



 **QUANTUM**
FOODS

**INTEGRATED
REPORT** | **2024**

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OUR PURPOSE, VISION AND VALUES

Quantum Foods is a diversified business built around animal feed, poultry and eggs. We operate in fragmented market segments where Quantum Foods is one of a few high-volume producers serving livestock farmers, processors and retailers in South Africa and selected other African markets. Our quality products meet important livestock and human nutritional requirements in a cost-effective way.



Our purpose

We produce affordable, quality products responsibly to add value to life, communities and our partners.



Our vision

We aim to be the leading feed, livestock and protein business in Africa delivering sustainable returns.



Our values

Our values have been defined to foster a culture of fairness and respect for our employees, communities, suppliers and customers. They inform our behaviour and actions while supporting our vision and purpose.

Teamwork

(trust and shared goals)

Accountability

(ownership and responsibility)

Exceeding expectations

(high standards and going the extra mile)

Adaptable

(change quickly and move with the times)

Resilience

(never give up)

Navigational icons



This icon refers to where additional information can be found in this report.



This icon refers to where additional information can be found on the Company's website: www.quantumfoods.co.za



This icon refers to areas where Quantum Foods has a material impact on society or the environment.



This icon refers to areas with potential direct or indirect climate-related impacts or opportunities.

A VALUE STORY ABOUT NUTRITION AND RESILIENCE

As of 6 October 2024, Quantum Foods celebrates a decade of listing on the JSE.

The Group was unbundled from Pioneer Foods in 2014, fully funded with working capital and no long-term debt. Over the prior years, a capital expenditure programme was completed, providing the Group with a healthy asset base from which to grow production of feed, layer and broiler livestock, egg and broiler sales.

Over the 10 years, we have created significant value for shareholders, employees, customers, and other stakeholders. This included average headline earnings per share of 60 cents over this period.

“Stepping in as the new Chief Executive Officer of Quantum Foods on 1 April 2024 brought unexpected challenges. My 16 years’ experience working in the business and with our people was invaluable in a year where we had to recover from the devastating impact of Highly Pathogenic Avian Influenza (HPAI). We were surprised by the Competition Commission’s decision to launch a poultry market inquiry and weathered several storms due to certain shareholder activities. Most unfortunate this year was the incident at our Malmesbury feed mill, where an explosion caused one fatality and two serious injuries. At the end of the financial year, I am proud of our results, the resilience of our operations and how our people contributed to a positive impact that is much needed in the world today.”

– Adel van der Merwe, CEO

A pathway to better nutrition

Quantum Foods provides investors with a unique and sustainable investment that drives food security and nutrition. We help combat malnutrition and contribute to better health and wellbeing, as per the United Nations Sustainable Development Goal 2. This is critical when drought conditions are leading to severe food insecurity in southern Africa. We provide affordable protein through our poultry and egg

products, distribution networks and retail customer relationships. This enables us to serve an expanding and urbanising market. Quantum Foods’ products have some of the best grain to animal protein conversion rates, enabling the Group to supply high volumes of quality food to livestock customers and consumers.

 Read more about our contribution to nutrition on page 77.


An integrated, diversified and optimised value chain

Our integrated feeds and farming business segments effectively mitigate cyclical and geographic concentration challenges typical of the agricultural sector. The eggs business is more exposed to cyclical but is well structured to mitigate geographic concentration challenges. All segments have internal and external customers, thus ensuring stable offtake from animal feed production to live broilers, hens and eggs. We have strong relationships with stakeholders in our value chain, including contract producers and buyers, enabling us to adjust scale based on demand and profitability. Due to our scale and focus on food safety and quality, we are one of the only suppliers for larger customers requiring security of quality supply.

 Read more about our value chain on page 28.

Pioneering opportunities in Africa

Quantum Foods has over decades gained a deep understanding and expertise in running operations in Zambia, Uganda and Mozambique. We invest in regions where input costs, such as maize, are predominantly priced in local currency and where transport needs are limited. In Zambia and Uganda, we built effective, cash-based distribution networks that service rural areas and informal markets. In Mozambique, we supply both informal and formal retailers. We continue exploring options to make strategic capital investments to expand capacity in high-growth areas and seek acquisition opportunities in sub-Saharan Africa.

 Read more about our performance in Africa on page 62.

Strong ESG focus driving efficiencies and impact

Quantum Foods is committed to advancing good environmental, social and governance (“ESG”) practices to sustain a sustainable, ethical and responsible business. This is supported by solid management bench strength and investment in a development pipeline. Our people understand the importance of satisfying customers and caring for our flocks. We track our ESG performance through periodic and comprehensive on-site external reviews to identify potential risks and improvement actions. New capital investment project evaluations consider environmental impacts, including carbon emissions.

📖 Read more about our ESG journey from page 75.

Financial prudence and risk mitigation

Quantum Foods has an experienced board of directors (“Board”) that provides oversight of the appropriate financial controls. The executive team has a proven track record of taking proactive steps to manage cash flow and working capital in an environment characterised by high input costs and periodic disaster events such as outbreaks of HPAI and other poultry diseases. The Group has a healthy asset base to grow through further strategic investment, particularly in species-specific animal feeds and broiler farming. We continue to increase our understanding of the potential financial impact of climate risks and opportunities to drive resilience over the long-term.

📖 Read more about our financial position from page 65.

