "solvency and liquidity test" refers to the test set out in section 4(1) of the Companies Act which, in relation to a distribution, states that ListCo will satisfy the solvency and liquidity test if, considering all reasonably foreseeable financial circumstances of ListCo at that time (i) the assets of ListCo, as fairly valued, equal or exceed the liabilities of ListCo, as fairly valued, and (ii) it appears that ListCo will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months following the distribution. No assurance can be given that cash dividends or other similar payments will be paid in the future.

In accordance with the ListCo MOI, all unclaimed dividends shall be held by ListCo in trust for the benefit of ListCo until lawfully claimed, provided that dividends unclaimed for a period of three years from the date on which they became payable may be declared forfeited by the Directors for the benefit of ListCo.

There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Directors at the time of declaration, subject to the JSE Listings Requirements. There are no current arrangements under which future dividends are waived or agreed to be waived.

Relevant extracts of the ListCo MOI relating to distributions are set out in Annexure 7 to this Pre-Listing Statement.

SECTION 13: TAXATION

*The following summary describes certain South African tax consequences in connection with the acquisition, ownership and disposal of the ListCo Shares. This summary is based on the Laws as in force and as applied in practice on the Last Practicable Date and is subject to changes to those Laws and practices subsequent to such date. In the case of persons who are non-residents of South Africa for income tax purposes, this summary should be read in conjunction with the provisions of any applicable double tax agreement ("**DTA**") between South Africa and the country where they are tax resident. The summary is intended as a general guide only and is not comprehensive or determinative and should not be regarded as tax advice. Accordingly, if you are in any doubt about your tax position, including in respect of the Unbundling, you should consult an appropriate independent professional adviser.*

13.1 SOUTH AFRICAN TAXATION

13.1.1 Taxation issues

The following is a summary of the material South African tax consequences in connection with the acquisition, ownership and disposal of ListCo Shares. The following summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to acquire, purchase, own or dispose of the ListCo Shares and does not cover tax consequences that depend upon your particular tax circumstances or the tax laws of jurisdictions outside of South Africa. This summary is only a general discussion and it is not a substitute for tax advice.

The discussion in this section is based on current South African Law. Changes in the Law may alter the tax treatment of the ListCo Shares, as applicable, possibly on a retrospective basis. It is recommended that you consult your own tax adviser about the tax consequences of subscribing for and purchasing, holding, and disposing of the ListCo Shares, as applicable, in your particular situation.

13.1.2 Residence-based system of taxation

Broadly speaking, persons who are tax resident in South Africa are taxed on their world-wide income (including capital gains), whereas non-residents are taxed only on income which is sourced in South Africa or is deemed to be from a source in South Africa and capital gains in respect of the disposal of immovable property in South Africa (including shares in a property rich company) and assets attributable to a permanent establishment in South Africa.

13.1.3 Individuals

An individual will be a resident of South Africa for tax purposes if:

- such individual is "ordinarily resident" in South Africa. This term is not defined in the Income Tax Act and therefore its meaning is determined according to guidelines established by the courts. Reference can be made to "Income Tax Interpretation Note 3 (issue 2) – Resident: Definition in relation to a natural person – ordinarily resident" issued on 20 June 2018. Generally, a person's ordinary residence will be "the country to which he would naturally and as a matter of course return from his wanderings; as contrasted with other lands it might be called his usual or principal residence and it would be described more aptly than other countries as his real home"; or
- the requirements of the physical presence test are met. This is determined with reference to the number of days spent by the individual in South Africa over a successive six-year period. In order to trigger residency, the person must be physically present in South Africa for more than 91 days in aggregate during the relevant year of assessment as well as for more than 91 days in aggregate during each of the five years of assessment preceding such year of assessment. In addition, the person must have been physically present in South Africa for more than 915 days in aggregate during those five preceding years of assessment. If the person is physically outside South Africa for a continuous period of at least 330 full days, the person will be deemed not to be a resident from the day on which the person so ceased to be physically present in South Africa. Reference can be made to "Income Tax Interpretation Note 4 (issue 5) – Resident: Definition in relation to a natural person – physical presence test" issued on 3 August 2018,

but excludes persons that are deemed to be exclusively resident in another country in terms of an applicable DTA entered into between the country in which that person is tax resident and South Africa.

13.1.4 **Legal persons (company, close corporation and trust)**

As regards legal persons, a resident is defined in the Income Tax Act as any person which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa, but excludes all persons that are deemed to be exclusively resident in another country in terms of an applicable DTA entered into between the country in which that person is tax resident and South Africa.

"Place of effective management" is not a defined concept. However, reference can be made to "Income Tax Interpretation Note 6 (issue 3) – Resident: Place of Effective Management" issued on 30 June 2023 which details the approach that may be adopted by the South African Revenue Service to the interpretation of the concept. Broadly speaking, a company's "place of effective management" is the place where key management and commercial decisions that are necessary for the conduct of its business as a whole are in substance made. This interpretation is consistent with the Organisation for Economic Co-operation and Development's (OECD) commentary on the term.

13.1.5 **Distribution Shares by way of Unbundling**

It is expected that the distribution of the ListCo Distribution Shares by RCL Foods in terms of the Unbundling should qualify as an "unbundling transaction" for purposes of section 46(1) of the Income Tax Act and should, accordingly, be disregarded for tax purposes in South Africa for RCL Foods and for its Shareholders, except to the extent of any distributions made to a "disqualified person" as defined in the Income Tax Act. The distribution in respect of the Unbundling will not reduce the contributed tax capital of RCL Foods as that term is defined in the Income Tax Act.

The tax consequences for "foreign shareholders" per the Income Tax Act should be confirmed by such foreign shareholders with advisors in the relevant foreign jurisdictions.

The receipt of the ListCo Distribution Shares by a taxpayer should qualify for tax relief in South Africa and, the resulting dividend will, save with regards to the shares held by disqualified persons, be disregarded for Dividends Tax purposes. Accordingly, taxpayers who receive the distribution as a dividend *in specie*, expected to be on or about Monday, 1 July 2024, must:

- allocate a portion of the expenditure and any market value attributable to the equity shares held in RCL Foods to the ListCo Distribution Shares, in accordance with the ratio that the market value of the ListCo Distribution Shares, as at the end of the day after the distribution of the said shares, bears to the sum of the market value, as at the end of that day, of the RCL Foods shares and ListCo Distribution Shares; and
- reduce the expenditure and market value attributable to the RCL Foods shares by the amount so allocated to the ListCo Distribution Shares.

13.1.6 **Dividend definition**

A dividend is broadly defined as any amount transferred or applied by a company that is a resident for the benefit or on behalf of any person in respect of any share in that company, whether that amount is transferred or applied: (i) by way of a distribution made by; or (ii) as consideration for the acquisition of any share in, that company. However, a dividend does not include any amount so transferred or applied to the extent that the amount so transferred or applied: (i) results in a reduction of the contributed tax capital of the company, (ii) constitutes shares in the company, or (iii) constitutes a general repurchase by the company of its shares listed on the JSE. Contributed tax capital, in essence, comprise amounts received by or accrued to a company as consideration for the issue of its shares and reduced by amounts which have been returned to shareholders as recorded in a resolution by the board of directors of the company.

13.1.7 **Dividend income**

Dividends declared by a South African company are generally exempt from income tax in the hands of the recipient, but there are various anti-avoidance provisions and other specific provisions that deny the income tax exemption in relation to certain dividends with the result that they are treated as ordinary income. The position of non-resident shareholders will depend on the tax legislation applicable to them.

13.1.8 **Dividends Tax**

Dividends Tax in South Africa ("**Dividends Tax**") is a withholding tax that is levied on the payment of any amount by way of a dividend, subject to certain exemptions. Dividends Tax is triggered by the payment of a dividend, and is levied at the rate of 20%. While the company paying the dividend has the obligation to withhold the Dividends Tax, the liability for the tax, in respect of cash distributions, is that of the beneficial owner of the dividend in the case of a cash dividend.

There are various exemptions available in respect of Dividends Tax, subject to meeting administrative formalities within prescribed timeframes. The most notable exemption is in respect of dividends paid to a beneficial owner that is a South African resident company, pension fund or provident fund. Where a dividend consists of a distribution *in specie*, the liability for the Dividends Tax falling on the company itself, which means that it may not withhold the tax from the dividend payment.

Furthermore, where a dividend is paid to a non-resident of South Africa, the rate of Dividends Tax may be reduced in terms of the provisions of an applicable DTA, subject to meeting certain administrative formalities within prescribed timeframes.

13.1.9 **Disposal of ListCo Shares**

The disposal of ListCo Shares will give rise to either a capital or revenue receipt or accrual in the hands of the taxpayer. As dealt with further below, capital gains are subject to a lower effective tax rate than revenue amounts. This is because only a portion (the inclusion amount) of a capital gain is included in a taxpayer's taxable income which is then subject to normal income tax.

In determining whether the amount derived from the disposal of such ListCo Shares is of a capital or revenue nature, regard should be had to section 9C of the Income Tax Act, which in general deems any amounts received by or accrued to a person from the disposal of shares to be capital in nature if the taxpayer immediately prior to such disposal had been the owner of that share for a continuous period of at least three years, subject to certain exclusions.

Where section 9C is not applicable to particular shares, then the capital or revenue nature of the amount derived from the disposal of the shares must be determined by applying the common law tests that the South African courts have formulated, which includes, *inter alia*, the intention of the holder of the shares in acquiring, holding and disposing of the shares. Profits derived from the disposal of South African shares held as long-term investments and not in terms of a scheme of profit making are generally regarded as profits of a capital nature.

Subject to certain relief under a DTA, if a non-resident shareholder trades in South African shares, such non-resident shareholder could be subject to South African income tax if the proceeds from the disposal are from a South African source, which would be the case if the asset (share) is attributable to a permanent establishment of that non-resident shareholder in South Africa.

13.1.10 **CGT**

Residents of South Africa are subject to tax on capital gains as levied in accordance with the Income Tax Act in respect of capital gains made on the disposal of their world-wide assets.

A non-resident (subject to potential relief under DTA) will incur a liability for CGT only in relation to the disposal of certain assets, namely immovable property situated in South Africa, where the non-resident holds at least 20% of the shares in a company where the market value of the assets of the company are primarily (i.e. 80% or more) attributable to South African immovable property or assets attributable to of a South African permanent establishment of the non-resident.

13.1.11 **Tax rates**

The following table sets out the normal income tax rates applicable to certain taxpayers, the prescribed portion of a capital gain that would be included in a taxpayer's taxable income, and resultant the resultant effective rate at which capital gains are taxed.

Type of taxpayer	Statutory income tax rate on taxable income	Prescribed portion of the capital gain included in taxable income	Maximum effective rate on capital gains
Individuals	Variable, as per the SARS tax table in relation to Individuals	40%	18.0%
Specific trusts	On a sliding scale from 18% to 45%	40%	18.0%
Trusts (other than special trusts)	45%	80%	36.0%
Companies	27%	80%	21.6%

13.1.12 **Corporate tax**

The corporate tax rate is 27% with effect from years of assessment ending on or after 31 March 2023. For years of assessment prior to that date, the corporate tax rate is 28%.

13.1.13 **Securities transfer tax**

The ListCo Shares will be listed on the JSE. Securities transfer tax is imposed in respect of the transfer of listed shares (including the cancellation or redemption of a share) at the rate of 0.25% of the taxable amount of such shares being the higher of the market value or consideration given for the shares, determined in terms of the Securities Transfer Tax Act, No. 25 of 2007 (as amended) ("**STT Act**"). The definition of "transfer" excludes the issue of a share and hence no securities transfer tax is payable on the issue of a share.

Section 8(1)(a)(iv) of the STT Act provides that securities transfer tax is not payable in respect of a transfer of a security if that security is transferred to a person in terms an unbundling transaction referred to in section 46 of the Act where the public officer of that company has made a sworn affidavit that such transfer complies with the relevant provisions. Therefore, no securities transfer tax would be payable where the ListCo Distribution Shares are received by way of the Unbundling.

SECTION 14: EXCHANGE CONTROL

14.1 OVERVIEW

Exchange controls are imposed on South African residents in terms of the Exchange Control Regulations. FinSurv (together with Authorised Dealers, as described below) is responsible for the day-to-day administration of the exchange controls. FinSurv has a wide discretion which discretion is, however, not exercised arbitrarily but is based upon a set of norms, and is subject to the policy guidelines laid down by the Minister of Finance, Director General, Finance, and SARB. The Exchange Control Regulations and the Currency and Exchanges Manual for Authorised Dealers are collectively referred to as "Exchange Control Rules" herein.

Certain South African banks have been appointed to act as Authorised Dealers (as defined in the Exchange Control Rules) in foreign exchange. Authorised Dealers may buy and sell foreign exchange, subject to conditions and within limits prescribed by FinSurv.

The Authorised Dealers are also required to assist FinSurv to administer the Exchange Control Rules. All applications to FinSurv are required to be made through an Authorised Dealer. The Currency and Exchanges Manual for Authorised Dealers sets out the conditions, permissions and limits applicable to the transactions in foreign exchange which may be undertaken by Authorised Dealers, as well as details of related administrative responsibilities.

The Exchange Control Rules provide for restrictions on exporting capital from the Common Monetary Area. Transactions between residents of the Common Monetary Area, on the one hand, and corporations and persons whose normal place of residence, domicile or registration is outside of the Common Monetary Area, on the other hand, are subject to these Exchange Control Rules.

Currency and shares are not freely transferable from South Africa to jurisdictions outside of the Common Monetary Area. These transfers must comply with the Exchange Control Rules as described below. The Exchange Control Rules also regulate the acquisition by former residents and non-residents of shares.

A non-resident may purchase ListCo Shares. All payments in respect of purchases of ListCo Shares by non-residents must be made through an Authorised Dealer in foreign exchange. Such non-residents should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to delivered ListCo Shares.

Share certificates issued in respect of ListCo Shares purchased by non-residents will be endorsed "non-resident" in accordance with the Exchange Control Rules. Holders of Dematerialised ListCo Shares will have their statements endorsed "non-resident" and their accounts at their CSDP or Broker annotated accordingly.

Provided that the relevant share certificate is endorsed "non-resident" or the relevant account of the shareholder at the CSDP or Broker is annotated accordingly, there is no restriction under the Exchange Control Rules on the payment to a non-resident ListCo Shareholder of cash dividends from the distributable profits of ListCo in proportion to the ListCo Shareholder's percentage holding of ListCo Shares ("**Cash Dividends**"). Payments to non-resident ListCo Shareholders of other dividends and distributions by ListCo (including special dividends, dividends *in specie* and capitalisation issues) require the consent of FinSurv.

Cash Dividends and any proceeds from the sale of ListCo Shares by non-resident ListCo Shareholders may be freely transferred out of South Africa, subject to being converted into a currency other than Rand or paid for the credit of a non-resident Rand account.

ListCo is not, and does not expect to be immediately after Listing, an affected person for the purposes of the Exchange Control Regulations. ListCo will be an affected person if 75% or more of its voting power, capital or earnings is, directly or indirectly, controlled by non-residents. If ListCo becomes an affected person, Cash Dividends may be freely paid to non-residents as described above, provided that the payment will not cause ListCo to be placed in an over-borrowed position in terms of the Exchange Control Regulations.

14.2 **EXCHANGE CONTROL REGULATIONS**

The following summary of the Exchange Control Regulations is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations. ListCo Shareholders who have any queries regarding the Exchange Control Regulations should contact their own professional advisers without delay.

14.3 **EMIGRANTS FROM THE COMMON MONETARY AREA**

Any share certificates that may be issued by ListCo to emigrants from the Common Monetary Area will be endorsed “non-resident” in accordance with the Exchange Control Regulations.

Dematerialised ListCo Shares and/or securities will be credited directly to their emigrant share accounts at the CSDP or Broker controlling their remaining portfolios and an appropriate electronic entry will be made in the relevant register reflecting a “non-resident” endorsement. The CSDP or Broker will ensure that the emigrant adheres to the Exchange Control Regulations.

Any ListCo Shares and/or securities issued in Certificated form, cash dividends and residual cash payments based on emigrants’ ListCo Shares and/or securities controlled in terms of the Exchange Control Regulations will be forwarded to the Authorised Dealer in foreign exchange controlling their assets. Elections by emigrants must be made through the Authorised Dealer in foreign exchange controlling their assets.

14.4 **RESIDENTS OUTSIDE OF THE COMMON MONETARY AREA**

Any share certificates that may be issued by ListCo to non-residents of the Common Monetary Area will be endorsed “non-resident” in accordance with the Exchange Control Regulations.

Dematerialised ListCo Shares and/or securities will be credited directly to their non-resident share accounts at the CSDP or Broker controlling their portfolios and an appropriate electronic entry will be made in the relevant register reflecting a “non-resident” endorsement. The CSDP or Broker will ensure that the non-resident adheres to the Exchange Control Regulations.

Cash dividends and residual cash payments due to non-residents are freely transferable from South Africa, subject to being converted into a currency other than Rand or paid for the credit of a non-resident Rand account.

14.5 **SARB APPROVAL FOR THE LISTING AND UNBUNDLING**

The Listing and the issuance of the Pre-Listing Statement has been approved by ListCo’s Authorised Dealer, and the Unbundling has been approved by FinSurv in terms of the Exchange Control Rules.

SECTION 15: SETTLEMENT/DEALINGS

15.1 **RECEIPT OF LISTCO DISTRIBUTION SHARES**

The ListCo Distribution Shares have been issued, and will be transferred to RCL Foods Shareholders entitled to participate in the Unbundling in terms of the Unbundling, in Dematerialised form.

Accordingly, for the purposes of the Unbundling, RCL Foods Shareholders must appoint a CSDP in terms of the Financial Markets Act, directly or through a Broker, to receive the ListCo Distribution Shares on their behalf. Should a RCL Foods Shareholder require a physical share certificate for its ListCo Distribution Shares, it will have to materialise its ListCo Distribution Shares following the Listing and Unbundling, and should contact its CSDP, or the Transfer Secretaries, to do so. There are risks associated with holding shares in Certificated form, including the risk of loss or tainted scrip, which is no longer covered by the JSE Guarantee Fund. All ListCo Shareholders who elect to convert their Dematerialised ListCo Shares into Certificated ListCo Shares, will have to dematerialise their ListCo Shares again should they wish to trade them in accordance with the rules of Strate (see "Strate and Trading Shares on the JSE" below).

The ListCo Distribution Shares accruing to any unknown/untraceable Certificated RCL Foods Shareholders will be transferred to the Transfer Secretaries and held by the Transfer Secretaries in a dedicated nominee account on behalf of, and for the benefit of, the unknown/untraceable Certificated RCL Foods Shareholders. RCL Foods Shareholders who wish to claim their ListCo Distribution Shares must give an instruction to their CSDP/Broker/custodian to receive the ListCo Distribution Shares from the Transfer Secretaries. The Transfer Secretaries will require supporting documentation and an indemnity form to be completed, and will advise the RCL Foods Shareholder accordingly. Beneficial ownership of the ListCo Distribution Shares held in the dedicated nominee account will be recorded on a sub-register with the Transfer Secretaries (known as the nominee sub-register) but will be held in aggregate by the Transfer Secretaries in Dematerialised form. The ListCo Distribution Shares will be transferred into such account with the CSDP or Broker as may be specified by the RCL Foods Shareholder concerned, provided that such account must be within South Africa in the case of a resident but may in the case of a non-resident be inside or outside of South Africa.

Should an unknown/untraceable Certificated RCL Foods Shareholder not wish to open an account with a CSDP or Broker it may, by completing such forms as the Transfer Secretaries may require, instruct the Transfer Secretaries to sell the ListCo Distribution Shares to which it is entitled and remit the proceeds of such sale into an account with a South African bank on its behalf.

Documents of Title in respect of RCL Foods Shares held are not required to be surrendered in order to receive the ListCo Distribution Shares.

Foreign RCL Foods Shareholders must satisfy themselves as to the full observance of the Laws of their country or territory of residence in relation to all aspects of this Pre-Listing Statement, including the Unbundling, and also consider the Exchange Control Regulations, summarised in "***Section 14: Exchange Control***" commencing on page 114 of this Pre-Listing Statement.

ListCo and RCL Foods do not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of RCL Foods Shares to notify such beneficial owner of the details set out in this Pre-Listing Statement.

15.2 **STRATE AND TRADING SHARES ON THE JSE**

ListCo Shares may only be traded on the JSE in electronic form (Dematerialised shares) and will be trading for electronic settlement via Strate immediately following the Listing.

Strate is a system of "paperless" transfer of securities. If investors have any doubt as to the mechanics of Strate they should consult their Broker, CSDP or other appropriate adviser, and they are referred to the Strate website at http://www.strate.co.za. The contents of this website are not incorporated by reference and do not form part of this Pre-Listing Statement and should not be relied upon for the purposes of forming an investment decision.

Some of the principal features of Strate are as follows:

- Electronic records of ownership replace Documents of Title.
- Trades executed on the JSE must be settled within three Business Days.
- All investors owning Dematerialised ListCo Shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a CSDP to act on their behalf and to handle their settlement requirements.
- Unless investors owning Dematerialised ListCo Shares specifically request their CSDP to register them as an "own name" shareholder (which entails a fee), their CSDP's or Broker's nominee company, holding ListCo Shares on their behalf, will be the shareholder of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDP's or Broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDP's or Broker's nominee company) as to how it wishes to exercise the rights attaching to the ListCo Shares and/or to attend and vote at shareholders' meetings.

15.3 **FOREIGN SHAREHOLDERS**

This section sets out some of the restrictions applicable to Foreign Shareholders or persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside South Africa or who hold ordinary RCL Foods shares for the account or benefit of any such Foreign Shareholder.

No action has been taken by RCL Foods or ListCo to obtain any approval, authorisation or exemption to permit the distribution of the ListCo Shares, or the possession or distribution of this Pre-Listing Statement (or any other publicly available documents relating to the Unbundling and/or the ListCo Shares), in any jurisdiction other than South Africa.

The distribution of ListCo Shares to Foreign Shareholders, in terms of the Unbundling, may be affected by the Laws of such Foreign Shareholders' relevant jurisdiction. Foreign Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other Laws, requirements or formalities in order to access and/or receive this Pre-Listing Statement and/or the ListCo Shares to be transferred to them in terms of the Unbundling.

It is the responsibility of any Foreign Shareholder (including, without limitation, nominees, agents and trustees for such persons) wishing to receive this Pre-Listing Statement and/or receive ListCo Distribution Shares in terms of the Unbundling, to satisfy themselves as to the full observance of the applicable Laws of any relevant territory, including obtaining any requisite governmental or other consents, observing applicable Laws, requirements or formalities and paying any issue, transfer or other taxes due in such territories. Foreign Shareholders are obliged to observe the applicable legal requirements of their relevant jurisdictions.

Accordingly, persons (including, without limitation, nominees, agents and trustees) receiving this Pre-Listing Statement should not distribute or send the same to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would or might contravene applicable Laws including local securities Laws or regulations. Any person who does distribute this Pre-Listing Statement into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph.

To the extent that this Pre-Listing Statement is distributed by any person in contravention with applicable Laws, ListCo, the RCL Foods Group and their advisers shall bear no liability in respect thereof.

It is the responsibility of Dematerialised RCL Foods Shareholders to inform their CSDPs if they are Foreign Excluded Shareholders. CSDPs will then be responsible for informing the Transfer Secretaries of all Dematerialised shares held by them on behalf of Foreign Excluded Shareholders. It is the responsibility of Certificated SRCL Foods Shareholders to inform the Transfer Secretaries if they are Foreign Excluded Shareholders.

A Foreign Excluded Shareholder is any Foreign Shareholder who is unable to receive the ListCo Distribution Shares in terms of the Unbundling because of the Laws of the jurisdiction of that RCL Foods Shareholder.

Any ListCo Distribution Shares to which Foreign Excluded Shareholders are entitled will be aggregated and disposed of on the JSE by the Transfer Secretaries for the benefit of such Foreign Excluded Shareholders. Notwithstanding the foregoing, any ListCo Distribution Shares to which Foreign Excluded Shareholders are entitled but are unable, as result of applicable Laws in their jurisdiction, to receive and/or hold, will, in respect of their shareholdings, receive the average cash value of the relevant ListCo Distribution Shares (net of costs), based on the average price at which such ListCo Distribution Shares due to Foreign Excluded Shareholders were sold. The average cash value (net of costs) will be calculated and the consideration due to each Foreign Excluded Shareholder will be paid only once all these ListCo Distribution Shares have been disposed of.

The RCL Foods Group reserves the right, but shall not be obliged, to treat as invalid any distribution or transfer (or proposed distribution or transfer) of ListCo Shares in terms of the Unbundling, which appears to the RCL Foods Group or its agents, in its sole and absolute discretion, to have been executed, effected or dispatched in a manner which may involve a breach of the securities Laws or regulations of any jurisdiction, or if the RCL Foods Group or its agents believes (in its sole and absolute discretion) that the same may violate applicable legal or regulatory requirements, or if the RCL Foods Group or its agents believes (in its sole and absolute discretion) that it is prohibited or unduly onerous or impractical to distribute or transfer the ListCo Shares to such Foreign Excluded Shareholder in terms of the Unbundling. If a Foreign Excluded Shareholder is of the view that the distribution or transfer of ListCo Shares in terms of the Unbundling to such Foreign Excluded Shareholder may involve a breach of the securities Laws or regulations or violate applicable legal or regulatory requirements, such Foreign Shareholder must, as soon as reasonably practicable, notify RCL Foods of such fact or circumstance.

RCL Foods shall be entitled (in its discretion), including in either of the aforementioned instances, to do all things necessary or desirable to ensure compliance with applicable Laws and/or regulation including selling ListCo Shares that would otherwise have been transferred to the Foreign Excluded Shareholder under the Unbundling on their behalf and at their risk, with the net proceeds of such sale (after deduction of any applicable taxes, withholdings or costs) to be paid to the Foreign Shareholder, as contemplated above.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN THE US

This Pre-Listing Statement is not an offer of securities for sale in the US. The ListCo Distribution Shares have not been and will not be registered under the US Securities Act, or with any regulatory authority of any state or other jurisdiction in the US and may not be offered, sold, exercised, transferred or delivered, directly or indirectly, in or into the US at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities Laws of the US.

The ListCo Distribution Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the US. RCL Foods Group does not intend to take any action to facilitate a market in the ListCo Distribution Shares in the US. Consequently, it is unlikely that an active trading market in the US will develop for the ListCo Distribution Shares.

The ListCo Distribution Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other regulatory authority in the US, nor have any of the foregoing authorities passed comment upon, or endorsed the merit of, the Unbundling or the accuracy or the adequacy of this Pre-Listing Statement or the information contained herein. Any representation to the contrary is a criminal offence in the US.

NOTICE TO FOREIGN SHAREHOLDERS LOCATED IN THE EUROPEAN ECONOMIC AREA (“EEA”) AND THE UK

This Pre-Listing Statement is not a prospectus, as such term is defined in the Prospectus Regulation (EU) 2017/1129, on the basis that the ListCo Distribution Shares are not being admitted to trading on a regulated market situated or operating within the EEA or the UK, nor is there an offer to the public in respect of the ListCo Distribution Shares in any member state of the EEA or in the UK. Accordingly, any person making or intending to make any offer for the ListCo Distribution Shares should only do so in circumstances in which no obligation arises for RCL Foods Group or ListCo to produce a prospectus for such offer. RCL Foods Group has not authorised the making of any offer for the ListCo Distribution Shares through any financial intermediary.

SECTION 16: ADDITIONAL INFORMATION

16.1 **GENERAL**

Unless expressly provided or indicated otherwise by the context, this section of the Pre-Listing Statement has been prepared on the basis of the ListCo Group as it will exist immediately after the Unbundling.

16.2 **INFORMATION ON THE MAJOR SUBSIDIARIES**

Details of ListCo's Major Subsidiaries are set out in Annexure 5 to this Pre-Listing Statement.

16.3 **PRINCIPAL IMMOVABLE PROPERTY LEASED OR OWNED**

The principal immovable property held, occupied or leased by ListCo and its Major Subsidiaries are set out below. None of the Directors has any material interest in any of the immovable properties held, occupied or leased by the Company and its Major Subsidiaries.

Principal properties owned

Owner	Description	Extent (hectares)	Title deed no
RainbowCo	Erf 5974 Worcester	3.8	T43022/2022
RainbowCo	Portion 9 (a Portion of Portion 4) of the Farm Goedehoop 83	88.2	T6466/2022
RainbowCo	Portion 5 of Erf 122 Pietermaritzburg	2.3	T9756/2016
RainbowCo	Remainder of Erf 1381 (a Portion of Erf 5) Berlin	2.4	T2142/2016
RainbowCo	Erf 1382 (a Portion of Erf 5) Berlin	6.5	T2142/2016
RainbowCo	Portion 46 (of 11) of the farm Honig Krantz No. 945	23.8	T10611/1981
RainbowCo	Erf No. 4396 Worcester	12.7	T11711/1975
RainbowCo	Portion 38 (a portion of Portion 27) of the farm De Mond van Hartebeest Rivier No. 379	42.8	T12006/1975
RainbowCo	Portion 39 (a portion of Portion 27) of the farm De Mond van Hartebeest Rivier No. 379	19.7	T12006/1975
RainbowCo	Remainder of the farm Macpherson No. 14882	20.2	T13402/1974
RainbowCo	Portion 15 (of 11) of the farm Onverwacht No. 2004	7.1	T14024/1998
RainbowCo	Portion 148 of the Farm Knopjeslaagte No 385	85.7	T142829/2000
RainbowCo	Erf 20 Elangeni	0.9	T16180/2012
RainbowCo	Remaining Extent of Portion 3 (of 2) of the Farm Lot 13 Sterk Spruit No. 15613	0.8	T16180/2012
RainbowCo	Portion 12 of farm Wolwehoek 1795	8.0	T17450/2010
RainbowCo	Portion 54 (a Portion of Portion 53) of the farm Commissiedrift 327	244.1	T1833/1983
RainbowCo	Portion 24 (a portion of portion 2) of the farm Commissiesdrift 327	334.6	T18575/1988
RainbowCo	Portion 25 of the Farm Blue Hills No. 397	9.1	T18671/2001
RainbowCo	Portion 42 of the Farm Blue Hills 397	8.6	T18672/2001
RainbowCo	Portion 177 (a Portion of Portion 165) of the Farm Knopjeslaagte No 385	8.6	T18673/2001
RainbowCo	Portion 178 (a Portion of Portion 165) of the Farm Knopjeslaagte No 385	8.6	T18673/2001
RainbowCo	Remaining Extent of Portion 27 of the Farm Van Wyks Restant No. 182	70.5	T18674/2001

Owner	Description	Extent (hectares)	Title deed no
RainbowCo	Portion 5 (a Portion of Portion 1) of the Farm Tweefontein No. 19	428.3	T18677/2001
RainbowCo	Remainder of Portion 9 of the Farm Balgowrie No. 14189	19.6	T18678/1967
RainbowCo	Remainder of Portion 253 of the Farm Vaalkop and Dadelfontein No. 885	72.5	T19478/1989
RainbowCo	Portion 19 (of 1) of the Farm Lange Hoop No. 1032	95.1	T19478/1989
RainbowCo	The Farm Rainbow Ranch No. 14767	346.5	T19478/1989
RainbowCo	Remainder of Portion 3 of the Farm Umlaas Poort No. 1174	26.9	T19478/1989
RainbowCo	Remainder of Portion 10 of the Farm Umlaas Poort No. 1174	57.5	T19478/1989
RainbowCo	Portion 13 (of 11) of the Farm Umlaas Poort No. 1174	85.7	T19478/1989
RainbowCo	Remainder of Portion 20 (of 4) of the Farm Umlaas Poort No. 1174	48.3	T19478/1989
RainbowCo	Portion 44 of the Farm Hopewell No. 881	0.3	T19478/1989
RainbowCo	Portion 43 of the Farm Hopewell No. 881	134.2	T19478/1989
RainbowCo	Portion 14 of the Farm Hopewell No. 881	153.1	T19478/1989
RainbowCo	Portion 13 of the Farm Hopewell No. 881	76.3	T19478/1989
RainbowCo	Portion 6 of the Farm Hopewell No. 881	98.2	T19478/1989
RainbowCo	The Farm Rich No. 14370	5.1	T19478/1989
RainbowCo	Remainder of the Farm Donna No. 15447	12.6	T22044/1984
RainbowCo	Remainder of Portion 4 of the farm Umlaas No. 902	142.2	T2315/1972
RainbowCo	Erf 7203 Rustenburg Extension 9 Township	10.5	T23233/1984
RainbowCo	Remainder of Portion 12 of the Farm Ingomankulu No. 14135	9.9	T2509/1971
RainbowCo	Remainder of Portion 13 (of 12) of the farm Ingomankulu No. 14135	11.0	T2509/1971
RainbowCo	Remainder of the farm De Klip Vlakte No. 303	142.0	T27020/1974
RainbowCo	Remainder of Portion 67 (a portion of portion 38) of the farm Hartebeest Rivier No. 306	32.7	T27020/1974
RainbowCo	Remainder of Portion 16 (a Portion of Portion 1) of the Farm Hartebeesterivier No 306	52.1	T27020/1974
RainbowCo	Remainder of Portion 27 (a portion of portion 20) of the farm Aan De Mond van Hartebeest Rivier No. 379	196.4	T27021/1974
RainbowCo	Portion 196 (a Portion of 19) of the farm Uitkomst and Doornrug No. 852	44.5	T27027/1981
RainbowCo	Portion 12 (a Portion of Portion 10) of the Farm Roodewal 322	312.3	T27827/2016
RainbowCo	Portion 58 (a Portion of Portion 2) of the Farm Elandsfontein 366	126.1	T27827/2016
RainbowCo	Remaining Extent of Portion 6 of the Farm Roodewal 322	467.8	T27827/2016
RainbowCo	Portion 11 (a Portion of Portion 6) of the Farm Roodewal 322	406.8	T27827/2016
RainbowCo	The Farm No. 188 Worcester	2.6	T28371/1979
RainbowCo	Portion 17 of the Farm Hartebeestefontein No. 372	46.5	T2861/2010

Owner	Description	Extent (hectares)	Title deed no
RainbowCo	Portion 29 of the Farm No. 372 Hartebeestefontein	47.3	T29782/2007
RainbowCo	Portion 8 of the Farm No. 758 Goede Hoop	22.3	T29782/2007
RainbowCo	Portion 63 (a Portion of Portion 3) of the Farm Vaalbank 512	30.0	T31084/2001
RainbowCo	Portion 64 (a Portion of Portion 3) of the Farm Vaalbank 512	25.7	T31084/2001
RainbowCo	Portion 78 (a Portion of Portion 59) of the Farm Vlakplaats 160	8.6	T31085/2001
RainbowCo	Portion 66 (a Portion of Portion 3) of the Farm Vaalbank 512	24.4	T31085/2001
RainbowCo	Remainder of Portion 1 of the farm Uitvlugt 310	53.1	T33477/1983
RainbowCo	Portion 17 of the farm Roodewal 322	441.7	T36923/1988
RainbowCo	Portion 8 (a Portion of Portion 6) of the farm Roodewal 322	406.8	T36923/1988
RainbowCo	Remainder of Portion 15 (a Portion of Portion 2) of the farm Roodewal 322	668.7	T36923/1988
RainbowCo	Portion 16 (a Portion of Portion 4) of the Farm Tweefontein 491	171.4	T37919/2001
RainbowCo	Remaining Portion of Portion 4 of the Farm Tweefontein 491	196.1	T37919/2001
RainbowCo	Remaining Portion of Portion 5 (a Portion of Portion 1) of the Farm Spitskop 502	118.5	T37920/2001
RainbowCo	Portion 6 (a Portion of Portion 1) of the Farm Spitskop 502	193.9	T37920/2001
RainbowCo	Remaining Extent of Portion 7 of the farm Twyfelaar or Burnside 4	260.5	T38578/2000
RainbowCo	Portion 3 of the Farm Nooitgedacht 411	391.7	T39618/2001
RainbowCo	Portion 21 of the farm De Mond Van Hartebeest Rivier No. 379	85.5	T42267/1974
RainbowCo	Portion 129 of the farm Haartebeesterivier No. 306	49.0	T43151/1981
RainbowCo	Portion 57 (a Portion of Portion 4) of the Farm Twee Fonteinen No. 319	22.9	T43907/1974
RainbowCo	Remaining extent of Portion 53 of the farm Commissiedrift 327	600.3	T4923/1983
RainbowCo	Portion 10 (Portion of Portion 7) of the Farm Honingklip 178	5.1	T69047/2003
RainbowCo	Portion 138 of Erf 2430 Rustenburg	0.0	T72978/1991
RainbowCo	Portion 137 of Erf 2430 Rustenburg	0.0	T72978/1991
RainbowCo	Portion 135 of Erf 2430 Rustenburg	0.0	T72978/1991
RainbowCo	Portion 146 of Erf 2430 Rustenburg	0.0	T72978/1991
RainbowCo	Portion 145 of Erf 2430 Rustenburg	0.0	T72978/1991
RainbowCo	Portion 144 of Erf 2430 Rustenburg	0.0	T72978/1991
RainbowCo	Portion 143 of Erf 2430 Rustenburg	0.0	T72978/1991
RainbowCo	Portion 5 (a portion of Portion 1) of the farm Zuurplaat 337	21.7	T73700/1989
RainbowCo	Remaining extent of Portion 22 (a portion of Portion 10) of the farm Zuurplaat 337	205.6	T73700/1989

Owner	Description	Extent (hectares)	Title deed no
RainbowCo	Portion 21 (a portion of Portion 12) of the farm Zuurplaat 337	14.6	T73700/1989
RainbowCo	Portion 8 (a Portion of Portion 7) of the Farm No. 272	56.0	T7628/2006
RainbowCo	Farm 95	0.4	T7628/2006
RainbowCo	Remainder of Farm No. 1875	295.7	T7628/2006
RainbowCo	Portion 5 (a Portion of Portion 2) of Farm 1869	206.0	T7628/2006
RainbowCo	Portion 3 (Nahoon View) (a Portion of Portion 1) of Farm 272	261.8	T7628/2006
RainbowCo	Portion 20 (a portion of Portion 1) of the farm Brandwagt no. 187	30.8	T7796/1977
RainbowCo	Portion 22 (a portion of Portion 1) of the farm Brandwagt no. 187	13.8	T7796/1977
RainbowCo	Portion 21 (a portion of portion 1) of the farm Brandwagt no. 187	48.1	T7796/1977
RainbowCo	Remainder of Portion 1 (Geluk) of the Farm Alma No. 363	230.7	T7936/1982
RainbowCo	Portion No. 43 (a Portion of Portion 3) of the farm Vaalbank No. 512	11.6	T80688/2005
RainbowCo	Portion No. 52 (a Portion of Portion 3) of the farm Vaalbank No. 512	16.7	T80688/2005
RainbowCo	Portion No. 42 (a Portion of Portion 3) of the farm Vaalbank No. 512	11.4	T80688/2005
RainbowCo	Portion No. 53 (a portion of Portion 3) of the farm Vaalbank No. 512	18.3	T80688/2005
RainbowCo	Portion 5 of the Farm Nieuwe Post East No 706	191.7	T90061/2000
RainbowCo	Portion 47 (a Portion of Portion 14) of the Farm Goede Hoop No 758	17.7	T90061/2000
RainbowCo	Remainder of the Farm No 1072	52.8	T90061/2000
RainbowCo	Portion 5 (a Portion of Portion 1) of the Farm Leliefontein No 817	17.1	T90061/2000
RainbowCo	Portion 26 of the Farm Klein Dassenberg No 20	135.0	T90061/2000
RainbowCo	Remainder of the Farm 1236	33.5	T90061/2000
RainbowCo	Remainder of Portion 12 (Platklips) of the Farm Boschgaasfontein No 834	210.9	T90061/2000
RainbowCo	Portion 2 of Erf 218 Pretoria Industrial Township	0.4	T69219/2023
RainbowCo	Portion 42 of Erf 218 Pretoria Industrial Township	1.7	T69219/2023
RainbowCo	Portion 1 of Erf 218 Pretoria Industrial Township	0.6	T69219/2023
RainbowCo	Remainder of Erf 2539 Rustenburg Extension 9 Township	3.9	T39256/2016
RainbowCo	Erf 101 Thornville Township	6.1	T19478/1989
RainbowCo	Portion of Lot 2312/2261, Railway Siding		T28622/2004
RainbowCo	Railway property		T28622/2004

Principal properties leased

Owner	Description	Lessee	Entity rental	Unexpired term of lease
Satmar Investment (Pty) Ltd	Satmar building	RainbowCo	R50,562 p/m	1 year 8 months remaining and a yearly escalation of 6%
Centurion Vision Development	Centurion building	RainbowCo	R60,827 p/m	three years and 10 months remaining and a yearly escalation rate of 8%
Ishwarlal Maka Bhoola CC	AFD depot building	RainbowCo	R105,035 p/m	5 years remaining and a yearly escalation rate of 9.41%
Naveen Rajcoomar	Estcourt depot building	RainbowCo	R17,119 p/m	5 years remaining and a yearly escalation rate of 10%

16.4 **MATERIAL ACQUISITIONS**

Other than as contemplated in the Restructuring, the ListCo Group has not undertaken any material acquisitions within the three years preceding the Last Practicable Date and has not concluded any agreements in relation to any proposed material acquisitions.