Flexible, data-driven operating models

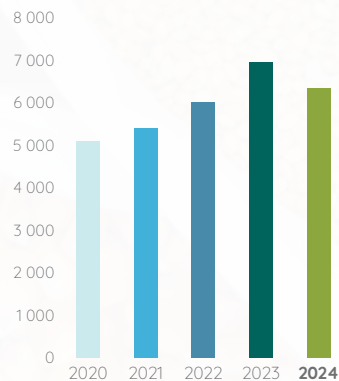
Quantum Foods has built inherent resilience to devastating high-impact events such as HPAI. This enables the business to respond quickly and effectively to contain damage, adapt cost structures and ensure compliance with the relevant regulations. Applying this capability during climate events or market cycles leads to flexible operating models to protect value. For example, we can proactively scale operations to match egg pricing cycles using geographically diverse production facilities and outsourced farming. Quantum Foods also has access to technical data and analytical insights that help predict shifts in demand, which lead to margin protection. Data captured throughout the value chain leads to improved efficiencies and productivity.

📖 Read more about our intellectual capital on page 31.

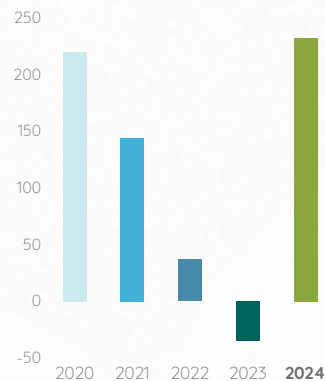


Key indicators

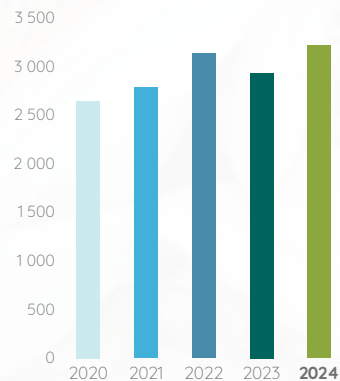
Revenue (R million)



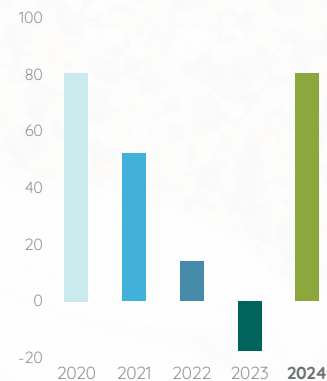
Operating profit/loss (R million)



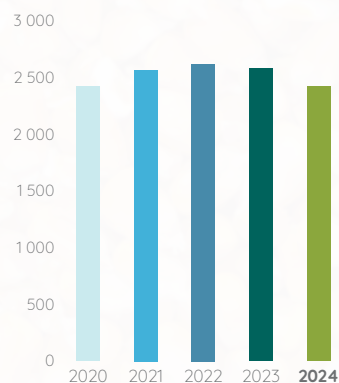
Total assets (R million)



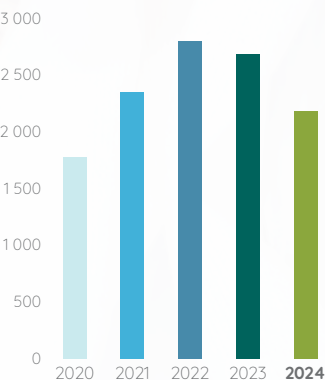
Headline earnings per share (cents)



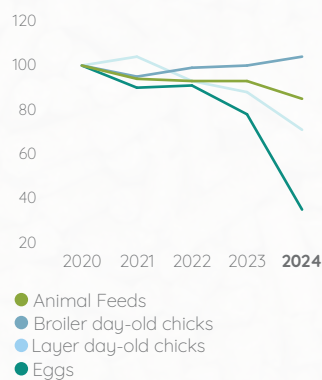
Number of employees



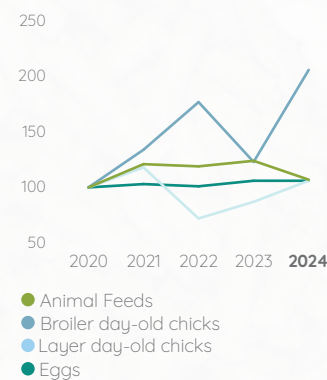
Electricity from renewable sources (kWh'000)



Volume growth % year-on-year (South Africa)



Volume growth % year-on-year (Other African countries)



WELCOME TO OUR 2024 ANNUAL INTEGRATED REPORT

Quantum Foods Holdings Limited and its subsidiaries ("Quantum Foods" or "the Group" or "the Company") are committed to transparent and responsive reporting that meets the information needs of our material stakeholders while complying with regulatory requirements. This annual integrated report covers the financial year from 1 October 2023 to 30 September 2024 ("FY2024").

Quantum Foods is a public company duly incorporated in South Africa in accordance with the provisions of the Companies Act, No. 71 of 2008, as amended ("Companies Act") and the Companies Regulations, 2011 ("Companies Regulations"). Its shares are listed on the main board of the securities exchange operated by the JSE Limited ("JSE") under the share code QFH.