Save as disclosed elsewhere in this Pre-Listing Statement, no promoter or Director had any beneficial interest, direct or indirect, in any such material acquisition, or was a member of a partnership, syndicate or other association of persons that had such an interest.

16.5 **MATERIAL PROPERTY DISPOSED OF**

Neither ListCo nor any Major Subsidiary has disposed of any material property during the last three years and is not currently contemplating any material disposals.

16.6 **PROPERTY ACQUIRED OR TO BE ACQUIRED**

There were no material acquisitions of property by ListCo or its Major Subsidiaries or by any Subsidiary where the acquisitions were material to ListCo in the three years preceding the date of this Pre-Listing Statement of any securities in, or the business undertaking(s) of, any other company/ies, or business enterprise(s) or any immovable property/ies or other property/ies in the nature of a fixed asset (collectively "**property**") or any option to acquire such property/ies. As at the date of this Pre-Listing Statement there are no proposed material acquisitions by ListCo or its Major Subsidiaries or any other Subsidiary where the acquisition will be material to ListCo of any property, and there are no options to acquire any such property.

For further information on acquisitions by the ListCo Group, please see the Combined Carve-out Historical Financial Information of the business set out in Annexure 2B to this Pre-Listing Statement.

16.7 **PROMOTERS' AND OTHER INTERESTS**

No amount has been paid or accrued as payable, within the three years preceding the Last Practicable Date, or proposed to be paid to any promoter, or to any partnership, syndicate or other association of which that promoter is or was a member, nor has any consideration for such payment been paid, nor any other benefit given to any such promoter, partnership, syndicate or other association within the aforementioned three year period or proposed to be given, and the consideration for the giving of such benefit.

No Director or promoter has any material beneficial interest, direct or indirect, in the promotion of ListCo and in any property referred to in paragraph 16.4 of this Pre-Listing Statement or to be acquired or proposed to be acquired by ListCo out of the proceeds of the issue or during the three years preceding the date of the Pre-Listing Statement.

No commissions, discounts, brokerages or other special terms have been granted by ListCo during the three years preceding the date of this Pre-Listing Statement in connection with the issue or sale of any securities, stock or debentures in the capital of ListCo where this has not been disclosed in any audited annual financial statements.

16.8 **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW**

Other than as disclosed in paragraph 3.4.4 of this Pre-Listing Statement, the ListCo Group does not benefit from any government protection or investment encouragement Laws affecting its business.

16.9 **ROYALTIES**

There are no existing or proposed contracts relating to royalties payable by ListCo or its Major Subsidiaries.

16.10 **LITIGATION STATEMENT**

Save as set out below, as at the Last Practicable Date no legal or arbitration proceedings of which ListCo is aware, including any proceedings that are pending or threatened, have been instituted, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the ListCo Group's financial position.

16.10.1 **NUFBWSAW V RAINBOWCO AND ANOTHER**

This is a dispute in terms of section 24(2) of the Labour Relations Act, No. 66 of 1995, concerning the interpretation or application of a collective agreement. NUFBWSAW applied for the review of a ruling by the Commission for Conciliation, Mediation and Arbitration ("**CCMA**") in terms of which the CCMA dismissed the claim.

NUFBWSAW alleges that RainbowCo violated the provisions of a collective agreement entered into during June 2010 between NUFBWSAW and RainbowCo regarding minimum monthly wages.

RainbowCo contends that the collective agreement recorded the base wage and it did not establish a minimum wage, and that the agreement expired. If the NUFBWSAW review application is successful, the court may rule that a minimum wage is applicable and payable by RainbowCo.

The allocation of a trial date is awaited.

16.11 **MATERIAL CONTRACTS**

Annexure 12 to this Pre-Listing Statement sets out the dates, nature of and the parties to every material contract entered into either verbally or in writing by ListCo, its Major Subsidiaries or any Subsidiary where it is material to ListCo, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on, or proposed to be carried on, by ListCo or any of its Subsidiaries, and: (i) entered into within the two years prior to the date of the Pre-Listing Statement; or (ii) entered into at any time and containing an obligation or settlement that is material to ListCo or its Subsidiaries at the date of this Pre-Listing Statement.

As at the Last Practicable Date, there are no existing contracts, either written or oral, relating to the managerial remuneration, and technical fees and restraint payments payable by ListCo or any of its Major Subsidiaries. It is anticipated that a management agreement will be negotiated and entered into between Remgro Management Services Limited and ListCo and/or a company in the ListCo Group in terms of which Remgro Management Services Limited will render certain services to the ListCo Group, for which it will be paid an annual fee. It is anticipated that this agreement will mirror the agreement currently in place between RCL Foods and Remgro Management Services Limited. The services rendered pursuant to the agreements between RCL Foods and Remgro Management Services Limited currently include executive management in the form of strategic advice provided by Remgro directors who serve on the RCL Foods board of directors, as well as other services, which include, without limitation, intellectual property services, guest house accommodation (with training and conference facilities), treasury services and corporate travel services. The current annual fee payable by RCL Foods to Remgro Management Services Limited amounts to R29,221,512 per year. The cost to ListCo in relation to such agreement shall be reduced relative to the fee currently charged to RCL Foods to reflect the smaller size and scale of the ListCo Group relative to the RCL Foods Group.

16.12 **CONSENTS**

RMB, the financial adviser to RCL Foods, has given and has not withdrawn its written consent to the issue of this Pre-Listing Statement, with the inclusion herein of the references to its name in the form and context in which it appears.

ENS, as legal adviser to RCL Foods and ListCo, has given and has not withdrawn its written consent to the issue of this Pre-Listing Statement, with the inclusion herein of the references to its name in the form and context in which it appears.

PwC and E&Y, the independent auditors to ListCo, have given and have not withdrawn their written consent to: (i) the inclusion of their reports in the form and context in which they appear herein and (ii) the issue of this Pre-Listing Statement, with the inclusion herein of the references to their names respectively in the form and context in which they appear.

RMB, the Transaction Sponsor to ListCo, has given and has not withdrawn its written consent to the issue of this Pre-Listing Statement, with the inclusion herein of the references to its name in the form and context in which it appears.

Computershare, transfer secretaries to ListCo, has given and has not withdrawn its written consent to the issue of this Pre-Listing Statement, with the inclusion herein of the references to its name in the form and context in which it appears.

16.13 EXPENSES AND LISTING FEES

The following table sets out the total estimated expenses in respect of the Listing. All fees set out below will be paid or payable by RCL Foods on behalf of ListCo.

Expenses	R'000
(excluding VAT)	
Financial adviser (RMB)	33,500
Transaction Sponsor (RMB)	1,500
Independent Auditor (PwC)	3,303
Independent Auditor (E&Y)	3,250
JSE Listings fees	636
JSE documentation inspection fees (for approval of this Pre-Listing Statement, the MOI, and Share Incentive Plans)	163
Transfer Secretaries (Computershare)	42
Strate fees	24
Legal advisers (Edward Nathan Sonnenbergs Incorporated t/a ENS)	3,000
Printing, publication and distribution (Ince Proprietary Limited)	650
Total	**46,068**

Neither ListCo nor RainbowCo have incurred any preliminary expenses (within the meaning of the JSE Listings Requirements) over the three financial years preceding the Last Practicable Date.

16.14 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out in "***Section 9: Directors, Senior Management and Corporate Governance***" commencing on page 90 of this Pre-Listing Statement, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-Listing Statement contains all information required by the JSE Listings Requirements.

Each of the Directors, whose names are stated below, hereby confirm that –

- the Combined Carve-Out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information as set out in *Annexure 2B* and *Annexure 3A* to this Pre-Listing Statement respectively, fairly present in all material respects the financial position, financial performance and cash flows of RainbowCo in terms of the bases of preparation as set out in *Annexure 2A* and *Annexure 3A* to this Pre-Listing Statement;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Combined Carve-Out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information false or misleading;
- internal financial controls have been put in place to ensure that material information relating to ListCo and its consolidated subsidiaries have been provided to effectively prepare the Combined Carve-Out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information;
- the internal financial controls are adequate and effective and can be relied upon in compiling the Combined Carve-Out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information, having fulfilled our role and function as Executive Directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit and risk committee and the Independent Auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and
- we are not aware of any fraud involving Directors.

Marthinus Petrus Stander (the CEO)

Kerry Rosemary van der Merwe (the CFO)

16.15 **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered offices of RCL Foods, ListCo and the Transfer Secretaries, as set out under the "***Corporate information and advisers***" section of the Pre-Listing Statement, during normal business hours on Business Days for 14 days from the date of issue of the Pre-Listing Statement, as well as on https://rainbowchickens.co.za/investor-relations/:

- The ListCo MOI and the memoranda of incorporation of ListCo's Major Subsidiaries.
- The Incorporation Historical Financial Information, the Combined Carve-out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information.
- The signed reports by the Independent Auditors in relation to the report of the Incorporation Historical Financial Information, Combined Carve-out Historical Financial Information and the Condensed Consolidated Interim Historical Financial Information, and the *Pro Forma* Financial Information.
- The salient terms of the executive Directors' service agreements, as set out in Annexure 10 to this Pre-Listing Statement.
- The salient terms of the non-executive Directors' letters of appointment, as set out in Annexure 10 to this Pre-Listing Statement.
- The written consents of each of the financial adviser, the Legal Adviser, the Independent Auditors, the Transaction Sponsor and the Transfer Secretaries named in this Pre-Listing Statement to act in those capacities.
- The ListCo Share Incentive Plan rules.
- The Phase One Recapitalisation Implementation Agreement and accompanying subscription agreement.
- The Phase Two Restructuring Implementation Agreement and accompanying subscription agreement and exchange agreement.
- The Transitional Services Agreement.
- This Pre-Listing Statement (which will also be available at https://rainbowchickens.co.za/investor-relations/).

Signed at Centurion on Monday, 10 June 2024 by Pieter R Louw and Marthinus P Stander on behalf of all of the Directors of ListCo in terms of powers of attorney signed by such Directors.

By order of the Board

Pieter R Louw
(*Chairperson*)

Marthinus P Stander
(*Chief Executive Officer)*

Monday, 10 June 2024

HISTORICAL FINANCIAL INFORMATION OF RAINBOW CHICKEN LIMITED AT INCORPORATION

The definitions and interpretations commencing on page 10 of this Pre-Listing Statement apply mutatis mutandis to this Annexure 1A to the Pre-Listing Statement except where terms are explicitly defined herein.

1. BASIS OF PREPARATION

The statement of financial position as at incorporation, being 11 April 2024, statement of financial position as at 11 April 2024, the statement of profit and loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the period and notes to the Historical Financial Information, including a summary of material accounting policies ("**Historical Financial Information of Rainbow Chicken Limited**") have been extracted without adjustment, from the audited financial statements of Rainbow Chicken Limited at incorporation, being 11 April 2024 ("**Audited Financial Statements**"). The Audited Financial Statements are in compliance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (the **"IFRS® Accounting Standards**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The Historical Financial Information of Rainbow Chicken Limited was prepared in accordance with IFRS® Accounting Standards and the JSE Listings Requirements for the purpose of providing financial information to satisfy the requirements of Section 8 of the JSE Listings Requirements.

The additional disclosure required in terms of paragraphs 8.11 and 8.12 of the JSE Listings Requirements has been included in the Historical Financial Information of Rainbow Chicken Limited where relevant.

The Audited Financial Statements have been audited by Ernst & Young Inc. and an unqualified audit opinion has been issued thereon. Ernst & Young Inc. is the independent auditor to Rainbow Chicken Limited and has issued the independent auditor's assurance report on this Historical Financial Information of Rainbow Chicken Limited which is included as Annexure 1B to this Pre-Listing Statement.

The directors of Rainbow Chicken Limited ("**ListCo**") are responsible for the Historical Financial Information of Rainbow Chicken Limited included in this Pre-Listing Statement.

2. **DIRECTORS' COMMENTARY**

ListCo has been incorporated primarily for the purposes of effecting the unbundling of RainbowDiv (held within RainbowCo) to RCL Foods Limited shareholders. ListCo was incorporated on 11 April 2024 as a private company and subsequently converted into a public company prior to the unbundling. RCL Foods Limited acquired a 100% shareholding in ListCo on 15 April 2024, through the subscription for 100 shares in ListCo. On 27 May 2024, ListCo acquired 100% of RainbowCo and its subsidiaries from RCL Foods Limited via an asset for share transaction. Prior to the acquisition of RainbowCo, ListCo has not traded and as a result, earnings, headline earnings and dividend per share references in accordance with section 8.11 of the JSE Listings Requirements have not been provided.

Statement of Financial Position	**Note**	**11 April 2024 Audited R's**
Assets		
Total assets		–
Equity		
Ordinary share capital	2	–
Total equity		–
Total liabilities		–
Statistics:		
Ordinary shares in issue for accounting purposes		–
Net asset value per share		–

Statement of Profit or Loss and Other Comprehensive Income	**11 April 2024 Audited R's**
Profit/(loss) for the year	**–**
Profit/(loss) attributable to:	
Equity holders of the Company	–
Non-controlling interests	–
Other comprehensive income/(loss)	–
Total comprehensive income/(loss)	–
Total comprehensive income/(loss) attributable to:	
Equity holders of the Company	–
Non-controlling interests	–

Statement of Changes in Equity	**Ordinary share capital R's**	**Retained earnings R's**	**Total equity Audited R's**
Balance at 11 April 2024	–	–	–

Statement of Cash Flows	**11 April 2024 Audited R's**
Net cash (outflow)/inflow from operating activities	–
Net cash (outflow)/inflow from investing activities	–
Net cash (outflow)/inflow from financing activities	–
Net movement in cash and cash equivalents	**–**
Opening balance of cash and cash equivalents	–
Closing balance of cash and cash equivalents	**–**

Notes to the Historical Financial Information of Rainbow Chicken Limited at Incorporation

1. Accounting policies

The Historical Financial Information has been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the JSE Listings Requirements.

2. Ordinary Share Capital

	11 April 2024 **R**
Authorised	
2 000 000 000 ordinary shares of R0 each	–

3. Events after the reporting period

Subsequent to incorporation, 100 shares were issued to RCL Foods Limited on 15 April 2024.
No cash consideration was transferred.

The postal and registered office address was changed on 30 April 2024 to the below:

Southdowns Ridge Office Park
Suite 12
Ground Floor
Cnr John Vorster and Nelmapius Drive
Irene
Centurion
0062

On 27 May 2024, Rainbow Chicken Limited issued 890,296,305 shares to RCL Foods Limited for a total consideration of R4,250 million in exchange for acquiring a 100% shareholding in RCL FOODS Consumer Proprietary Limited.

On 27 May 2024, the memorandum of incorporation of Rainbow Chicken Limited was approved by the board.

On 27 May 2024, the below directors were appointed by the board:

Agmat Brinkhuis – Independent non-executive director, member of the audit and risk committee and social and ethics committee.

Stephen Mark Parsons – Independent non-executive director, chairperson of the remuneration committee and member of the social and ethics committee.

Zimkhitha Phaphama Zatu Moloi – Independent non-executive director, chairperson of the social and ethics committee and member of the audit and risk committee.

Cindy Joy Robertson – Independent non-executive director, chairperson of the audit and risk committee and member of the remuneration committee.

Pieter Rudolf Louw – non-executive director, chairperson of the board and member of the remuneration committee.

Willem Ockert van Wyk – non-executive director.

Marthinus Petrus Stander – executive director.

Kerry Rosemary van der Merwe – executive director.

Wouter Alphonso De Wet – executive director and member of the social and ethics committee.

On 31 May 2024, Rainbow Chicken Proprietary Limited was converted from a private company to a public company with the name Rainbow Chicken Limited.

Ernst & Young Incorporated 1
Pencarrow Crescent
La Lucia Ridge Office Park
PO Box 859
Durban 4000

Tel: +27 (0) 31 576 8000
Fax: +27 (0) 31 576 8300
Docex 117 Durban
ey.com

Co. Reg. No. 2005/002308/21

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF RAINBOW CHICKEN LIMITED AT INCORPORATION

To the Directors of Rainbow Chicken Limited

At your request, we present our Independent Auditor's Assurance Report on the historical financial information of Rainbow Chicken Limited, previously known as Rainbow Chicken Proprietary Limited (the "Company") at incorporation, date being 11 April 2024 (the "**Historical Financial Information**") for inclusion in Annexure 1B on pages 130 to 132 of pre-listing statement to be dated on or about 10 June 2024 ("**Pre-Listing Statement")** by the directors.

This report is required for the purposes of complying with Section 8.48 of the Listings Requirements of the JSE Limited (the "**JSE**") (the "**JSE Listings Requirements**") and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Auditor of Rainbow Chicken Limited.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Pre-Listing Statement.

Independent Auditor's Assurance Report on the Historical Financial Information

Opinion

We have audited the Historical Financial Information of the Company, which comprises of the statement of financial position as at 11 April 2024, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period and notes to the Historical Financial Information, including a summary of material accounting policies, as presented in Annexure 1A on pages 127 to 129 of the Pre-Listing Statement.

In our opinion, the Historical Financial Information, as presented in Annexure 1A on pages 127 to 129 of the Pre-Listing Statement presents fairly, in all material respects, for the purpose of the Pre-Listing Statement the financial position of Rainbow Chicken Limited as at 11 April 2024 and the financial performance and cash flows for the period then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the JSE Listings Requirements.

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 Independent Auditor's Responsibilities for the Historical Financial Information section of our report. We are independent of the Company 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 of the Company and 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 of the Company and 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Historical Financial Information of the current period. We do not believe that any of the matters communicated to those charged with governance were key audit matters in the context of the ISAs and consequently we did not identify and key audit matters in the current year.

Other Information
The directors are responsible for the other information contained in this Pre-Listing Statement. The other information comprises the information included in the document titled Rainbow Chicken Limited Pre-Listing Statement. The other information does not include the Historical Financial Information and our Independent Auditor's assurance report thereon.

Our opinion on the Historical Financial Information does not cover the other information contained in this Pre-Listing Statement and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Historical Financial Information, our responsibility is to read the other information contained in this Pre-Listing Statement and, in doing so, consider whether the other information is materially inconsistent with the Historical Financial Information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Historical Financial Information
The directors are responsible for the compilation, contents and preparation of the Pre-Listing Statement in accordance with the JSE Listings Requirements. The directors are also responsible for the preparation and fair presentation of the Historical Financial Information in accordance with the IFRS® Accounting Standards and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Responsibilities for the Historical Financial Information
Our objectives are to obtain reasonable assurance about whether the Historical Financial Information as a whole is free from material misstatement, whether due to fraud or error, and to issue an Independent Auditor's Assurance Report Assurance 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 this Historical Financial Information.

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 Historical Financial Information, 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Independent Auditor's assurance report to the related disclosures in the Historical Financial Information 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 Independent Auditor's assurance report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Historical Financial Information, including the disclosures, and whether the Historical Financial Information represents the underlying transactions and events in a manner that achieves fair presentation.

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 the 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 Historical Financial Information of the current period and are therefore the key audit matters. We describe these matters in our Independent Auditor's assurance 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 date 4 December 2015, we report that we have been the Independent Auditor of Rainbow Chicken Limited for 1 year.

DocuSigned by:
Ernst & Young Inc
A92F5A5602A0473...

Ernst & Young Inc.
Director: Merisha Kassie
Registered Auditor
Chartered Accountant (SA)

Durban
4 June 2024

BASIS OF PREPARATION AND ACCOUNTING POLICIES OF THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF RAINBOWDIV FOR THE YEARS ENDED 2 JULY 2023, 3 JULY 2022, AND 4 JULY 2021

The definitions and interpretations commencing on page 10 of this Pre-Listing Statement apply through this Annexure 2A, except where the context indicates a contrary intention and except where terms are explicitly defined herein.

1. BACKGROUND INFORMATION

In 2020, RCL Foods Limited ("**RCL Foods**") initiated a strategic review of its operations and the composition of its underlying portfolio of businesses ("**Strategic Review**") to determine whether RCL Foods was optimally positioned to deliver long-term, sustainable value creation for RCL Foods Shareholders by focusing on high-value and growing categories within the value-added branded foods segment, through which RCL Foods could deliver a more consistent quality of earnings. The outcome of the strategic review, which was endorsed by the board of directors of RCL Foods, was that RCL Foods was not optimally configured to achieve the outcomes set out above and would, over time, seek to divest of or otherwise separate its agri-processing and logistics businesses (namely its chicken, animal feed, and waste-to-value businesses ("**RainbowDiv**"), its sugar and logistics divisions) from its value-added branded foods businesses.

Since December 2020, RCL Foods evaluated various options to implement such divestment and/or separation, as well as the consequences thereof. After careful consideration, it was determined that the sugar division would be retained for an extended period of time due to the integration between this division and RCL Foods' valued-added branded foods operations. Accordingly, RCL Foods has focused on separating and divesting only its (i) chicken, animal feed and waste-to-value, and (ii) logistics divisions.

An operational separation of RainbowDiv from the rest of RCL Foods was initiated with effect from October 2021 by means of an internal corporate reorganisation ("**Reorganisation**"). As part of this Reorganisation the assets and operations of RainbowDiv (excluding the waste-to-value business) were consolidated into a separate legal entity, RCL Foods Consumer Proprietary Limited ("**RainbowCo**"), a wholly owned Subsidiary of RCL Foods, as follows:

- the grain-based animal feed business was transferred from another wholly owned Subsidiary of RCL Foods (RCL Foods Sugar and Milling Proprietary Limited) into RainbowCo; and
- the Pies, Beverages, Groceries and Speciality businesses (part of the value-added branded foods portfolio) were transferred out of RainbowCo and into RCL Group Services Proprietary Limited (another wholly owned Subsidiary of RCL Foods).

The South African chicken business was already held by RainbowCo, while the investment in the Ugandan chicken operations (HMH Rainbow Limited ("**HMH**")), which was classified as an associate, was acquired through RainbowCo's investment in Rainbow Farms Investments Proprietary Limited (a former wholly owned Subsidiary of RCL Foods), which was transferred from RCL Foods to RainbowCo as part of the Reorganisation. This operation was sold on 30 June 2023.

Through a separate transaction, RainbowCo acquired a 50% shareholding in Matzonox Fertilisers Proprietary Limited ("**Matzonox Fertilisers**") in November 2022, which will be included in the value transferred to shareholders as part of the Unbundling. Matzonox Fertilisers was established in May 2022, but became operational from November 2022. As such no operating results relating to Matzonox Fertilisers are included in the Combined Carve-Out Historical Financial Information for the periods ending June 2021 and June 2022.

In addition, on 1 February 2023, RainbowCo acquired the waste-to-value operation by purchasing the 50% controlling stake that RCL Foods held in Matzonox Proprietary Limited ("**Matzonox**"), a separate legal entity.

To give effect to RainbowCo's separation, RCL Foods will incorporate and list a separate legal entity ("**ListCo**" or "**the Company**") to house RainbowCo (and, therefore, RainbowDiv), and unbundle and distribute the shares of the newly incorporated ListCo to its shareholders on a *pro rata* basis (the "**Proposed Distribution**"). Immediately prior to the Proposed Distribution, ListCo will hold all the RainbowCo shares, and RainbowCo will house RainbowDiv. RainbowDiv is managed as a separate division and reported as an operating segment of RCL Foods.

Consequently, ListCo will hold all the RainbowCo shares which will house all the following RainbowDiv operations immediately prior to the Proposed Distribution:

- South African chicken business (operations directly held in RainbowCo).
- Grain-based animal feeds business (consisting of the Epol and Driehoek Feeds operations held in RainbowCo).
- Waste-to-Value business (through Matzonox and Matzonox Fertilisers).

2. **PURPOSE**

This Combined Carve-Out Historical Financial Information relates to the RainbowDiv business, which is the subject of the proposed distribution. The operations comprising RainbowDiv did not form a group and therefore it was not possible to prepare consolidated financial information in accordance with IFRS 10: Consolidated Financial Statements ('**IFRS 10'**), in respect of RainbowDiv for the reporting periods covered by the carve-out historical financial information. RainbowDiv, however, was managed and reported as a separate operating segment of RCL Foods during the years ended June 2021, June 2022 and June 2023 (the "**Reporting Periods**"). The Combined Carve-Out Historical Financial Information for the Reporting Periods has been prepared for the purposes of presenting the financial position, results of operations, changes in equity, cash flows and notes to the financial statements of RainbowDiv on a stand-alone basis.

As the Combined Carve-Out Historical Financial Information has been prepared on a carve-out basis, it may not necessarily be indicative of the financial performance, financial position, changes in equity and cash flows that would have been achieved, had RainbowDiv operated independently for the Reporting Periods. Furthermore, it may not necessarily be indicative of its future financial condition, future results of operations, or future cash flows.

The directors of RCL Foods Limited are responsible for the preparation and presentation of the Combined Carve-out Historical Financial Information of RainbowDiv while the directors of Rainbow Chicken Limited are responsible for ensuring that Rainbow Chicken Limited complies with the requirements of the JSE Listings Requirements.

The directors of Rainbow Chicken Limited's commentary in respect of the Reporting Periods included in the Combined Carve-Out Historical Financial Information, for purposes of the JSE Listings Requirements, are provided in "***Section 5: Management's analysis of financial condition and results of operations***".

The Combined Carve-Out Historical Financial Information was authorised for issue by the board of directors of RCL Foods Limited on 4 June 2024.

3. **BOUNDARY OF COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION**

The Combined Carve-Out Historical Financial Information for the Reporting Periods has been prepared by extracting and aggregating the historical income, expenses, assets and liabilities attributable to RainbowDiv from the historical records of RCL Foods, as detailed below, which were included in the audited consolidated financial statements of RCL Foods in the relevant Reporting Periods.

Accordingly, the Combined Carve-Out Historical Financial Information for RainbowDiv has been prepared by extracting and aggregating the results of the following operations in respect of the Reporting Periods:

- RainbowCo, which already includes the chicken business from July 2020, the grain-based animal feed business from 1 October 2021, and 50% of Matzonox from 1 February 2023;
- grain-based animal feed business until 30 September 2021 (i.e. prior to its transfer into RainbowCo);
- equity-accounted results of the Ugandan operations (i.e. HMH), prior to its disposal on 30 June 2023; and
- 50% of Matzonox from 1 July 2020 (i.e. prior to its transfer into RainbowCo on 1 February 2023) as well as Matzonox Fertilisers Proprietary Limited, which was established by RainbowCo in May 2022 and commenced operations in November 2022. Therefore, the results of its operations have only been included in the Combined Carve-Out Historical Financial Information for the year ended 2 July 2023.

The Combined Carve-Out Historical Financial Information excludes the results of operations that were previously included in RainbowCo that are not subject to the distribution (i.e. the Pies, Beverages, Grocery and Speciality operations which were transferred out of RainbowCo in October 2021).

RainbowCo holds investments directly and indirectly in Rainbow Chicken Foods Proprietary Limited, Rainbow Farms Investments Proprietary Limited, Farmer Brown Proprietary Limited and Epol Proprietary Limited. These legal entities were not aggregated as the assets, liabilities and results of operations are immaterial since they are either dormant or house the internally generated brand names which have a nil carrying value.

The following Combined Carve-Out Historical Financial Information relating to the Reporting Periods is presented:

- Combined carve out statement of financial position.
- Combined carve out statement of profit and loss.
- Combined carve out statement of other comprehensive income.
- Combined carve out statement of changes in equity.
- Combined carve out statement of cash flows.
- Notes to the historical financial information.

4. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The Combined Carve-Out Historical Financial Information of RainbowDiv has been prepared in accordance with the recognition and measurement principles of IFRS® Accounting Standards effective at such time, as described below, the South African Institute of Chartered Accountants ("**SAICA**") Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, and the JSE Listings Requirements, to the extent applicable.

IFRS Accounting Standards do not provide specific requirements for the preparation of Combined Carve-Out Historical Financial Information, and accordingly in preparing the Combined Carve-Out Historical Financial Information, certain accounting conventions commonly used in the preparation of Combined Carve-Out Historical Financial Information for inclusion in circulars, have been applied in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors ("**IAS 8**"), which are discussed in more detail below.

IAS 8 requires that in the absence of an IFRS Accounting Standard that specifically applies to a transaction, management uses its judgement to develop and apply an accounting policy by considering requirements of IFRS Accounting Standards dealing with similar and related issues, including the most recent pronouncements of other standard-setting bodies, other financial reporting requirements, and recognised industry practices.

For the Reporting Periods covered in the Combined Carve-Out Historical Financial Information, the operations of RainbowDiv were under the control of RCL Foods and will be under the control of RCL Foods following internal reorganisations prior to the Proposed Distribution. In accordance with common practice, the predecessor accounting approach has been applied in accounting for businesses under common control in the Combined Carve-Out Historical Financial Information. This means that the assets, liabilities, income, and expenses of the economic activities included in the combined carve-out historical financial information correspond to the historically reported amounts in the consolidated financial statements of the parent (predecessor values).

The Combined Carve-Out Historical Financial Information is prepared by aggregating the assets, liabilities, income and expenses of the various businesses comprising RainbowDiv (as outlined above), at and for the years ended June 2023, June 2022 and June 2021.

The Combined Carve-Out Historical Financial Information is prepared on a historical cost basis, except for biological assets, derivative financial instruments, share-based payments, and employee benefits, which are measured at fair value.

The Combined Carve-Out Historical Financial Information is presented in South African rand and rounded to the nearest thousand.

The basis of preparation of the Combined Carve-Out Historical Financial Information, which are the first combined financial statements of the RainbowDiv, is consistent with the principles of IFRS 1: First time adoption of International Financial Reporting Standard ("**IFRS 1**").

In preparing the Combined Carve-Out Historical Financial Information consistent with the principles of IFRS 1, RainbowDiv has applied the exemption in IFRS 1.D16(a) and has measured its assets and liabilities at the carrying amounts that would be included in RCL Foods consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards (without adjustment for consolidation procedures or the effects of the business combinations in which RCL Foods acquired the respective subsidiaries). The reconciliations normally required under IFRS 1 for first-time adopters are not presented as RainbowDiv did not previously prepare Combined Carve-Out Historical Financial Information. Aside from the exemptions stated above, no other exemptions related to IFRS 1 were elected in the preparation of this Combined Carve-Out Historical Financial Information. The combined carve-out statement of financial position of RainbowDiv as at 28 June 2020 is not presented.

RainbowDiv has a twelve-month financial year beginning in July and ending in June each year. RainbowDiv reports on the retail calendar of trading weeks which treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week in reported results.

5. PRINCIPLES APPLIED IN THE PREPARATION OF COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION

The historical records of the RainbowDiv operations which have been aggregated (and excludes the operations carved-out from RainbowCo that are not subject to the Proposed Distribution), include all income, expenses, assets and liabilities attributable to the respective operations in relation to the Reporting Periods. Expenses directly associated with RainbowDiv (for example, the expenses associated with procurement of goods and services) are recognised in the respective ledgers of the RainbowDiv operations and are directly identifiable from the financial records maintained for each of the operations.

5.1 Net finance costs

Net finance costs consist mainly of interest on intercompany loans and leases. Leases that relate to RainbowDiv are separately identifiable and recognised in the accounting records of RainbowDiv, with no separate allocation to or from the RCL Foods group required.

Prior to the Reorganisation, interest on intercompany loans was allocated based on the average of opening and closing loan balances within the respective operations comprising RainbowDiv. Post the Reorganisation, intercompany loans are separately identified for each operation comprising RainbowDiv, with interest being accounted for based on individual loan balances, requiring no additional allocation of these costs to RainbowDiv from the RCL Foods results.

5.2 Taxation

The legal entities that comprise RainbowDiv have historically filed separate tax returns in South Africa, where these legal entities are tax resident and comprise separate tax computations in respect of the various underlying operations (separate tax return basis).

The tax charges for RainbowDiv have been determined based on the assumption that the operations comprising RainbowDiv were separately taxable entities and derived from the historical tax computations that were consolidated by RCL Foods. Where the tax relating to an operation was not paid out of RainbowCo or where RainbowCo paid tax in respect of an operation that was carved-out, the respective current tax assets and liabilities are deemed either contributed or distributed, via the shareholder, to the legal entity filing the tax return.

RainbowCo included the tax computation for the value-added brands operations until 1 October 2021 (when they were transferred to RCL Group Services Proprietary Limited). As the value-added brands operations did not form part of RainbowDiv, tax relating to these operations has been removed from the RainbowDiv Combined Carve-Out Historical Financial Information presented. The tax relating to the grain-based animal feeds operations was added to the RainbowDiv tax for the period prior to its transfer to RainbowCo. Where allocations of central costs were made to RainbowDiv, tax thereon was also allocated to RainbowDiv.

Deferred taxation has been calculated by comparing the tax bases of the assets and liabilities for the operations comprising RainbowDiv to their carrying amounts. The recoverability of deferred tax assets has been assessed by considering the forecast results for RainbowDiv and respective legal entities therein, and/or balances which may be relevant as described in this basis of preparation. Unutilised tax losses have been assessed based on the recoverability thereof for each of the respective legal entities, and recognised to the extent that there will be sufficient taxable income and/or taxable temporary differences available to offset against.

5.3 Share-based payments reserve

A share-based payment reserve is recognised in respect of an RCL Foods employee share scheme and a Broad-based Black Economic Empowerment (B-BBEE) transaction. All awards made to employees in terms of the employee share scheme have vested and the B-BBEE transaction, in which participants held RCL Food shares came to an end in May 2022 and was closed out in February 2023. At close-out, the scheme was underwater due to the performance of the share price since inception. The grant by RainbowDiv of options over RCL Foods equity instruments to its employees is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, was recognised as an equity-settled transaction over the vesting period as an increase to equity.

5.4 **Share option liability**

Certain employees of RainbowDiv are participants in the RCL Foods share incentive scheme. Settlement is in shares of RCL Foods, but RainbowDiv is required to settle the obligation resulting in it being recognised as a cash-settled share-based payment by RainbowDiv. The obligation was charged to the respective operations based on an apportionment basis. Payments in respect of the share option liability are made from a central bank account of RCL Foods and allocated to the RainbowDiv share option liability based on the apportionment method for share based payments expenses. Payments made by RCL Foods on behalf of RainbowDiv in respect of these awards are charged to the RCL loan account between RainbowDiv and RCL Foods.

5.5 **Loans from related parties**

Loans from related parties consist of shareholder loans and loans from RCL Foods' centralised treasury.

Loans from RCL Foods' Treasury

Loans from RCL Foods' centralised treasury are recognised within each individual operation. The loan primarily functions as a working capital facility for RainbowDiv, funding daily cash requirements as well as capital expenditure. Surplus funds held by RainbowDiv have historically been provided to RCL Foods' centralised treasury division as an inter-divisional loan. The loan payable to RCL Foods is unsecured and is repayable on demand. The interest rate on these loans is variable in nature, fluctuating in line with the prime interest rate as well as with whether RainbowDiv is in an investment or borrowing position.

Shareholder Loans

Shareholder loans not relating to working capital or capital expenditure funding have also been advanced to RainbowDiv from RCL Foods. These loans are unsecured, bear no interest and are repayable on demand. Management has applied judgement in determining the classification of these shareholder loans, assessing the terms thereof, and have classified the loans as debt in terms of IFRS which is consistent with its historical classification in RainbowCo.

Transactions and balances with RCL Foods and RCL Foods Group companies have been disclosed as related party transactions and balances in the Combined Carve-Out Historical Financial Information. All intergroup transactions and balances between combined entities are eliminated.

5.6 **Goodwill**

Any goodwill and intangible assets that relate to RainbowDiv have historically been recognised directly in the RainbowDiv accounting records. The goodwill arose on the acquisition of Driehoek Feeds in the 2019 financial year. No additional goodwill and intangible assets related to RainbowDiv was recognised which would have required allocation to the Combined Carve-Out Historical Financial Information.

5.7 **Equity**

The stated capital balance and number of shares presented relates to RainbowCo's issued shares since RainbowCo is the legal entity used to affect the Reorganisation.

Owing to the aggregated nature of the combined carve-out historical financial information and that the consolidated legal entity did not exist, the stated equity presented is not representative of the equity of RainbowDiv due to the Reorganisation affected via equity contributions/distributions from RCL Foods throughout the historical period presented.

As a result of applying predecessor accounting, the carrying value of the net assets of the operations contributed at the earliest comparative period is presented.

Other reserves have been separately presented because they may be recycled through profit and loss in the future and comprise the foreign currency translation reserve (related to HMH). Post the sale of HMH, this balance was fully recycled through profit and loss.

The carrying value of net assets attributable to shareholders other than RCL Foods are presented as "non-controlling interests" and includes certain adjustments made to the Combined Carve-out Historical Financial Information.

The information on earnings per share for RainbowDiv pursuant to IAS 33 Earnings per Share has not been presented, as the stated capital and number of shares presented is not an accurate representation of the capital structure of RainbowDiv.

Since RainbowCo, as a legal entity, did not hold all operations throughout the Reporting Periods, which were held in other legal entities supported with their own share capital structures, not all attributable share capital may be represented. Similarly, for operations transferred out of RainbowCo, for the purposes of these Combined Carve-out Historical Financial Information, the share capital attributable to such operations has remained in this legal entity with the operations housed in another legal entity.

6. OTHER PRINCIPLES APPLIED

6.1 Going concern

The Combined Carve-Out Historical Financial Information for RainbowDiv has been prepared on a going concern basis. RainbowDiv has historically operated as part of RCL Foods. RCL Foods manages liquidity risk by making use of a central treasury function to manage pooled cash investment and borrowing requirements. In order to affect the unbundling, the recapitalisation of the RCL Foods Limited shareholder loan and a portion of the RCL Foods Treasury loan, totalling R2.8 billion, took place in February 2024. On 24 May 2024, an equity injection of R300.8 million in exchange for shares was executed. The sourcing of an additional working capital facility will be effected prior to the unbundling in order to enable RainbowDiv to operate on a standalone basis.

Further, RainbowDiv has implemented a turnaround plan, which will significantly improve its operational and financial performance into future periods. Management expects continued momentum in revenue growth over the near-term, aligned to its strategy of volume growth resulting from the "Double Hammarsdale" initiative.

6.2 Related parties

Individuals or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Related-party relationships exist between the reporting entity and the shareholders of the reporting entity and also with other entities included in the RCL Foods group of companies not included in the Combined Carve-Out Historical Financial Information. Transactions and balances with RCL Foods group companies (which do not form part of the reporting boundary of RainbowDiv) have been disclosed as related party transactions and balances in the Combined Carve-Out Historical Financial Information. All intergroup transactions, balances and unrealised gains and losses on transactions between entities comprising RainbowDiv are eliminated.

7. MATERIAL ACCOUNTING POLICIES

7.1 Subsidiaries

Subsidiaries are entities over which RainbowDiv has control.

RainbowDiv applies the acquisition method of accounting to account for business combinations. On an acquisition-by-acquisition basis, RainbowDiv recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

7.2 Associates

Associates are entities over which RainbowDiv has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. RainbowDiv's investment in associates includes goodwill identified on acquisition.

7.3 Property, plant and equipment and right-of-use assets

Property, plant and equipment are stated at historical cost less accumulated depreciation less impairment losses, except for land and capital work in progress which is shown at cost less impairment.

Certain items of property, plant and equipment are leased and are classified as right-of-use assets in accordance with IFRS 16. The assets are accounted for under the principles of IFRS 16. Refer to pages 140 for the accounting policy on right-of-use assets.

Depreciation is provided on property, plant and equipment at rates that reduce the cost thereof to estimated residual values over the expected useful lives of the asset on a straight-line basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where assets are identified as being impaired; that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit and loss as part of operating profit.

Depreciation is calculated over the following estimated useful lives:

- Buildings
  - Right-of-use and owned – 15 to 50 years
  - Leasehold improvements – Shorter of useful life of 20 years or period of lease
- Plant and equipment
  - Right-of-use and owned – 3 to 40 years
- Vehicles
  - Right-of-use and owned – 3 to 10 years
- Furniture – 6 to 15 years

Capital work in progress is not depreciated until such time as the asset is available for use.

Land is not depreciated.

7.4 Intangible assets

7.4.1 ***Goodwill***

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over RainbowDiv's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. It is reported in the statement of financial position as a non-current asset and carried at cost less accumulated impairment losses. Goodwill is allocated to each of the Cash Generating Units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at a CGU level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the CGU sold.

7.4.2 ***Computer software***

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by RainbowDiv are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use. Management intends to complete the software product to use.
- There is an ability to use or sell the software product.
- It is probable that the software product will generate future economic benefits.
- Adequate technical, financial and other resources are available to complete the development and to use the software product.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development, employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 20 years and are stated at cost less accumulated amortisation.

7.5 Right-of-use assets and lease liabilities

RainbowDiv leases various offices, warehouses, equipment, delivery vehicles and cars. Rental contracts are typically concluded for fixed periods of between three and 12 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases give rise to recognised right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by RainbowDiv. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs.
- Restoration costs.

In accordance with IFRS 16 RainbowDiv has elected not to recognise a lease liability for short term leases or for leases of low value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets in terms of IFRS 16 comprise smaller items of equipment. At implementation date RainbowDiv has applied a materiality threshold in excluding certain classes of asset for which the remaining lease term is not substantial. Materiality was assessed against the impact these leases would have on the individual balance sheet and income statement lines. These leases will be reassessed should they be renewed.

Lease and non-lease components relating to lease liabilities and right-of-use assets have been separately accounted for.

Extension and termination options

Extension and termination options are included in a number of leases across RainbowDiv. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by RainbowDiv in its capacity as lessee.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the RainbowDiv as lessee.

7.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill and certain trademarks, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were impaired, are reviewed for possible reversal of the impairment at each reporting date.

7.7 **Inventories**

Finished goods, raw materials, ingredients and consumables are valued at the lower of cost and net realisable value. Finished goods are determined on a first-in first-out basis for all RainbowDiv operations. Raw materials, ingredients and consumables are determined on a weighted average cost basis.

Costs include expenditure incurred in acquiring the inventories and bringing them to their present location and condition, all direct production costs and an appropriate portion of overheads based on normal capacity. Slaughtered chickens are transferred to inventory at fair value less estimated point-of-sale costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

7.8 **Biological assets**

The fair value of the biological assets is determined on the following basis:

- Live broiler birds and breeding stock are measured at fair value less estimated point-of-sale costs at reporting dates. Fair value is determined based on market prices.
- The fair values of biological assets constitute level 3 fair values as defined.

Breeding stock includes the grandparent breeding and the parent rearing and laying operations. Broiler hatching eggs are included in breeding stock.

Gains and losses arising on the initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point –of –sale costs are recognised in the statement of profit and loss in the period in which they arise.

7.9 **Current and deferred tax**

The tax expense for the period comprises current and deferred tax.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where RainbowDiv operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date in the countries where RainbowDiv operates and generates taxable income, and that are expected to apply to the period when the liability is settled or asset realised. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax value used in the computation of taxable income. Deferred tax assets are raised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

A deferred tax liability is recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures except where RainbowDiv is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, RainbowDiv is unable to control the reversal of the temporary difference for associates, unless there is an agreement in place that gives RainbowDiv the ability to control the reversal of the temporary difference not recognised.

At initial recognition, right-of-use assets and lease liabilities are considered separately, with no temporary differences noted on initial recognition.

7.10 **Employee benefits**

7.10.1 ***Retirement funds***

RainbowDiv operates defined contribution plans.

A defined contribution plan is a pension plan under which RainbowDiv pays fixed contributions into a separate legal entity. The assets of the plans are held in separate trustee-administered funds. These plans are funded by payments from the employees and RainbowDiv, taking into account recommendations of independent qualified actuaries.

RainbowDiv's contributions to the defined contribution pension plans are charged to the statement of profit and loss in the period to which they relate. RainbowDiv has no defined benefit pension plans in operation.

7.10.2 ***Post-retirement medical benefits – defined benefit plan***

RainbowDiv provides employees engaged pre-October 2003 with post-retirement medical benefits from their retirement date. The entitlement to post-retirement medical benefits is based on the employees remaining in service up to retirement age. The projected unit credit method of valuation is used to calculate the liability for post-retirement medical benefits and is calculated annually by independent actuaries.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded immediately in other comprehensive income, in the financial year in which they arise. Past service costs are recognised immediately in the statement of profit and loss.

7.10.3 ***Incentive Plan***

The Group recognises a liability where contractually obliged or where there is past practice that has created a constructive obligation. Management participates in an incentive plan whereby bonuses are paid in respect of out-performance against targets. All bonuses are authorised by the remuneration and nomination committee of RCL Foods.

7.10.4 ***Share-based payments***

RainbowDiv operates share-based compensation plans under which it receives services from employees as consideration for equity instruments (options and rights) of the parent company, RCL Foods. The fair value of the employees' services received in exchange for the grant of the options or rights is recognised as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted. Fair value is measured using a binomial tree model excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and rights that are expected to vest.

For cash-settled share-based payments, the fair value determined at the grant date is expensed over the vesting period which is the period over which all the specified vesting conditions are satisfied, with a corresponding share-based payment liability being recognised as there is an obligation to settle in cash. The liability is remeasured to fair value at each reporting date up to and including settlement date, with changes in fair value being recognised in profit or loss.

7.11 **Revenue**

Revenue comprises income arising in the course of RainbowDiv's ordinary activities. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

RainbowDiv recognises revenue when it transfers control of a product or when services are rendered to a customer. Revenue is recognised net of value added tax, returns, rebates, discounts and other allowances and after eliminating sales within RainbowDiv. RainbowDiv bases its estimates of incentive rebates and settlement discounts on historical results. Variable consideration is calculated by applying percentages agreed with the customer to actual sales for the period. The transaction price represents the amount contracted to the customer net of any value added tax, returns, rebates, discounts and other allowances.

Sales of goods comprise the sale of agricultural produce (animal feed products) and consumer goods (chicken and chicken products).

In certain instances, the sale of goods includes delivery and these sales are identified as being a single performance obligation. In all other cases, where RainbowDiv is requested to arrange transport for the customer, two separate performance obligations arise – the sale of goods and the provision of transport for the goods sold. To the extent that RainbowDiv is responsible for the provision of the transport services to the customer, RainbowDiv acts as principal and revenue from transport services is recorded at the gross amount.

Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. For sales that include delivery (as indicated above), this occurs when an entity within RainbowDiv has delivered the products to the customer and the customer has accepted delivery. In instances where the delivery is a separate performance obligation (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

The following payment terms are applicable to RainbowDiv:

- Sale of goods: 0 to 34 days

RainbowDiv currently accepts returns from customers for damaged goods, with the corresponding refund liability recorded within trade and other receivables unless a separate obligation to settle the customer exists, in which case the liability is recorded within trade and other payables.

RainbowDiv does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, RainbowDiv does not adjust any of the transaction prices for the time value of money.

7.12 Interest income

Interest income is recognised using the effective interest rate method. Interest income is disclosed under finance income in the statement of profit and loss.

7.13 Financial instruments

Financial instruments recognised on the statement of financial position include loans receivable, derivative financial instruments, loans payable, trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing debt.

RainbowDiv classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on RainbowDiv's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in profit or loss. RainbowDiv reclassifies financial assets when, and only when, its business model for managing those assets changes.

RainbowDiv classifies its financial liabilities, apart from derivatives, as financial liabilities at amortised cost. Derivative financial liabilities are classified as financial liabilities at fair value through profit or loss.

7.13.1 *Measurement of financial assets*

Subsequent measurement of financial assets depends on RainbowDiv's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which RainbowDiv classifies its financial assets:

7.13.1.1 Amortised cost

Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/losses, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

7.13.1.2 Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/losses in the period in which it arises.

7.13.2 *Financial liabilities at amortised cost*

Financial liabilities at amortised cost consist of trade and other payables and interest-bearing borrowings. These represent financial liabilities which are not classified as financial liabilities at fair value through profit or loss. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

7.13.3 *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss comprise derivative instruments. Gains or losses arising from changes in the fair value of the derivatives at fair value through profit or loss are recognised in the statement of profit and loss in the period in which they arise.

7.13.4 *Impairment of financial assets at amortised cost*

RainbowDiv assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, RainbowDiv applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with RainbowDiv, a failure to make contractual payments for a period of greater than 120 days past due and/or when the legal process has not enabled recovery.

For all other financial assets, the general approach is used to assess expected credit losses.

If, in a subsequent period, the amount of the impairment loss decreases, the reversal of the previously recognised impairment loss is recognised in the statement of profit and loss.

7.13.5 *Fair value estimation*

The fair value of financial instruments and non-financial assets traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the statement of financial position date. The quoted market price used for assets held by RainbowDiv is the current market price; the appropriate quoted market price for liabilities is the current ask price. These comprise level 1 fair values. RainbowDiv did not have any level 1 financial instruments or non-financial assets in the Reporting Periods.

The fair value of financial instruments and non-financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. RainbowDiv uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date.

Other financial instruments and non-financial assets are valued using other techniques, such as estimated discounted cash flows. This relates to the fair value of RainbowDiv's biological assets which are level 3 fair values.

7.13.6 *Trade and other receivables*

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method, less accumulated impairment losses. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

7.13.7 *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included in current liabilities on the statement of financial position.

7.13.8 *Trade and other payables*

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

7.13.9 ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

8. STATEMENT OF PROFIT AND LOSS LINE ITEMS

The following additional line items, headings and subtotals are presented on the face of the statement of profit and loss as management believes them to be relevant to the understanding of RainbowDiv's financial performance:

- Operating profit before depreciation, amortisation and impairment, being the trading income of RainbowDiv.

9. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions and sources of estimation uncertainty at the reporting date that could have significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the new financial year are listed below:

9.1 Control assessment

The directors have concluded that RainbowDiv controls Matzonox, even though it holds only 50% of the voting rights of this Subsidiary. RainbowDiv controls Matzonox as it is exposed, or has rights, to variable returns from its involvement with Matzonox and has the ability to affect those returns through its power over the investee. Matzonox was established for the benefit of RainbowDiv and is wholly dependent on RainbowDiv for inputs to generate its outputs, with RainbowDiv utilising all the outputs from Matzonox.

9.2 Useful lives and residual values of assets

Items of property, plant and equipment and intangible assets are depreciated over their useful lives taking into account residual values, where applicable. Useful lives and residual values are reviewed annually, taking into account factors such as the expected usage, physical output, market demand for the output of the assets and legal or similar limits on the assets. Intangible assets with indefinite useful lives are reviewed annually to determine whether events and circumstances exist that continue to support an indefinite useful life assessment for that asset.

9.3 Impairments of Cash Generating Units

Annual impairment assessments are conducted on cash-generating units (CGUs) containing goodwill and other indefinite useful life intangible assets, in accordance with the requirements of IAS 36. IAS 36 also requires a CGU to be tested for impairment where there is an indication of impairment.

Determining whether a CGU is impaired requires an estimation of the recoverable amount of the CGU. The recoverable amount is determined as the higher of the value-in-use and fair value less costs to sell of the CGU. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate to be applied to calculate the present value of future cash flows. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs. The growth rates are based on industry and customer growth forecasts.

The key assumptions used in the calculations and a sensitivity analysis are disclosed in note 3 of the Combined Carve-Out Historical Financial Information.

9.4 Fair value assessment of biological assets

The key assumptions used in the calculation of the fair value of chicken stock and a sensitivity analysis are disclosed in note 21.

9.5 Liability for post-retirement medical benefits

The liability is determined by annual actuarial assumptions.

9.6 **Shareholder loan classification**

Shareholder loans not relating to working capital or capital expenditure funding have also been advanced to RainbowDiv from RCL Foods. These loans are unsecured, bear no interest and are repayable on demand. Management has applied judgement in determining the classification of these shareholder loans, assessing the terms thereof, and have classified the loans as debt in terms of IFRS which is consistent with its historical classification within RainbowCo.

9.7 **Subsequent events**

A decision was taken by the Department of Trade, Industry and Competition to reinstate anti-dumping duties against Brazil, Denmark, Ireland, Poland and Spain in August 2023. This decision is a non-adjusting post balance sheet event and does not impact the net realisable value of inventory at the end of June 2023.

In September 2023 the South African poultry sector, including RainbowDiv, was impacted by an Avian Influenza outbreak. This had no impact on the balances at the end of June 2023 but the effect of the birds being culled will be recognised in the 2024 financial year. The total direct costs of the outbreak until 31 December 2023 were R184 million.

In preparation for the unbundling and normalisation of RainbowCo's capital structure R2,851 million in loans from RCL Foods Limited (R1,451 million non-interest-bearing) and RCL Foods Treasury Proprietary Limited (R1,400 million interest bearing) were converted to equity on 23 February 2024. The conversion resulted in RainbowCo issuing 2 057 920 shares to RCL Foods Limited based on the market value of RainbowCo. On 24 May 2024, an equity injection of R300.8 million in exchange for 156 745 shares was executed. The sourcing of an additional working capital facility will be effected prior to the unbundling in order to enable RainbowDiv to operate on a standalone basis.

In accordance with IAS 10: Events after the Reporting Period ("**IAS 10**"), all the events detailed above, are considered non-adjusting events. There have been no other material events subsequent to 2 July 2023, not otherwise dealt with in the Combined Carve-out Historical Financial Information.

THE COMBINED CARVE-OUT HISTORICAL FINANCIAL INFORMATION OF RAINBOWDIV FOR THE YEARS ENDED 2 JULY 2023, 3 JULY 2022 AND 4 JULY 2021

COMBINED CARVE-OUT STATEMENT OF FINANCIAL POSITION AS AT

	Note	Audited 2 July 2023 R'000	Reviewed 3 July 2022 R'000	Reviewed 4 July 2021 R'000
ASSETS				
Non-current assets				
Property, plant, equipment, and right-of-use assets	1	1,999,131	1,698,822	1,520,961
Intangible assets	2	48,641	48,338	56,382
Investment in associates			39,706	40,177
Deferred income tax	13	40,983	22,640	8,632
Loans receivable			1,302	1,302
		2,088,755	**1,810,808**	**1,627,454**
Current assets				
Inventories	4	1,108,580	875,315	900,456
Biological assets	5	1,008,583	882,792	701,257
Trade and other receivables	6	2,269,819	2,117,581	1,280,650
Derivative financial instruments		23,350	4,468	62,761
Tax receivable		690	–	81,320
Cash and cash equivalents		28,011	119,196	115,868
		4,439,033	**3,999,352**	**3,142,312**
Total assets		**6,527,788**	**5,810,160**	**4,769,766**
EQUITY				
Stated capital	7	1,249,964	1,249,964	1,249,964
Share-based payments reserve	8	203,379	203,379	200,415
Other reserves			2,552	1,061
Common control reserve		(1,048,798)	(1,048,798)	(1,048,798)
Retained earnings		275,117	531,281	497,732
Equity attributable to the equity holders of the Company		679,662	938,378	900,374
Non-controlling interests		31,182	55,223	74,731
Total equity		**710,844**	**993,601**	**975,105**
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities	9	342,012	159,551	110,807
Deferred income tax liabilities	13	225,043	310,813	342,172
Retirement benefit obligations		18,102	21,812	17,381
Share scheme liability		29,109	28,412	15,345
		614,266	**520,588**	**485,705**
Current liabilities				
Trade and other payables	12	1,633,665	1,392,920	1,157,001
Loans from RCL Foods Group companies	10	3,501,059	2,758,606	1,996,846
Interest-bearing liabilities	9	67,888	136,199	150,636
Derivative financial instruments			378	130
Current income tax liabilities		66	127	4,343
Bank overdraft			7,741	
		5,202,678	**4,295,971**	**3,308,956**
Total liabilities		**5,816,944**	**4,816,559**	**3,794,661**
Total equity and liabilities		**6,527,788**	**5,810,160**	**4,769,766**

Net asset value per share is not disclosed as the Combined Carve-Out Historical Financial Information has been prepared on a combined carve-out basis such that stated capital is not representative of the contributed capital of RainbowDiv. Hence per share disclosures are not considered meaningful metrics.

COMBINED CARVE-OUT STATEMENT OF PROFIT AND LOSS FOR THE YEARS ENDED 2 JULY 2023, 3 JULY 2022 AND 4 JULY 2021

	Note	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Revenue from contracts with customers	14	13,463,861	11,384,801	10,335,889
Operating profit before depreciation, amortisation, and impairment (EBITDA)[1]		**38,644**	**336,211**	**15,059**
Depreciation, amortisation, and impairments[2]		(267,603)	(254,933)	(224,434)
Operating (loss)/profit	15	**(228,959)**	**81,278**	**(209,375)**
Finance costs	16	(173,169)	(85,732)	(50,583)
Finance income	17	5,098	10,741	20,879
Share of profits/(losses) of associates		4,903	(4,730)	5,810
(Loss)/profit before tax		**(392,127)**	**1,557**	**(233,269)**
Income tax (expense)/credit	18	106,103	14,093	71,505
(Loss)/profit for the year		**(286,024)**	**15,650**	**(161,764)**
(Loss)/profit attributable to:				
Equity holders of the Company		(259,483)	35,158	(146,612)
Non-controlling interests		(26,541)	(19,508)	(15,152)
		(286,024)	**15,650**	**(161,764)**

Earnings per share and headline earnings per share is not disclosed as the Combined Carve-Out Historical Financial Information has been prepared on a combined carve-out basis such that stated capital is not representative of the contributed capital of RainbowDiv. Hence per share disclosures are not considered meaningful metrics.

1 Includes net expected credit losses raised on trade and other receivables of R3.3 million (2022: R0.3 million; 2021: R1.6 million). Refer to note 6 for further detail.

2 Relates only to impairments of property, plant and equipment, right-of-use assets and intangible assets.

COMBINED CARVE OUT STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE YEARS ENDED 2 JULY 2023, 3 JULY 2022 AND 4 JULY 2021

	Note	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
(Loss)/profit for the year		**(286,024)**	**15,650**	**(161,764)**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of retirement medical aid obligations		3,319	(1,609)	993
Items that may be reclassified to profit or loss:				
Currency translation differences		7,102	1,673	(5,319)
Foreign currency translation reserve		(9,654)	(182)	(76)
Other comprehensive income for the year		**767**	**(118)**	**(4,402)**
Total comprehensive income/(loss) for the year		**(285,257)**	**15,532**	**(166,166)**
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		(258,716)	35,040	(151,014)
Non-controlling interest		(26,541)	(19,508)	(15,152)
		(285,257)	**15,532**	**(166,166)**

Items in the statement of other comprehensive income above are disclosed net of tax. The tax relating to the remeasurement of medical aid obligations was R1.2 million (2022: R0.6 million tax credit; 2021: R0.4m tax charge).

COMBINED CARVE-OUT STATEMENT OF CHANGES IN EQUITY FOR THE THREE YEARS ENDED 2 JULY 2023, 3 JULY 2022 AND 4 JULY 2021

	Stated capital R'000	Share-based payments reserve R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	**Total attri-butable to equity holders of the Company R'000**	Non-controlling interests R'000	**Total equity R'000**
Balance at 28 June 2020	1,249,964	195,036	6,456	(1,048,798)	693,644	**1,096,302**	89,883	**1,186,185**
Loss for the period	–	–	–	–	(146,612)	**(146,612)**	(15,152)	**(161,764)**
Other comprehensive income for the period	–	–	(5,395)	–	993	**(4,402)**		**(4,402)**
BEE share-based payments charge	–	5,379	–	–	–	**5,379**		**5,379**
Ordinary dividend paid	–	–	–	–	(50,293)	**(50,293)**		**(50,293)**
Balance at 4 July 2021	1,249,964	200,415	1,061	(1,048,798)	497,732	**900,374**	74,731	**975,105**
Profit/(loss) for the period	–	–	–	–	35,158	**35,158**	(19,508)	**15,650**
Other comprehensive income for the period	–	–	1,491	–	(1,609)	**(118)**	–	**(118)**
BEE share-based payments charge	–	2,964	–	–	–	**2,964**	–	**2,964**
Balance at 3 July 2022	**1,249,964**	**203,379**	**2,552**	**(1,048,798)**	**531,281**	**938,378**	**55,223**	**993,601**
Loss for the period	–	–	–	–	(259,483)	**(259,483)**	(26,541)	**(286,024)**
Other comprehensive income for the period	–	–	(2,552)	–	3,319	**767**	–	**767**
Acquisition of business						–	2,500	**2,500**
Balance at 2 July 2023	**1,249,964**	**203,379**	**–**	**(1,048,798)**	**275,117**	**679,662**	**31,182**	**710,844**

COMBINED CARVE-OUT STATEMENT OF CASH FLOWS FOR THE THREE YEARS ENDED 2 JULY 2023, 3 JULY 2022 AND 4 JULY 2021

	Note	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Cash flows from operating activities				
Cash (utilised by)/generated from operations	A	(205,948)	(346,690)	(160,371)
Finance income received		5,098	10,741	20,879
Finance costs paid[1]		(168,104)	(81,068)	(43,115)
Tax paid	B	13	46,429	36,711
Cash (utilised by)/generated from operating activities		**(368,941)**	**(370,588)**	**(145,896)**
Net cash (outflow)/inflow from operating activities		**(368,941)**	**(370,588)**	**(145,896)**
Cash flows from investing activities				
Replacement of property, plant and equipment		(241,047)	(287,975)	(251,941)
Expansion of property, plant and equipment		(168,141)	(121,964)	(11,867)
Intangible asset additions		(7,636)	(1,234)	(2,783)
Proceeds on disposal of non-current assets held for sale		–	–	4,650
Proceeds on disposal of property, plant, and equipment, and intangible assets		14	587	679
Net cash (outflow)/inflow from investing activities		**(416,810)**	**(410,586)**	**(261,262)**
Cash flows from financing activities				
Repayment of interest-bearing liabilities	C	(59,888)	(95,505)	(51,117)
Advances of interest-bearing liabilities	C	15,941	110,650	26,600
Movement in Loans with Group companies[2]	C	746,255	761,616	476,008
Net cash (outflow)/inflow from financing activities		**702,308**	**776,761**	**451,491**
Net movement in cash and cash equivalents		**(83,444)**	**(4,413)**	**44,333**
Cash and cash equivalents at the beginning of the year		111,455	115,868	71,535
Total cash and cash equivalents at the end of the year (net of overdrafts)	D	**28,011**	111,455	115,868

1 Finance costs paid exclude finance costs in respect of IFRS 16 Leases of R5.1 million (2022: R4.7 million; 2021: R7.5 million), which have been disclosed as part of lease payments within financing activities.

2 The net movement in loans to Group companies has been shown as it is not practicable to show advances and repayments of these loans during the year.

NOTES TO THE COMBINED CARVE-OUT STATEMENT OF CASH FLOWS FOR THE THREE YEARS ENDED 2 JULY 2023, 3 JULY 2022 AND 4 JULY 2021

Note A: Cash generated by operations

	Audited 2023 R'000	**Reviewed 2022 R'000**	**Reviewed 2021 R'000**
CASH GENERATED BY OPERATIONS			
Operating (loss)/profit	**(228,959)**	**81,278**	**(209,375)**
Adjusted for:			
Depreciation, amortisation and impairment[1]	267,603	254,933	224,434
Loss on disposal of property, plant and equipment and intangible assets	752	538	441
Recycling FCTR	(9,654)	(182)	78
Loss on sale of associate	1,955	–	–
Profit on disposal of assets held for sale	–	–	(3,141)
Change in shareholding of associate	–	(2,586)	(2,223)
Movement in retirement benefit obligations	836	2,226	(424)
Movement in derivative financial instruments	(19,263)	58,536	(63,421)
Fair value adjustment in biological assets[2]	(19,722)	(9,513)	(23,154)
Foreign exchange loss on remeasurement of lease	496	585	(2,335)
Share-based payments – B-BBEE charge	–	2,964	5,379
Share-based payments – Employee Share Award Scheme	697	13,067	(4,755)
Gain on remeasurement of leases	(229)	(679)	(402)
Other non-cash flow items	–	35	26
	(5,488)	**401,202**	**(78,872)**
Working capital changes:			
Movement in inventories	(233,265)	25,141	40,546
Movement in biological assets[2]	(106,068)	(172,021)	(133,829)
Movement in trade and other receivables	(102,482)	(836,931)	246,047
Movement in trade and other payables	241,355	235,919	(234,263)
	(200,460)	**(747,892)**	**(81,499)**
	(205,948)	**(346,690)**	**(160,371)**

Note B: Tax paid

	Audited 2023 R'000	**Reviewed 2022 R'000**	**Reviewed 2021 R'000**
Amount (payable)/refundable at the beginning of the year	(127)	76,977	55,316
Charged to the income statement	764	(30,675)	58,372
Normal tax	74	(29,910)	60,895
Prior year (under)/overprovision	690	(765)	(2,523)
Amount (refundable)/payable at the end of the year	(624)	127	(76,977)
	13	**46,429**	**36,711**

1 Relates only to impairments of property, plant and equipment and intangible assets.

2 The movement in biological assets is represented by the non-cash fair value adjustment on biological assets of R19.7 million (2022: R9.5 million; 2021: R23.2 million) and the movement included in working capital changes of R106.1 million (2022: R172.0 million; 2021: R133.8 million). The net increase in biological assets for the year was R125.8 million (2022: R181.5 million; 2021: R157.0 million). Refer to note 5 for further detail.

Note C: Reconciliation of liabilities arising from financing activities

Movements in net debt for the year ended 2 July 2023 are as follows:

Audited	3 July 2022 R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows[1] R'000	2 July 2023 R'000
Loan from Green Create W2V SA Proprietary Limited	94,578	15,941	–	–	**110,519**
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	153,955	–	(12,193)	–	**141,762**
Lease liabilities	47,217	–	(47,695)	158,097	**157,619**
Loans from Group Companies[2]	2,758,606	746,255	–	(3,802)	**3,501,059**
	3,054,356	**762,196**	**(59,888)**	**154,295**	**3,910,959**

Movements in net debt for the year ended 3 July 2022 are as follows:

Reviewed	4 July 2021 R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows[1] R'000	3 July 2022 R'000
Loan from Green Create W2V SA Proprietary Limited	102,600	23,000	(31,022)	–	**94,578**
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	76,385	87,650	(10,080)	–	**153,955**
Lease liabilities	82,459	–	(54,403)	19,161	**47,217**
Loans from Group Companies[2]	1,996,846	761,616	–	144	**2,758,606**
	2,258,290	**872,266**	**(95,505)**	**19,305**	**3,054,356**

Movements in net debt for the year ended 4 July 2021 are as follows:

Reviewed	28 June 2020 R'000	Cash inflows R'000	Cash outflows R'000	Non-cash flows[1] R'000	4 July 2021 R'000
Loan from Green Create W2V SA Proprietary Limited	76,000	26,600	–	–	**102,600**
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	79,650	–	(3,265)	–	**76,385**
Lease liabilities	123,643	–	(47,852)	6,668	**82,459**
Loans from Group Companies[2]	1,520,838	476,008	–	–	**1,996,846**
	1,800,131	**502,608**	**(51,117)**	**6,668**	**2,258,290**

1 Non-cash flows relate primarily to interest incurred and remeasurements on lease liabilities in accordance with IFRS 16.
2 The underlying nature of these cash receipts and payments are short in maturity, the amounts are large and quick in turnover, therefore RainbowDiv has applied the IFRS 7 exemption which allows for the presentation of these cash flows on a net basis.

Note D: Cash and cash equivalents

Cash and cash equivalents include restricted balances of R18.8 million (2022: R62.1 million; 2021: R82.9 million). Restricted cash balances consist of margin on deposit with ABSA Bank Limited and The Standard Bank of South Africa Limited which serves as collateral for derivative positions held on SAFEX and Yield X accounts at year-end with the JSE Limited. This cash will only be accessible by RainbowCo when the related derivative positions are closed. A restricted cash balance of R18.1 million (2022: R13.5 million; 2021: R10.4 million) relates to the Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited facility and serves as a contingency for debt cover over the term of the loan.

The carrying amount of cash and cash equivalents approximates their fair value. Cash and cash equivalents include amounts denominated in the following currencies:

	Audited 2023 R'000	**Reviewed 2022 R'000**	**Reviewed 2021 R'000**
Rand	27,806	111,284	108,842
USD	13	1	6,480
Other currencies	192	169	546
Total	**28,011**	**111,454**	**115,868**

Note 1: Property, plant, equipment, and right-of-use assets

	Land and buildings R'000	Plant, equip-ment and furniture R'000	Vehicles R'000	Right-of-use assets: Plant R'000	Right-of-use assets: Vehicles R'000	Right-of-use assets: Land and buildings R'000	Capital work-in-progress R'000	Total R'000
Audited – 2023								
Cost								
At the beginning of the year	1,418,269	3,052,901	64,035	17,528	110,133	10,241	201,000	**4,874,107**
Transfers between categories and intangible assets	(3,534)	3,534	–	–	–	–	2,774	**2,774**
Additions[1, 2]	70,082	323,949	4,253	5,299	157,750	1,123	10,904	**573,360**
Disposals	(3,243)	(94,743)	(1,801)	(4,159)	(61,476)	–	–	**(165,422)**
Remeasurements	–	–	–	(45)	3,337	–	–	**3,292**
At the end of the year	**1,481,574**	**3,285,641**	**66,487**	**18,623**	**209,744**	**11,364**	**214,678**	**5,288,111**
Accumulated depreciation and impairment								
At the beginning of the year	964,802	2,065,462	49,562	8,704	83,674	3,080	–	**3,175,284**
Transfers between categories and intangible assets	(116)	116	–	–	–	–	–	**–**
Disposals	(3,167)	(94,397)	(1,461)	(1,745)	(48,584)	–	–	**(149,354)**
Impairment loss	–	1,417	–	–	–	–	–	**1,417**
Depreciation	52,049	162,669	5,268	2,869	36,669	2,109	–	**261,633**
At the end of the year	**1,013,568**	**2,135,267**	**53,369**	**9,828**	**71,759**	**5,189**	**–**	**3,288,980**
Net book amount	**468,006**	**1,150,374**	**13,118**	**8,795**	**137,985**	**6,175**	**214,678**	**1,999,131**
Reviewed – 2022								
Cost								
At the beginning of the year	1,321,696	2,858,170	59,731	15,552	118,721	10,084	114,223	4,498,177
Transfers between categories and intangible assets	46,411	96,475	79				(142,314)	651
Additions[1,2]	50,162	125,827	4,859	1,977	19,685	1,530	229,091	433,131
Disposals		(27,572)	(634)	–	(32,922)	(1,373)		(62,501)
Modification of leases				(1)				(1)
Remeasurements				–	4,649			4,649
At the end of the year	1,418,269	3,052,900	64,035	17,528	110,133	10,241	201,000	4,874,106
Accumulated depreciation and impairment								
At the beginning of the year	921,137	1,945,121	44,713	5,687	57,584	2,973		2,977,215
Disposals		(26,462)	(618)		(19,791)	(1,366)		(48,237)
Depreciation	43,665	146,803	5,467	3,017	45,881	1,473		246,306
At the end of the year	964,802	2,065,462	49,562	8,704	83,674	3,080		3,175,284
Net book amount	453,467	987,438	14,473	8,824	26,459	7,161	201,000	1,698,822

1 Transfers out of capital work-in-progress have been disclosed within additions of each of the appropriate individual categories.
2 Right-of-use asset additions are non-cash additions.

	Land and buildings R'000	Plant, equip-ment and furniture R'000	Vehicles R'000	Right-of-use assets: Plant R'000	Right-of-use assets: Vehicles R'000	Right-of-use assets: Land and buildings R'000	Capital work-in-progress R'000	Total R'000
Reviewed – 2021								
Cost								
At the beginning of the year	1,268,780	2,476,967	58,968	15,555	121,096	10,098	431,796	4,383,260
Transfers between categories and intangible assets	35,196	424,358	1,544				(461,075)	23
Additions[1, 2]	24,578	93,969	1,759		25,382		143,502	289,190
Disposals	(6,857)	(137,124)	(2,540)		(29,002)			(175,523)
Modification of leases				(3)	1,245	(12)		1,226
At the end of the year	**1,321,697**	**2,858,170**	**59,731**	**15,552**	**118,721**	**10,082**	**114,223**	**4,498,176**
Accumulated depreciation and impairment								
At the beginning of the year	894,086	1,951,127	41,727	2,700	30,709	1,488		2,921,837
Transfers between categories and intangible assets		(27)						(27)
Disposals	(6,830)	(136,482)	(2,332)		(11,477)			(157,121)
Impairment loss		2,088						2,088
Depreciation	33,881	128,415	5,318	2,987	38,352	1,485		210,438
At the end of the year	**921,137**	**1,945,121**	**44,713**	**5,687**	**57,584**	**2,973**		**2,977,215**
Net book amount	**400,560**	**913,049**	**15,018**	**9,865**	**61,137**	**7,109**	**114,223**	**1,520,961**

Capital commitments:

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Contracted and committed	90,686	277,228	179,936
Approved but not contracted	60,743	69,414	53,303

Capital commitments relate to both tangible and intangible assets and include all projects for which specific approval, in terms of the levels of authority, has been obtained up to reporting date. Projects for which authority has not yet been obtained are excluded. The capital expenditure will be financed from cash generated from operations and through short-term borrowing facilities.

A register of land and buildings is available for inspection at the registered office of the Company.

RainbowCo assesses the useful lives and residual values of property, plant and equipment on an ongoing basis. This assessment is performed by the relevant finance departments, in conjunction with the operations' engineering staff. The assessment of useful lives is assessed based on the expected future usage of the asset, and historical lives of similar assets that were eventually taken out of use.

1 Transfers out of capital work-in-progress have been disclosed within additions of each of the appropriate individual categories.
2 Right-of-use asset additions are non-cash additions.