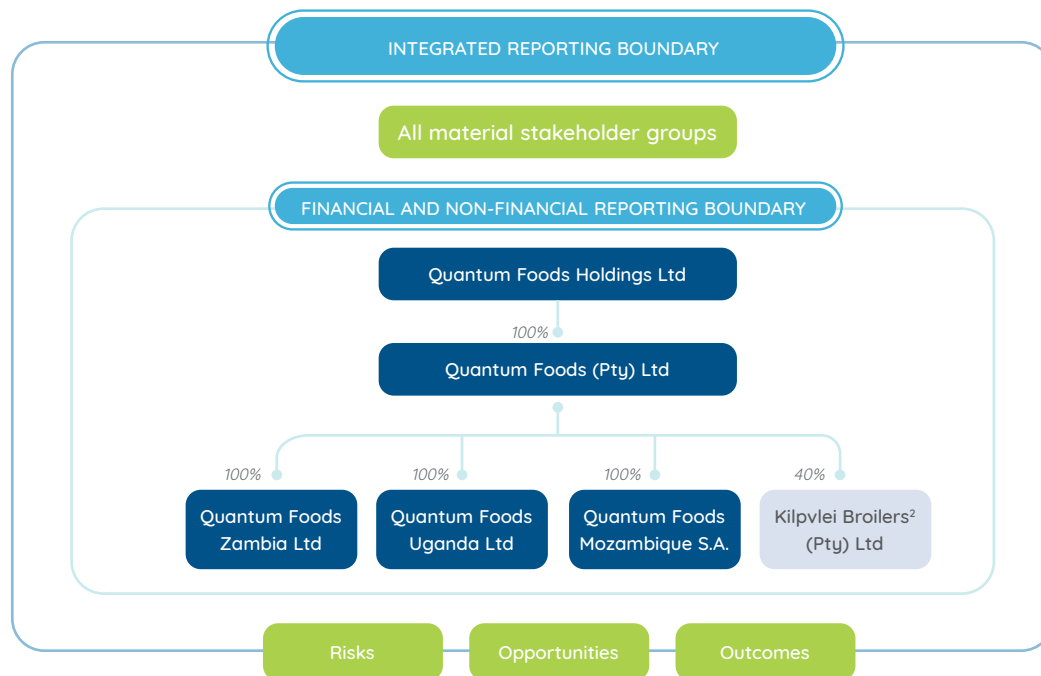
Our target audience

This report is important in communicating with the Group's investors and other material stakeholders.

More information about Quantum Foods aimed at a broader stakeholder base is available on our website at <https://quantumfoods.co.za/>. This includes policies, charters, certificates and financial announcements.

Scope and boundary

We provide financial and non-financial performance data on the Group's business activities in all our operating geographies. This includes South Africa, Zambia, Uganda and Mozambique, with a primary focus on South Africa as the major contributor to revenue.



Find out more about our material stakeholder groups on page 19.

Read more about risks and opportunities in the key risk section on page 49 and our business model outcomes on page 32.

² The strategic investment in Kilpivlei Broilers secures an important broiler volume contract for the long-term.

¹ Where narrative within the report relates to a specific financial year, these years are referenced as FY2023, FY2024, etc. All years not specified as a financial period refer to the calendar year.

Materiality

We considered both financial and impact materiality in determining the scope and contents of this report.

Material matters from a financial perspective (outside-in factors)	Material matters from an impact perspective (inside-out factors)
<ul style="list-style-type: none">• Lack of economic growth in South Africa• Growth opportunities• Cost and availability of raw materials• Manage industry profitability cycles• Poultry disease• Electricity supply• Infrastructure• Customer and supplier engagement	<ul style="list-style-type: none">• Nutrition• Animal welfare• Responsible sourcing• Protecting the environment (emissions and waste)• Water• Skills development• Health, safety and human disease• Transformation• Product safety and quality

Read more about our materiality process and material matters on page 39.

Compliance, reliability and comparability

This annual integrated report provides a holistic overview of Quantum Foods’ strategy, performance, business activities, and the factors that will ensure our long-term sustainability.

Data and information disclosed in this report are comparable to that provided in the previous financial year.

In compliance with paragraph 7.F.6 of the JSE Listings Requirements, Quantum Foods complies with the provisions of the Companies Act, and the relevant laws governing its establishment, specifically relating to its incorporation. Furthermore, Quantum Foods operates in conformity with its Memorandum of Incorporation, available at <https://quantumfoods.co.za/company-documents/>.

Assurance

Some elements of this report were subject to external assurance and include:

- The summarised consolidated financial statements provided in this report are extracted from the full statutory annual financial statements available on the Group’s website: <https://quantumfoods.co.za/financial-reports/>.
- The summarised consolidated financial statements were audited by Ernst & Young Inc. (“EY”). The independent auditor’s report on the summary consolidated financial statements is available on page 150.
- Quantum Foods’ broad-based black economic empowerment (“B-BBEE”) score was externally assured by AQRate and is available on our website at <https://quantumfoods.co.za/company-documents/>.
- IBIS Environmental Social Governance Consulting South Africa (Pty) Ltd (“IBIS”) completed its fourth independent ESG review of Quantum Foods’ operations against the reference framework set out on page 76.

For the rest of the report, assurance was provided through internal controls and processes.

We appreciate the need for increased external assurance in our reporting of non-financial elements in particular and will continue to pursue improvements.

Content development and approval

We have a well-entrenched reporting process that includes

Content planning

The reporting team considered improvements to the 2023 report, focus areas from the 2023 report and strategic initiatives completed in the past year. This included a climate risk and opportunity process launched in the past year, the change in leadership and a robust strategy review. The planning process included obtaining Board approval for the reporting frameworks and standards to be applied, the FY2024 content structure and material matters.

Content collection

The reporting team identified content sources and data owners. Content for the report was collected *via* interviews with executive management and reviews of additional reports, presentations and research outcomes relevant to the Group.

Content approval

Content was reviewed by content owners, the executive team, our sponsor, external auditors and legal advisor. Final content was reviewed and approved by executive content owners, the audit and risk (“ARC”), remuneration (“Remco”) and social, ethics and transformation (“SETC”) committees. The report has since been reviewed and approved by the Board on 26 November 2024.

This report aligns and complies with the following:

- King IV Report on Corporate Governance™ for South Africa, 2016 (“King IV”). Also, refer to the King IV register, available on the Company’s website at <https://quantumfoods.co.za/company-documents/>
- The International Integrated Reporting Framework
- The United Nations’ Sustainable Development Goals (“UN SDGs” or “SDGs”)
- The disclosure requirements of the Task Force on Climate-related Financial Disclosures (“TCFD”)²
- The JSE Limited Listings Requirements (“Listings Requirements”)
- Companies Act (excluding new amendments for which an effective date has not been gazetted)
- Companies Regulations
- International Financial Reporting Standards (“IFRS”)

The Board, assisted by the ARC, SETC and Remco, is ultimately responsible for overseeing the integrity of the integrated report. The Board confirms that it has collectively reviewed the output of the reporting process and the content of this report.