Note 2: Intangible assets

	Software R'000	Trademarks R'000	Goodwill R'000	Capital work-in-progress R'000	Total R'000
June 2023 – Audited					
Opening net book amount	20,093	5,476	19,315	3,454	**48,338**
Additions	7,636				**7,636**
Disposals	(6)				**(6)**
Transfers between categories and property, plant and equipment				(2,774)	**(2,774)**
Amortisation charge	(4,553)				**(4,553)**
Closing net book amount	**23,170**	**5,476**	**19,315**	**680**	**48,641**
Cost	91,532	55,976	19,315	680	**167,504**
Accumulated amortisation and impairment	(68,363)	(50,500)			**(118,863)**
Net book amount	**23,170**	**5,476**	**19,315**	**680**	**48,641**
June 2022 – Reviewed					
Opening net book amount	27,486	5,476	19,315	4,105	**56,382**
Additions	1,006			228	**1,234**
Transfers between categories and property, plant and equipment	228			(879)	**(651)**
Amortisation charge	(8,627)			–	**(8,627)**
Closing net book amount	**20,093**	**5,476**	**19,315**	**3,454**	**48,338**
Cost	83,967	55,976	19,315	3,454	**162,712**
Accumulated amortisation and impairment	(63,874)	(50,500)	–	–	**(114,374)**
Net book amount	**20,093**	**5,476**	**19,315**	**3,454**	**48,338**
June 2021 – Reviewed					
Opening net book amount	36,917	5,476	19,315	4,089	**65,797**
Additions	295			2,488	**2,783**
Disposals	(242)				**(242)**
Transfers between categories and property, plant and equipment	2,422			(2,472)	**(50)**
Amortisation charge	(11,906)				**(11,906)**
Closing net book amount	**27,486**	**5,476**	**19,315**	**4,105**	**56,382**
Cost	82,733	55,976	19,315	4,105	**162,129**
Accumulated amortisation and impairment	(55,247)	(50,500)	–	–	**(105,747)**
Net book amount	**27,486**	**5,476**	**19,315**	**4,105**	**56,382**

The remaining useful lives on intangible assets are between 1 and 18 years.

Software Finite life	**Audited 2023**	**Reviewed 2022**	**Reviewed 2021**
Amortisation period	3 to 20 years	3 to 20 years	3 to 20 years
Method of amortisation	Straight-line	Straight-line	Straight-line
Is intangible title restricted in any way?	No	No	No

Trademarks:

The carrying value of trademarks are included in the following CGU's:

CGU	Trademarks	Useful life	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Chicken[1]	Farmer Brown, Bonny Bird, Farm Free	Finite	–	–	–
Epol Animal Feed	Epol, Driehoek and Equus	Indefinite and Finite	5,476	5,476	5,476
Total			**5,476**	**5,476**	**5,476**

Intangibles with a finite useful life have been fully amortised or impaired to nil.

Trademarks Finite life	Audited 2023	Reviewed 2022	Reviewed 2021
Amortisation period	15 years	15 years	15 years
Method of amortisation	Straight-line	Straight-line	Straight-line
Is intangible title restricted in any way?	No	No	No

Trademarks comprise Farmer Brown, Bonny Bird, FarmFare and Epol, all of which were acquired on acquisition of Bonny Bird Farms Proprietary Limited and Epol Proprietary Limited in 1991.

Trademarks Indefinite life	Audited 2023	Reviewed 2022	Reviewed 2021
Is intangible title restricted in any way?	No	No	No

Trademarks comprise Winterveld, Lotmix, Driehoek and Equus which were acquired as part of the acquisition of Driehoek Feeds in the 2019 financial year.

The above trademarks are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate cash inflows for the respective CGUs. The assessment was based on a consideration of the underlying products that these trademarks represent which are not subject to obsolescence.

Goodwill:

Goodwill arises from business combinations and relates to the acquisition of Driehoek Feeds in 2019 (included in the Epol Animal Feed CGU below). At year-end, RainbowDiv has goodwill of R19.3 million (2022: R19.3 million; 2021: R19.3 million). IAS 36 requires an entity to test an intangible asset with an indefinite useful life and goodwill acquired in a business combination annually for impairment. Refer to note 3 for detail on impairment assessments.

	Opening R'000	Closing R'000
2023 – Audited		
Feed	19,315	19,315
Total	**19,315**	**19,315**
2022 – Reviewed		
Feed	19,315	19,315
Total	**19,315**	**19,315**
2021 – Reviewed		
Feed	19,315	19,315
Total	**19,315**	**19,315**

1 The trademarks within these CGUs have a carrying amount of Rnil.

Capital work-in-progress:

Intangible capital work-in-progress relates mainly to software which is still in the development phase.

Note 3: Impairments

Annual impairment assessments are conducted on cash-generating units ("**CGUs**") containing goodwill and other indefinite useful life intangible assets, in accordance with the requirements of IAS 36. IAS 36 also requires a CGU to be tested for impairment where there is an indication of impairment. The Epol Animal Feed CGU includes goodwill arising on the acquisition of Driehoek Feeds in 2019 and as such is required to be tested for impairment annually. The low profitability in Chicken is an impairment indicator, and the CGU has therefore been tested for impairment as detailed below.

The impairment loss of R1.4 million in the current financial year (2022: nil; 2021: R2.1 million) relates to individual items of property, plant and equipment which became redundant.

The assumptions used in the value-in-use calculations are presented below. These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, working capital and capital maintenance expenditure. The forecast cash flows used in the value-in-use calculations are the output of RainbowDiv's five-year business planning process. The assumptions used in the value-in-use calculations include:

- Volume growth: RainbowDiv is a food producer with products sold mainly in the South African market. Volume assumptions are therefore closely linked to population and GDP growth forecasts for South Africa. Compounded volume growth over the five-year period does not exceed long-term GDP forecasts, apart from additional volume resulting from recent capital investments which have yet to reach full production and innovation/new product launches serviced from existing capacity.
- Selling price and cost growth are linked to Consumer Price Index (CPI) and food inflation (which tracks ahead of CPI).
- Capital expenditure: Capital expenditure spend is limited to replacement capital expenditure spend, in line with RainbowDiv's maintenance programmes.
- Working capital: Working capital is based on the output of RainbowDiv's five-year business planning process.
- The cash flow beyond year five (terminal cash flow) has assumed a steady state of growth with capital expenditure equal to depreciation, volumes and profit margins maintained at year five levels with the growth beyond year five resulting solely from price inflation.
- Perpetuity growth rate and discount rate: In the current year a perpetuity growth rate of 4.0% (2022:4.0%); (2021: 4.0%) was applied.

A reasonable possible change in these assumptions is not expected to result in a material change to the impairment losses, or headroom available, in any of the cash-generating units.

Key assumptions used in the current period impairment test were as follows[1]:

2023 – Audited	**Discount rate pre-tax %**	**Perpetuity growth rate %**	**Period years**
Feed	20.1	4.0	5
Chicken	19.0	4.0	5

Sensitivity analysis of assumptions used in the current period impairment test[2]:

2023 – Audited	**Discount rate movement (%)**	**Total impairment[2] (R'm)**	**Perpetuity growth rate movement (%)**	**Total impairment[2] (R'm)**
Feed	+1.0	Nil	(0.5)	Nil
Chicken	+1.0	120.1	(0.5)	Nil

Key assumptions related to the Chicken CGU also include the feed conversion ratio, net invoice prices and feed input prices. A sensitivity analysis of the above assumptions used in the current period impairment test for the Chicken CGU is presented below:

1 The key assumptions and impairment sensitivities above relate to the full carrying value of the CGUs.

2 Where sufficient headroom is available, no impairment will be applicable.

2023 – Audited	Movement	Total impairment[2] (Rm)	Movement	Total impairment[2] (Rm)
Feed conversion ratio	+1.0%	43,1	(1.0%)	Nil
Net invoice price	+1.0%	Nil	(1.0%)	943,9
Feed input price	+R100/ton	Nil	(R100/ton)	Nil

Key assumptions used in the 2022 financial year impairment test were as follows[1]:

2022 – Reviewed	Discount rate pre-tax (%)	Perpetuity growth rate (%)	Period years
Feed	17.5	4.0	5
Chicken	17.8	4.0	5

Sensitivity analysis of assumptions used in the 2022 impairment test[2]:

2022 – Reviewed	Discount rate movement (%)	Total impairment (R'm)	Perpetuity growth rate movement (%)	Total impairment (R'm)
Feed	+1.0	Nil	(0.5)	Nil
Chicken	+1.0	306,9	(0.5)	116.6

Key assumptions used in the 2021 financial year impairment test were as follows[1]:

2021 – Reviewed	Discount rate pre-tax (%)	Perpetuity growth rate (%)	Period years
Feed	15.9	4.0	5
Chicken	17.6	4.0	5

Sensitivity analysis of assumptions used in the 2021 financial year impairment test were as follows[1]:

2021 – Reviewed	Discount rate movement (%)	Total impairment (Rm)	Perpetuity growth rate movement (%)	Total impairment (Rm)
Feed	+1.0	Nil	(0.5)	Nil
Chicken	+1.0	218,5	(0.5)	52,2

Note 4: Inventories

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Raw Materials	348,022	344,322	125,854
Finished Goods & Merchandise	663,182	418,296	680,062
Consumable Stores	131,518	118,828	106,041
Work In Progress	19,958	14,838	9,353
Provision For Inventories	(54,100)	(20,969)	(20,854)
At the end of the year	**1,108,580**	**875,315**	**900,456**
Carrying value of inventory written down to net realisable value	657,193	164,264	262,980
Amount expensed as write-down to net realisable value	88,559	18,228	25,971

1 The key assumptions and impairment sensitivities above relate to the full carrying value of the CGUs.
2 Where sufficient headroom is available, no impairment will be applicable.

RainbowCo's net realisable value write-down is R88.6 million (2022: R18.2 million; 2021: R26.0 million). Due to the fast-moving nature of the products, RainbowCo bases its write-down calculation on actual selling price information available post year-end related to these products which supports the net realisable value of stock on hand. In addition, the current year amount includes a write-down on feed stocks driven by lower selling prices for feed post year-end.

Note 5: Biological assets

	Breeding stock R'000	Broiler stock R'000	Total R'000
2023 – Audited			
At the beginning of the year at fair value	493,897	388,895	882,792
Gains arising from cost inputs	1,787,504	6,494,668	8,282,172
Decrease due to harvest/transferred to cost of sales	(1,711,189)	(6,464,915)	(8,176,103)
Fair value adjustments recorded in profit or loss	7,315	12,408	19,723
At the end of the year at fair value	**577,527**	**431,056**	**1,008,583**
2022 – Reviewed			
At the beginning of the year at fair value	408,978	292,279	701,257
Gains arising from cost inputs	1,475,957	4,808,033	6,283,990
Decrease due to harvest/transferred to cost of sales	(1,381,813)	(4,730,155)	(6,111,968)
Fair value adjustments recorded in profit or loss	(9,225)	18,738	9,513
At the end of the year at fair value	**493,897**	**388,895**	**882,792**
2021 – Reviewed			
At the beginning of the year at fair value	366,699	177,577	544,276
Gains arising from cost inputs	1,301,984	4,125,451	5,427,435
Decrease due to harvest/transferred to cost of sales	(1,263,675)	(4,029,933)	(5,293,608)
Fair value adjustments recorded in profit or loss	3,970	19,184	23,154
At the end of the year at fair value	**408,978**	**292,279**	**701,257**

The financial risk management disclosures relating to the fair value estimation of RainbowDiv's biological assets is included in note 21.

Note 6: Trade receivables

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Current:			
Trade receivables	2,149,444	2,042,741	1,175,553
Less: Expected credit loss allowance	(8,538)	(6,725)	(10,460)
Net trade receivables	2,140,906	2,036,016	1,165,093
Prepayments	53,407	53,212	46,392
Other receivables[1]	75,506	28,353	69,165
At the end of the year	**2,269,819**	**2,117,581**	**1,280,650**
A summary of RainbowCo's trade receivables covered by insurance or secured by collateral is as follows:			
Terms (days)	0 to 45	0 to 45	0 to 45
Collateral held/insurance	Yes	Yes	Yes
Debtors covered by Lombard insurance	91,450	98,829	97,827
Mortgage bonds – registered value		35,000	35,000
Bank guarantees – actual value		1,500	1,500
Total	**91,450**	**135,329**	**134,327**

RainbowCo applies the simplified approach to measuring expected credit losses, in accordance with IFRS 9, on its current trade receivables, which calculates the loss allowance on a lifetime basis.

1 The other receivables consist of various items which are not considered individually material. These items have been assessed for expected credit loss using the general approach in accordance with IFRS 9 and did not result in material expected credit losses.

Individually material trade receivable balances are segregated from the general trade receivables balance and assessed separately for impairment. For both individually material balances and the general trade receivables balance, the expected credit losses were assessed using independent external credit rating scales and specific probability of default and loss given defaults.

The expected credit losses recognised on RainbowDiv's trade receivables is based on historical write-offs for the preceding five years and includes individual assessments of external credit ratings and/or annual financial statements of large customers, where appropriate. For the trade receivable balances remaining after individually material balances have been separated, a probability of default for each ageing bucket is calculated and an average loss given default applied.

Loss rates are determined using an element of judgment and include consideration of:

- the actual write-off history over the full period; and
- rule-based loss estimation (i.e. actual write-offs plus amounts still in collection for more than a specific number of months).

Consideration is also given to the length of available default and recovery data history, historical practice on when losses are actually written off, size of the trade receivables book (number of debtors and amounts), data quality and the variations between the measures over time.

RainbowCo has credit insurance in place with Lombard Insurance Company Limited (Lombard) for all domestic trade debtors above R50 000, subject to first loss of R5.0 million. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. The insurance cover is taken out at inception of the sale and is integral to the enactment of the sale. Credit insurance cover has been taken into account in determining the expected credit losses on trade receivables.

	Audited 2023 R'000	**Reviewed 2022 R'000**	**Reviewed 2021 R'000**
The loss allowance is calculated using the matrix approach based on the total trade receivables balance; segregated for:	2,149,444	2,042,741	1,175,553
Intercompany and other accounts considered to be low risk[1]	(2,021,707)	(1,935,443)	(1,064,891)
Receivables with specific financial issues	(7,985)	(6,268)	(12,559)
Total	**119,752**	**101,030**	**98,103**

Receivables with specific financial issues have been assessed considering factors such as historic recoverability and individual customer circumstance. This assessment of specific debtors has given rise to the specific provision.

General trade receivables subject to matrix approach:

The loss allowance was determined as follows for trade receivables:

	Current R'000	**30 days R'000**	**60 days R'000**	**90 days R'000**	**120 days R'000**	**Total R'000**
2023 – Audited						
Expected loss rate	0.2%	1.3%	11.4%	21.0%	21.0%	
Gross carrying amount	98,671	11,893	6,128	2,157	903	119,752
Loss allowance based on matrix approach	227	149	701	453	190	1,720
Loss allowance						**1,720**
Specific provision for expected credit losses						6,818
Total Expected Credit Losses on trade receivables						**8,538**

1 Intercompany receivables mainly relate to the receivable from Vector which was 100% owned by RCL Foods for all three years presented. Other accounts include insured debtors and accounts which have been assessed as low risk based on materiality of balances and payment history.

	Current R'000	30 days R'000	60 days R'000	90 days R'000	120 days R'000	Total R'000
2022 – Reviewed						
Expected loss rate	0.2%	0.9%	13.6%	32.9%	32.9%	
Gross carrying amount	93,315	6,496	822	95	302	101,030
Loss allowance based on matrix approach	159	55	112	31	99	456
Loss allowance						**456**
Specific provision for expected credit losses						6,269
Total Expected Credit Losses on trade receivables						**6,725**
2021 – Reviewed						
Expected loss rate	1.2%	6.4%	44.4%	58.1%	58.1%	
Gross carrying amount	90,269	7,700	(21)	(1)	156	98,103
Loss allowance based on matrix approach	1,083	492	(9)	(1)	91	1,656
Loss allowance						**1,656**
Specific provision for expected credit losses						8,804
Total Expected Credit Losses on trade receivables						**10,459**

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Reconciliation of loss allowance:			
At the beginning of the year	(6,725)	(10,460)	(20,466)
(Increase)/decrease in general loss allowance recognised in profit or loss during the year	(1,264)	1,200	295
Increase in specific loss allowance recognised in profit or loss during the year	(2,059)	(1,472)	(1,883)
Receivables written off during the year as uncollectible	277	2,061	7,899
Unutilised amounts reversed on specific provisions	1,233	1,946	3,695
At the end of the year	**(8,538)**	**(6,725)**	**(10,460)**
The carrying amounts of RainbowCo's trade and other receivables are denominated in the following currencies:			
Rand	2,269,819	2,117,399	1,280,650
USD		182	
Total	**2,269,819**	**2,117,581**	**1,280,650**

All current trade and other receivables are due within one year of the reporting date. The carrying amounts of trade and other receivables approximates their fair values.

<u>Note 7: Stated capital</u>

Authorised Share Capital of RainbowCo:

100,000 (2022: 100,000; 2021: 100,000) ordinary shares

Issued ordinary shares of no par value

	Number of shares	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
At the beginning of the year				
20,000 ordinary shares	20,000	40	40	40
37,475 ordinary shares	37,475	1,176,525	1,176,525	1,176,525
2,338 ordinary shares	2,338	73,399	73,399	73,399
At the end of the year	**59,813**	**1,249,964**	**1,249,964**	**1,249,964**

Since RainbowCo, as a legal entity, did not hold all operations throughout the Reporting Periods, which were held in other legal entities supported with their own share capital structures, not all attributable share capital may be represented. Similarly, for operations transferred out of RainbowCo, for the purposes of these Combined Carve-out Historical Financial Information, the share capital attributable to such operations has remained in this legal entity with the operations housed in another legal entity.

Note 8: Share-based payment reserve

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Employee share scheme:			
At the beginning of the year	59,212	59,212	59,212
At the end of the year	59,212	59,212	59,212
BEE transaction:			
At the beginning of the year	144,167	141,203	135,824
Employee portion – recurring[1]	–	2,964	5,379
At the end of the year	144,167	144,167	141,203
Total at the end of the year	**203,379**	**203,379**	**200,415**

Note 9: Interest-bearing liabilities

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Long-term:			
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	128,461	142,585	73,023
Loan from Green Create W2V SA Proprietary Limited	110,519		
Lease liabilities	103,032	16,966	37,784
Total	**342,012**	**159,551**	**110,807**
Short-term:			
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	13,301	11,370	3,362
Loan from Green Create W2V SA Proprietary Limited		94,578	102,600
Lease liabilities	54,587	30,251	44,674
Total	**67,888**	**136,199**	**150,636**

Loan from Green Create W2V SA Proprietary Limited

Green Create W2V SA Proprietary Limited is a 50% shareholder in Matzonox Proprietary Limited (Matzonox) which houses RainbowDiv's Waste-to-Value operations. Green Create W2V SA Proprietary Limited has provided finance related to the construction of a Waste-to-Value plant in Rustenburg. The repayment date for the loans were revised during the 2023 financial year which resulted in the loan balance being a non-current liability at year-end (2022: R94.6 million; 2021: R102.6 million balances reflected as current liabilities). The loan is unsecured. Interest accrues at the prime rate per annum. The loan is repayable as at September 2024. The funding to Matzonox has been provided in equal proportions by Green Create W2V SA Proprietary Limited and RainbowDiv. RainbowDiv's portion of the funding (R110.5 million) has been eliminated on consolidation.

Loans from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited

The Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited (FIRST) is a debt funding platform created through a partnership between international development funding and a South African commercial bank to unlock funding for small renewable projects. This loan relates to RainbowDiv's Waste-to-Value operations (Matzonox) and was granted in 2 tranches. The first tranche was obtained in 2020 and accrues interest at 3-month JIBAR plus 4.08%. During 2022 a further loan from the FIRST was obtained in Matzonox (second tranche). This loan accrues interest at 3-month JIBAR plus 3.95%. The total loan balance is repayable quarterly over a ten-year term. The loan is secured by:

- a notarial bond registered over the Worcester Waste-to-Value (first tranche) and Rustenburg Waste-to-Value (second tranche) plants;
- certain bank accounts held with First National Bank (Debt-service and Maintenance Reserve Accounts); and
- the shares held by shareholders in Matzonox.

The carrying amount of the loan approximates its fair value with a carrying value in non-current liabilities of R128.5 million (2022: R142.6 million; R73.0 million) and an amount of R13.3 million (2022: R11.4 million; 2021: R3.4 million) is included in short-term borrowings. RCL Foods Limited has guaranteed the loan from FIRST relating to Avian Influenza.

RCL Foods is further bound by the Equity Support, Share retention and Subordination Agreement that requires RCL Foods to advance standby equity contributions in the event of an offtake or feedstock supply agreement being cancelled due to an Avian Influenza or contamination event. RCL Foods will be liable for up to 50% of the amount outstanding with respect to the aforementioned loan.

Note 10: Loans from Group Companies

	Audited 2023 R'000	**Reviewed 2022 R'000**	**Reviewed 2021 R'000**
Short-term:			
RCL Foods	1,466,157	1,465,667	1,465,739
RCL Foods Treasury	2,034,902	1,292,939	531,107
Total	**3,501,059**	**2,758,606**	**1,996,846**

RCL Foods

The loan from RCL Foods is unsecured, does not bear interest and is repayable on demand. Management has applied judgement in determining the classification of these shareholder loans, assessing the terms thereof, and have classified the loans as debt in terms of IFRS which is consistent with the historical classification of RainbowCo.

RCL Foods Treasury

The loan from RCL Foods Treasury to RainbowCo is unsecured and is repayable on demand. The interest rate on this loan from RCL Foods Treasury (which varies month to month) was between 6.9% and 10.08% for the current financial year (2022: between 5.48% and 6.79%); (2021 between 3.25% (investment rate) and 5.92%).

Note 11: Leases

Assets:

The recognised right-of-use assets relate to the following types of assets

	Audited 2023 R'000	**Reviewed 2022 R'000**	**Reviewed 2021 R'000**
Land and Buildings	6,175	7,161	7,111
Plant and Equipment	8,795	8,824	9,865
Vehicles	137,984	26,459	61,137
Total right of use-assets	**152,953**	**42,445**	**78,113**

Additions to the right of use assets during the current financial year were R164 million (2022: R23 million, 2021: R25m). For further detail please refer to note 1.

Liabilities:			
Long-term			
Lease liabilities	103,032	16,966	37,784
Short-term			
Lease liabilities	54,587	30,251	44,674
Gross lease liabilities	178,901	52,446	91,568
Due within one year	66,106	31,734	48,617
Due within two to five years	112,795	16,907	35,885
Due later than five years		3,805	7,066
Future finance charges on lease liabilities	(21,282)	(5,229)	(9,109)
Present value of lease liabilities	**157,619**	**47,217**	**82,458**
Due within one year	54,587	30,251	44,674
Due within two to five years	103,032	13,312	31,272
Due later than five years		3,654	6,512
	157,619	**47,217**	**82,459**

For further detail on interest expense relating to the lease liabilities refer to note 16.

Lease payments not recognised as a liability

The expense relating to payments not included in the measurement of the lease liability has been disclosed in note 16. The payments relating to the IFRS 16 lease liabilities have been disclosed in Note D to the Cash Flow Statement.

At 2 July 2023, RainbowCo has future lease commitments in relation to short term leases of R3.8 million (2022: R2.6 million, 2021: R3.1 million).

Note 12: Trade and other payables

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Short-term:			
Trade payables	500,164	357,469	437,939
Accruals	920,150	797,443	436,286
Other payables	213,351	238,008	282,776
Total	**1,633,665**	**1,392,920**	**1,157,001**

The carrying amount of trade and other payables approximate their fair values.

Included in accruals and other payables above are non-financial liabilities such as payroll liabilities and VAT amounting to R134.6 million (2022: R85.7 million, 2021: R147 million).

The carrying amounts of RainbowCo's trade and other payables are denominated in the following currencies:

Rand	1,616,695	1,378,708	1,156,562
USD	14,924	13,931	–
GBP	–	37	439
EUR	2,046	244	–
Total	**1,633,665**	**1,392,920**	**1,157,001**

Note 13: Deferred income tax

Deferred income tax liability movement:			
At the beginning of the year	310,813	342,172	343,140
Charge for the year – income statement	(86,483)	(17,985)	7,900
(Credit)/charge for the year – other comprehensive income	1,227	(600)	386
Prior year overprovision	(514)	(4,993)	(9,254)
Change in tax rate	–	(7,781)	–
At the end of the year	**225,043**	**310,813**	**342,172**
Deferred income tax liability comprises:			
Trademarks, property, plant and equipment	227,097	190,237	172,413
Right of use assets	2,654	13,571	9,075
Inventories and biological assets	282,385	262,485	216,866
Provisions	(50,493)	(52,820)	(43,630)
Derivative financial instruments	5,983	437	17,520
Losses available for set-off against future taxable income	(250,843)	(111,387)	(42,143)
Other	8,260	8,290	12,071
Total	**225,043**	**310,813**	**342,172**
Deferred tax liability due after 12 months	229,749	203,808	181,487
Deferred tax liability due within 12 months	(4,706)	107,005	160,685
Total	**225,043**	**310,813**	**342,172**

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Deferred income tax asset movement:			
At the beginning of the year	22,640	8,632	(3,148)
Credit for the year – income statement	18,271	14,847	11,780
Prior year overprovision	72		
Change in tax rate		(839)	
At the end of the year	**40,983**	**22,640**	**8,632**
Deferred income tax asset comprises:			
Trademarks, property, plant and equipment	(98,429)	(86,261)	(65,018)
Provisions		1,137	1,179
Losses available for set-off against future taxable income	138,562	106,920	71,579
Other	850	844	892
Total	**40,983**	**22,640**	**8,632**
Deferred tax asset due after 12 months	(98,429)	(86,261)	(65,018)
Deferred tax asset due within 12 months	139,412	108,901	73,650
Total	**40,983**	**22,640**	**8,632**

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 27.0% in the current financial year (2022: 27.0%; 2021: 28.0%). The revised South African corporate tax rate is applicable for years of assessment ending on or after 31 March 2023 and will be applicable to RainbowCo for the 2023 financial year.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The deferred income tax assets related to assessed losses consist mainly of assessed losses arising from the recent financial performance in Matzonox whose forecasts support the utilisation of the loss in the forecast period.

During the current year entities moved from a deferred tax asset position to a deferred tax liability position.

RainbowDiv has total assessed losses amounting to R3.4 million (2022: Nil; 2021:Nil) that have not been recognised as a deferred tax asset in the current financial year.

Deferred tax assets of R0.94 million (2022: Nil; 2021:Nil) have not been recognised as it is envisaged that there will not be future taxable profits in the foreseeable future against which the deferred tax asset can be utilised. The unrecognised deferred tax assets relate to Matzonox Fertilisers (Pty) Ltd. The recognition of the deferred tax assets in this company will be reassessed when performance of the entities begin to show sustained improvement and it appears likely that there will be future taxable profits available to offset these assessed losses. The assessed losses do not have an expiry date. A breakdown of the deferred tax asset not recognised is provided below.

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Deferred income tax asset not recognised comprises:			
Assessed loss not recognised as deferred tax asset	942	–	–
	942	**–**	**–**

Matzonox Fertilisers Proprietary Limited was acquired by RainbowDiv in the 2023 financial year.

<u>Note 14: Revenue from contracts with customers</u>

Disaggregation of revenue from contracts with customers:

Revenue from contracts with customers	**13,463,861**	**11,384,801**	**10,335,889**
Chicken	**11,627,990**	**9,794,769**	**8,614,472**
– Sale of poultry products	11,190,186	9,432,315	8,273,313
– Sundry sales[1]	437,804	362,454	341,159

1 Sundry sales consist of poultry by-products. The sale of these items arise in the course of RainbowCo's ordinary activities but are considered cost recoveries as they are by-products of RainbowCo's core operations.

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Feed	**7,761,021**	**6,002,870**	**5,489,653**
Waste-to-Value	**62,145**	**55,349**	**42,562**
Sales between segments[1]	**(5,987,295)**	**(4,468,188)**	**(3,810,798)**
Timing of revenue recognition:			
Point in time	13,463,861	11,384,801	10,335,889
Major customers:			
Revenue from RainbowCo's top five customers is as follows:			
– Customer A	2,100,982	2,118,727	2,001,630
– Customer B	1,433,193	1,314,111	1,162,893
– Customer C	1,387,099	725,250	641,163
– Customer D	694,348	523,301	322,047
– Customer E	673,030	575,600	466,355
The above revenue is included in the segments above.			
Analysis of revenue:			
Sale of poultry products	11,521,632	9,690,541	8,554,174
Sale of Animal Feed	1,940,050	1,694,260	1,781,715
Energy recoveries	2,179		
Total	**13,463,861**	**11,384,801**	**10,335,889**

All revenue is earned within South Africa.

Note 15: Operating (loss)/profit

Revenue from contracts with customers	13,463,861	11,384,801	10,335,889
Cost of sales	(12,276,876)	(9,961,301)	(9,192,037)
Gross profit	1,186,985	1,423,500	1,143,852
Administration expenses	(481,374)	(542,512)	(492,182)
Selling and marketing expenses	(170,676)	(174,781)	(160,259)
Distribution expenses	(924,932)	(802,377)	(888,530)
Net Impairments[2]	(1,417)	–	(2,088)
Other income	162,455	177,448	189,832
Operating (loss)/profit	**(228,959)**	**81,278**	**(209,375)**
Material and disclosable items – other income:			
Profit on disposal of property, plant and equipment	772	14	764
Profit on disposal of assets held for sale	–	–	3,141
Fair value adjustment on biological assets	19,722	9,513	23,154
Fair value adjustment on derivatives	81,184	95,636	96,254
Gain on remeasurement of leases	–	2,148	402
Foreign exchange gains	6,817	4,016	7,300
Insurance proceeds	12,796	28,498	19,551
Rental income – operating leases	41,165	37,025	35,171

1 Refer to note 20 for further detail.
2 Net impairment on property, plant and equipment and intangible assets.

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Material and disclosable items – expenses:			
Technical consultants and legal fees	8,080	7,045	11,706
Fair value adjustment on derivatives	77	72,953	70,782
Impairment of property, plant and equipment and right-of-use assets	1,417	–	2,088
Lease payments	**18,583**	**5,661**	**6,964**
– short-term lease expense	18,583	5,661	6,964
Loss allowance – trade receivables	1,813	1,306	1,588
Foreign exchange losses	3,539	5,410	3,204
Inventory expense	9,010,721	7,259,607	6,333,267
Fuel and gas	286,730	157,783	128,231
Utilities	672,079	604,988	543,912
Repairs and maintenance expense	493,840	401,362	383,927
Loss on disposal of intangible asset		–	242
Loss on disposal of property, plant and equipment	1,524	552	963
Staff costs	**1,553,320**	**1,444,140**	**1,288,834**
salaries and wages	1,254,121	1,174,233	1,051,017
share-based payments	1,100	12,883	625
retirement benefit costs	100,178	94,431	81,365
other post-employment benefits	1,998	6,375	1,059
retrenchment costs	1,130	(205)	6,221
other	194,793	156,423	148,547
B-BBEE expense		2,964	5,379
Administration fee paid to Group holding company	104,849	159,487	354,323
Auditors' remuneration	**7,759**	**5,929**	**5,067**
– fees for the audit	6,520	5,773	4,791
– prior year over provision	195	(178)	(2)
– disbursements	115	150	47
– fees for other services	929	184	231

Note 16: Finance costs

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Interest – financial institutions	15,801	11,932	6,142
Interest – Related party	138,276	59,006	26,131
Interest on lease liabilities	5,065	4,664	7,468
Interest – other	14,027	10,130	10,842
Total	**173,169**	**85,732**	**50,583**

Note 17: Finance income

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Interest – financial institutions	4,509	3,289	3,545
Interest – Related party	–	5,968	15,777
Interest – other	589	1,484	1,557
Total	**5,098**	**10,741**	**20,879**

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Note 18: Income tax expense			
Current tax	**(764)**	**30,675**	**(58,372)**
South African	(74)	29,910	(60,895)
Prior year under/(over) provision	(690)	765	2,523
Deferred tax	**(105,339)**	**(44,768)**	**(13,133)**
South African	(104,825)	(32,832)	(3,880)
Chain tax rate	–	(6,943)	–
Prior year under/(over) provision	(514)	(4,993)	(9,254)
Total	**(106,103)**	**(14,093)**	**(71,505)**
Reconciliation of tax rate:			
(Loss)/profit before tax	(392,128)	1,559	(233,270)
Tax charge at 27% (2022: 28%; 2021: 28%)	(105,875)	437	(65,316)
– tax rate change	–	(6,943)	–
– share of associates' profits	(1,324)	1,324	(1,627)
– non-taxable income	(2,607)	(2,753)	(622)
– prior year under/(over) provision – current	(690)	765	2,523
– prior year overprovision – deferred	(514)	(4,993)	(9,254)
– non-deductible impairment of assets	383	–	585
– non-deductible loss on disposal of assets	411	149	337
– non-taxable profit on disposal of assets	(208)	(4,931)	(1,085)
– unrecognised deferred tax on assessed losses	962	–	–
– non-deductible IFRS 2 charges	–	947	1,343
– non-deductible depreciation and amortisation	1,229	773	468
– other non-deductible items	2,130	1,132	1,143
Tax charge	**(106,103)**	**(14,093)**	**(71,505)**

The tax effects relating to items of other comprehensive income are disclosed on the face of the statement of other comprehensive income.

Note 19: Earnings and headline earnings

	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Earnings:			
Profit attributable to equity holders of the Company	(259,483)	35,158	(146,612)

Headline earnings

Headline earnings has been calculated and disclosed in accordance with the JSE Listings Requirements, and in terms of circular 1/2023 issued by SAICA. Disclosure of headline earnings is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa that is more closely aligned to the operating activities of the entity. The items excluded from the calculation of headline earnings meet the definition of separately identifiable remeasurements as defined in circular 1.

	Gross R'000	Net R'000
Headline earnings – June 2023 – Audited		
Headline earnings reconciliation:		
Profit for the year attributable to equity holders of RainbowCo		**(259,483)**
Net impairments	1,417	1,034
Insurance proceeds on fixed assets	(10,145)	(7,406)
Profit or loss on disposal of property, plant and equipment	752	549
Reclassification of foreign currency translation reserve to profit or loss on disposal of investment	(9,654)	(9,654)
Loss on sale of associate	1,955	1,955
Headline earnings		**(273,005)**
Headline earnings – June 2022 – Reviewed:		
Headline earnings reconciliation:		
Profit for the year attributable to equity holders of RainbowCo		**35,158**
Change in interest of associate	(2,768)	(2,768)
Insurance proceeds on fixed assets	(156)	(114)
Profit or loss on disposal of property, plant and equipment	535	390
Headline earnings		**32,667**
Headline earnings – June 2021 – Reviewed		
Headline earnings reconciliation:		
Profit for the year attributable to equity holders of RainbowCo		**(146,612)**
Net impairments	2,088	1,504
Insurance proceeds on fixed assets	(49)	(35)
Profit or loss on disposal of property, plant and equipment	(2,660)	(1,915)
Change in interest of associate	(2,298)	(2,298)
Headline earnings		**(149,356)**

Note 20: Operating segments

The Chief Executive Officer (CEO) is the Chief Operating Decision Maker. The CEO assesses the performance of the operating segments based on operating profit before depreciation, amortisation and impairment (EBITDA) and operating profit (EBIT).

The RainbowDiv business is made up of the following segments:

- Chicken.
- Feed (consisting of Epol and Driehoek).
- Waste-to-Value (consisting of Matzonox and Matzonox Fertilisers).
- Group (other immaterial segments).

Transactions between segments are accounted for under IFRS in the individual segments.

	Audited 2023 R'000s	Reviewed 2022 R'000s	Reviewed 2021 R'000s
Revenue from contracts with customers	**13,463,860**	**11,384,801**	**10,335,889**
Chicken	11,627,989	9,794,769	8,614,472
Feed	7,761,021	6,002,870	5,489,653
Waste-to-Value	62,145	55,349	42,562
Sales between segments:			
Chicken to Feed	(106,358)	(104,228)	(60,298)
Feed to Chicken	(5,820,971)	(4,308,610)	(3,707,938)
Waste-to-Value to Chicken	(59,966)	(55,349)	(42,562)

	Audited 2023 R'000s	Reviewed 2022 R'000s	Reviewed 2021 R'000s
Operating profit before depreciation, amortisation and impairments (EBITDA)	**38,644**	**336,211**	**15,059**
Chicken	(234,843)	50,155	(237,112)
Feed	262,339	276,792	238,680
Waste-to-Value	2,903	7,427	12,258
Group	8,245	1,837	1,233
Depreciation, amortisation and impairments	**(267,603)**	**(254,933)**	**(224,434)**
Chicken	(196,175)	(184,149)	(157,267)
Epol Animal Feed	(39,338)	(41,491)	(40,266)
Waste-to-Value	(32,090)	(29,293)	(26,901)
Operating (loss)/profit	**(228,959)**	**81,278**	**(209,375)**
Chicken	(431,019)	(133,993)	(394,379)
Feed	223,001	235,301	198,414
Waste-to-Value	(29,186)	(21,867)	(14,642)
Group[1]	8,245	1,836	1,232
Operating (loss)/profit	**(228,959)**	**81,278**	**(209,375)**
Finance costs	(173,169)	(85,732)	(50,583)
Finance income	5,098	10,741	20,879
Share of profits/(loss) of associates	**4,903**	**(4,730)**	**5,810**
Ugandan Operation (HMH)	4,903	(4,730)	5,810
(Loss)/profit before tax	**(392,127)**	**1,557**	**(233,269)**
Assets:			
Chicken	5,407,496	4,543,758	3,438,967
Feed	1,544,438	1,258,602	1,271,317
Waste-to-Value	453,819	459,858	423,157
Unallocated Group assets	51,324	38,880	41,327
Set-off of inter-segment balances	(929,289)	(490,938)	(405,001)
Total per statement of financial position	**6,527,788**	**5,810,160**	**4,769,767**
Liabilities:			
Chicken	5,426,473	4,065,853	2,926,420
Feed	823,039	791,210	897,051
Waste-to-Value	479,808	435,265	359,548
Unallocated Group liabilities	16,913	15,169	16,643
Set-off of inter-segment balances	(929,289)	(490,938)	(405,001)
Total per statement of financial position	**5,816,944**	**4,816,559**	**3,794,661**

	Audited 2023 R'000s	Reviewed 2022 R'000s	Reviewed 2021 R'000s
Additions to property, plant, and equipment and intangible assets			
Chicken:			
Property, plant and equipment	(351,225)	(325,695)	(222,201)
Intangible assets	(61)	(785)	(2,133)
Feed:			
Property, plant and equipment	(54,150)	(46,821)	(22,720)
Intangible assets	(7,575)	(449)	(649)
Waste-to-Value:			
Property, plant and equipment	(3,808)	(37,423)	(18,886)
Impairment losses[1]**:**			
Chicken	1,417		2,088
Depreciation and amortisation:			
Chicken	194,758	184,149	155,178
Feed	39,338	41,491	40,266
Waste-to-Value	32,090	29,293	26,901

Note 21: Financial risk management

Financial risk factors:

This note presents information about Rainbow Div's exposure to financial risks, Rainbow Div's objectives, policies and processes for measuring and managing these risks and Rainbow Div's management of capital.

Rainbow Div's financial instruments consist primarily of cash and cash equivalents, derivatives, loans receivable, trade and other receivables and payables and interest-bearing liabilities. In the normal course of business, Rainbow Div is exposed to credit, liquidity and market risk. In order to manage certain of these risks, Rainbow Div may enter into transactions which make use of derivatives. These include forward exchange contracts, currency futures and options and commodity futures and options. A separate committee is used to manage the risks and the hedging activities of Rainbow Div. Rainbow Div does not speculate in derivative instruments.

The RCL Foods board of directors has overall responsibility for the establishment and oversight of the Rainbow Div risk management framework. The RCL Foods board of directors has established the Risk Committee which is responsible for developing and monitoring Rainbow Div's risk management policies. The RCL Foods Risk Committee reports regularly to the RCL Foods board of directors on its activities.

RainbowDiv's risk management policies are established to identify and analyse the risks faced by Rainbow Div, to set appropriate risk limits and controls, to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Rainbow Div's activities. Rainbow Div, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The RCL Foods Audit Committee oversees how management monitors compliance with Rainbow Div's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Rainbow Div. The RCL Foods Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the RCL Foods Audit Committee.

Credit risk:

Credit risk is the risk of financial loss to Rainbow Div if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk primarily relates to trade and other receivables, loans receivable, cash and cash equivalents and derivative financial instruments.

1 These impairments relate only to impairments of property, plant and equipment and intangible assets.

Rainbow Div's exposure to credit risk with regards to trade and other receivables is influenced mainly by the individual characteristics of each customer and there is no significant concentration of risk related to industry segments. The granting of credit is controlled by well-established criteria that are reviewed on a regular basis, with customers that are assessed to have low probabilities of default in accordance with internal credit policies being granted credit. The terms granted to trade debtors are determined by management by assessing the credit quality of customers taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management. The maximum exposure to credit risk at the reporting date is the carrying amount of each trade receivable (refer to note 6) and amounts guaranteed as disclosed in this note.

Due to the short-term nature of these assets and historical experience, cash and cash equivalents are regarded as having a low probability of default and therefore the related expected credit loss is deemed not significant. Rainbow Div considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Macroeconomic factors have been considered in assessing the credit risk of Rainbow Div's cash and cash equivalents, however the impact of changes in economic conditions is not expected to be material on the expected credit loss.

The table below shows the cash and cash equivalents allocated in terms of bank rating. These ratings are based on Moody's bank ratings.

	Audited 2023 R'000s	**Reviewed 2022 R'000s**	**Reviewed 2021 R'000s**
Rating:			
NP[1]	27,805	111,215	115,551
Cash on hand	206	240	317
Total	**28,011**	**111,455**	**115,868**

Derivative instruments are limited to transactions with financial institutions with an acceptable credit rating.

Liquidity risk:

RainbowDiv actively monitors its cash flows to ensure there is sufficient cash available to meet its working capital requirements. Management monitors rolling forecasts of Rainbow Div's cash and cash equivalents requirements on the basis of expected cash flow. RainbowDiv has implemented a turnaround plan, which will significantly improve its liquidity into future periods. The turnaround plan entailed the appointment of a new management team that implemented policies and procedures to monitor liquidity risk by negotiating and securing credit facilities for RainbowDiv with reputable financial institutions to satisfy expected future cash requirements, as well as the deferral of shareholder distributions until such time as the board is satisfied that certain financial metrics will be met.

In order to affect the unbundling, the recapitalisation of the RCL Foods Limited shareholder loan and a portion of the RCL Foods Treasury loan were, totalling R2.8 billion, took place in February 2024.

Rainbow Div's current trade and other payables are all due within one year and the impact of discounting them is not significant.

1 Credit ratings for financial institutions have been obtained from Moodys. Issuers, or supporting institutions, rated Not Prime (NP) do not fall within any of the prime rating categories.

The table below summarises the maturity profile of Rainbow Div's financial liabilities based on contractual undiscounted payments:

	Carrying value R'000	Less than one year R'000	One to two years R'000	Two to three years R'000	Greater than three years R'000	Total R'000
2023 – Audited						
Interest-bearing liabilities – non-current	238,979	–	160,913	35,100	162,898	358,911
Interest-bearing liabilities – current	13,301	30,541	–	–	–	30,541
Lease liabilities – non-current	103,032	–	64,157	41,736	6,902	112,795
Loan from RCL Foods	1,466,157	1,466,157	–	–		1,466,157
Loan from RCL Foods Treasury	2,034,902	2,034,902	–	–	–	2,034,902
Lease liabilities – current	54,587	66,106	–	–	–	66,106
Trade and other payables	1,499,178	1,499,178	–	–	–	1,499,178
Total	**5,410,136**	**5,076,854**	**225,070**	**76,836**	**169,800**	**5,568,590**
2022 – Reviewed						
Interest-bearing liabilities – non-current	142,585	–	28,174	28,225	169,896	226,295
Interest-bearing liabilities – current	105,948	105,948	–	–	–	105,948
Lease liabilities – non-current	16,966	–	5,573	4,184	10,955	20,712
Loan from RCL Foods	1,465,667	1,465,667				1,465,667
Loan from RCL Foods Treasury	1,292,939	1,292,939				1,292,939
Bank overdraft	7,741	7,741	–	–	–	7,741
Lease liabilities – current	30,251	31,734	–	–	–	31,734
Trade and other payables	1,307,255	1,307,255	–	–	–	1,307,255
Derivative financial liabilities	378	378	–	–	–	378
Total	**4,369,730**	**4,211,662**	**33,747**	**32,409**	**180,851**	**4,458,669**
2021 – Reviewed						
Interest-bearing liabilities – non-current	73,023	–	10,240	10,978	87,235	108,453
Interest-bearing liabilities – current	105,962	105,962	–	–	–	105,962
Lease liabilities – non-current	37,784	–	20,531	4,176	18,244	42,951
Loan from RCL Foods	1,465,739	1,465,739				1,465,739
Loan from RCL Foods Treasury	531,107	531,107				531,107
Lease liabilities – current	44,674	48,617	–	–	–	48,617
Trade and other payables	1,009,847	1,009,847	–	–	–	1,009,847
Derivative financial liabilities	130	130	–	–	–	130
Total	**3,268,267**	**3,161,402**	**30,771**	**15,154**	**105,479**	**3,312,806**

Market risk:

- **Interest rate risk**

  Rainbow Div is exposed to interest rate risk on its interest-bearing balances, which can have an impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the RainbowDiv board of directors as well as the respective subsidiary companies by using counterparties that offer the best rates which enables RainbowDiv to maximise returns whilst minimising risk. The effective interest rate excluding the impact of foreign exchange revaluations for the year was 8.3% (2022: 6.3%; 2021: 5.3%).

  The impact of a 3,0% increase in interest rates on positive cash balances will result in additional finance income of R0,8 million (2022: R3.3 million; 2021: R3.4 million). The net impact as such will result in additional finance costs of R68.6 million (2022: R46.2 million; 2021: R21.3 million) for the forthcoming financial year.

- **Foreign currency risk**

  In the normal course of business, Rainbow Div enters into transactions denominated in foreign currencies. Trade and other payables include net payables of R17.0 million (2022: R14.2 million; 2021: R0.4 million) and cash and cash equivalents include cash balances of R0.2 million ((2022: R0.2 million); 2021: R0.7 million) relating to cash denominated in foreign currency. The currencies predominantly traded in by Rainbow Div are USD and EUR. As a result, Rainbow Div is subject to exposure from fluctuations in foreign currency exchange rates. Rainbow Div utilises forward exchange contracts, currency futures and options to minimise foreign currency exchange risk in terms of its risk management policy. All forward exchange contracts, futures and currency options are supported by underlying transactions.

  Forward exchange contracts, currency futures and options that do not constitute designated hedges of currency risk at the end of the year are summarised as follows:

	Average rate R's	Foreign contract amount R'000	Fair value of FEC's R'000
2023 – Audited			
USD currency options – assets[1]	–	788	–
USD currency options – liabilities[1]	–	(788)	–
2022 – Reviewed			
USD FECs – assets[1]	16.50	1,368	769
USD FECs – liabilities[1]	16.59	26,722	
USD Futures – assets[1]	17.42	862	
EUR Futures – assets[1]		215	
EUR currency options – liabilities[1]		22,600	
USD currency options – liabilities[1]	16.50	1,368	769
2021 – Reviewed			
USD FECs – assets[1]			
USD FECs – liabilities[1]	14.54	58,400	
USD Futures – assets[1]	17.14	827	
EUR Futures – assets[1]			
EUR currency options – liabilities[1]		6,380	

  Refer to the table below for sensitivity of future (post-tax) income statement impacts arising on the maturity of forward exchange contracts, currency futures, trade payables, trade receivables and cash and cash equivalents.

  Profit/(loss) as a result of a movement of the USD and EUR at June 2023 assuming the spot price remains constant thereafter until the maturity of the contracts and balances:

Figures in Rand thousand	**Audited 2023 R'000**	**Reviewed 2022 R'000**	**Reviewed 2021 R'000**
Forward exchange contracts, currency futures and options			
15% increase in the value of the USD against the rand	1,627	51,658	
15% decrease in the value of the USD against the rand	(1,628)	(61,004)	
10% increase in the value of the USD against the rand			61,653
10% decrease in the value of the USD against the rand			(63,535)
10% increase in the value of the EUR against the rand		1,112	1,021
10% decrease in the value of the EUR against the rand		(1,171)	(1,021)
Trade payables			
15% increase in the value of the USD against the rand	1,634		
15% decrease in the value of the USD against the rand	(1,634)		
10% increase in the value of the USD against the rand			(332)
10% decrease in the value of the USD against the rand			332
10% increase in the value of the EUR against the rand	149	12	(398)
10% decrease in the value of the EUR against the rand	(149)	(12)	398

1 Certain of these contracts and options have a zero fair value at year end as they are settled daily on Yield-X.

- **Commodity price and procurement risk**

  Commodity price risk arises from the risk of an adverse effect on current or future earnings from fluctuations in the prices of commodities. To stabilise prices for Rainbow Div's substantial commodity requirements, derivative instruments including forward contracts, commodity options and futures contracts are used to hedge its exposure to commodity price risk.

  The overriding directive is to minimise commodity price volatility in order to meet forecast requirements, ideally at the lowest cost for both internal and for external sales. Call and put options are utilised within this framework to manage commodity requirements and supply. The use of written options is restricted to the purposes of fixing forward requirements.

  The overall procurement strategy and net positions are reported monthly to the oversight committees and annually to the RCL Foods board of directors. The oversight committees are responsible for the setting of the monthly company view with regards to future price movements. The daily trading activities by the procurement teams are restricted to the company view unless prior approval is obtained from the Procurement Committee.

  - **Maize, soya, and soya oil and wheat**[1]

    Refer to the table below for sensitivity of future (post-tax) income statement impact arising on the maturity of maize, soya and soya oil derivative contracts. This analysis represents the impact on profit/(loss) as a result of a parallel shift in the forward curve (up and down) on the value of the hedged positions of the underlying commodities at June.

Figures in Rand thousand	Audited 2023 R'000	Reviewed 2022 R'000	Reviewed 2021 R'000
Maize – 25% increase	(605)	21,046	19,492
Maize – 25% decrease	14,517	(34,848)	(37,154)
Soya Oil – 20% increase	1,537		
Soya Oil – 20% decrease	(1,537)		
Soya Oil – 15% increase		6,124	
Soya Oil – 15% decrease		(6,736)	
Soya Oil – 10% increase			625
Soya Oil – 10% decrease			(625)
Soya – 20% increase	165,849		
Soya – 20% decrease	(122,583)		
Soya – 15% increase		80,452	
Soya – 15% decrease		(78,022)	
Soya – 10% increase			39,745
Soya – 10% decrease			(41,482)
Wheat – 10 increase			7,067
Wheat – 10% decrease			(7,067)

    Rainbow Div has entered into contract grower agreements with various counterparties to procure broiler chickens for the forthcoming financial year. Fees payable to the contract growers are accrued for based on the stage of completion of the broiler cycle at year-end. The commitment value as at June 2023 was R23.7 million.

  - **Capital risk management**

    The policy of the RCL Foods board of directors is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain the future development needs of the business. The RCL Foods board of directors monitors both the spread of shareholders return on equity (which is defined as profit for the year expressed as a percentage of average total equity) and the level of dividends paid to shareholders.

1 Certain of these contracts and options have a zero fair value at year end as they are settled daily on Yield-X.

Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at June 2023:

Figures in Rand thousand	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
June 2023 – Audited				
Assets:				
Breeding stock – chicken (refer note 8)	–	–	577,527	577,527
Broiler stock – chicken (refer note 8)	–	–	431,056	431,056
Derivatives	–	23,350	–	23,350
Total assets	**–**	**23,350**	**1,008,583**	**1,031,933**

The fair value of trading derivatives is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value the derivatives include:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date with the resulting value discounted back to present value.
- The fair value of options are determined using appropriate option pricing models which take into account the volatility of the underlying instrument.

The following valuation techniques and significant inputs were used to measure the level 3 inputs. These techniques are consistent with those of the prior year.

Description	Audited Fair value at June 2023 R'000	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Chicken stock	1,008,583	Replacement costs of the components of growing the stock	Eggs per hen	129 to 191 per hen	The higher the eggs per hen, the higher the fair value
			Cost of a day-old breeder bird	R71.18 to R111.60 per chick	The higher the cost per chick, the higher the fair value
			Mortality rates	3.1% to 7.9%	The higher the mortality, the lower the fair value
			Average live mass	1.61 kg to 1.88 kg per bird	The higher the average live mass, the higher the fair value
			Feed cost	R8,270 to R9,021 per ton	The higher the feed cost per ton, the higher the fair value

- **Sensitivity analysis**

  A sensitivity analysis is shown for the significant unobservable inputs below:

Input	Sensitivity
Feed cost – chicken stock	A 5,0% change in feed cost would result in a R12.1 million change in fair value in the forthcoming year.

Note 22: Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	Amortised cost R'000	Assets at fair value through profit or loss R'000	Total R'000
June 2023 – Audited			
Assets per the statement of financial position:			
Trade and other receivables	2,215,507		**2,215,507**
Derivative financial instruments		23,350	**23,350**
Cash and cash equivalents	28,011		**28,011**
At the end of the year	**2,243,517**	**23,350**	**2,266,868**
June 2022 – Reviewed			
Assets per the statement of financial position:			
Investment in financial asset			**–**
Trade and other receivables	2,064,369		**2,064,369**
Derivative financial instruments		4,468	**4,468**
Cash and cash equivalents	119,196		**119,196**
At the end of the year	**2,183,565**	**4,468**	**2,188,033**
June 2021 – Reviewed			
Assets per the statement of financial position:			
Investment in financial asset			**–**
Trade and other receivables	1,196,463		**1,196,463**
Derivative financial instruments		62,761	**62,761**
Cash and cash equivalents	115,868		**115,868**
At the end of the year	**1,312,331**	**62,761**	**1,375,092**

The carrying amount of these financial instruments approximate their fair values.

	Amortised cost R'000	Liabilities at fair value through profit or loss R'000	Total R'000
June 2023 – Audited			
Liabilities per the statement of financial position:			
Interest-bearing liabilities – Long-term	238,980	–	**238,980**
Interest-bearing liabilities – Short-term	13,301	–	**13,301**
Lease liabilities – Long-Term	103,032	–	**103,032**
Lease liabilities – Short-Term	54,587	–	**54,587**
Loan from RCL Foods	1,466,157	–	**1,466,157**
Loan from RCL Foods Treasury	2,034,902	–	**2,034,902**
Trade and other payables	1,499,178	–	**1,499,178**
At the end of the year	**5,410,137**	**–**	**5,410,137**
June 2022 – Reviewed			
Liabilities per the statement of financial position:			
Interest-bearing liabilities – Long-term	142,585		**142,585**
Interest-bearing liabilities – Short-term	105,948		**105,948**
Lease liabilities – Long-Term	16,966		**16,966**
Lease liabilities – Short-Term	30,251		**30,251**
Bank overdraft	7,741		**7,741**
Loan from RCL Foods	1,465,667		**1,465,667**
Loan from RCL Foods Treasury	1,292,939		**1,292,939**
Derivative liabilities		378	**378**
Trade and other payables	1,307,255		**1,307,255**
At the end of the year	**4,369,352**	**378**	**4,369,730**

	Amortised cost R'000	Liabilities at fair value through profit or loss R'000	Total R'000
June 2021 – Reviewed			
Liabilities per the statement of financial position:			
Interest-bearing liabilities – Long-term	73,023		**73,023**
Interest-bearing liabilities – Short-term	105,962		**105,962**
Lease liabilities – Long-Term	37,784		**37,784**
Lease liabilities – Short-Term	44,674		**44,674**
Loan from RCL Foods	1,465,739		**1,465,739**
Loan from RCL Foods Treasury	531,107		**531,107**
Derivative liabilities		130	**130**
Trade and other payables	1,009,847		**1,009,847**
At the end of the year	**3,268,137**	**130**	**3,268,267**

The carrying amount of these financial instruments approximate their fair values.

Note 23: Related party transactions

Related party relationships exist between Rainbow Div, its subsidiaries, associates, joint ventures and Remgro Limited and its subsidiaries, associates and joint ventures. The ultimate controlling party of the Company is Remgro Limited.

	Audited 2023 R's	Reviewed 2022 R's	Reviewed 2021 R's
Transactions and balances with subsidiaries of Remgro Limited:			
Expense cost recoveries	75	2,571	1,725
Purchases	15,109	11,012	–
Amounts owing to subsidiaries of the holding company included in trade and other payables	1,561	1,253	–
Transactions and balances with associates of Remgro Limited:			
Purchases	937	1,845	–
Amounts owing to associates of the holding company included in trade and other payables	–	77	–
Transactions and balances with RCL Foods:			
Loans payable	1,466,157	1,465,667	1,465,739
Dividend paid	–	–	50,293
Transactions and balances with subsidiaries of RCL Foods:			
Loans payable	2,034,902	1,292,939	531,107
Net interest paid	121,374	55,818	10,701
Amounts owing by subsidiaries of RCL FOODS included in trade and other receivables	2,019,011	1,894,703	1,058,274
Amounts owing to subsidiaries of RCL FOODS included in trade and other payables	197,504	163,658	188,881
Revenue	20,807	50,077	24,451
Rental income and expense recoveries	40,626	41,138	34,848
Merchandising and distribution fee	776,950	666,595	766,804
Expense recoveries	6,300	779	10,197
Shared services charge	104,849	159,487	354,323
Purchases	393,094	388,193	307,768
Key management of Rainbow Div:			
Short-term employee benefits	138,005	131,231	49,390
Post-employment benefits	10,820	9,877	4,618
Termination benefits	1,471	203	4,106
Share-based payments	1,503	13,067	(4,755)
Total	**151,799**	**154,378**	**53,359**

Note 24: Subsequent events

A decision was taken by the Department of Trade, Industry and Competition to reinstate anti-dumping duties against Brazil, Denmark, Ireland, Poland and Spain in August 2023. This decision is a non-adjusting post balance sheet event and does not impact the net realisable value of inventory at 2 July 2023.

In September 2023 the South African poultry sector, including Rainbow Div, was impacted by an avian influenza outbreak. This had no impact on the balances at 2 July 2023 but has resulted in birds being culled in the 2024 financial year.

In preparation for the unbundling and normalisation of RainbowCo's capital structure R2,851 million in loans from RCL Foods (R1,451 million non-interest-bearing) and RCL Foods Treasury (R1,400 million interest bearing) were converted to equity on 23 February 2024. The conversion resulted in RainbowCo issuing 2,057,920 shares to RCL Foods based on the market value of RainbowCo.

In accordance with IAS 10: Events after the Reporting Period ("IAS 10"), all the events detailed above, are considered non-adjusting events. There have been no other material events subsequent to 2 July 2023, not otherwise dealt with in the Combined Carve-out Historical Financial Information.

Note 25: Interest in subsidiaries

RainbowDiv has the following subsidiaries at June 2023:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent %	Proportion of ordinary shares directly held by RainbowCo %	Proportion of ordinary shares directly held by non-controlling interest %
Rainbow Farms Investments Proprietary Limited	South Africa	Investment holding	100	–	–
Epol Proprietary Limited	South Africa	Dormant	100	–	–
Farmer Brown Proprietary Limited	South Africa	Dormant	100	–	–
Matzonox Proprietary Limited	South Africa	Waste-to-Value operation	50	–	50
Matzonox Fertilisers Proprietary Limited	South Africa	Sales and marketing	50	–	50
Rainbow Chicken Foods Proprietary Limited	South Africa	Dormant	100	–	–

Non-controlling interests:

	Audited		Reviewed		Reviewed	
	Statement of financial position 2023 R'000	Income statement (share of loss) 2023 R'000	Statement of financial position 2022 R'000	Income statement (share of loss) 2022 R'000	Statement of financial position 2021 R'000	Income statement (share of loss) 2021 R'000
Matzonox	30,425	(24,796)	55,273	(19,508)	74,731	(15,152)

Significant restrictions:

There are no significant restrictions regarding the use of assets or on the ability to settle liabilities in the subsidiaries.

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to RainbowCo. This summarised information is before intercompany eliminations.

Summarised statement of financial position:

	Audited 2023 R'000s	Reviewed 2022 R'000s	Reviewed 2021 R'000s
Matzonox:			
Current	**33,396**	**43,828**	**16,866**
Assets	(39,582)	(133,567)	(98,077)
Liabilities	(6,186)	(89,739)	(81,211)
Total Current Net Liabilities			
Non-Current			
Assets	416,535	342,869	406,292
Liabilities	(349,499)	(142,585)	(175,621)
Total Non-Current Net Assets	**67,036**	**200,284**	**230,671**
Net assets	**60,850**	**110,545**	**149,460**
Summarised statement of comprehensive income:			
Matzonox			
Revenue	61,696	55,349	42,562
Loss before tax	(67,935)	(53,025)	(42,084)
Income tax expense	18,343	14,008	11,780
Loss after tax for the year	**(49,592)**	**(39,017)**	**(30,304)**
Other comprehensive income	–		
Total comprehensive loss	(49,592)	(39,017)	(30,304)
Total comprehensive loss allocated to non-controlling interests	**(24,796)**	**(19,508)**	**(15,152)**
Summarised cash flows:			
Matzonox			
Cash generated from operations	21,070	18,941	92
Interest paid	(43,447)	(31,827)	(27,725)
Interest received	1,193	668	280
Net cash utilised from operating activities	**(21,184)**	**(12,218)**	**(27,353)**
Net cash utilised in investing activities	(1,852)	(37,423)	(18,886)
Net cash generated from financing activities	19,688	61,528	49,934
Net (decrease)/increase in cash and cash equivalents	**(3,348)**	**11,887**	**3,695**

Independent auditor's audit report on the Combined Carve-out Historical Financial Information of RainbowDiv

To the directors of Rainbow Chicken Limited

Our opinion

Rainbow Chicken Limited ("Rainbow Chicken") is issuing a Pre-Listing Statement (the "PLS") regarding RCL Foods Limited's ("RCL") intention to form a new company Rainbow Chicken as a vehicle to list RCL's agri-processing business (namely the chicken, animal feed, and waste-to-value businesses) ("RainbowDiv", the "Group") on the Main Board of the Johannesburg Stock Exchange ("JSE") (the "Proposed JSE Listing").

In our opinion, the combined carve-out historical financial information of RainbowDiv as set out in Annexure 2B of the PLS (the "Combined Carve-out Historical Financial Information') as at 02 July 2023, is prepared in all material respects in accordance with the basis of preparation and accounting policies disclosed in the Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information set out in Annexure 2A of the PLS ("Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information") and the JSE Limited Listings Requirements.

What we have audited

At your request and solely for the purpose of the PLS to be dated on or about 10 June 2024, we have audited the Combined Carve-out Historical Financial Information of Rainbow Chicken, which comprises:

- the combined carve-out statement of financial position as at 02 July 2023;
- the combined carve-out statement of profit and loss for the year then ended;
- the combined carve-out statement of other comprehensive income for the year then ended;
- the combined carve-out statement of changes in equity for the year then ended;
- the combined carve-out cash flow statement for the year then ended; and
- the notes to the combined carve-out Historical Financial Information and a summary of material accounting policies.

PricewaterhouseCoopers Inc.,
34 Richefond Circle, Ridgeside Office Park, Umhlanga Rocks, 4319, P O Box 1274, Umhlanga Rocks, 4319
T: +27 (0) 31 271 2000, F: +27 (0) 31 815 2000, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21. VAT reg.no. 4950174682

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 Combined Carve-out Historical Financial Information* 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)*.

Emphasis of matter: Basis of preparation and restriction on use and distribution

We draw attention to the Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information which describes the basis of accounting. Furthermore, as described in the Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information, RainbowDiv did not previously form a group or operate as a separate entity. The Combined Carve-out Historical Financial Information is, therefore, not necessarily indicative of the financial performance, financial position, changes in equity and cash flows that would have been achieved, had RainbowDiv operated independently or of the future results of RainbowDiv.

The Combined Carve-out Historical Financial Information is prepared by the directors of RCL for the purpose of the PLS and may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Purpose of this report

This report has been prepared for the purpose of the PLS and for no other purpose.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Combined Carve-out Historical Financial Information for the year ended 2 July 2023. These matters were addressed in the context of our audit of the Combined Carve-out Historical Financial Information for the year ended 2 July 2023 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of property, plant and equipment. This key audit matter relates to the Combined Carve-out Historical Financial Information Refer to the following notes to the Combined Carve-out Historical Financial Information for detail: ● Note 1 - Property, plant, equipment and Right of Use Assets; and ● Note 3 - Impairments A significant portion of RainbowDiv's total assets relate to property, plant and equipment with a carrying value of R2.0 billion. For the year, impairments amounting to R1.4 million were recognised in the consolidated profit. International Accounting Standard (IAS) 36 - Impairment of assets (IAS 36) requires an impairment test to be performed annually on cash generating units or groups of cash generating units (CGUs) where goodwill and indefinite life intangible assets exist and for all other CGUs when there are indicators that these may be impaired. As described in the notes to the Combined Carve-out Historical Financial Information, management have assessed all CGUs for impairment, or reversals thereof in the current year. The continued high agricultural commodity input costs along with loadshedding, have had a negative impact on the global and local economy in the current year. These are indicators that CGUs may be impaired. The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations are subject to key assumptions that require the use of judgement and estimation. Refer to the notes to the Combined Carve-out Historical Financial Information where these key assumptions are further described. Management's assessment indicated the need for impairments which are detailed in Note 3. We considered the impairment of property, plant and equipment to be a matter of most significance to the current year audit due to the following:	Our audit addressed this key audit matter as follows: We obtained an understanding of the approach applied by management in performing their impairment assessment for each of the relevant CGUs and assessed this against the applicable requirements of IAS 36 and market practice. We noted no material inconsistencies in this regard. For each relevant CGU, we performed detailed testing to critically assess the reasonableness of key inputs applied in the value-in-use calculations, which included: ● testing the mathematical accuracy of management's impairment assessments, noting no material exceptions; ● with the assistance of our valuations expertise, we challenged the key assumptions, including the cash flow projections, the discount rate and perpetuity growth rate. We referred to the board approved business plan, historical performance and market data, which consists of data external to RainbowDiv, we found the key assumptions to be reasonable; ● comparing the historical Board approved budgets to actual results to evaluate whether forecasted cash flows are reliable based on past experience. Where variances in excess of our set threshold were identified we obtained management explanations and inspected underlying supporting documentation. We accepted the budgeting inputs used; ● utilising our valuations expertise, we assessed the reasonableness of the discount rate applied by independently recalculating the discount rate with reference to independently sourced market inputs. This included risk-free rates, betas and market risk premiums. We found this discount rate to be within a reasonable range of our independent discount rate; ● assessing the reasonableness of the growth rates assumed by comparing them to economic and industry forecasts. We found these rates to be within a reasonable range of the economic and industry forecasts.

• the significant judgement and estimates applied by management in the determination of the recoverable amounts of the respective CGUs; and • the magnitude and size of the related property, plant and equipment balance in relation to the Combined Carve-out Historical Financial Information.	• performing an independent calculation to determine the degree by which the key inputs and assumptions would need to fluctuate before an impairment was triggered and considered the likelihood of such fluctuations occurring as a reasonableness test. Based on the results of our assessment we accepted this to be unlikely; and • For the Chicken CGU, we further: ○ Performed additional independent sensitivity analyses on the cash flow projections, perpetuity growth rates and the discount rates by flexing the impairment calculations to include our independently calculated inputs. We found management's conclusion to be appropriate based on the independent inputs. • We assessed the disclosures in the notes to the Combined Carve-out Historical Financial Information against the requirements of IAS 36 - Impairment of assets and found them to be appropriate.

Other Matter

The Combined Carve-out Historical Financial Information of RainbowDiv as at 03 July 2022 and 04 July 2021, and for the years then ended were not audited but subject to review. A review engagement is substantially less in scope than an audit. The review report dated 4 June 2024 expressed an unqualified conclusion.

Responsibilities of the directors for the Combined Carve-out Historical Financial Information

The directors of Rainbow Chicken are responsible for the preparation, contents and presentation of the PLS and are responsible for ensuring that Rainbow Chicken complies with the requirements of the JSE Limited's Listings Requirements.

The directors of RCL are responsible for the preparation of the Combined Carve-out Historical Financial Information in accordance with the Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information included in Annexure 2A of the PLS and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the Combined Carve-out Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the Combined Carve-out Historical Financial Information, the directors of RCL are responsible for assessing RainbowDiv'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 RainbowDiv or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Combined Carve-out Historical Financial Information

Our objectives are to obtain reasonable assurance about whether the Combined Carve-out Historical Financial Information 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 this Combined Carve-out Historical Financial Information.

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 Combined Carve-out Historical Financial Information, 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 of RCL.
- Conclude on the appropriateness of the directors of RCL's 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 RainbowDiv'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 Combined Carve-out Historical Financial Information 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 RainbowDiv to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within RainbowDiv to express an opinion on the Combined Carve-out Historical Financial Information. We are responsible for the direction, supervision and performance of the RainbowDiv audit. We remain solely responsible for our audit opinion.

We communicate with the directors of Rainbow Chicken 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Combined Carve-out Historical Financial Information 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.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: Rodney Klute
Registered Auditor
Durban, South Africa
Date: 4 June 2024

Independent Auditor's Review Report on the Combined Carve-out Historical Financial Information of RainbowDiv

To the directors of Rainbow Chicken Limited

Introduction

Rainbow Chicken Limited ("Rainbow Chicken") is issuing a Pre-Listing Statement (the "PLS") regarding RCL Foods Limited's ("RCL") intention to form a new company Rainbow Chicken as a vehicle to list RCL's agri-processing business (namely the chicken, animal feed and waste-to-value businesses) ("RainbowDiv") on the Main Board of the Johannesburg Stock Exchange ("JSE") (the "Proposed JSE Listing")

At your request and for the purpose of the PLS to be dated on or about 10 June 2024, we have reviewed the combined carve-out statement of financial position of RainbowDiv as at 3 July 2022 and 4 July 2021 and the related combined carve-out statements of profit and loss, other comprehensive income, changes in equity and cash flows for the 12 month periods then ended (the "Combined Carve-out Historical Financial Information"), as presented in Annexure 2B in the PLS, and the notes to the combined carve-out historical financial information including a summary of material accounting policies, as presented in Annexure 2A in the PLS ("Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information"), in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of Rainbow Chicken are responsible for the preparation, contents and presentation of the PLS and are responsible for ensuring that Rainbow Chicken complies with the requirements of the JSE Limited's Listings Requirements.

The directors of RCL are responsible for the preparation of the Combined Carve-out Historical Financial Information in accordance with the basis of preparation as presented in Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Combined Carve-out Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the Combined Carve-out Historical Financial Information, the directors of RCL are responsible for assessing RainbowDiv'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 RainbowDiv or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express a conclusion on the Combined Carve-out Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, which applies to a review of the Combined Carve-out Historical Financial Information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Combined Carve-out Historical Financial Information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of the Combined Carve-out Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Combined Carve-out Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Combined Carve-out Historical Financial Information of RainbowDiv, as set out in Annexure 2B, are not prepared, in all material respects, in accordance with the basis of preparation as presented in the Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information and the requirements of the JSE Limited Listings Requirements.

Emphasis of matter: Basis of preparation and restriction on use and distribution

We draw attention to the Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information which describes the basis of preparation. Furthermore, as described in the Basis of Preparation and Accounting Policies of the Combined Carve-out Historical Financial Information, RainbowDiv did not previously form a group or operate as a separate entity. The Combined Carve-out Historical Financial Information is, therefore, not necessarily indicative of the financial performance, financial position, changes in equity and cash flows that would have been achieved, had RainbowDiv operated independently or of the future results of RainbowDiv.

The Combined Carve-out Historical Financial Information is prepared by the directors of RCL for the purpose of the PLS and may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Purpose of the report

This report has been prepared for the purpose of the PLS and for no other purpose.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: Rodney Klute
Registered Auditor
Durban, South Africa
Date: 4 June 2024

BASIS OF PREPARATION AND REPORTING ON AND THE CONDENSED CONSOLIDATED INTERIM HISTORICAL FINANCIAL INFORMATION OF RAINBOWCO FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

The definitions and interpretations commencing on page 10 of this Pre-Listing Statement apply through this Annexure 3A, except where the context indicates a contrary intention and except where terms are explicitly defined herein.

1. BASIS OF PREPARATION

The condensed consolidated interim historical financial information comprises of the interim condensed consolidated statement of profit and loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the six months ended 31 December 2023 and interim condensed consolidated statement of financial position as at 31 December 2023, and the notes thereto ("**Condensed Consolidated Interim Historical Financial Information of RainbowCo**")

The Condensed Consolidated Interim Historical Financial Information of RainbowCo were prepared in accordance with Section 8.7 of the JSE Listings Requirements. The JSE Listings Requirements require the Condensed Consolidated Interim Historical Financial Information to be prepared using the IFRS® Accounting Standards as issued by the International Accounting Standards Board IAS 34: Interim Financial Reporting (but excluding comparatives) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The Condensed Consolidated Interim Historical Financial Information of RainbowCo were prepared by applying the same accounting policies as RCL Foods Limited.

The Condensed Consolidated Interim Historical Financial Information of RainbowCo was prepared for the purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements.

The additional disclosure required in terms of paragraphs 8.11 and 8.12 of the JSE Listings Requirements has been included in the Condensed Consolidated Interim Historical Financial Information of RainbowCo.

Ernst & Young Inc. is the independent Auditor to RainbowCo and has issued an Independent Auditor's review report on this Condensed Consolidated Interim Historical Financial Information of RainbowCo which is included as Annexure 3B to this Pre-Listing Statement.

The directors of Rainbow Chicken Limited (formerly Rainbow Chicken Proprietary Limted) are responsible for the Condensed Consolidated Interim Historical Financial Information of RainbowCo included in this Pre-Listing Statement.

2. DIRECTORS' COMMENTARY

The above has been prepared for RainbowCo on a consolidated basis for the six months ended 31 December 2023. RainbowCo is 100% owned by ListCo at the date of the unbundling, these condensed six-month results have been prepared for purposes of providing the most recent historic financial information for the asset perimeter being unbundled.