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

² The TCFD was disbanded in 2023 and the IFRS Foundation took over responsibility for monitoring companies’ climate-related disclosures. Quantum Foods will continue using the TCFD framework until we adopt a different climate-related reporting standard.

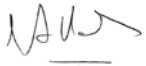
Forward-looking statements

Certain statements in this report may constitute “forward-looking statements”. The actual results and performance of the Group may differ materially from those implied by such statements due to various factors. Readers are, therefore, cautioned not to place undue reliance on such statements. The Group does not undertake any obligation to revise these statements after the date of this report.

Feedback

We are committed to communicating meaningfully with our stakeholders. We would therefore appreciate feedback on the effectiveness of this report. Any feedback can be emailed to Quantum Foods’ company secretary, Ziyanda Wakashe, at company.secretary@quantumfoods.co.za.

🔗 This report is available on the Company’s website: www.quantumfoods.co.za/annual-reports/.



WA Hanekom
Chairman



AD van der Merwe
Chief executive officer



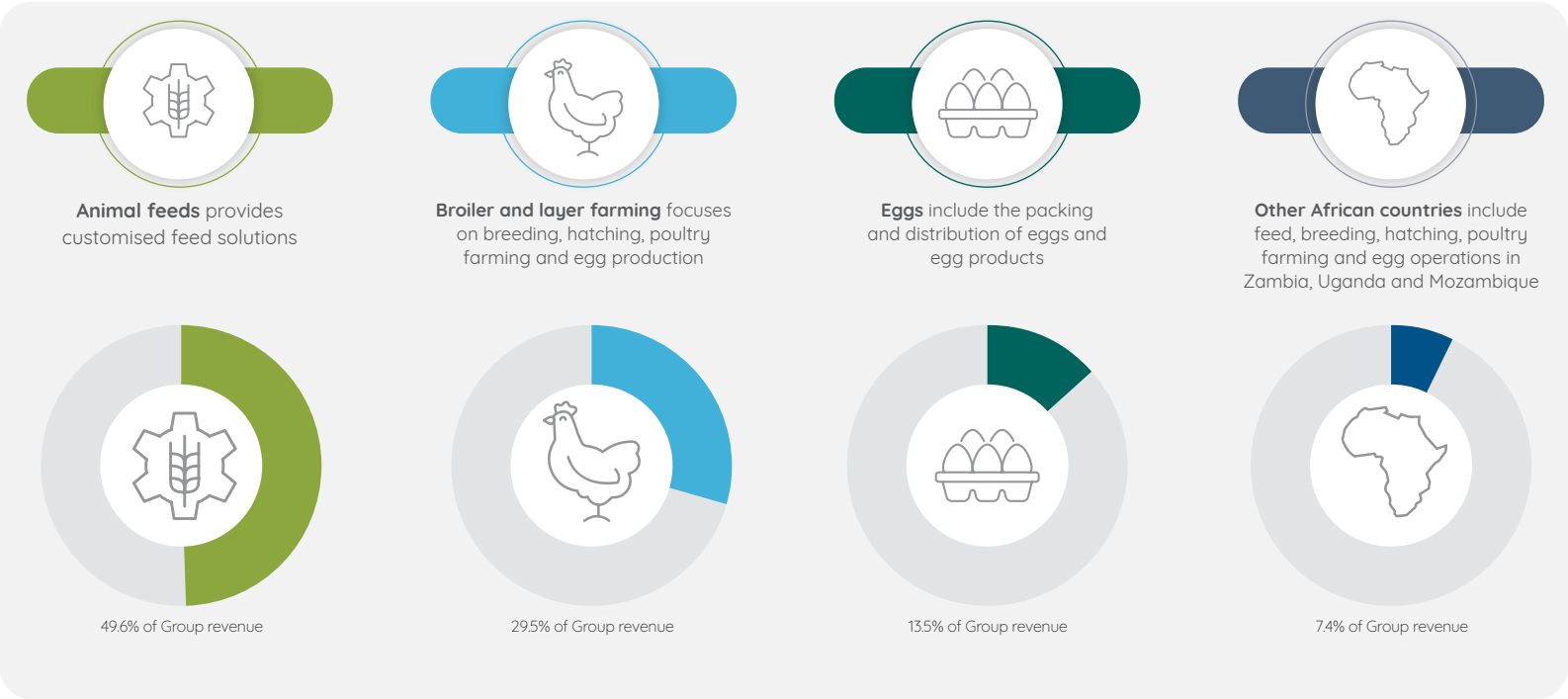
OUR GROUP PROFILE

Quantum Foods is a fully integrated, diversified feed, poultry and egg business operating through four business segments.

Quantum Foods contributes to food security and nutrition, being two of the most pressing challenges on the African continent today. As a primary agriculture company, we are also at the forefront of

dealing directly with agricultural cycles and climate impacts, which has shaped Quantum Foods into an exceptionally resilient group with deep institutional and operational expertise in our sector.

We have strong consumer brands and established long-term customer relationships in feed and livestock, and the formal retail sector.



Key facts and indicators

671 209 TONS

of feed
supplied

(FY2023: 737 492 tons)

82 MILLION

day-old chicks
produced

(FY2023: 77 million)

531 MILLION

eggs and egg
products sold

(FY2023: 970 million)

2 425

employees

(FY2023: 2 584)

7.4%

of Group revenue from
other African countries

(FY2023: 6.4%)

B-BBEE

level 8

(FY2023: 8)

4

operating
countries

8

commercial
brands

Our contribution to a better world

Given our context, business activities, products and services, we identified three core SDGs where the Group can have the most impact.