As the condensed consolidated interim historical financial information has been prepared on a historic basis, it may not be indicative of the financial results in future periods.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

Figures in Rand thousand	Reviewed 31 December 2023 R'000
Revenue from contracts with customers[1]	7,249,374
Operating profit before depreciation, amortisation, and impairment (EBITDA)	**265,400**
Depreciation, amortisation, and impairments	(153,185)
Operating profit	**112,215**
Finance costs	(107,847)
Finance income	13,472
Profit before tax	**17,840**
Income tax expense	(4,897)
Profit after tax from continuing operations	**12,943**
Profit for the period	**12,943**
Attributable to:	
Equity holders of the Company	20,782
Non-controlling interests	(7,839)
Headline earnings	
Profit for the period attributable to equity holders of the Company	20,782
Profit on disposal of property, plant and equipment and assets held for sale	(851)
Loss on disposal of property, plant and equipment and assets held for sale	48
Insurance proceeds	(213)
Impairments of fixed assets and intangibles	1,904
Headline earnings from continuing operations	**21,670**
Earnings per share attributable to equity holders of the Company (Rands)	
Basic earnings per share	347.4
Headline earnings per share	362.3

1 An agreement between two or more parties that creates enforceable rights and obligations. Can be written, oral or implied by customary business practices.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

Figures in Rand thousand	Reviewed 31 December 2023 R'000
Profit for the period	**12,943**
Other comprehensive income	–
Total comprehensive income for the period	**12,943**
Total comprehensive income for the period attributable to:	
Equity holders of the Company	20,782
Non-controlling interests	(7,839)
	12,943

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

Figures in Rand thousand	Reviewed 31 December 2023 R'000
ASSETS	
Non-current assets	
Property, plant, and equipment	1,877,479
Right-of-use assets	127,740
Intangible assets	50,661
Investment property	13,401
Deferred income tax asset	47,289
	2,116,570
Current assets	
Inventories	1,017,848
Biological assets	894,941
Trade and other receivables	2,612,456
Derivative financial instruments	14,555
Tax receivable	3,331
Cash and cash equivalents	49,901
	4,593,032
Total assets	**6,709,602**
EQUITY	
Stated capital	1,249,964
Share-based payments reserve	207,086
Common control reserve	(937,090)
Retained earnings	180,486
Non-controlling interests	23,341
Total equity	**723,787**
LIABILITIES	
Non-current liabilities	
Interest-bearing liabilities	124,372
Lease liabilities	79,235
Deferred income tax liabilities	234,015
Share scheme liability	34,823
Retirement benefit obligations	18,703
	491,148
Current liabilities	
Trade and other payables	2,119,193
Loans from RCL Foods Group companies	3,163,210
Interest-bearing liabilities	133,017
Lease liabilities	55,238
Derivative financial instruments	24,009
	5,494,667
Total liabilities	**5,985,815**
Total equity and liabilities	**6,709,602**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

Reviewed

Figures in Rand thousand	Stated capital R'000	Share-based payments reserve R'000	Common control reserve R'000	Retained earnings R'000	**Total attributable to equity holders of the Company R'000**	Non-controlling interests R'000	**Total equity R'000**
Balance at 2 July 2023	1,249,964	207,086	(937,090)	159,704	679,664	31,180	710,844
Profit for the period			–	20,782	**20,782**	(7,839)	**12,943**
Balance at 31 December 2023	**1,249,964**	**207,086**	**(937,090)**	**180,486**	**700,446**	**23,341**	**723,787**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

Figures in Rand thousand	Reviewed 31 December 2023 R'000
Operating profit	**112,215**
Non-cash items	178,001
Operating profit before working capital requirements	**290,216**
Working capital requirements	**360,016**
Movement in inventories	90,732
Movement in biological assets	126,393
Movement in trade and other receivables	(341,118)
Movement in trade and other payables	484,009
Cash generated by operations	**650,232**
Net finance cost	(87,840)
Finance income received	13,472
Finance costs paid	(101,312)
Tax paid	(4,939)
Net cash inflow from operating activities	**557,453**
Cash flows from investing activities	
Replacement property, plant and equipment	(162,047)
Expansion property, plant and equipment	(9,284)
Intangible asset additions	(117)
Proceeds on disposal of property, plant and equipment and intangible assets	1,299
Net cash outflow from investing activities	**(170,149)**
Cash flows from financing activities	
Net repayment of interest-bearing liabilities	(27,568)
Net repayment of loans from Group companies	(337,846)
Net cash outflow from financing activities	**(365,414)**
Net movement in cash and cash equivalents	**21,890**
Cash and cash equivalents at the beginning of the year	28,011
Cash and cash equivalents at the end of the year (net of overdrafts)	**49,901**

SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

1. CAPITAL COMMITMENTS

Figures in Rand thousand	Reviewed 31 December 2023 R'000
Capital expenditure contracted and committed – Continuing Operations	152,423
Capital expenditure approved but not contracted – Continuing Operations	51,806

2. STATISTICS

	Reviewed 31 December 2023 #
Statutory ordinary shares in issue (includes BEE shares in the prior year only)	59,813
Ordinary shares in issue for accounting purposes	59,813
Weighted average ordinary shares in issue	59,813
Net asset value per share (Rands)	12,101

3. OPERATING SEGMENTS

Figures in Rand thousand	Reviewed 31 December 2023 R'000
Revenue from contracts with customers	**7,249,374**
Chicken	6,438,361
Feed	3,541,940
Waste-to-Value	48,634
Sales between segments:	
– Chicken to Feed	(52,608)
– Feed to Chicken	(2,689,227)
– Waste-to-Value to Chicken	(37,726)
Operating profit before depreciation, amortisation and impairments (EBITDA)	**265,400**
Chicken	110,588
Feed	138,760
Waste-to-Value	16,183
Group	(131)
Depreciation, amortisation and impairments	**(153,185)**
Chicken	(116,148)
Epol Animal Feed	(20,891)
Waste-to-Value	(16,146)
Operating profit	**112,215**
Chicken	(5,560)
Feed	117,869
Waste-to-Value	37
Group	(131)
Finance costs	(107,847)
Finance income	13,472
Profit before tax	**17,840**

4. **REVENUE FROM CONTRACTS WITH CUSTOMERS**

Figures in Rand thousand	Reviewed 31 December 2023 R'000
Disaggregation of revenue from contracts with customers:	
Revenue from contracts with customers[1]	**7,249,374**
Chicken	**6,438,361**
Sale of poultry products	6,278,959
Sundry sales[2]	159,402
Feed (sale of animal feed)	**3,541,940**
Energy recoveries	**48,634**
Sales between segments	**(2,779,561)**
Timing of revenue recognition[3]**:**	
Point in time[3]	7,249,374

5. **SUBSEQUENT EVENTS**

In preparation for the unbundling and normalisation of RainbowCo's capital structure R2,851 million in loans from RCL Foods Limited (R1,451 million non-interest-bearing) and RCL Foods Treasury Proprietary Limited (R1,400 million interest bearing) were converted to equity on 23 February 2024. The conversion resulted in RainbowCo issuing 2 057 920 shares to RCL Foods Limited.

RCL Foods has provided a further equity injection of R300.8 million on 24 May 2024 as part of the normalisation of RainbowCo's capital structure prior to unbundling. 156,745 shares in RainbowCo were issued to RCL Foods based on the market value of RainbowCo at the date of the share issue.

On 27 May 2024, ListCo issued 890,296,305 shares to RCL Foods Limited for a total consideration of R4,250 million in exchange for acquiring a 100% shareholding in RainbowCo.

6. **DERIVATIVE ASSETS AND LIABILITIES**

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments and non-financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. RainbowCo uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date thus constituting level 2 fair values as defined.

1 An agreement between two or more parties that creates enforceable rights and obligations. Can be written, oral or implied by customary business practices.
2 Sundry sales consist of poultry by-products, eggs and depleted birds. The sale of these items arise in the course of ordinary activities
3 Revenue recognised at a point in time relates to the sale of goods whilst revenue recognised over time relates to the sale of services.

Ernst & Young Incorporated 1 Pencarrow Crescent
La Lucia Ridge Office Park
PO Box 859
Durban 4000

Tel: +27 (0) 31 576 8000
Fax: +27 (0) 31 576 8300
Docex 117 Durban
ey.com

Co. Reg. No. 2005/002308/21

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM HISTORICAL FINANCIAL INFORMATION OF RAINBOWCO FOR THE 6 MONTHS ENDED 31 DECEMBER 2023

To the Directors of Rainbow Chicken Limited

At your request, we present our Independent Auditor's Review Report on the Condensed Consolidated Interim Historical Financial Information of RCL Foods Consumer (Pty) Limited (the "Company" or "RainbowCo") and its subsidiaries (collectively, the "Group") as at and for the six months ended 31 December 2023 (the "Condensed Consolidated Interim Historical Financial Information") for inclusion in Annexure 3B on pages 199 to 200 of the pre-listing statement of Rainbow Chicken Limited to be dated on or about 10 June 2024 ("Pre-listing Statement") by the directors.

This report is required for the purposes of complying with Section 8.7 of the Listings Requirements of the JSE Limited (the "JSE") (the "JSE Listings Requirements") and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Auditor of Rainbow Chicken Limited.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Pre-listing Statement.

Independent Auditor's Review Report on the Condensed Consolidated Interim Historical Financial Information

We have reviewed the Condensed Consolidated Interim Historical Financial Information of RainbowCo set out on pages 191 to 198 which comprise the condensed consolidated statement of financial position as at 31 December 2023 and the condensed consolidated statement of profit or loss, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended, and a summary of material accounting policies and other explanatory notes, as presented in Annexure 3A on pages 191 to 198 of the Pre-listing Statement.

Responsibility of the directors

The directors of Rainbow Chicken Limited are responsible for the compilation, contents and preparation of the Pre-listing Statement in accordance with the requirements of the JSE Listings Requirements. The directors are also responsible for the preparation and presentation of these Condensed Consolidated Interim Historical Financial Information, in accordance with the basis of presentation set out in Annexure 3A (for the purposes of with section 8.7 of the JSE Listings Requirements), and for such internal control as the directors determine is necessary to enable the preparation of the Condensed Consolidated Interim Historical Financial Information that is free from material misstatements, whether due to fraud or error.

Those charged with governance at the Rainbow Chicken Limited are responsible for overseeing the process to compile the Condensed Consolidated Interim Historical Financial Information.

Responsibility of the Independent Auditor on the Condensed Consolidated Interim Historical Financial Information
Our responsibility is to express review conclusions on the Condensed Consolidated Interim Historical Financial Information based on our review in accordance with ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Condensed Consolidated Interim Historical Financial Information, taken as a whole, is not prepared in all material respects in accordance with the applicable basis of preparation. This Standard also requires us to comply with relevant ethical requirements.

A review of the Condensed Consolidated Interim Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement in terms of which we perform procedures, primarily consisting of making enquiries of management and other within the entity, as appropriate, and applying analytical procedures and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Condensed Consolidated Interim Historical Financial Information.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Interim Historical Financial Information, as set out in Annexure 3A on pages 191 to 198 to the Pre-listing Statement is not prepared, in all material respects, in accordance with the basis of preparation as set out in Annexure 3A in the basis of preparation section (for the purposes of Section 8.7 of the JSE Listings Requirements).

Basis of Accounting
Without modifying our conclusion, we draw attention to Basis of preparation paragraphs of the Condensed Consolidated Interim Historical Financial Information to the Condensed Consolidated Interim Historical Financial Information, which describes the basis of accounting. The Condensed Consolidated Interim Historical Financial Information is prepared for inclusion in Annexure 3A on pages 191 to 198 of the Pre-listing Statement for the purposes of complying with Section 8.7 of the JSE Listings Requirements. As a result, the Condensed Consolidated Interim Historical Financial Information may not be suitable for another purpose.

DocuSigned by:
Ernst & Young Inc
A92F5A5602A0473...

Ernst & Young Inc.
Director: Merisha Kassie
Registered Auditor
Chartered Accountant (SA)

Durban
4 June 2024

BASIS OF PREPARATION AND THE *PRO FORMA* FINANCIAL INFORMATION OF LISTCO

The definitions and interpretations commencing on page 10 of this Pre-Listing Statement apply through this Annexure 4A, except where the context indicates a contrary intention and except where terms are explicitly defined herein.

***Pro Forma* Financial Information**

The *pro forma* statement of financial position of Rainbow Chicken Limited as at 31 December 2023 and the *pro forma* statement of profit and loss of Rainbow Chicken Limited for the six-month period then ended and related notes, showing the *pro forma* effects of the proposed acquisition of RainbowCo and subsequent listing of ListCo ("**the transaction**") (the "***Pro Forma* Financial Information**"), is based on Rainbow Chicken Limited's reviewed condensed consolidated interim historical financial information as at 31 December 2023 and is set out below.

The *Pro Forma* Financial Information has been prepared for illustrative purposes only, to provide information on how the transaction may have impacted the financial position as at 31 December 2023 and performance of Rainbow Chicken Limited for the six month period then ended, assuming the proposed transaction had occurred on 3 July 2023 for statement of comprehensive income purposes, and 31 December 2023 for statement of financial position purposes.

Accordingly, due to its nature, the Consolidated *Pro Forma* Financial Information may not fairly present Rainbow Chicken Limited's financial position, changes in equity, results of operations or cash flows after implementation of the proposed transaction. The *Pro Forma* Financial Information does not purport to be indicative of what the audited consolidated financial statements and/or unaudited consolidated interim financial results and effects of the proposed transaction would have been if it had been implemented on a different date.

The *Pro Forma* Financial Information has been prepared using the accounting policies of which comply with IFRS® Accounting Standards and are consistent with those applied in the audited annual financial statements of RCL Foods Limited for the year ended June 2023

The *Pro Forma* Financial Information is presented in accordance with the JSE Listings Requirements. The JSE Listings Requirements require that *pro forma* financial information be compiled in terms of the JSE Listings Requirements and the SAICA Guide on *Pro forma* Financial Information.

The directors of Rainbow Chicken Limited are responsible for the *Pro Forma* Financial Information included in this Pre-Listing Statement.

Ernst & Young Inc.'s independent auditors' s assurance report on the *Pro Forma* Financial Information is set out in Annexure 4B to this Pre-Listing Statement.

PRO FORMA CONDENSED STATEMENT OF FINANCIAL POSITION

Figures in Rand thousand	At Incorporation Historical Financial Information of Rainbow Chicken Limited R'000	Condensed Consolidated Interim Historical Financial Information as at 31 December 2023 R'000	Loan conversion R'000	Equity/ cash injection R'000	Acquisition and consolidation of RCL Foods Consumer Proprietary Limited R'000	Non-executive Directors Fees R'000	*Pro Forma* for the six months ended 31 December 2023 R'000
Notes	1	2	3	4	5	6	7
ASSETS							
Non-current assets	–	**2,116,570**	**–**	**–**	**–**	**–**	**2,116,570**
Property, plant, and equipment		1,877,479					1,877,479
Right-of-use assets		127,740					127,740
Intangible assets		50,661					50,661
Investment property		13,401					13,401
Deferred income tax asset		47,289					47,289
Current assets	–	**4,593,032**	**(3,756)**	**70,145**	**–**	**(1,588)**	**4,657,832**
Inventories		1,017,848					1,017,848
Biological assets		894,941					894,941
Trade and other receivables		2,612,456					2,612,456
Derivative financial instruments		14,555					14,555
Tax receivable		3,331	(3,756)	(665)			(1,090)
Cash and cash equivalents		49,901		70,810		(1,588)	119,122
Total assets	**–**	**6,709,602**	**(3,756)**	**70,145**	**–**	**(1,588)**	**6,774,402**
EQUITY	–	**723,787**	**2,902,169**	**309,751**	**–**	**(1,588)**	**3,934,118**
Stated capital		1,249,964	2,851,398	300,767	(152,129)		4,250,000
Share-based payments reserve		207,086			(207,086)		
Common control reserve		(937,090)			526,757		(410,333)
Retained earnings		180,486	50,771	8,984	(167,543)	(1,588)	71,110
Non-controlling interests		23,341			–	–	23,341
LIABILITIES							
Non-current liabilities	–	**491,148**	**15,021**	**2,658**	–	–	**508,827**
Interest-bearing liabilities		124,372					124,372
Lease liabilities		79,235					79,235
Deferred income tax liabilities		234,015	15,021	2,658			251,694
Share scheme liability		34,823					34,823
Retirement benefit obligations		18,703					18,703
Current liabilities	–	**5,494,667**	**(2,920,946)**	**(242,264)**	–	–	**2,331,457**
Trade and other payables		2,119,193					2,119,193
Loans from RCL Foods Group companies		3,163,210	(2,920,946)	(242,264)			0
Interest-bearing liabilities		133,017					133,017
Lease liabilities		55,238					55,238
Derivative financial instruments		24,009					24,009
Total liabilities	**–**	**5,985,815**	**(2,905,925)**	**(239,606)**	**–**	**–**	**2,840,284**
Total equity and liabilities	**–**	**6,709,602**	**(3,756)**	**70,145**	**–**	**(1,588)**	**6,774,402**
Statistics							
Ordinary shares in issue for accounting purposes	100	59,913	2,057,920	2,214,665	890,296,405	890,296,405	890,296,405
Net asset value per share	–	12,081	1,762	1,777	4	4	4

PRO FORMA CONDENSED STATEMENT OF PROFIT AND LOSS

Figures in Rand thousand	At Incorporation Historical Financial Information of Rainbow Chicken Limited R'000	Condensed Consolidated Interim Historical Financial Information as at 31 December 2023 R'000	Loan conversion R'000	Equity/ cash injection R'000	Acquisition and consolidation of RCL Foods Consumer Proprietary Limited R'000	Non-executive Directors Fees R'000	*Pro Forma* for the six months ended 31 December 2023 R'000
Notes	1	2	3	4	5	6	6
Revenue from contracts with customers		7,249,374					7,249,374
Operating profit before depreciation, amortisation, and impairment (EBITDA)		**265,400**				**(1,588)**	**263,812**
Depreciation, amortisation, and impairments		(153,185)					(153,185)
Operating profit		**112,215**				**(1,588)**	**110,627**
Finance costs		(107,847)	68,235	2,545			(37,067)
Finance income		13,472	1,314	9,762			24,547
Profit before tax	**–**	**17,840**	**69,549**	**12,307**		**(1,588**	**98,108**
Income tax expense		(4,897)	(18,778)	(3,323)			(26,998)
Profit after tax from continuing operations	**–**	**12,943**	**50,771**	**8,984**		**(1,588)**	**71,109**
Profit for the period	**–**	**12,943**	**50,771**	**8,984**		**(1,588)**	**71,110**
Attributable to:							**–**
Equity holders of the Company		20,782	50,771	8,984		(1,588)	78,949
Non-controlling interests		(7,839)					(7,839)
Headline earnings							
Profit for the period attributable to equity holders of the Company		20,782				(1,588)	19,194
Profit on disposal of property, plant and equipment and assets held for sale		(851)					(851)
Loss on disposal of property, plant and equipment and assets held for sale		48					48
Insurance proceeds		(213)					(213)
Impairments of fixed assets and intangibles		1,904					1,904
Headline earnings from continuing operations		**21,670**	**–**	**–**		**(1,588)**	**20,082**
Earnings per share attributable to equity holders of the Company (Rands)							
Basic earnings per share	0	347	35	36	0	0	0
Headline earnings per share	0	362	11	10	0	0	0

PRO FORMA CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand thousand	At Incorporation Historical Financial Information of Rainbow Chicken Proprietary Limited R'000	Condensed Consolidated Interim Historical Financial Information as at 31 December 2023 R'000	Loan conversion R'000	Equity/ cash injection R'000	Acquisition and consolidation of RCL Foods Consumer Proprietary Limited R'000	Non-executive Directors Fees R'000	*Pro Forma* for the six months ended 31 December 2023 R'000
Notes	1	2	3	4	5	6	7
Profit or loss for the period	–	12,943	50,771	8,984	–	(1,588)	71,110
Total comprehensive income for the period	**–**	12,943	50,771	8,984	–	(1,588)	71,110
Total comprehensive income for the period attributable to:							
Equity holders of the Company		20,782	50,771	8,984	–	(1,588)	78,949
Non-controlling interests		(7,839)	–	–	–	–	(7,839)
		12,943	**50,771**	**8,984**	**–**	**(1,588)**	**71,110**

The notes that follow are relevant to the *Pro Forma* Financial Information of ListCo.

Note 1:

This column represents the incorporation of the holding listed company, ListCo and has been extracted, without adjustment, from Annexure 1A to this Pre-Listing Statement and should be read together with the independent auditor's assurance report thereon as included in Annexure 1B to this Pre-Listing Statement.

The incorporation occurred on 11 April 2024 and 100 shares were issued to RCL Foods on 15 April 2024. The historical financial information of ListCo at incorporation reflect nil values on the statement of financial position, statement of profit and loss and statement of comprehensive income. For purposes of this *Pro Forma* Financial Information, the incorporation and conversion of Rainbow Chicken Proprietary Limited from a private company to a public company is assumed to have taken place on 3 July 2023, the commencement of RainbowCo's 2024 financial year.

Note 2:

The Condensed Consolidated Interim Historical Financial Information has been extracted, without adjustment, from Annexure 3A to this Pre-Listing Statement. This information should be read together with the Independent Auditor's Review Report thereon as included Annexure 3B to this Pre-Listing Statement.

Note 3:

In preparation for the Listing and Unbundling, and the normalising of RainbowCo's capital structure, R2,851 million in loans from RCL Foods (R1,451 million, non-interest-bearing) and RCL Foods Treasury (R1,400 million, interest-bearing) were converted to equity on 23 February 2024. The conversion resulted in RainbowCo issuing 2,057,920 shares to RCL Foods and RainbowCo's stated capital increasing by R2,851 million and Loans from RCL FOODS Group Companies reducing by R2,851 million on the statement of financial position.

This transaction is assumed to be concluded on 03 July 2023 for purposes of this *Pro Forma* Financial Information and, as a result, finance costs of R68 million that had been incurred on the R1,400 million interest-bearing loan have been reversed and additional finance income of R1.3 million has been recorded in the statement of profit and loss. The additional finance income arises due to the net borrowing position of RainbowCo moving into an investment position at certain points over the six months to December 2023, post accounting for the R1,400 million conversion at 03 July 2023. The additional "cash" arising from the R69.5 million reduction in net finance costs has been assumed to be used to pay down the Loans from RCL FOODS Group Companies, resulting in a R69.5 million reduction on this line in the statement of financial position. The interest rate used to calculate the finance cost reversal is based on RainbowCo's borrowing rate from Rand Merchant Bank which is linked to the overnight borrowing rate. This rate at the last practicable date was 10%. The interest rate used to calculate the additional finance income earned is based on RainbowCo's overnight investment rate which fluctuates daily in line with prevailing market conditions.

Additional income tax expense of R18.8 million on the R69.5 million reduction in net finance costs has been accounted for in the statement of profit and loss at a 27% tax rate. RainbowCo was in an assessed loss position at 31 December 2023. As a result, 80% of the R18.8 million additional income tax expense (being R15.0 million) has been reflected as a reduction in recognised assessed losses, resulting in a R15.0 million increase in deferred tax liabilities on the statement of financial position. The remaining 20% of the R18.8 million additional income tax expense (being R3.8 million) represents current tax payable and has been reflected as a reduction in tax receivable on the statement of financial position.

The reduction in net finance costs and resulting income tax expenses implications will have a continuing effect on RainbowCo's statement of profit and loss.

Note 4:

RCL Foods has provided a further equity injection in cash to RainbowCo of R300.8 million on 24 May 2024 as part of the normalisation of RainbowCo's capital structure prior to the unbundling. 156,745 shares in RainbowCo were issued to RCL Foods resulting in RainbowCo's stated capital increasing by R300.8 million on the statement of financial position. The additional R300.8 million equity cash injection is assumed to be used to settle the remaining outstanding loans owed to RCL FOODS Group Companies resulting in a R242.3 million reduction in this line on the statement of financial position, with the remaining R57.7 million accounted for as an increase in cash and cash equivalents on the statement of financial position. Based on the market value of RainbowCo at the date of the share issue. Due to the additional R300.8 million in equity provided, net finance costs for the six-month period ended 31 December 2023 would have been R12 million lower.

This transaction is assumed to be concluded on 03 July 2023 for purposes of this *Pro Forma* Financial Information and, as a result, finance costs of R2.5 million that would have been incurred on Loans from RCL Foods Group Companies has been reversed and additional finance income of R9.8 million has been recorded in the statement of profit and loss. The additional finance income arises due to the net borrowing position of RainbowCo moving into an investment position at certain points over the six months to December 2023 following the R300.8 million equity cash injection. The additional "cash" arising from the R12.3 million reduction in net finance costs has been accounted for in the cash and cash equivalents line in the statement of financial position. The interest rate used to calculate the finance cost reversal is based on RainbowCo's borrowing rate from Rand Merchant Bank which is linked to the overnight borrowing rate. The interest rate used to calculate the additional finance income earned is based on RainbowCo's overnight investment rate which fluctuates daily in line with prevailing market conditions.

Additional income tax expense of R3.3 million on the R12.3 million reduction in net finance costs has been accounted for in the statement of profit and loss at a 27% tax rate. RainbowCo was in an assessed loss position at 31 December 2023. As a result, 80% of the R3.3 million additional income tax expense (being R2.7 million) has been reflected as a reduction in recognised assessed losses, resulting in a R2.7 million increase in deferred tax liabilities on the statement of financial position. The remaining 20% of the R3.3 million additional income tax expense (being R0.7 million) represents current tax payable and has been reflected as a reduction in tax receivable on the statement of financial position.

The reduction in net finance costs and resulting income tax expenses implications will have a continuing effect on RainbowCo's statement of profit and loss.

Note 5:

This entry relates to the consolidation of RainbowCo into ListCo. RainbowCo was acquired by ListCo on 27 May 2024 for R4,250 million. However, for purposes of this *Pro Forma* Financial Information, the acquisition is assumed to have taken place on 3 July 2023. This entry eliminates the at acquisition reserves of RainbowCo on 3 July 2023 and accounts for the excess of the purchase price of R4,250 million over RainbowCo's net assets in equity in a common control reserve.

RCL Foods owns 100% of ListCo and, therefore, both prior to and after the sale of RainbowCo to ListCo, RCL Foods remains the ultimate owner of RainbowCo. As a result, the sale of RainbowCo to ListCo was treated as a common control transaction in terms of IFRS 3. Predecessor accounting was applied in ListCo to its acquisition of Rainbow. The purchase price was R4,250 million, and the *pro forma* net asset carrying value R3,839 million post the accounting for the loan recapitalisation and equity injection result in a R401 million debit to equity being recorded in a common control reserve in the statement of financial position. No fair value accounting was applied to ListCo's acquisition of RainbowCo. This accounting for this transaction had no impact on the statement of profit and loss or statement of comprehensive income.

Note 6:

This entry relates to the estimated non-executive Directors fees costs. ListCo will appoint six non-executive Directors. The fees for these Directors total R3.2 million per year. An adjustment has been shown to reflect the fees that would have been incurred for the six-month period ended 31 December 2023 had such Directors been appointed on 3 July 2023. This has resulted in a R1.6 million reduction in profit before tax for ListCo as reflected in the statement of profit and loss and a corresponding R1.6 million reduction in cash and cash equivalents to account for the settlement of these fees being reflected on the statement of financial position. This transaction is not expected to be deductible for tax purposes and as a result no tax impact has been shown.

The reduction in profit before tax will have a continuing effect on ListCo's statement of profit and loss.

Note 7:

This column reflects the *Pro Forma* Financial Information of ListCo post the adjustments listed in notes 1 to 6 above.

Note 8:

Annexure 11 of this pre-listing statement contains information related to the share incentive plan of ListCo which will be implemented in ListCo's 2025 financial year as a replacement for the unexercised share appreciation rights awards of participating ListCo employees in the RCL Foods SAR Scheme. The ListCo Share Incentive Plan aims to provide ListCo Participants with fully vested ListCo SAR Awards and place them in a substantially similar position to the position they were in prior to the Unbundling Operative Date. The ListCo Share Incentive Plan is expected to give rise to a once-off IFRS 2 expense in ListCo's 2025 financial year and the potential issuance of ListCo Shares to ListCo Participants if their ListCo SAR Awards are exercised during the exercise period. The quantum of the IFRS 2 expense is currently unknown due to the number of ListCo SAR Awards to be issued and respective award prices only being determined post the Unbundling Operative Date, and hence cannot be compared to the existing IFRS 2 expense accounted for by RainbowCo in relation to the RCL SAR awards in their December 2023 historic financial information. Similarly, the number of future ListCo Shares that may be awarded to ListCo Participants is also unknown at the date of this Pre-Listing Statement since it depends on the number of ListCo SAR Awards to be issued to ListCo Participants, the award price of such ListCo SAR Awards, and the price of ListCo Shares post the Unbundling.

For the reasons described above, a reliable estimate of the value of the incremental IFRS 2 expense and the extent of the dilutionary effect on ListCo Shareholders from future exercises of ListCo SAR Awards cannot be determined at the date of this Pre-Listing Statement. As a result, to ensure the *Pro Forma* Financial Information provided is not misleading, no *pro forma* adjustments have been illustrated for the effect of the implementation of the ListCo Share Incentive Plan on the Combined Consolidated Historical Interim Financial Information.

Note 9:

RainbowCo has historically relied on the RCL Foods Group to provide certain functional services to RainbowCo. These services are currently performed by RCL Group Services Pty Limited ("**RCL Group Services**"), a wholly-owned subsidiary of RCL Foods. As part of the separation process, RainbowCo has identified which of these services can responsibly be taken over by RainbowCo on 1 July 2024 and which services would need to endure for a period of time to allow for RainbowCo to set-up or source their own capability to perform these services independently from the RCL Foods Group. In this regard, RainbowCo has entered into a transitional services agreement with RCL Group Services whereby RCL Group Services will provide certain services to RainbowCo on a continuing basis for a period of 24 months commencing from 1 July 2024. RainbowCo has assessed that the financial implications of the taking over of certain services from 1 July 2024 and the transitional services agreement are not materially different to the financial information presented in the Condensed Consolidated Interim Historical Financial Information of RainbowCo and where there are changes to RainbowCo costs, these are not as a result of the proposed unbundling. As a result, no *pro forma* adjustments have been made with respect to this arrangement.

Ernst & Young Incorporated 1 Pencarrow Crescent
La Lucia Ridge Office Park
PO Box 859
Durban 4000

Tel: +27 (0) 31 576 8000
Fax: +27 (0) 31 576 8300
Docex 117 Durban
ey.com
Co. Reg. No. 2005/002308/21

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF RAINBOW CHICKEN LIMITED AND IT'S SUBSIDIARIES (LISTCO)

To the Directors of Rainbow Chicken Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Rainbow Chicken Limited and its subsidiaries (collectively, the "ListCo" or "Group") by the directors.

The pro forma financial information, as set out in Annexure 4A on pages 201 to 206 of the pre-listing statement, consists of the pro forma statement of financial position as at 31 December 2023, the pro forma statement of profit or loss and the pro forma statement of other comprehensive income for the six month period ended 31 December 2023 and related notes (collectively the "Pro forma Financial Information").The applicable criteria on the basis of which the directors have compiled the Pro forma Financial Information is described in Annexure 4A on page 201 of the pre-listing statement.

The Pro forma Financial Information has been compiled by the directors to illustrate the impact of the corporate action or event, described in section 1 on pages 16 to 17 of the pre-listing statement, on the Group's financial position as at 31 December 2024, and the Group's financial performance for the six month period then ended, as if the corporate action or event had taken place at the assumed incorporation date, being 3 July 2023. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors from the Group's historical financial information as at incorporation date, being 11 April 2024, on which an auditor's report was issued on 4 June 2024.

Directors' Responsibility for the Pro forma Financial Information

The directors are responsible for compiling the Pro forma Financial Information on the basis of the applicable criteria described in Annexure 4A on page 201 to the pre-listing statement.

Our Independence and Quality Management

We are required to comply with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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).

EY applies International Standard on Quality Management 1 (ISQM 1) Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and, accordingly, designs, implements and operates a system of quality management, including documented policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditor's Responsibility

Our responsibility is to express an opinion about whether the Pro forma Financial Information has been compiled, in all material respects, by the directors on the basis described in Annexure 4A on page 201 to the pre-listing statement based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus, which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Pro forma Financial Information has been compiled, in all material respects, on the basis described in Annexure 4A on page 201 to the pre-listing statement.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro forma Financial Information.

The purpose of Pro forma Financial Information included in a pre-listing statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the Group as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the corporate action or event at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Pro forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Pro forma Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the corporate action or event in respect of which the Pro forma Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro forma Financial Information.

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

Opinion

In our opinion, the Pro forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria described in Annexure 4A on page 201 to the pre-listing statement.

DocuSigned by:
Ernst & Young Inc
A92F5A5602A0473...

Ernst & Young Inc.
Director : Merisha Kassie
Registered Auditor
Chartered Accountant CA (SA)

Durban
4 June 2024

MAJOR SUBSIDIARIES OF LISTCO AND THEIR DIRECTORS AND SENIOR MANAGEMENT

Name	Registration number	Percentage ownership	Date and place of incorporation	Issued ordinary share capital	Main business	Date of becoming Subsidiary
RainbowCo	1960/002377/07	100%	23 June 1960, KwaZulu-Natal	2,268,247	Chicken farming and slaughtering; production of chicken products for human consumption; production of animal feed for animal consumption	27 May 2024

RainbowCo is not listed on the JSE.

DIRECTORS AND SENIOR MANAGEMENT OF MAJOR SUBSIDIARIES OF LISTCO

The details of the Directors of the Major Subsidiaries are set out below.

RainbowCo

Name, age and nationality	Business address	Occupation/function	Date of appointment as director
Wouter Alphonso De Wet	Southdowns Ridge Office Park, Suite 12, Ground Floor, Cnr John Vorster and Nelmapius Drive, Irene, Centurion	**Chief Operating Officer**	1 December 2021
Marthinus Petrus Stander	Southdowns Ridge Office Park, Suite 12, Ground Floor, Cnr John Vorster and Nelmapius Drive, Irene, Centurion	**Chief Executive Officer**	1 December 2021
Kerry Rosemary van der Merwe	Southdowns Ridge Office Park, Suite 12, Ground Floor, Cnr John Vorster and Nelmapius Drive, Irene, Centurion	**Chief Financial Officer**	28 March 2024

The details of the senior management of ListCo and its Major Subsidiaries are set out below.

RainbowCo

Name, age and nationality	Business address	Occupation/function	Date of appointment by the RCL Foods Group or by a Subsidiary of the ListCo Group
Barney Khumalo, 53, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Chief People Officer	1 November, 2014
Anina Hunter, 47, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Feed Director	23 August, 2021
Mbusi Dlamini, 57, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Breed and Agriculture Director	1 September, 2017
Steve Hughes, 43, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Added Value Business Unit Director	1 February, 2013
Keegan Reddy, 34, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Sales Director	1 May, 2016
Remmert van Rijswijk, 52, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Regional Director: Northern	10 October, 1994
Mooketsi Ncube, 47, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Regional Director: KwaZulu-Natal	1 October, 2021
Anton Geustyn, 51, South African	Southdowns Ridge Office Park, Ground floor, Suite 12, Cnr John Vorster and Nelmapius Drive, Irene, Centurion, 0157	Regional Director: Cape	1 September, 2000

PROFILES OF THE DIRECTORS OF LISTCO

This Annexure 6A provides short biographies of the Directors of ListCo.

Chairperson

Pieter R Louw (CA (SA)) (Non-executive Director and Chairman)

Pieter is a Chartered Accountant (South Africa) who qualified with PricewaterhouseCoopers Inc. in Stellenbosch before joining Remgro in 2001. Pieter is currently a director of various wholly owned subsidiaries within the Remgro group of companies, as well as RCL Foods and Heineken Beverages Holdings Limited. He is also a member of the Management Board of Remgro and currently holds the role of Head of Corporate Finance at Remgro.

Executive Directors

Marthinus P Stander (Chief Executive Officer)

Marthinus serves as the Chief Executive Officer of ListCo, bringing with him 28 years of extensive experience in the food and agri-processing industry. Marthinus holds a background in electronic engineering from Stellenbosch University and has furthered his academic journey with an MSc in Oceanography from the University of Cape Town. His career trajectory includes significant roles such as Supply Chain Director at RainbowCo in 2007, where he played a pivotal role in the successful turnaround efforts from 2000 to 2005. Prior to rejoining RainbowCo in 2021 as Chief Executive Officer, Marthinus spearheaded another successful turnaround as the Chief Executive Officer of Country Bird Holdings Limited.

Wouter A De Wet (Chief Operating Officer)

Wouter brings over 26 years of profound experience in the poultry and animal feed industry. With a strong foundation in turnaround consulting and a track record of success, Wouter has been instrumental in driving operational excellence and strategic initiatives. Wouter's journey at RCL Foods began in 1997 as part of a crucial turnaround project. Over the years, he has held pivotal senior roles including Processing Director, Feed Director and Sustainability Director and was a former employee of Country Bird Holdings Limited. Wouter has a BA Industrial Psychology degree from Stellenbosch University.

Kerry R van der Merwe (CA (SA)) (Chief Financial Officer)

Kerry brings over 16 years of extensive financial expertise to her role as Chief Financial Officer of ListCo. Kerry commenced her career at PwC, where she earned her CA (SA) qualification in 2008. She further honed her financial acumen with a Certificate in Theory of Accounting (CTA) from the University of KwaZulu-Natal. Kerry joined RCL Foods in 2012, and has held various senior positions such as IFRS and Tax Executive, as well as Finance and Commercial Executive. Kerry was appointed as Chief Financial Officer Designate of RainbowCo in July 2023.

Non-executive Directors

Agmat Brinkhuis (Independent non-executive Director)

Agmat is a first generational poultry farmer with over twenty years of experience in the agricultural sector. He has deep expertise in, *inter alia,* poultry production, resource utilisation, government regulation, environmental practices and financial management. His active involvement in the poultry industry has ranged across various board and committees of industry and developmental organisations, culmination in his election to the position of Chairperson of SAPA in 2016. Agmat is a former ward councillor and sub-council chairperson for the City of Cape Town, and a former proportionate councillor for the South Peninsula Municipality.

Cindy J Robertson (CA(SA)) (Independent non-executive Director and Lead Independent Director)

Cindy is an experienced finance professional and an accomplished director with extensive experience in the governance of listed companies within the South African environment. Cindy began her career while working as a Finance Director for The National Ports Authority in Cape Town. Since then, she has gained experience in finance related positions while working for Woolworths and Sea Harvest. She is the former CFO of Pioneer Foods and Media 24. For her work as the CFO of Pioneer Foods, Cindy was nominated for the CFO Awards in 2016. She was also the Vice Chair of Council and the Audit Risk Committee Chair at the University of the Western Cape. Cindy is a qualified Chartered Accountant and holds a B.Com and PGDA.

Stephen M Parsons (Independent non-executive Director)

Stephen is an international business director and leader with expertise in advancing business turnaround, mergers and acquisitions, and complex multi-site manufacturing and processing operations. He holds a Bachelor of Commerce from the University of the Witwatersrand, a Diploma in Business Management and Administration from the Institute of Commercial Management, Bournemouth, England, and has completed the Accelerated Executive Development Leadership program at the London Business School.

Stephen is a current non-executive board member of Tanmiah Food Company, a fully integrated poultry and QSR business with operations in Saudi Arabia and the United Arab Emirates with joint venture partner Tyson Foods Inc (USA). He has held various positions in the agricultural, agri-tech and poultry sectors, including Cobb Europe Limited, a subsidiary of Cobb Vantress Incorporated and Tyson Foods Inc. and Grampian Country Food Group, a major meat processer and poultry producer in the United Kingdom. Stephen is a former executive director of RainbowHoldCo (2002 to 2003) and a former Group Operations Director of Rainbow Farms.

Willem O van Wyk (CA (SA)) (Non-executive Director)

Willem joined Remgro as the Group Tax Manager in 2006, and was thereafter appointed as investment manager in the Corporate Finance division during December 2016. Willem is currently a director of Pembani Remgro Infrastructure Managers, Energy Exchange of Southern Africa and Enerweb, as well as acting as Members' Trustee of the M&I Retirement Fund. He is also a member of the Investment Committee of Pembani Remgro Infrastructure Funds. Previous directorships include Grindrod Limited and Grindrod Shipping Limited. Willem qualified as a Chartered Accountant (South Africa) in 2005 and completed his articles at Ernst & Young. He also holds an honours degree in taxation from the University of Cape Town. Willem has significant experience in key corporate finance disciplines including valuations, due diligence, and investment support.