UN SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture



UN SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



UN SDG 12: Ensure sustainable consumption and production patterns

Key commitments

Our Code of Ethics states our collective commitment to:

- Being a good corporate citizen
- Enabling socio-economic transformation
- Being the business partner and employer of choice in the areas where we operate
- Achieving and continually improving employment equity
- Adding sustainable value for key stakeholders
- Adhering to internationally accepted standards
- Auditing our farms and operating facilities regularly
- Adhering to world-class animal production procedures and complying with all relevant legislative guidelines
- Adhering to the laws of the countries in which we operate, with ethical behaviour going beyond abiding by the law

ANIMAL FEEDS PROFILE

Nova Feeds is a leading feed manufacturer in South Africa and has been operating for more than 60 years. We formulate optimised feed solutions based on a focused approach to understanding farmers' livestock performance requirements. Customised feed solutions are supported by personalised technical service and advice.



Animal
feeds



“Our foundations are built upon partnering with generations of farmers, understanding their unique species requirements and formulating feed solutions that support farming success.” – Nova Feeds

Facilities in South Africa

Six feed mills in four manufacturing locations, with one factory mothballed for a period this year.

Products

We formulate and produce customised feeds for monogastric livestock (such as poultry) and ruminant livestock (such as dairy cows). Main feed categories include poultry (broiler and layer), dairy, pig, ostrich and sheep feed. Internal Group customers consumed 29% of feed volumes (FY2023: 35%).

Contribution
to revenue:

R3 139 MILLION

(FY2023: R3 359 million)

Contribution to adjusted
operating profit*:

R94 MILLION

(FY2023: R104 million)

* Operating profit adjusted for income or expenditure of a capital nature in the statement of comprehensive income, i.e. all profit or loss items that are excluded in the calculation of headline earnings per share (“HEPS”).



Info tip: A feed mill is a plant where grains, concentrates, supplements and other raw materials are processed into animal feed. The mill produces animal feed in meal, pellets and crumb format, shipped in bulk or bagged form.

Our differentiators

Our mills are highly automated, enabling us to supply customers with feed products of consistently high quality. We offer a wide range of products in both bulk or bag formats and distribute these nationally. Our technical advisors work closely with customers to develop nutritional solutions that maximise species' genetic potential and satisfy customer-specific needs.

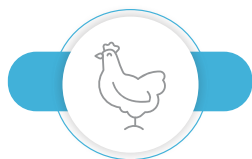
The integrated quality and safety systems at our mills ensure the manufacturing of “safe feed for safe food”, high levels of biosecurity, adherence to all applicable legislation and the safety of our people. All mills have backup electrical generation capacity to mitigate against load shedding.

Our technology agreement with Nutreco, a leading international animal nutrition company, ensures world-class research and feed formulation benchmarking access. We also collaborate with leading local institutions, such as Stellenbosch University and Elsenburg Agricultural Training Institute, and conduct ongoing research at our own trial units.

Our focus on continuous efficiency improvement initiatives remains key to business success. Stock management standards exceed world-class variance indicators despite handling large volumes on a just-in-time basis.

BROILER AND LAYER FARMING PROFILE

We use the latest technology in our hatcheries, where fertile eggs are incubated to deliver day-old chicks. At our layer and broiler farms, specially designed houses ensure optimum conditions for rearing poultry livestock. Strict biosecurity measures protect our birds and our employees.



Broiler and layer farming



BROILER FARMING

“Quality is at the core of everything we do. From rearing the finest breeding stock to implementing rigorous hatchery practices, we spare no effort in ensuring that our day-old chicks meet the highest standards of health, vitality, and genetic excellence.” – Bellevue Chix

Facilities in South Africa

- Four parent rearing farms owned by the Group
- Seven parent layer farms – five of which are owned by the Group, while the remaining two are contracted to supply the Group with fertilised eggs
- Four hatcheries
- 11 broiler farms in South Africa, of which the Group owns seven and four are operated based on long-term contracts

Products

- Hatching eggs, day-old broiler chicks and reared live broilers

Contribution to revenue:

R1 866 MILLION

(FY2023: R1 829 million)

Contribution to adjusted operating loss*:

R11 MILLION

(FY2023: Loss of R80 million)

* Operating profit adjusted for income or expenditure of a capital nature in the statement of comprehensive income, i.e. all profit or loss items that are excluded in the calculation of headline earnings per share (“HEPS”).



Info tip: Broilers are chickens that are raised for meat production and sold to clients with abattoirs. Layers are chickens that are raised for commercial egg production.

Our differentiators

We have access to world-leading Ross 308 genetics to deliver quality broilers that meet customer specifications in terms of weight and size. We are a substantial broiler contract producer with access to own feed and day-old chicks, and also sell day-old chicks to contracted and open-market customers. Our operations are automated, and we apply data-driven monitoring to ensure optimal performance and animal welfare. We adhere to the code of practice of the South African Poultry Association (“SAPA”).

We operate according to a regional split between north and south, with the majority of broiler operations in the Western Cape, where Astral is our biggest customer. We plan to exit broiler farming in the north, for now, and re-focus those operations on broiler breeders and hatcheries.



Info tip: The Ross 308 breeder is the world’s most popular broiler, known for its fast growth rate and high mass-to-bone percentage. The bird delivers excellent feed conversion.

LAYER FARMING



“Our Lohmann birds optimise risk through persistent high production and efficient feed conversion.” – Bergvlei Chicks

Facilities in South Africa

- One grandparent farm owned by the Group
- Two parent layer farms owned by the Group and three contracted and geographically diverse farms to supply the Group with fertilised hatching eggs
- One commercial hatchery
- Five commercial rearing farms owned by the Group and two contracted rearing farms
- 10 commercial layer farms owned by the Group, following the closure of the Hekpoort and Brandvlei farms in the North West province and Gauteng province, respectively

Products

- Layer parent stock, hatching eggs, day-old pullets and point-of-lay hens



Info tip: Grandparents refer to birds that produce the parent stock. Parents lay eggs to produce the chickens raised for meat or eggs. This multi-tier breeding system is carefully managed to ensure birds' quality, health and productivity.

Our differentiators

We are licenced to import pedigree grandparent layer stock of the Lohmann breed, which has a key advantage in feed efficiency. We distribute next-generation parent stock exclusively in South Africa and non-exclusively to some southern African countries.

The layer farming business includes the *Bergvlei Chicks* business and the internal layer farming businesses¹.

Bergvlei Chicks includes layer grandparent and parent breeding farms, a hatchery, two owned and two contracted rearing farms.

Bergvlei Chicks produces day-old parent and day-old commercial chicks, hatching eggs and point-of-lay hens. Fertile hatching eggs are incubated, and female day-old chicks are sold or placed at rearing farms. Day-old chicks and layer hens are sold nationally and to customers in other African countries by the *Bergvlei Chicks* sales team or transferred to commercial layer farms for the Group's egg production requirements.

The internal layer farming business rears day-old chicks for placement on the commercial layer farms where table eggs are produced for supply to the egg business.

We adhere to SAPA's code of practice, which sets out norms and standards for the poultry industry. We recognise that the basic requirement for poultry welfare is a husbandry system appropriate for birds' physiological needs.

¹ Three Quantum Foods owned rearing farms and the commercial layer farms are included in the internal layer farming business.



EGGS PROFILE

Our fully integrated egg business can optimise margins from commercial layer farms to store shelves.



Eggs

“Our vision is to be recognised as the leading supplier of quality shell eggs and liquid egg products in such a way that it satisfies the needs of our customers and their clients.” – Nulaid

Facilities in South Africa

Four grading and packing facilities, of which one was mothballed, and one was scaled down for a period during the year.

Products

Commercial table eggs, free-range eggs, canola eggs, pasteurised shell eggs and liquid egg products.

Contribution to revenue:

R859 MILLION

(FY2023: R1 322 million)

Contribution to adjusted operating profit*:

R140 MILLION

(FY2023: Loss of R42 million)

* Operating profit adjusted for income or expenditure of a capital nature in the statement of comprehensive income, i.e. all profit or loss items that are excluded in the calculation of HEPS.



Info tip: The Food Safety System Certification (FSSC 22000) for food and feed safety/quality management is an internationally recognised standard for food safety certification applicable to organisations in the food chain. It provides a systematic methodology to effectively identify and manage food safety risks. This is based on the International Standards Organization certification model.

Our differentiators

Quantum Foods' egg business is a leading player in South Africa, supplying formal and informal markets. The *Nulaid* brand was the egg category platinum winner in the Daily Sun Reader's Choice 2024.

We sell branded eggs and supply leading South African retailers with eggs to sell under their own brands. Informal markets are served directly from farms.

We control our value chain from layer rearing farms to pack stations and routes to market. Day-old chicks are supplied by *Bergvlei Chicks* and reared on our internal rearing farms. We create optimum conditions for layer hens to ensure that they produce large eggs for a significant portion of their life cycle.

About 15% of eggs were sourced from contracted external suppliers (FY2023: 7%).

Using the latest technology, eggs are sorted according to weight (small, medium, large, extra-large and jumbo) and packed into containers with 2x6, 15, 18, 24, 30, 48 or 60 eggs each.

Liquid eggs are produced in egg-breaking plants, where the shells are removed from the product for sale. Fresh and pasteurised liquid eggs are predominantly sold to industrial customers. Free-range eggs are produced on two farms, while pasteurised shell eggs are produced at Gauteng's grading and packing facility and distributed to other provinces through the Group's packing facilities.

Extensive and robust systems at our modern plants ensure food safety and quality. We adhere to the Agricultural Products Standards Act, No. 119 of 1990, have either FSSC 22000 or Food Safety Assessment ("FSA") certification and regularly undergo food safety inspections and audits by our retail customers.

OTHER AFRICAN COUNTRIES PROFILE

Our experience in running animal feed, poultry farming and egg businesses on the African continent provides an effective diversification strategy and an attractive margin opportunity.



Other African countries

Contribution to revenue:

R468 MILLION

(FY2023: R443 million)

Contribution to adjusted operating profit*:

R45 MILLION

(FY2023: Loss of R1 million)

* Operating profit adjusted for income or expenditure of a capital nature in the statement of comprehensive income, i.e. all profit or loss items that are excluded in the calculation of HEPS.

ZAMBIA



“With established farming and distribution expertise and strong breeder alliances, Mega is a growing Zambian enterprise with a national footprint.” – Mega

Facilities in Zambia

- One parent breeding facility for layers and broilers
- One layer rearing farm
- One layer farm with an egg packing facility and a separate cull depot
- One hatchery
- Two feed mills

Zambia products

- Day-old pullets and day-old broiler chicks, animal feeds and table eggs

Our differentiators

Quantum Foods Zambia has been in operation since 1997. We are a well-established Zambian agribusiness, providing the market with efficient, cost-effective poultry products and poultry feed.

We produce animal feed for our own business and supply external customers. Day-old pullets are supplied to the layer rearing farm and sold to the external market, while day-old broiler chicks are all sold to the external market. Most of our table eggs, day-old chicks and feed are sold through a network of more than 45 of our own small retail shops.

UGANDA



Facilities in Uganda

- One commercial layer rearing and egg laying farm with an egg packing facility
- Two owned and one rented farm for layer breeding and broiler breeding
- One hatchery
- One feed mill

Uganda products

- Day-old pullets, day-old broiler chicks and day-old dual-purpose chicks, animal feeds and table eggs

Our differentiators

Quantum Foods Uganda commenced operations in 2000. Day-old pullets are used in our own operations or sold to external customers, while day-old broiler chicks of both the Ross 308 and dual-purpose Sasso-A1 breeds are all sold externally. Eggs are either sold directly from the farm or through a network of small retail shops and agents.