Zimkhitha P Zatu Moloi (CA (SA)) (Independent non-executive Director)

Zimkhitha is an accomplished director and shareholder with extensive experience in strategic financial management, corporate governance and business leadership. She holds a Bachelor of Commerce and Higher Diploma in Accountancy from the University of the Witwatersrand and is a registered CA (SA). Zimkhitha has a demonstrated track record of success in steering organisations towards profitability and sustainable growth through sound financial practices and effective decision-making. Zimkhitha possesses a proven ability to enhance shareholder value and maximise operational efficiency. She is a current director of Mathupha Capital Proprietary Limited, Sun International Limited and Grindrod Limited, and has previously held notable positions with The Standard Bank of South Africa Limited, PPC Limited and the Industrial Development Corporation of South Africa Limited.

CURRENT AND PAST DIRECTORSHIPS OF THE DIRECTORS OF LISTCO, AND ITS MAJOR SUBSIDIARIES

We set out below the names of all companies and partnerships of which each Director and senior managers of ListCo and its Major Subsidiaries has been a director or partner at any time in the previous five years.

Name	Directorship/trusteeship and status
Marthinus Petrus Stander	• Matzonox – Active • Battlefield Farming Proprietary Limited – Active • Looped Management Proprietary Limited – Active • Epol – Active • RainbowCo – Active • Rainbow Farms Investments – Active • Farmer Brown – Active • Rainbow Chicken Foods – Active
Kerry Rosemary van der Merwe	• Epol – Active • RainbowCo – Active • Rainbow Farms Investments – Active • Farmer Brown – Active • Rainbow Chicken Foods – Active
Wouter Alphonso De Wet	• Ingatestone Boerdery Proprietary Limited – Active • Epol – Active • RainbowCo – Active • Rainbow Farms Investments – Active • Farmer Brown – Active • Rainbow Chicken Foods – Active
Pieter Rudolf Louw	• Falconair Proprietary Limited – Active • Heineken Beverages Holdings Limited – Active • Historiese Huise Van Suid-Afrika Limited – Active • RCL Foods Limited – Active • Remgro Management Services Limited – Active • Stellenbosch Academy of Sport Proprietary Limited – Active • Castle Wine and Ek Green Limited – Resigned (2023) • Distell Group Holdings Limited (alternative director) – Resigned (2023) • Pembani Remgro Infrastructure Managers Proprietary Limited (alternative director) – Resigned (2019)
Agmat Brinkhuis	• Chamomile Farming Enterprises Proprietary Limited – Active • MDM Products Proprietary Limited – Active • Masifunde Fishing Proprietary Limited – Active • Ghusl Khana Services Proprietary Limited – Active • Chamomile Trust – Active • Walala Wasala Holdings Proprietary Limited (non-executive director) – Deregistered (2024)
Cindy Joy Robertson	• Black Seed Capital – Active • The Michel Lanfranchi Foundation – Active • The Jakes Gerwel Family Trust – Active • Coronation Foundation Trust – Active • Pioneer Foods Education and Community Trust – Active • Du Toit Group Proprietary Limited – Resigned (2023) • Equites Property Fund Limited – Resigned (2022) • Life Healthcare Limited- Resigned (2022) • Lion of Africa Life Assurance Company Limited – Resigned (2022) • RCL Foods Limited – Resigned (2022) • Truworths Limited – Resigned (2022)

Name	Directorship/trusteeship and status
Stephen Mark Parsons	• Greengage Agritech Limited – Active • Tanmiah Food Company SCJSC – Active • Alpha Phenomics Incorporated (non-executive director) – Resigned (2022)
Willem Ockert van Wyk	• M&I Retirement Fund (Members' Trustee) – Active • Pembani Remgro Infrastructure Managers Proprietary Limited – Active • Pembani Remgro Infrastructure Fund (member of the Investment Committee) – Active • Enerweb Proprietary Limited – Active • Energy Exchange of South Africa Proprietary Limited – Active • Grindrod Shipping Limited – Resigned (2022) • Grindrod Limited – Resigned (2022)
Zimkhitha Phaphama Zatu Moloi	• Grindrod Limited – Active • Sun International Limited – Active • First Rand Foundation Trust – Active • Mathupha Capital Proprietary Limited – Active • Rail 2 Rail Proprietary Limited – Active • Lennings Rail Proprietary Limited – Active • Sebilo Rail Proprietary Limited – Active • France Rail Industries SA Proprietary Limited – Active • We Grow Farming Proprietary Limited – Active • Yarona Game and Guest Farms Proprietary Limited – Active • Kurera Investments Proprietary Limited – Active • Big O trading 1171 Proprietary Limited – Active • SAFCOL SOC Limited – Resigned (2023) • African Exploration Mining and Finance Corp – Resigned (2020) • National Film and Video Foundation – Resigned (2020) • Siyazisiza Trust NPO – Resigned (2019)

RELEVANT PROVISIONS FROM THE MEMORANDUM OF INCORPORATION OF LISTCO AND MAJOR SUBSIDIARIES

The salient features of ListCo's MOI are set out below. Please note that the salient features do not constitute an exhaustive summary of the provisions of the MOI but highlight certain key aspects only. Accordingly, the MOI should be read in its entirety for a full appreciation of its contents.

1. **DEFINITIONS**

In this Memorandum of Incorporation, unless the context clearly indicates a contrary intention, the following words and expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings –

1.1 "**Act**" means the Companies Act, No. 71 of 2008, as amended, consolidated or re-enacted from time to time, and includes all schedules to such Act;

1.2 "**BEE Act**" has the meaning ascribed thereto in the JSE Listings Requirements;

1.3 "**BEE Codes**" has the meaning ascribed thereto in the JSE Listings Requirements;

1.4 "**Board**" or "**Directors**" means the board of Directors from time to time of the Company;

1.5 "**Certificated Securities**" means Securities issued by the Company that are not Uncertificated Securities;

1.6 "**Company**" means Rainbow Chicken Limited (Registration No. 2024/200346/06), a public company duly registered and incorporated in accordance with the laws of South Africa;

1.7 "**Deliver**" means deliver in the manner in which the Company is entitled to give notice or deliver documents in accordance with clause 44 and the Act;

1.8 "**Financial Markets Act**" means the Financial Markets Act, No 19 of 2012, including any amendment, consolidation or re-enactment thereof;

1.9 "**IFRS**" means the International Financial Reporting Standards, as adopted from time to time by the International Accounting Standards Board, or its successor body, together with all authoritative interpretations issued by the International Financial Reporting Standards Interpretations Committee, at the applicable date;

1.10 "**JSE**" means JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/022939/06, licensed as an exchange under the Financial Markets Act, or where the context requires, the securities exchange known as the Johannesburg Stock Exchange which is operated by JSE Limited;

1.11 "**JSE Listings Requirements**" means the equity listings requirements of the JSE applicable from time to time;

1.12 "**Regulations**" means the regulations published in terms of the Act from time to time;

1.13 "**SENS**" means the Securities Exchange News Service established and operated by the JSE;

1.14 "**South Africa**" means the Republic of South Africa; and

1.15 "**Sub-register**" means the record of Uncertificated Securities administered and maintained by a Participant, which forms part of the Securities Register in terms of the Act.

2. **AUTHORISED SECURITIES AND ALLOTMENT AND ISSUE OF SHARES AND VARIATION OF RIGHTS**

2.1 The Company is authorised to issue –

2.1.1 2,000,000,000 (two billion) ordinary no par value Shares of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to:

2.1.1.1 vote on any matter to be decided by the Shareholders of the Company, whether in person or by proxy, and to 1 (one) vote in the case of a vote by means of a poll;

2.1.1.2 participate proportionally in any Distribution, other than any Distribution pursuant to a repurchase of Shares as contemplated in clause 20; and

2.1.1.3 receive proportionally the net assets of the Company upon its liquidation; and

2.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto with the preferences, rights, limitations and other terms associated with each such class set out therein, subject to the JSE Listings Requirements.

2.2 For purposes of clause 7.1, *pari passu* shall have the meaning attributed thereto in terms of the JSE Listings Requirements.

2.3 The power of the Board to –

2.3.1 increase or decrease the number of authorised Shares of any class of the Company's Shares; or

2.3.2 create any class of Shares; or

2.3.3 reclassify any classified Shares that have been authorised but not issued; or

2.3.4 classify any unclassified Shares that have been authorised but not issued; or

2.3.5 determine the preferences, rights, limitations or other terms of any Shares,

shall be subject to the approval of the Shareholders by way of a Special Resolution, save where such amendment is ordered by a court in terms of sections 16(1) and 16(4) of the Act.

2.4 The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by Special Resolution and in accordance with the JSE Listings Requirements.

2.5 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share, and accordingly if any amendment to this Memorandum of Incorporation relates to the variation of any preferences, rights, limitations and other terms associated with any class of Share already in issue, such amendments shall not be implemented without a Special Resolution adopted by the holders of Shares of that class at a separate meeting. The holders of Shares of that class will, subject to the further provisions of clause 24.2, also be entitled to vote at the meeting of ordinary Shareholders where the amendment is tabled for approval.

2.6 The preferences, rights, limitations or any other terms of any class of Shares may not be varied, and no resolution may be proposed to Shareholders for the rights to include such variation, in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

2.7 Unless otherwise required by statute, but notwithstanding the provisions of Section 40(5), the Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.

2.8 The Board may resolve to issue Shares or Securities convertible into Shares at any time, and/or grant options to subscribe for Shares, for cash or otherwise –

2.8.1 within the classes and to the extent that those Shares have been authorised (but not issued) by or in terms of this Memorandum of Incorporation; and

2.8.2 subject to compliance with the Act and, if applicable, the JSE Listings Requirements, including the following:

2.8.2.1 any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of sections 41(1) and 41(3), require the approval of the Shareholders by Special Resolution if:

2.8.2.1.1 the Shares, Securities, options or rights are issued to the persons contemplated in section 14(1) and the provisions of section 41(2) do not apply; or

2.8.2.1.2 the Voting Power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the Voting Power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

2.9 Subject to clause 7.11, for so long as the JSE Listings Requirements so require, the Board may only issue unissued Shares if such Shares have first been offered to existing Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such Shares –

2.9.1 is a scrip dividend or is issued in terms of a capitalisation issue, dividend reinvestment plan or similar mechanism; or

2.9.2 is for the acquisition of assets, whether by means of an acquisition issue or a vendor consideration placing; or

2.9.3 is an issue pursuant to options or conversion rights or similar right, issued in terms of the JSE Listings Requirements; or

2.9.4 is an issue in terms of an approved share incentive scheme; or

2.9.5 is an issue of shares for cash (as contemplated in the JSE Listings Requirements), which has been approved by the Shareholders by ordinary resolution, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, in accordance with the JSE Listings Requirements, provided that, if such Shareholder approval is in the form of a general authority to the Directors, it shall be valid only until the next Annual General Meeting of the Company or for 15 (fifteen) months from the date of the passing of the ordinary resolution, whichever is the earlier, and it may be varied or revoked by any general meeting of the Shareholders prior to such Annual General Meeting; or

2.9.6 otherwise falls within a category in respect of which it is not, in terms of the JSE Listings Requirements, a requirement for the relevant Shares to be so offered to existing Shareholders; or

2.9.7 is otherwise undertaken in accordance with an authority approved by Shareholders in general meeting, subject to the applicable corporate action being approved by the JSE, to the extent that such JSE approval is required under the JSE Listings Requirements,

provided that fractions of Shares will not be issued and that, in respect of fractional entitlements that arise, the Board may determine the appropriate rounding principle to be applied, provided such rounding principle complies with the JSE Listings Requirements. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to the aforegoing provisions, issue such Shares in such manner as they consider most beneficial to the Company, subject to the JSE Listings Requirements. For the avoidance of doubt, given that Shareholders are entitled to participate in proportion to their Shareholding in any rights offer, scrip dividend or dividend reinvestment undertaken by the Company, such rights offer, scrip dividend or dividend reinvestment, or the issuing of any Shares pursuant thereto, will not require Shareholder approval under this clause 2.9.

2.10 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in clause 7.9, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

2.11 The Board shall, subject to compliance with Companies Act, be entitled to exclude, qualify or limit the participation of a particular category of Shareholders (for example non-resident Shareholders or any other appropriate category) from any rights offer, capitalisation issue, claw-back offer, scrip distribution, distribution *in specie* and/or similar offer or corporate action to be undertaken by the Company, where the implications of compliance with applicable law (including the laws of another jurisdiction) would render it unduly onerous or impractical for such category of Shareholders to participate in the relevant offer or corporate action. In such circumstances, the Board shall be entitled to make alternative arrangements and/or offer available to any category of Shareholders that is excluded from the relevant offer or corporate action or whose participation therein is qualified or limited.

2.12 All Securities for which a listing is sought on the JSE and all Securities of the same class as Securities which are listed on the JSE must, notwithstanding the provisions of section 40(5), but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.

3. **FINANCIAL ASSISTANCE FOR ACQUISITION OF SECURITIES**

3.1 The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any Person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a Related or Inter-Related company, or for the purchase of any such Securities, as set out in and in accordance with section 44, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

3.2 Any decision by the Company to provide financial assistance as contemplated in clause 19.1 must satisfy the requirements of section 44 and, accordingly, the Company may not provide such financial assistance unless –

3.2.1 the particular provision of financial assistance is –

3.2.1.1 pursuant to an employee share scheme that satisfies the requirements of section 97; or

3.2.1.2 pursuant to a Special Resolution, adopted within the previous 2 (two) years, which approved such assistance for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category; and

3.2.2 the Board is satisfied that –

3.2.2.1 immediately after providing the financial assistance, the Company would satisfy the Solvency and Liquidity Test; and

3.2.2.2 the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

4. **ODD-LOT OFFERS**

4.1 The Company may, in accordance with the JSE Listings Requirements, and subject to the necessary Shareholders resolution approving the odd-lot offer by the requisite majority of Shareholders at a general meeting, make an odd-lot offer to Shareholders holding less than 100 (one hundred) Shares, or such other number of Shares determined by the JSE as amounting to an odd-lot ("**Odd-Lot**") in the Company ("**Odd-Lot Holders**"), in terms of which the Odd-Lot Holders are given the right to elect to retain their Shares or sell their Odd-Lots, and such Odd-Lot offer may provide that if any offeree Shareholder fails to exercise such right of election, his Shares will be compulsorily sold as if he had elected to sell such Shares ("**Odd-Lot Offer**").

4.2 Upon implementation of any Odd-Lot Offer, the Company shall, save in respect of Odd-Lot Holders who have elected to retain their Odd-Lots –

4.2.1 repurchase the Odd-Lots, procure the purchase of the Odd-Lots by a Subsidiary of the Company, or procure the sale of the Odd-Lots on the JSE or otherwise (as the Board may determine), in such manner as the Directors may direct; and

4.2.2 procure that the proceeds of such sales are paid to such Odd-Lot Holders.

4.3 All unclaimed proceeds from the sale of the Odd-Lots may be invested, provided that all monies due to Odd-Lot Holders must be held by the Company in trust. Subject to the laws of prescription, proceeds of such sales which remain unclaimed for a period of 3 (three) years from the date on which they became payable (or such longer period as may be required under the laws of prescription) may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they deem fit.

4.4 To the extent that any Odd-Lot Holder's Shares are to be disposed of pursuant to an Odd-Lot Offer, such Shareholder hereby irrevocably appoints any one of the Directors as its attorney and agent to sign all documents and to do all such things on its behalf that may be necessary to effect the disposal and/or the transfer of the relevant Odd-Lot Shares.

5. **DIRECTORS AND OFFICERS**

5.1 **Number of Directors**

5.1.1 The Board must comprise at least 4 (four) Directors and not more than a number as the Board may from time to time determine.

5.1.2 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 29.2.4 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the Directors or invalidate anything done by the Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

5.1.3 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 29.1.2, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

5.2 **Nomination and appointment of Directors**

5.2.1 Except for the Directors appointed in terms of clause 32, and subject to the provisions of clause 29.2.4, all Directors shall be elected as such by an Ordinary Resolution of the Shareholders at a general meeting or Annual General Meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

5.2.2 In any election of Directors –

5.2.2.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single Individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

5.2.2.2 in each vote to fill a vacancy –

5.2.2.2.1 each vote entitled to be Exercised may be Exercised once; and

5.2.2.2.2 the vacancy is filled only if a majority of the votes Exercised support the candidate.

5.2.2.3 if the election process results therein that –

5.2.2.3.1 more nominees are elected as Directors than there are vacancies, those nominees (being a number of the nominees that are equal to the number of vacancies) that received the highest majority of votes will be the elected Directors, provided that in the event that a number of nominees that compete for a lesser number of vacancies received an equal number of majority votes, the Director or Directors elected to fill those vacancies will be determined by lot in the manner that the chairperson of the meeting will determine;

5.2.2.3.2 less nominees are elected as Directors than there are vacancies, the remaining vacancies will remain unless filled in terms of the provisions of clause 29.2.4;

5.2.2.4 if no or insufficient candidates are nominated to fill the number of vacancies on the Board, the vacancies so caused shall be regarded as interim vacancies which shall be filled in terms of the provisions of clause 29.2.4.

5.2.3 Save as provided for in clauses 29.2.4 and 32, the Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).

5.2.4 The Board has the power to appoint or co-opt any Person as Director, whether to fill any vacancy on the Board on a temporary basis, as set out in section 68(3), or as additional Director, provided that such appointment must be confirmed by the Shareholders, in accordance with clause 29.1.2, at the next Annual General Meeting of the Company, as required in terms of section 70(3)(b)(i).

5.3 **Eligibility, resignation and retirement of Directors**

5.3.1 Apart from satisfying the qualification and eligibility requirements set out in section 69 and subject to the below mentioned provisions of this clause 29.3, a Person shall not be required to hold any qualifying Shares or to satisfy any eligibility requirements or qualifications to become or remain a Director or a Prescribed Officer of the Company.

5.3.2 Subject to any provisions of clause 29.3.3, a Director shall vacate his office as Director if –

5.3.2.1 his estate is sequestrated or he surrenders his estate or enters into a general compromise with his creditors;

5.3.2.2 he is found to be or become of unsound mind;

5.3.2.3 a majority of his co-Directors sign a written notice in which he is requested to vacate his office and lodge it at the principal place of business of the Company, (which shall come into effect upon lodging thereof at the principal place of business of the Company), but without prejudice to any claim for damages;

5.3.2.4 he is removed from office by a resolution of the Company of which proper notice have been given in term of the Act;

5.3.2.5 he is, pursuant to the provisions of the Act or any order made thereunder, prohibited from acting as a Director;

5.3.2.6 he resigns his office as Director by notice in writing to the Company;

5.3.2.7 he is absent from meetings of the Board for 6 (six) consecutive months without leave of the Directors while not engaged in the business of the Company, and he is not represented at any such meeting during such 6 (six) consecutive months by an Alternate Director; and the Directors resolve that his office be, by reason of such absence, vacated, provided that the Directors shall have the power to grant to any Director leave of absence for a definite or indefinite period.

5.3.3 No Director shall be appointed for life or for an indefinite period and the non-executive Directors shall rotate in accordance with the following provisions –

5.3.3.1 at each Annual General Meeting referred to in clause 23.2.1, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office;

5.3.3.2 the non-executive Directors to retire in every year shall be those who have been longest in office since their last election, but as between Persons who were elected as non-executive Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

5.3.3.3 notwithstanding the provisions of this clause 29.3.3, a non-executive Director who has already held his office for a period of 3 (three) years since his last election for appointment by the date of any Annual General Meeting shall retire at such meeting, either as one of the non-executive Directors retiring according to the roster referred to above, or over and above such non-executive Directors;

5.3.3.4 the length of time a non-executive Director has been in office shall be computed from his last election, appointment or date upon which he was deemed re-elected;

5.3.3.5 a non-executive Director retiring at a meeting shall retain office until the election of Directors at that meeting has been completed;

5.3.3.6 a retiring non-executive Director shall be eligible for re-election;

5.3.3.7 the Company, at the general meeting at which a non-executive Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a Person thereto, and in default the retiring non-executive Director, if willing to continue to act, shall be deemed to have been re-elected, unless it is expressly resolved at the meeting not to fill such vacated office; or a resolution for the re-election of such non-executive Director was put to the meeting and rejected, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 28.

5.3.4 The Board shall, through its nomination committee (if such nomination committee has been constituted in terms of clause 36), provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring non-executive Director is proposed, as to which retiring non-executive Directors are eligible for re-election, taking into account that Director's past performance and contribution.

5.4 **Directors' interests**

5.4.1 A Director may hold any other office or place of profit under the Company (except that of Auditor) or any Subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

5.4.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

5.4.3 Each Director and each Alternate Director, Prescribed Officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.

5.4.4 The proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6), to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by this Memorandum of Incorporation, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited save where the Directors have obtained the prior approval of the JSE to propose such a resolution.

5.4.5 Any Director may act for the Company personally or through his firm in a professional capacity (except as Auditor) and he or his firm shall be entitled to remuneration for professional services rendered as if he had not been a Director of the Company.

5.5 **Alternate Directors**

5.5.1 A Director may –

5.5.1.1 appoint another Director or any Person approved for that purpose by a resolution of the Board to act as Alternate Director in his place and during his absence; and

5.5.1.2 remove such Alternate Director,

provided that at least 50% (fifty percent) of all Alternate Directors shall be elected by Shareholders as contemplated in clause 29.2.1.

5.6 **Directors' meetings**

5.6.1 Save as may be provided otherwise herein, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

5.6.2 The Directors may elect a chairperson and up to 2 (two) deputy chairpersons (to act in the absence of the chairperson) of their meetings and determine the period for which each is to hold office, which shall not be longer than 5 (five) years. The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all meetings of Directors. If no chairperson or deputy chairperson is elected, or if at any meeting neither is present or willing to act as chairperson thereof within half an hour of the time appointed for holding the meeting, the Directors present shall choose 1 (one) of their number to be chairperson of such meeting.

5.6.3 The chairperson of the Board may call a meeting of the Board at any time, and the company secretary, upon the request of any Director shall at any time, call a meeting of the Board.

5.6.4 The Board has the power –

5.6.4.1 as contemplated in section 74, to consider any matter and/or adopt any resolution other than at a meeting and, accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of a majority of the Directors, given in person or by Electronic Communication, provided that each Director has received notice of the matter to be decided. Such resolution may consist of one or more documents signed thus and shall be deemed to have been passed when consented to in writing by a majority of the Directors;

5.6.4.2 to conduct a meeting entirely by Electronic Communication, or to provide for participation in a meeting by Electronic Communication, as set out in section 73(3), provided that, as required by such section, the Electronic Communication facility employed ordinarily enables all Persons participating in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting; and

5.6.4.3 to determine the manner, form, and number of days' notice to be given of its meetings, provided that an agenda of the matters to be discussed at the meeting shall be given to each Director, together with the notice of the meeting,

and the powers of the Board in respect of the above matters are not limited or restricted by this Memorandum of Incorporation.

5.6.5 The quorum requirement for a Directors' meeting (including an adjourned meeting) to begin, the Voting Rights at such a meeting, and the requirements for approval of a resolution at such a meeting are as set out in section 73(5), subject only to clauses 30.5.2 and 30.5.5, and accordingly –

5.6.5.1 if all of the Directors of the Company –

5.6.5.1.1 acknowledge actual receipt of the notice convening a meeting; or

5.6.5.1.2 are present at a meeting; or

5.6.5.1.3 waive notice of a meeting,

the meeting may proceed even if the Company failed to give the required notice of that meeting or there was a defect in the giving of the notice;

5.6.5.2 a majority of the Directors must be present at a meeting before a vote may be called at any meeting of the Directors;

5.6.5.3 each Director has 1 (one) vote on a matter before the Board;

5.6.5.4 a majority of the votes cast in favour of a resolution is sufficient to approve that resolution;

5.6.5.5 in the case of a tied vote the chairperson shall not have a second or casting vote.

5.6.6 Resolutions adopted by the Board –

5.6.6.1 must be dated and sequentially numbered; and

5.6.6.2 are effective as of the date of the resolution, unless any resolution states otherwise.

5.6.7 The Board shall ensure that minutes shall be kept of –

5.6.7.1 all appointments of officers by the Board;

5.6.7.2 the names of the Directors present at each Directors meeting;

5.6.7.3 all resolutions and proceedings at each meeting of the Company or of any class of Shareholders;

5.6.7.4 all resolutions passed by the Board in terms of clauses 30.4.1, 30.4.2 and 30.5.3 and of all meetings of the Board,

in a consecutively numbered and permanently bound book or books kept solely for that purpose.

5.6.8 Any excerpt of or minutes of a meeting, or a resolution, signed by the chairperson of the meeting, by the chairperson of the next meeting of the Board, by any Director, or by the company secretary, are evidence of the proceedings of that meeting, or the adoption of that resolution, as the case may be.

5.7 **Directors compensation and financial assistance to directors**

5.7.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a Special Resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

5.7.2 Any Director who –

5.7.2.1 serves on any executive or other committee; or

5.7.2.2 devotes special attention to the business of the Company; or

5.7.2.3 goes or resides outside South Africa for the purpose of the Company; or

5.7.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

5.7.3 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with –

5.7.3.1 the business of the Company; and

5.7.3.2 attending meetings of the Directors or of committees of the Directors of the Company.

5.7.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, Prescribed Officer or other Person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

5.8 **Executive directors**

5.8.1 The Directors may from time to time appoint –

5.8.1.1 managing and other executive Directors (with or without specific designation) of the Company, subject to the provisions of clause 29.2.4;

5.8.1.2 any Director to any other executive office with the Company,

as the Directors shall think fit, for a period as the Directors shall think fit, and may from time to time remove or dismiss such Persons from office and appoint another or others in his or their place or places.

5.8.2 Any Director appointed in terms of clause 32.1 –

5.8.2.1 shall (subject to the provisions of the contract under which he is appointed) whilst he continues to hold that position or office, not be subject to retirement by rotation; and

5.8.2.2 shall be subject to the same provisions as to removal as the other Directors of the Company, and if he ceases to hold office as a Director, his appointment to such position or executive office shall ipso facto terminate.

5.8.3 The remuneration of a Director appointed to any position or executive office in terms of clause 32.1 –

5.8.3.1 shall be determined by a disinterested quorum of the Directors or a remuneration committee appointed by the Directors;

5.8.3.2 shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company, as the Directors may determine;

5.8.3.3 may consist of a salary or a commission on profits or dividends or both, as the Directors may direct.

5.8.4 The Directors may from time to time entrust to and confer upon an executive Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

5.9 **Powers of the board of directors**

5.9.1 The business and affairs of the Company shall be managed by or under the directions of the Board, which has the authority to exercise all of the powers and perform any of the functions of the Company, except to the extent that the Act or this Memorandum of Incorporation provides otherwise.

5.9.2 The general powers granted to the Board by this clause 34 shall not be limited or reduced by any special authorisation or power granted to the Board by any other clause.

5.9.3 The Directors may at any time and from time to time by power of attorney appoint any Person or Persons to be the agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of Persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of Persons dealing with agents as the Directors think fit. Any such agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

5.9.4 All cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

5.9.5 All acts performed by the Directors or by a committee of Directors or by any Person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or Persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such Person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

5.9.6 The Directors shall, for as long as the Securities are listed on the JSE, not have the power to propose any resolution to Shareholders in terms of sections 20(2) and 20(6), to ratify any act of the Directors that is contrary to the JSE Listings Requirements (unless otherwise agreed with the JSE) and is inconsistent with any limit imposed by this Memorandum of Incorporation on the authority of the Directors to perform such an act on behalf of the Company.

5.10 **Committees of the board**

5.10.1 The Board may appoint committees of Directors and delegate to any such committee any of the authority of the Board as contemplated in section 72(1). The members of such committees may include Persons who are not Directors as long as they are not Ineligible or Disqualified to be Directors, and provided that they shall not be able to vote.

5.10.2 The authority of a committee appointed by the Board as contemplated in section 72(2)(b) and (c) is not limited or restricted by this Memorandum of Incorporation.

5.10.3 The Board shall further appoint such committees as it is obliged to do in terms of the Act and, for as long as any of the Company's Securities are listed on the JSE, such committees as are required by the JSE Listings Requirements, having such functions and powers as are prescribed by the Act and/or in terms of the JSE Listings Requirements, as the case may be.

6. **BORROWING POWERS**

Subject to the provisions of this Memorandum of Incorporation, the Directors may from time to time –

6.1 borrow for the purposes of the Company such sums as they think fit;

6.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.

7. **DISTRIBUTIONS**

7.1 The Directors may declare dividends in accordance with the Act.

7.2 Subject to the provisions of the Act, and particularly section 46, and in this Memorandum of Incorporation, the Company may make any proposed Distribution, as defined and contemplated in the Act, if such Distribution –

7.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or

7.2.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements.

7.3 No Distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such Distribution is payable.

7.4 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.

7.5 The Directors may from time to time pay to the Shareholders such interim dividends as the Directors consider to be appropriate.

7.6 All unclaimed dividends shall be held by the Company in trust for the benefit of the Company until lawfully claimed, and dividends that remain unclaimed for a period of 3 (three) years from the date on which they became payable may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit. All unclaimed monies, other than dividends, that are due to a Shareholder/s shall be held by the Company in trust for the benefit of the Company for an indefinite period until lawfully claimed by such Shareholder/s or, if determined by the Directors, until the Shareholder's/s' claim to such Distribution has prescribed in terms of the applicable laws of prescription.

7.7 Distributions or any other sum payable in cash to any holder of the Company's Shares shall be paid by way of an electronic funds transfer only, unless agreed to otherwise at the discretion of the Company, into the selected bank account of:

7.7.1 the holder; or

7.7.2 in the case of joint holders, to the holder whose name stands first in the register in respect of the Share(s); or

7.7.3 such Person as the holder or joint holders may in writing direct.

7.8 The electronic funds transfer of the Distributions or other sum made into such account shall discharge the Company of any further liability in respect of the amount concerned. The Company shall not be responsible for a holder's loss arising from any fraudulent, diverted or incorrect electronic funds transfer of dividends or other sum payable to a holder unless such loss was due to the Company's gross negligence or wilful default.

7.9 For the purpose of this clause 40, no notice of change of bank account or instructions as to payment being made at any other bank account which is received by the Company after the date on which a Shareholder must be registered in order to qualify for a Distribution or other payment and which would have the effect of changing the currency in which such payment would be made, shall be effective in respect of such payment.

7.10 A Shareholder who is a South African resident shall only be entitled to supply a Rand denominated bank account of a bank registered to operate such account in South Africa.

7.11 In the event that a Shareholder has failed to supply a valid bank account as envisaged herein, the Distributions or other moneys shall be deemed unclaimed dividends or other monies in terms of clause 40.6.

7.12 A Distribution may also be paid in any other way determined by the Directors, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.

7.13 Without detracting from the ability of the Company to issue capitalisation Shares, any Distribution may be paid wholly or in part –

7.13.1 by the Distribution of specific assets; or

7.13.2 by the issue of Shares, debentures or securities of the Company or of any other company; or

7.13.3 in cash; or

7.13.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the Distribution determine,

provided that in respect of any capitalisation issue, scrip distribution, distribution *in specie* or similar, the Board shall be entitled, subject to compliance with Companies Act, to exclude, qualify or limit the participation of a particular category of Shareholders and to make alternative arrangements available to such category of Shareholders in accordance with clause 7.11.

7.14 Where any difficulty arises in regard to such Distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on Distribution.

7.15 The Directors may –

7.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of Distribution; and

7.15.2 vest any such assets in trustees upon such trusts for the benefit of the Persons entitled to the Distribution as the Directors deem expedient.

7.16 All Distributions must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

7.17 Without limiting the provisions of clause 40.2.2 above, all payments made to holders of Listed Securities must be in accordance with the JSE Listings Requirements and capital payments to holders of Listed Securities may not be made on the basis that it can be called up again.

7.18 Without limitation to any of the other provisions of this Memorandum of Incorporation, where the Directors have authorised any Distribution, but have not yet published finalisation details (as contemplated in the JSE Listings Requirements) in respect of such Distribution, the Directors may determine that the Company's obligation to settle such Distribution may be discharged in such alternative manner, including by the creation of an indebtedness, the issue by the Company of a security or the distribution or transfer by the Company of a Security issued by another entity. For the avoidance of doubt, where a Distribution comprises or is settled by the creation of an indebtedness or comprises a Security issued by the Company or by another entity, or where a distribution comprises or is settled by the issue or the distribution or transfer of a security issued by the Company or by another entity, the Shareholders who are entitled to such indebtedness or who receive such Securities shall in all respects be bound by all the terms and conditions that are applicable to such indebtedness (as may determined by the Directors) or that are applicable to such securities (as if they had acquired such securities through a subscription therefor or a purchase thereof), as applicable.

7.19 In the case of any corporate action (including any capitalisation issue, scrip dividend, dividend reinvestment plan, distribution *in specie* or any similar corporate action) undertaken by the Company in terms whereof Shareholders are afforded an election between more than one alternative (including a cash alternative), the Directors may determine that, in the absence of an election by a Shareholder, a particular alternative (which does not have to be a cash alternative) will be applicable to such Shareholder.

The salient features of the memorandum of incorporation of RainbowCo, the Major Subsidiary of ListCo, are set out below. Please note that the salient features do not constitute an exhaustive summary of the provisions of the memorandum of incorporation but highlight certain key aspects only. Accordingly, the memorandum of incorporation should be read in its entirety for a full appreciation of its contents.

1. **DEFINITIONS**

In this Memorandum of Incorporation, unless the context clearly indicates a contrary intention, the following words and expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings –

1.1 **"Act"** means the Companies Act, No. 71 of 2008, as amended, consolidated or re enacted from time to time, and includes all schedules to such Act;

1.2 **"Board"** means the board of Directors from time to time of the Company or if there is only one Director, then that Director;

1.3 **"Company"** means the company named on the first page of this document, duly incorporated under the registration number endorsed thereon;

1.4 **"Director"** means a member of the Board as contemplated in section 66, or an alternate Director, and includes any person occupying the position of a Director or alternate Director, by whatever name designated;

1.5 **"Electronic Communication"** has the meaning set out in section 1 of the Electronic Communications and Transactions Act, No 25 of 2002;

1.6 **"IFRS"** means the International Financial Reporting Standards, as adopted from time to time by the Board of the International Accounting Standards Committee, or its successor body, and approved for use in the Republic from time to time by the Financial Reporting Standards Council established in terms of section 203;

1.7 **"present at the meeting"** means, in relation to a Shareholders' meeting, to be present in person, or able to participate in the meeting by Electronic Communication, or to be represented by a proxy who is present in person or able to participate in the meeting by Electronic Communication;

1.8 **"Regulations"** means the regulations published in terms of the Act from time to time;

1.9 **"Republic"** means the Republic of South Africa;

1.10 **"Securities" means –**

1.10.1 any shares, notes, bonds, debentures or other instruments, irrespective of their form or title, issued, or authorised to be issued, by the Company; or

1.10.2 anything falling within the meaning of "securities" as set out in section 1 of the Securities Services Act;

1.11 **"Securities Register"** means the register of issued Securities of the Company required to be established in terms of section 50(1);

1.12 **"Securities Services Act"** means the Securities Services Act, No 36 of 2004, including any amendment, consolidation or re-enactment thereof;

1.13 **"Share"** means one of the units into which the proprietary interest in the Company is divided;

1.14 **"Shareholder"** means the holder of a Share who is entered as such in the Securities Register, subject to the provisions of section 57;

1.15 **"Shareholders Agreement"** means any signed written agreement or agreements in force from time to time between all or some of the Shareholders and the Company in terms of which the rights and obligations of the Shareholders amongst themselves (in their capacities as Shareholders) are regulated and in terms of which the relationship between each Shareholder and the Company is regulated; and

1.16 **"Solvency and Liquidity Test"** has the meaning attributed thereto in section 4.

2. **AUTHORISED SECURITIES AND ALLOTMENT AND ISSUE OF SHARES AND VARIATION OF RIGHTS**

2.1 The Company is authorised to issue –

2.1.1 such number of such class of Shares as are set out in Part I of Schedule 1 hereto subject to the preferences, rights, limitations and other terms associated with such class set out therein.

2.1.2 such number of each of such further classes of Shares, if any, as are set out in Part II of Schedule 1 hereto subject to the preferences, rights, limitations and other terms associated with each such class set out therein.

2.2 The Board shall not have the power to –

2.2.1 increase or decrease the number of authorised Shares of any class of the Company's Shares;

2.2.2 consolidate and reduce the number of the Company's issued and authorised Shares of any class;

2.2.3 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;

2.2.4 reclassify any classified Shares that have been authorised but not issued;

2.2.5 classify any unclassified Shares that have been authorised but not issued; or

2.2.6 determine the preferences, rights, limitations or other terms of any Shares,

and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.

2.3 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share.

2.4 The authorisation and classification of Shares, the subdivision or consolidation of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders, and such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting.

2.5 Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

2.6 Subject to what may be authorised by the Act and at meetings of Shareholders in accordance with clause 8.8, and subject to clause 8.7, the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such Shares are issued for the acquisition of assets by the Company.

2.7 Notwithstanding the provisions of clauses 8.2, 8.6 and 8.8, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before the implementation of that transaction or series of integrated transactions.

2.8 Notwithstanding the provisions of clause 8.6, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit.

2.9 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or otherwise provided in this Memorandum of Incorporation, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

2.10 The Company may only issue Shares within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.

3. **DIRECTORS AND OFFICERS**

3.1 Every person holding office as a Director, prescribed officer or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

3.2 **Number of directors**

In addition to the minimum number of Directors that the Company must have to satisfy any requirement in terms of the Act to appoint a social and ethics committee, the Board must comprise at least 1 (one) Director and the Board shall be entitled to determine such maximum number of Directors as they from time to time shall consider appropriate.

3.3 **Appointment and election of Directors**

3.3.1 All Directors shall be elected by an ordinary resolution of the Shareholders at a general meeting of the Company.

3.3.2 In any election of Directors –

3.3.2.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

3.3.2.2 in each vote to fill a vacancy –

3.3.2.2.1 each vote entitled to be exercised may be exercised once; and

3.3.2.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate,

provided only that, in the event that the Company only has 1 (one) Shareholder, the provisions of this clause 26.3.2 will not apply and the election of Directors shall take place in such manner as the Shareholder shall determine.