MOZAMBIQUE



“Galovos employs a dedicated team who ensures our customers receive quality eggs every day and on time fresh from the farm.” – Galovos

Facilities in Mozambique

- One layer farm
- One egg packing facility

Mozambique products

- Table eggs

Our differentiators

Quantum Foods Mozambique commenced operations in 2016 and supplies eggs to the formal retail and informal markets. Major customers include South African retailers in Mozambique and large local retailers. Feed is procured from a third party, and the farm is stocked with point-of-lay birds produced by Quantum Foods in South Africa.



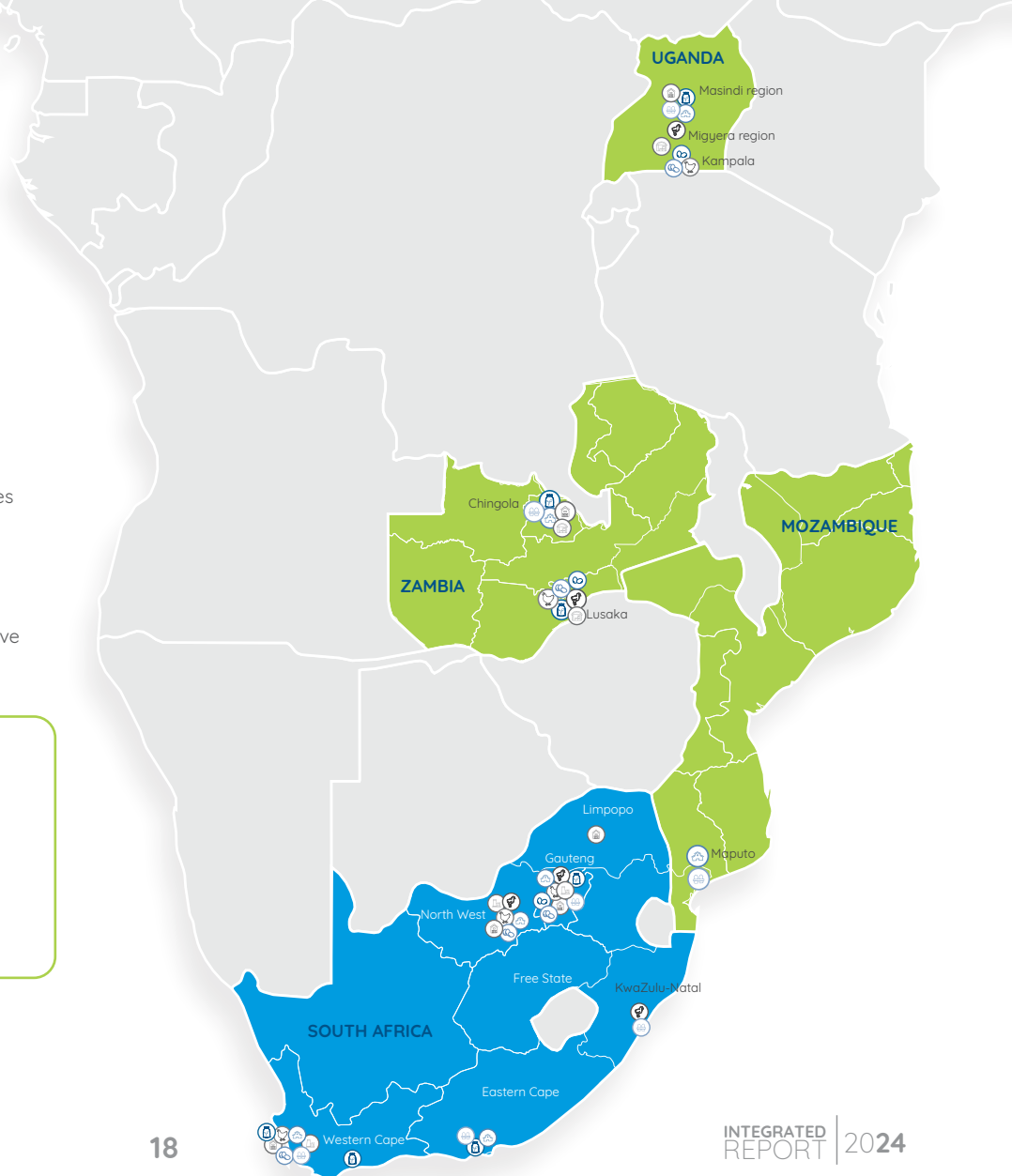


GEOGRAPHIC FOOTPRINT

We serve a range of internal and external customers in formal and informal markets across diverse geographies on the African continent. Our head office is in Wellington, South Africa, where we co-ordinate operations in four countries.

Our production facilities in South Africa are spread over six provinces and consist of feed mills, farms, hatcheries, processing and egg packing facilities and depots .

We have production facilities in four countries in southern and East Africa (including South Africa), supplying regional markets. These operations are well established, have a proven track record, and have a strong base to expand into sub-Saharan Africa.



OUR STAKEHOLDERS

We are committed to creating sustainable value for key stakeholders. This demands diligent engagement that reflects the Group’s role as a responsible corporate citizen, our commitment to social responsibility, sound business practice and natural resource management.