3.3.3 Subject to the provisions of clauses 26.5.1.1 and 29, the Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).

3.4 **Eligibility, resignation and retirement of Directors**

3.4.1 Apart from satisfying the qualification and eligibility requirements set out in section 69 and subject to the below mentioned provisions of this clause 26.4, a person shall not be required to hold any qualifying Shares or to satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

3.4.2 A Director shall vacate his office as Director if –

3.4.2.1 his estate is sequestrated or he surrenders his estate or enters into a general compromise with his creditors;

3.4.2.2 he is found to be or become of unsound mind;

3.4.2.3 a majority of his co Directors sign a written notice in which he is requested to vacate his office and lodge it at the principal place of business of the Company, (which shall come into effect upon lodging thereof at the principal place of business of the Company), but without prejudice to any claim for damages;

3.4.2.4 he is removed from office by a resolution of the Company of which proper notice have been given in term of the Act, but without prejudice to any claim for damages;

3.4.2.5 he is, pursuant to the provisions of the Act or any order made thereunder, prohibited from acting as a Director;

3.4.2.6 he resigns his office as Director by notice in writing to the Company;

3.4.2.7 he is absent from meetings of the Board for 6 (six) consecutive months without leave of the Directors while not engaged in the business of the Company, and he is not represented at any such meeting during such 6 (six) consecutive months by an alternate Director; and the Directors resolve that his office be, by reason of such absence, vacated, provided that the Directors shall have the power to grant to any Director leave of absence for a definite or indefinite period;

3.4.3 No Director shall be appointed for life or for an indefinite period and the Company in general meeting may from time to time determine the terms of office of Directors and the manner of their retirement.

3.5 **Powers of the board of directors**

3.5.1 The Board has the power to –

3.5.1.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.3, within 6 (six) months after the vacancy arises, as required in terms of section 70(3)(b)(ii); and

3.5.1.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 26.

3.5.2 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the members, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

3.5.3 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

3.5.4 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

3.5.5 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.5.1.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

3.5.6 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 26.5.5, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

3.6 **Directors' interests**

3.6.1 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

3.6.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

3.6.3 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.

3.7 **Directors' meetings**

3.7.1 Save as may be provided otherwise herein, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

3.7.2 The Directors may elect a chairperson and a deputy chairperson and determine the period for which each is to hold office. The chairperson, or in his absence the deputy chairperson, shall be entitled to preside over all meetings of Directors. If no chairperson or deputy chairperson is elected, or if at any meeting neither is present or willing to act as chairperson thereof within 10 (ten) minutes of the time appointed for holding the meeting, the Directors present shall choose 1 (one) of their number to be chairperson of such meeting.

3.7.3 In addition to the provisions of section 73(1), any Director shall at any time be entitled to call a meeting of the Directors.

3.7.4 The Board has the power to –

3.7.4.1 consider any matter and/or adopt any resolution other than at a meeting contemplated in section 74 and, accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of a majority of the Directors, given in person or by Electronic Communication, provided that each Director has received notice of the matter to be decided;

3.7.4.2 conduct a meeting entirely by Electronic Communication, or to provide for participation in a meeting by Electronic Communication, as set out in section 73(3), provided that, as required by such section, the Electronic Communication facility employed ordinarily enables all persons participating in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting;

3.7.4.3 determine the manner and form of providing notice of its meetings contemplated in section 73(4), provided that-

3.7.4.3.1 the notice period for the convening of any meeting of the Board will be at least 7 (seven) days unless the decision of the Directors is required on an urgent basis which justifies a shorter period of notice, in which event the meeting may be called on shorter notice. The decision of the chairperson of the Board, or failing the chairperson for any reason, the decision of any 2 (two) Directors as to whether a matter should be decided on an urgent basis, and the period of notice to be given, shall be final and binding on the Directors; and

3.7.4.3.2 an agenda of the matters to be discussed at the meeting shall be given to each Director, together with the notice referred to in clause 27.4.3.1,

and the powers of the Board in respect of the above matters are not limited or restricted by this Memorandum of Incorporation.

3.7.5 The quorum requirement for a Directors' meeting (including an adjourned meeting) to begin, the voting rights at such a meeting, and the requirements for approval of a resolution at such a meeting are as set out in section 73(5), subject only to clause 27.5.5, and accordingly –

3.7.5.1 if all of the Directors of the Company –

3.7.5.1.1 acknowledge actual receipt of the notice convening a meeting; or

3.7.5.1.2 are present at a meeting; or

3.7.5.1.3 waive notice of a meeting,

the meeting may proceed even if the Company failed to give the required notice of that meeting or there was a defect in the giving of the notice;

3.7.5.2 a majority of the Directors must be present at a meeting before a vote may be called at any meeting of the Directors;

3.7.5.3 each Director has 1 (one) vote on a matter before the Board;

3.7.5.4 a majority of the votes cast in favour of a resolution is sufficient to approve that resolution;

3.7.5.5 in the case of a tied vote –

3.7.5.5.1 the chairperson may not cast a deciding vote in addition to any deliberative vote; and

3.7.5.5.2 the matter being voted on fails.

3.7.6 Resolutions adopted by the Board –

3.7.6.1 must be dated and sequentially numbered; and

3.7.6.2 are effective as of the date of the resolution, unless any resolution states otherwise.

3.7.7 Any minutes of a meeting, or a resolution, signed by the chairperson of the meeting, or by the chairperson of the next meeting of the Board, are evidence of the proceedings of that meeting, or the adoption of that resolution, as the case may be.

3.8 **Directors' compensation and financial assistance**

3.8.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

3.8.2 Any Director who –

3.8.2.1 serves on any executive or other committee; or

3.8.2.2 devotes special attention to the business of the Company; or

3.8.2.3 goes or resides outside the Republic for the purpose of the Company; or

3.8.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

3.8.3 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with –

3.8.3.1 the business of the Company; and

3.8.3.2 attending meetings of the Directors or of committees of the Directors of the Company.

3.8.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

3.9 **Managing director**

3.9.1 The Directors may from time to time appoint 1 (one) or more of their body to the office of managing Director for such term and at such remuneration as they may think fit (subject only to the requirements of section 66(8) and (9)), and may revoke such appointment subject to the terms of any agreement entered into in any particular case, provided that the period of office of a managing Director appointed in terms of an agreement shall be for a maximum period of 5 (five) years at any one time. A Director so appointed shall be subject to retirement in the same manner as the other Directors except during the period of his agreement and his appointment shall terminate if he ceases for any reason to be a Director.

3.9.2 Subject to the provisions of any contract between himself and the Company, a managing Director shall be subject to the same provisions as to disqualification and removal as the other Directors of the Company.

3.9.3 The Directors may from time to time entrust to and confer upon a managing Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

3.10 **Committees of the board**

3.10.1 The Board may –

3.10.1.1 appoint committees of Directors and delegate to any such committee any of the authority of the Board as contemplated in section 72(1); and/or

3.10.1.2 include in any such committee persons who are not Directors, as contemplated in section 72(2)(a),

and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

3.10.2 The authority of a committee appointed by the Board as contemplated in section 72(2)(b) and (c) is not limited or restricted by this Memorandum of Incorporation.

3.11 **Distributions**

3.11.1 The Company in general meeting or the Directors may declare dividends.

3.11.2 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –

3.11.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or

3.11.2.2 is authorised by resolution of the Board.

3.11.3 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.

3.11.4 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.

3.11.5 The Directors may from time to time declare and pay to the Shareholders such interim dividends as the Directors consider to be appropriate.

3.11.6 No larger dividend shall be declared by the Company in general meeting than is recommended by the Directors, but the Company in general meeting may declare a smaller dividend.

3.11.7 All unclaimed distributions shall be held by the Company in trust for the benefit of the Company until lawfully claimed, and distributions that remain unclaimed for a period of 3 (three) years from the date on which they became payable may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.

3.11.8 Any distribution or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to –

3.11.8.1 the holder at his registered address; or

3.11.8.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the Share, at his registered address; or

3.11.8.3 such person and at such address as the holder or joint holders may in writing direct.

3.11.9 Every such cheque or warrant shall –

3.11.9.1 be made payable to the order of the person to whom it is addressed; and

3.11.9.2 be sent at the risk of the holder or joint holders.

3.11.10 The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.

3.11.11 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.

3.11.12 When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.

3.11.13 A distribution may also be paid in any other way determined by the Directors, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.

3.11.14 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part –

3.11.14.1 by the distribution of specific assets; or

3.11.14.2 by the issue of Shares, debentures or securities of the Company or of any other company; or

3.11.14.3 in cash; or

3.11.14.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.

3.11.15 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.

3.11.16 The Directors may –

3.11.16.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and

3.11.16.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.

3.11.17 All dividends must be made payable to Shareholders registered as at a date subsequent to the date of declaration of the dividend or the date of confirmation of the dividend, whichever is the later date.

3.12 **Borrowing powers**

3.12.1 Subject to the provisions of clause 31.2 and the other provisions of this Memorandum of Incorporation, the Directors may from time to time –

3.12.1.1 borrow for the purposes of the Company such sums as they think fit; and

3.12.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities (subject to any required Shareholder approval), mortgage or charge upon all or any of the property or assets of the Company.

3.12.2 The Directors shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can so procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by –

3.12.2.1 the Company; and

3.12.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company or any of its subsidiaries for the time being for the indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised),

shall not exceed the aggregate amount at that time authorised by the Company's holding company.

SHAREHOLDER SPECIAL RESOLUTIONS

Below is a list of the special resolutions adopted by the sole shareholder of ListCo, passed between the date of ListCo's incorporation and the Last Practicable Date, in anticipation of the Listing and Unbundling.

RCL Foods, as ListCo's sole shareholder, has approved:

1. the issue of ListCo Shares to RCL Foods in terms of the Exchange Agreement;
2. the appointment of the Directors of ListCo;
3. the appointment of ListCo's audit and risk committee and social and ethics committee;
4. the appointment of ListCo's auditor;
5. the Directors' remuneration payable by ListCo;
6. the adoption of ListCo's Share Incentive Scheme;
7. the conversion of ListCo from a private company to a public company;
8. the adoption of ListCo's MOI;
9. the Listing of ListCo;
10. the placement of 5% of the ListCo Shares under the control of ListCo's Directors;
11. a general authority to the ListCo Board to approve the repurchase of up to 10% of ListCo Shares in any financial year;
12. a general authority to provide financial assistance for the subscription and/or purchase of ListCo Shares or in related or inter-related companies; and
13. a general authority to provide financial assistance to ListCo Directors and related or inter-related companies.

MATERIAL BORROWINGS AND MATERIAL INTER-COMPANY BALANCES

Figures in Rand thousand	2023 R'000	2022 R'000	2021 R'000
Long-term:			
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	128,461	142,585	73,023
Loan from Green Create W2V SA Proprietary Limited	110,519		
Lease liabilities	103,032	16,966	37,784
Total	**342,012**	**159,551**	**110,807**
Short-term:			
Loan from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited	13,301	11,370	3,362
Loan from Green Create W2V SA Proprietary Limited		94,578	102,600
Lease liabilities	54,587	30,251	44,674
Total	**67,888**	**136,199**	**150,636**

Loan from Green Create W2V SA Proprietary Limited

Green Create W2V SA Proprietary Limited is a 50% shareholder in Matzonox Proprietary Limited which houses RainbowCo's Waste-to-Value operations. Green Create W2V SA Proprietary Limited has provided finance related to the construction of a Waste-to-Value plant in Rustenburg. The repayment date for the loans were revised during the 2023 financial year, which resulted in the loan balance being a non-current liability at year-end (2022: R94.6 million; 2021: R102.6 million balances reflected as current liabilities). The loan is unsecured. Interest accrues at the prime rate per annum. The loan is repayable as at September 2024. The funding to Matzonox Proprietary Limited has been provided in equal proportions by Green Create W2V SA Proprietary Limited and RainbowCo. RainbowCo's portion of the funding (R110.5 million) has been eliminated on consolidation.

Loans from Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited

The Facility for Investments in Renewable Small Transactions (RF) Proprietary Limited (**FIRST**) is a debt funding platform created through a partnership between international development funding and a South African commercial bank to unlock funding for small renewable projects. This loan relates to RainbowCo's Waste-to-Value operations (Matzonox Proprietary Limited) and was granted in 2 tranches. The first tranche was obtained in 2020 and accrues interest at 3 month JIBAR plus 4.08%. During 2022 a further loan from the FIRST was obtained in Matzonox Proprietary Limited (second tranche). This loan accrues interest at 3 month JIBAR plus 3.95%. The total loan balance is repayable quarterly over a ten year term. The loan is secured by:

- a notarial bond registered over the Worcester Waste-to-Value (first tranche) and Rustenburg Waste-to-Value (second tranche) plants;
- certain bank accounts held with First National Bank (Debt-service and Maintenance Reserve Accounts); and
- the shares held by shareholders in Matzonox Proprietary Limited.

The carrying amount of the loan approximates its fair value with a carrying value in non-current liabilities of R128.5 million (2022: R142.6 million; R73.0 million) and an amount of R13.3 million (2022: R11.4 million; 2021: R3.4 million) is included in short-term borrowings. RCL Foods Limited has guaranteed the loan from FIRST relating to Avian Influenza and it is expected that said guarantee will be transferred to ListCo prior to the Unbundling Operative Date.

RCL Foods is further bound by an agreement with FIRST that requires RCL Foods to advance standby equity contributions in the event of an offtake or feedstock supply agreement being cancelled due to an Avian Influenza or contamination event. RCL Foods will be liable for up to 50% of the amount outstanding with respect to the aforementioned loan.

SUMMARY OF SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

This Annexure 10 sets out the salient terms of the service agreements with the executive Directors of ListCo and the letters of appointment of the non-executive Directors of ListCo.

SERVICE CONTRACTS WITH EXECUTIVE DIRECTORS

ListCo has entered into service contracts with each executive Director. In terms of those contracts:

- Marthinus Petrus Stander has been appointed as the Chief Executive Officer of ListCo;
- Wouter Alphonso De Wet has been appointed as the Chief Operating Officer of ListCo; and
- Kerry Rosemary van der Merwe has been appointed as the Chief Financial Officer of ListCo.

Term

The appointment of each Director is subject to ListCo's MOI, in terms of which no Director may be appointed for life or indefinitely. Each of the Executive Directors has been appointed on a permanent basis and there are no fixed dates at which their service contracts are to terminate. The contractual notice period for each of the Executive Directors in the event of their resignation or termination by ListCo is three months.

Duties

Amongst other matters, the executive Directors shall during their tenure:

- be responsible for all duties associated with his/her employment in the position he/she has been appointed to, as well as any other duties that might be assigned to him/her from time to time or that are related to his/her employment;
- comply with all lawful and reasonable directions and/or instructions given to him/her from time to time and with any relevant legislation, regulations and/or statutory or other guidelines, as amended from time to time;
- submit such information as may reasonably be required from him/her from time to time in connection with the business of the ListCo Group, and to prepare or have prepared such report(s) in such form as may be required with regard to such business;
- use his/her best endeavours to promote, develop and protect the interests, reputation and goodwill of the ListCo Group; and
- devote his/her normal business time as is reasonably necessary to diligently perform his/her responsibilities and duties in terms of his/her services contracts.

Remuneration

Each of the executive Directors will be entitled to the remuneration as outlined in paragraphs 9.1.8 and 9.1.9 of ***Section 9: Directors, Senior Management and Corporate Governance*** to this Pre-Listing Statement.

Restraints

There are no restraint of trade payments which have been paid or are payable, by ListCo or any of its Major Subsidiaries, to any of the executive Directors of ListCo.

LETTERS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Term

The term of appointment of each non-executive director is subject to ListCo's MOI, in terms of which no Director may be appointed for life or indefinitely, and one third of the non-executive Directors are required to retire by rotation at each annual general meeting and must retire after holding office for three years since his/her last election, but are eligible for re-election. **Duties**

Each non-executive Director has all the duties usually attendant on that office. In performing his/her duties and exercising his/her powers as a non-executive Director, he/she is obliged to comply with all statutory and common law duties of a director in general, and with the provisions of ListCo's MOI.

Directors' fees and other payments

Non-executive Directors will be paid the remuneration as outlined in paragraph 9.1.10 of ***Section 9: Directors, Senior Management and Corporate Governance*** to this Pre-Listing Statement

Conflicts of interest

During each Director's period of office, he/she will not accept, save as may be agreed with ListCo in writing, any engagements or instructions from any other person, firm or company which would result in a conflict of interest with his/her appointment.

THE SALIENT FEATURES OF THE LISTCO SHARE INCENTIVE PLAN

This Annexure 11 sets out the salient terms of the ListCo Share Incentive Plan, together with details of the settlement thereof.

1. BACKGROUND

RCL Foods implemented its RCL Foods Share Appreciation Rights Scheme ("**RCL Foods SAR Scheme**") in 2009, which provides executive directors and selected employees of the RCL Foods Group with conditional rights ("**RCL SARs**") to receive RCL Foods Shares ("**RCL SAR Awards**").

Over the course of the life of the RCL Foods SAR Scheme, a number of awards were made to align the incentives of employees of the RCL Foods Group with the interests of RCL Foods Shareholders, and to attract and retain key employees who contributed to the growth of the RCL Foods Group. Employee incentives were linked to the appreciation of the price of RCL Foods Shares, thereby incentivising attractive and sustainable long-term operational and financial performance by RCL Foods. RCL SAR Awards were made to employees and executive directors of the entire RCL Foods Group, including current employees of the ListCo Group and executive Directors of ListCo.

The final RCL SAR Awards in terms of the RCL Foods SAR Scheme were made in November 2021. No further awards will be made in terms of this scheme in the future.

As outlined in greater detail below, the purpose of the ListCo Share Incentive Plan is to cater for existing RCL SAR Awards of employees of the ListCo Group to which such employees have become entitled prior to and as at the Unbundling Operative Date pursuant to the terms of the RCL Foods SAR Scheme, in the context of the Listing and Unbundling and the impact thereof on such RCL SAR Awards.

2. OPERATION OF THE RCL FOODS SAR SCHEME AND SALIENT FEATURES THEREOF

Subject to the limits imposed by RCL Foods Shareholders and the JSE, the remuneration and nomination committee of RCL Foods approved and awarded RCL SARs on an annual basis, as well as periodically when either an employee was promoted or a new appointment was made to an appropriate management position.

Recipients of RCL SAR Awards ("**RCL Participants**") become entitled to RCL Foods Shares having a value equal to the increase in the market value of the relevant number of awarded notional RCL Foods Shares (i.e. RCL SARs). The market value of RCL Foods Shares for the purposes of determining award prices and exercise prices, respectively, is the volume-weighted average price of RCL Foods Shares traded on the JSE for the five business days immediately preceding the (i) award dates, and (ii) exercise dates approved by the remuneration and nomination committee of RCL Foods.

RCL Participants are liable for any employees' tax, securities transfer tax, and any other taxes arising in the hands of a RCL Participant from the exercise of any RCL SAR award.

RCL SAR Awards vest after stipulated periods and are exercisable up to a maximum of seven years from the award dates. RCL SAR Awards vest as follows:

- 33% – third anniversary of award date;
- 33% – fourth anniversary of award date; and
- 34% – fifth anniversary of award date.

On resignation, RCL SAR Awards which have not yet vested will lapse and RCL SAR Awards which have vested may be exercised before the last day of employment. On retirement, unvested RCL SAR Awards vest immediately and all RCL SAR Awards may be exercised within 12 months from the date of retirement. On death, unvested RCL SAR Awards vest immediately and all RCL SAR Awards may be exercised by beneficiaries of the RCL Participant within 12 months from the date of death.

3. IMPACT OF THE UNBUNDLING

3.1 Impact of the Unbundling on RCL Participants employed within the ListCo Group only (i.e. excluding employees of the RCL Foods VAFB Group)

The rules governing the RCL Foods SAR Scheme ("**RCL SAR Scheme Rules**") provide for, *inter alia*, the situation where an RCL Participant ceases to be an employee of the RCL Foods Group as a result of (i) the company in which such RCL Participant is employed ceasing to be a Subsidiary of RCL Foods, or (ii) the sale by RCL Foods of the business in respect of which such RCL Participant is employed. In such event, the RCL SAR Scheme Rules stipulate that all RCL SAR Awards that have not been exercised (whether or not yet exercisable) will become immediately exercisable, provided that all such RCL SAR Awards must be exercised within a period of 12 months from the happening of the events outlined above, failing which such RCL SAR Awards not so exercised will lapse.

By virtue of the Unbundling, RCL Participants that are employees of the ListCo Group prior to the Unbundling (**"ListCo Participants"**) will, with effect from the Unbundling Operative Date, cease to be employees within the RCL Foods Group. As such, with effect from the Unbundling Operative Date:

- all RCL SAR Awards which have been issued to ListCo Participants will become immediately exercisable; and
- any RCL SAR Awards which are not exercised by ListCo Participants within a period of 12 months of the Unbundling Operative Date will lapse.

The RCL SAR Scheme Rules also provide that:

- if there is an internal reconstruction of the RCL Foods Group or other event which does not involve any change in the ultimate control of RCL Foods and therefore is not a reconstruction or takeover (which is defined as any takeover, merger, or reconstruction of RCL Foods, however effected, including a reverse takeover, reorganisation or scheme of arrangement sanctioned by a court, or any other corporate action but does not include any event which consists of or is part of an internal reconstruction of RCL Foods or any Subsidiary of the RCL Foods Group or which does not involve any change in control of RCL Foods), or
- if any other event happens which may affect RCL SAR Awards,

  the remuneration and nomination committee of RCL Foods may, in its sole and absolute discretion, take such action (if any) as it considers appropriate to protect the interests of ListCo Participants including converting RCL SAR Awards into other incentive awards of a substantially similar value.

- In the event of a reduction in capital, rights issue, capitalisation issue, or in the event of RCL Foods making distributions including special dividends or a distribution *in specie* or any other payment in terms of section 90 of the Companies Act (other than a dividend paid in the ordinary course of business out of the current year's retained earnings), the remuneration and nomination committee of RCL Foods shall make such appropriate adjustment to the number of RCL SAR Awards and/or the award price comprised the relevant RCL SAR Awards so as to ensure that the RCL Participants are placed in a substantially similar position to the position they were in prior to the occurrence of any of the aforesaid events.

3.2 **Impact of the Unbundling on RCL Participants who are not employed within the RainbowCo Group (i.e. employees of the RCL Foods VAFB Group)**

For RCL Participants who are not employed within the RainbowCo Group (i.e. employees within the RCL Foods VAFB Group), the RCL Foods SAR Scheme will continue uninterrupted and will not be impacted by Unbundling but for an adjustment to the award prices and number of RCL SAR Awards to which RCL Participants are entitled to take into account the impact of the Listing and Unbundling on the price of RCL Foods Shares as reflected in the price of RCL Foods Shares post the Unbundling.

4. **SALIENT FEATURES OF THE LISTCO SHARE INCENTIVE PLAN**

As a consequence of the Unbundling, and pursuant to the provisions of the RCL SAR Scheme Rules as outlined above, the remuneration and nomination committee of RCL Foods and the Board have resolved to implement a new share incentive plan in respect of ListCo and ListCo Participants, which has been approved by the Board, RCL Foods as sole shareholder of ListCo, and by the JSE in terms of Schedule 14 of the JSE Listings Requirements.

The ListCo Share Incentive Plan effectively results in the substitution of the RCL SAR Awards which ListCo Participants become entitled to by virtue of the Unbundling (the vesting of which is accelerated due to the Unbundling) with awards under the ListCo Share Incentive Plan, which ListCo Participants are entitled to exercise within a period of 14 months after the Unbundling Operative Date, as follows:

- the entitlement of ListCo Participants to RCL Foods Shares (RCL SARs) will be exchanged for awards pursuant to the ListCo Share Incentive Plan ("**ListCo SAR Awards**") which entitle ListCo Participants to ListCo Shares having a value equal to the increase in the market value of the relevant number of notional ListCo Shares;

- Subsidiaries of the ListCo Group shall make recommendations to the remuneration and nomination committee of ListCo regarding the ListCo SAR Awards it wishes to make to ListCo Participants and the remuneration of nomination committee of ListCo shall, in its discretion, be entitled to accept or reject such recommendations, either wholly or in part;
- the market value of ListCo Shares for the purposes of determining exercise prices of ListCo SAR Awards will be the volume-weighted average price of ListCo Shares traded on the JSE for the five business days immediately preceding the exercise dates of ListCo SAR Awards;
- the award prices of ListCo SAR Awards shall be (i) calculated and recommended by the remuneration and nomination committee of RCL Foods, and (ii) approved by the remuneration and nomination committee of ListCo and the Board, with reference to the award price of the relevant RCL SAR Awards prior to the Unbundling, adjusted according to the relative valuations of the ListCo Group and the RCL Foods VAFB Group after the Unbundling Operative Date. The remuneration and nomination committee of ListCo shall have sole discretion as to the final basis and/or methodology in terms of which such relative valuations are determined, which may include, *inter alia*, an assessment of the respective volume-weighted average prices of RCL Foods Shares and ListCo Shares, respectively, traded on the JSE for the thirty business days immediately after the Unbundling Operative Date;
- the ratio in which RCL SAR Awards of ListCo Participants are exchanged for ListCo SAR Awards shall be (i) calculated and recommended by the remuneration and nomination committee of RCL Foods, and (ii) approved by the remuneration and nomination committee of ListCo and the Board of ListCo. Notwithstanding the above, the remuneration and nomination committee of ListCo shall have sole discretion to determine this exchange ratio, taking into account the aforementioned determination of the award prices of ListCo SAR Awards, and subject to ensuring that ListCo Participants are placed in a substantially similar position to the position they were in prior to the Unbundling Operative Date;
- all ListCo SAR Awards which have been issued to ListCo Participants will become immediately exercisable on the Unbundling Operative Date, subject to provisions of the JSE Listings Requirements regarding dealings during closed periods;
- any ListCo SAR Awards which are not exercised within a period of 14 months of the Unbundling Operative Date will lapse; and
- other than as set out above, no further ListCo SAR Awards will be made at any time to ListCo Participants and/or employees and/or directors of the ListCo Group.

Other salient features of the ListCo Share Incentive Plan include the following:

- the maximum number of ListCo SAR Awards that may be issued by the remuneration and nomination committee of ListCo is limited to the extent that, at the time of making of such ListCo SAR Awards, the aggregate number of ListCo Shares in respect of which any unexercised ListCo SAR Awards may be exercised (irrespective of whether the ListCo Participant has become entitled to exercise the ListCo SAR Award or not), may not exceed 50 000 000 (fifty million) ListCo Shares in aggregate;
- the remuneration and nomination committee of ListCo may not make any ListCo SAR Award to a ListCo Participant if, at the time of making such ListCo SAR Award, the aggregate number of ListCo Shares in respect of any unexercised ListCo SAR Awards to that ListCo Participant which may be exercised (irrespective of whether the ListCo Participant has become entitled to exercise the ListCo SAR Award or not), would exceed 10 000 000 (ten million) ListCo Shares in aggregate;
- in the event of a ListCo SAR Award being made to a ListCo Participant by the remuneration of nomination committee of ListCo, the Subsidiary of the ListCo Group which made the aforementioned recommendation shall be responsible for the delivery of the ListCo Shares, or cash, as the case may be, required to settle the exercising of the ListCo SAR Award;
- in securing ListCo Shares for delivery to a ListCo Participant in terms hereof, the relevant Subsidiary of the ListCo Group shall be entitled to purchase the ListCo Shares through the market, and/or ListCo shall be entitled to issue ListCo Shares for allocation to the ListCo Participant; and
- each ListCo Participant shall be liable for any employees' tax, securities transfer tax and any other taxes arising in the hands of the ListCo Participant from the exercise of any ListCo SAR Award.

The remuneration and nomination committee of RCL Foods, and the Board of ListCo, are of the opinion that the above (namely, the implementation of a new share incentive plan in relation to ListCo and the making of awards in terms thereof to ListCo Participants) is (i) in accordance with the provisions of the RCL SAR Scheme Rules, and (ii) is the most appropriate settlement mechanism in relation to the entitlements of ListCo Participants under the RCL Foods SAR Scheme in the context of the Listing and Unbundling. The conversion of RCL SAR Awards into ListCo SAR Awards is intended to provide ListCo Participants in the employ of the ListCo Group with an appropriate incentive linked to the operational and financial performance, and share price of the company/group in which such ListCo Participants are employed and have a vested interest, being the ListCo Group, whilst ensuring that ListCo Participants are placed in a substantially similar position after the Unbundling Operative Date to the position they were in prior thereto.

For further information, please refer to the ListCo Share Incentive Plan rules which are available for inspection as set out in paragraph 16.15 of this Pre-Listing Statement.

SALIENT TERMS OF THE MATERIAL CONTRACTS

ITEM NO.	DESCRIPTION OF AGREEMENT	PARTIES	DATE	NATURE
1.	Phase One Recapitalisation Implementation Agreement	RainbowCo, RCL Foods and RCL Foods Treasury	23 February 2024	This agreement regulates the first steps of the Recapitalisation
2.	Phase Two Restructuring Implementation Agreement	RainbowCo, RCL Foods, RCL Foods Treasury and ListCo	24 May 2024	This agreement regulates (i) the last steps of the Recapitalisation, (ii) the Restructure; and (iii) the Listing and Unbundling.
3.	Subscription Agreement	RainbowCo and RCL Foods	24 May 2024	This agreement regulates the subscription for shares in RainbowCo by RCL Foods as part of the Recapitalisation, prior to implementation of the Restructure.
4.	Exchange Agreement	RainbowCo, RCL Foods and ListCo	27 May 2024	This agreement regulates the implementation of the Restructure.
5.	Support/ Transitional Services Agreement	RCL Group Services and RainbowCo	3 June 2024	In terms of this agreement, RCL Group Services renders certain transitional and longer-term support services to the ListCo Group after the Unbundling Operative Date. This agreement will endure for a minimum period of 24 months after the Unbundling Operative Date (subject to no termination occurring before such date). The term of the agreement may be extended thereafter by mutual agreement between the parties.
6.	Distribution Services Agreement	Vector and RainbowCo	1 July 2021	In terms of this agreement, RainbowCo appoints Vector on a non-exclusive basis as its distributor to provide certain distribution services in respect of the food and food related products manufactured and sold by RainbowCo. This agreement has a minimum term of four years after the effective date, with a one year notice period in the case of a termination.
7.	Funding Agreements	RainbowCo RMB	5 June 2024	In terms of this agreement, RMB shall make available to RainbowCo a working capital facility to the maximum amount of R500 million, to support the ListCo Group's short-term and intra-month working capital funding requirements. The agreement has no fixed term and endures until such time as one or both parties terminate the agreement.

KING CODE REGISTER

King Code

The Board recognises the link between effective governance, sustainable performance and the creation of long-term value for all of its stakeholders. The Board is committed to the principles of transparency, integrity, fairness and accountability, and recognises the need to implement good corporate governance principles.

The Board, therefore, seeks to apply the principles as set out in the King Code.

The Group has performed an assessment of the application of the principles set out in King Code.

The assessment is reflected below together with key actions envisaged to achieve application.

King IV Principle	Application of Principle
1. The governing body should lead ethically and effectively.	The Board is committed to driving its strategy, operations and performance based on an ethical foundation, acting in the best interest of the ListCo Group and all stakeholders. The Board is held accountable for ethical and effective leadership through adherence to the Board Charter and annual performance evaluations administered by the company secretary. The Board and its Committees demonstrate ethical and effective leadership through a robust governance framework strongly embedded in the ListCo Group's strategy and performance. Detailed reporting to the Board and its Committees further enables a higher level of oversight and effective decision-making by the Board. The ListCo Group has established a Code of Ethics framework, along with its culture, behaviours and values, which applies to all employees and to the Board of Directors of the ListCo Group, to ensure the highest level of corporate governance and ethical behavior is practiced in the day-to-day activities of the ListCo Group.
2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The members of the Board hold each other accountable for ethical decision-making and behaviour. The Social and Ethics Committee will in particular assist the Board with monitoring and reporting on social, ethical and transformational practices that support the establishment of an ethical culture. This includes monitoring adherence to ListCo's Code of Ethics, which applies to all employees and to the Board, and also forms part of the contractual obligations of parties in the supply chain. Ethical standards are also incorporated into the various functional policies and procedures, whose implementation will be monitored via the Audit and Risk Committee.
3. The governing body should ensure that the organisation is, and is seen to be a responsible corporate citizen.	The Board will, via the Social and Ethics Committee mandate, drive the advancement of economic and social development of our communities through collaborative long-term partnerships. Responsible corporate citizenship is integrated in the ListCo Group's strategy, in which ListCo's Sustainability Strategy is embedded. The Social and Ethics Committee will assist the Board with the monitoring and reporting of social, ethical and transformational practices that are consistent with responsible corporate citizenship.

King IV Principle	Application of Principle
4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The Board, in accordance with the Board Charter, is responsible for aligning ListCo's strategic objectives with performance and sustainability considerations. While the formulation and development of the ListCo Group's short-, medium- and long-term strategy are delegated to management, the Board oversees the realisation of ListCo's core purpose and values through this strategy. It also adopts a stakeholder-inclusive approach in its decision-making so that legitimate and reasonable stakeholder needs, interests and expectations are taken into account for sustainable value creation. The Board reviews and monitors the capital and resources required for the achievement of the ListCo Group's strategy. The ListCo Group has a formalised risk management process in place which takes into account the full range of material risks, including strategic and operational risks, that might affect its performance and sustainability. The Audit and Risk Committee will assist with the governance of risk by continuously monitoring risks and ensuring appropriate controls are in place.
5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.	ListCo provides stakeholders with a holistic, clear, concise and understandable presentation of the organisation's operations in terms of its brands, sustainable value creation in the economic, social and environmental context within which it operates, as well as its operational performance. Refer to ListCo's website (https://rainbowchickens.co.za/investor-relations/) which presents material information in this regard. In addition, ListCo actively participates in activities in the communities in which it operates, creating awareness and a constant stream of communication. ListCo also actively participates in numerous social media platforms, which gives consumers and the general public an opportunity to communicate interactively with the ListCo Group's activities. As a JSE listed company, ListCo will be fully committed to communicating with its stakeholders in a meaningful, transparent, and clear manner through the release of an integrated annual report which will be made available on the ListCo's website.
6. The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The Board appreciates and understands its role and responsibilities in respect of setting the tone for good corporate governance principles within ListCo. Several committees, such as the Audit and Risk Committee, have been established and mandated to assist the Board in carrying out its responsibilities with respect to the governance requirements as set out in Board Charter.
7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The Board draws from a diverse set of skills and experience to ensure that the Board performs at optimum level. ListCo, with the assistance of the Board and the Remuneration and Nominations Committee, considered its composition in terms of balance of power and skills, experience, diversity, independence, and knowledge and whether this enables it to effectively discharge its role and responsibilities.

King IV Principle	Application of Principle
8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	Membership of the board committees is as recommended in King IV, except for the chairman, who is not independent. A lead independent director has been appointed. The composition of the committees of ListCo and the distribution of authority between the chairman and other individual members ensures that neither the chairman nor any other individual(s) are able to dominate decision making within the ListCo's governance structures nor result in undue dependency on such individual(s).
9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	Assessments of the performance of the Chief Executive Officer and Chief Financial Officer will be conducted annually. The performance of the Board, its members and committees will similarly be conducted annually. ListCo will, with the assistance of the company secretary, undertake a holistic review of its Board Charter and the Committee Terms of Reference to ensure integration and a co-ordinated approach amongst the Board and all its committees.
10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	The ListCo Group has implemented a delegation of authority framework, outlining which matters are reserved for the Board, its committees, the CEO, CFO, and senior management.
11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Audit and Risk Committee has been tasked to assist the Board with the governance of risk. The Audit and Risk Committee has approved the risk management policy which determines that the ListCo Group risk management framework be adopted. As risk management permeates all aspects of the operations of the organisation, risk is overseen at executive level. In addition, business units are required to identify and manage their individual site or unit risks and are required to maintain their own individual risk registers. These registers ultimately feed into the ListCo Group risk register.
12. The governing body should govern technology and information in a way that supports the organization setting and achieving its strategic objectives.	Information Technology (IT) services will be provided by RCL Foods post-unbundling under the terms of the TSA (which is available for inspection). ListCo will therefore remain a part of RCL Foods' IT environment and, as such, will continue to apply the IT policy of RCL Foods until such time as the services are taken in-house by Rainbow. The Board is aware of the importance of technology and information as it is inter-related to the strategy, performance and sustainability of ListCo and, notwithstanding the transitional nature of the TSA, ListCo is satisfied that it will achieve its objectives in this regard on a sustainable basis.
13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.	ListCo is committed to making a sustainable contribution within its ability and within the communities it operates. The Social and Ethics Committee will be tasked to monitor ListCo's responsibilities as a corporate citizen against a compliance framework. In addition, the Committee will be tasked to ensure that ListCo's transformation strategy and employment equity plan is on track.

King IV Principle	Application of Principle
14. The governing body should ensure that the organization remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.	The Remuneration and Nomination Committee will be mandated to review ListCo's remuneration policy and will be tasked to review ListCo's performance against predetermined key performance indicators and financial performance. In addition, it will review and make recommendations on Rainbow's long and short- term incentive schemes. As a JSE listed company, ListCo will disclose the remuneration of executive and non- Executive Directors, as well as public officers. Furthermore, ListCo will table its remuneration policy and implementation report for non-binding votes at the ListCo's annual general meetings.
15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The internal audit function has been outsourced to RCL Foods under the terms of the TSA (which will be available for inspection) to identify, oversee and manage operating and financial risks and to maintain an effective control environment. The Board is satisfied as to the effectiveness of this outsourced function.
16. In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	ListCo will be identifying key stakeholder groupings and their legitimate and reasonable needs, interests, and expectations. The ListCo Group will similarly publish a review of key stakeholder relationships and the interaction and management thereof. Certain stakeholder relationship programmes have been developed to ensure continuous engagement with key stakeholders. To guide ListCo further in its interaction with stakeholders, an assessment of the quality of these relationships will be conducted.

PRINTED BY INCE (PTY) LTD REF. JOB028458