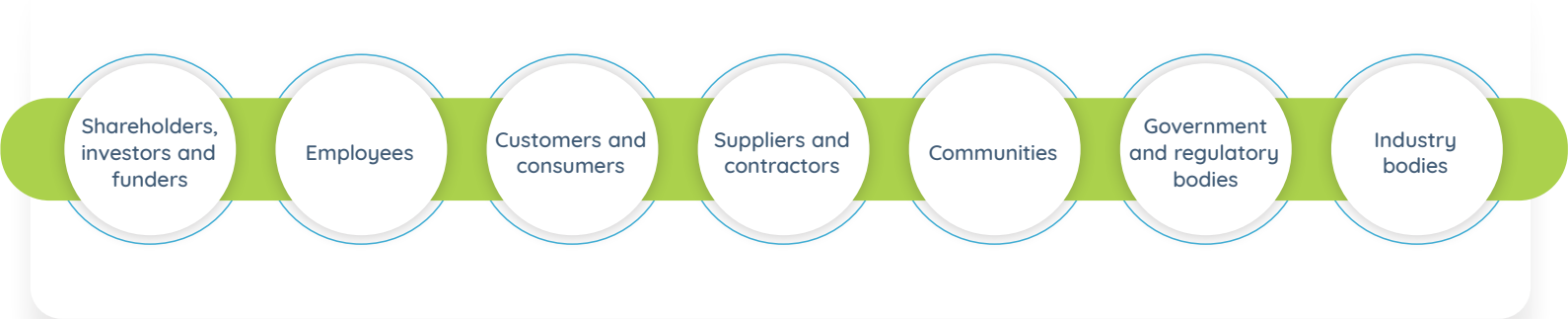
Quantum Foods’ stakeholders contribute to the success of our business. We strive to engage and inform stakeholders, in an appropriate and timely manner, of the implications and impacts of our activities. We do this fairly and transparently.

The Board takes responsibility and sets the direction for how stakeholder relationships are approached and conducted.

The SETC is responsible for the governance and oversight of stakeholder relationships, whereas management is accountable for allocated relationships. Significant stakeholder engagements are appropriately recorded and reported.

Our stakeholder policy is available on the website at <https://quantumfoods.co.za/company-documents/>.

Our key stakeholders



How we identify stakeholders

We identify and engage with stakeholder groups based on the following criteria:

Role and/or responsibility These are stakeholders where we have current or potential future legal, financial or operational responsibilities enshrined in regulations, contracts, policies or codes of conduct. These include, for example, customers, suppliers, employees and regulatory bodies.	Influence These are stakeholders that influence our ability to meet the Group's strategic goals, currently or in the future. These include, for example, government, customers and shareholders.	Proximity These are the stakeholders with whom we interact most, including internal stakeholders, those with longstanding relationships, those on whom the Group depends most in our day-to-day operations, and those living in close proximity to our operating sites.	Dependency These are stakeholders that are most dependent on Quantum Foods, for example, employees and their families, customers who are dependent on our products and services for their safety, livelihood, health or welfare, and suppliers for whom the Group is a large customer.	Representation These are stakeholders that are entrusted to represent other individuals through regulatory structures or culture/tradition. They can include government representatives, local communities, trade unions and membership-based organisations.	Strategic or short-term importance Significant changes to business strategies and/or the business environment may indicate additional stakeholders to be engaged, such as the Department of Labour during the incident at our Malmesbury feed mill this year.
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The fundamental principles guiding our engagement

An inclusive approach Where appropriate, we consult with relevant stakeholders in developing and achieving an accountable and strategic response to sustainability.	Materiality We determine the relevance and significance of issues to both the Group and its stakeholders. The materiality of issues concerns the legitimate interests and expectations of stakeholders in the context of legal and strategic considerations.	Responding appropriately We respond to stakeholder issues through decisions, actions, performance and communication.
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Topical stakeholder commitments

Animal welfare	Animal welfare is a priority for Quantum Foods. We adhere to world-class production procedures, and compliance with all relevant legislative guidelines is non-negotiable.
Human rights	<p>We are committed to respecting and protecting the rights of all of our stakeholders and will continually avoid infringing on those rights. Specifically, Quantum Foods supports the rights set out in:</p> <ul style="list-style-type: none"> • The United Nations Universal Declaration of Human Rights • The UN Guiding Principles on Business and Human Rights • The International Labour Organisation Fundamental Conventions
Ethical behaviour	<p>Quantum Foods will strive for all our stakeholders to:</p> <ul style="list-style-type: none"> • Not be subject to any form of unfair discrimination or harassment • Not be subjected to forced, child or compulsory labour • Provide just, safe and favourable conditions of work • Protect freedom of conscience • Protect freedom of expression • Protect their right to privacy • Have freedom of collective bargaining and association • Avoid involuntary resettlement where possible • Ensure fair remuneration • Ensure security personnel are trained in human rights • Have access to a grievance mechanism



SHAREHOLDERS, INVESTORS AND FUNDERS

Quantum Foods has more than 3 700 shareholders. The five largest shareholders hold more than 94.6% of total shares. Quantum Foods has almost no institutional shareholders.

Method of engagement	Stakeholder needs, expectations and concerns	Group response and outcomes
<ul style="list-style-type: none">• Website• SENS• Trading updates• Results presentations (including a question-and-answer (“Q&A”) session)• Announcements and reports• Annual general meeting (“AGM”) and extraordinary general meetings (“EGM”), including Q&A sessions	<ul style="list-style-type: none">• Board composition• Return on investment• Responsible capital allocation• Business sustainability• Ethical behaviour	<ul style="list-style-type: none">• Share trading volumes increased significantly and the share price reached its highest point since listing• The AGM was held in February 2024, and an EGM was held in September 2024, during which shareholder concerns were addressed• Online results presentations were held in December 2023 and May 2024• We take a zero-tolerance approach to unethical conduct

 Read more about shareholder engagements in the Chairman’s report from page 54.

EMPLOYEES

Our employees are diverse in profile, skills and experience. Similarly, their work environments range from a variety of farms to pack stations and offices. Motivated employees are critical for our sustainability and success.

Method of engagement	Stakeholder needs, expectations and concerns	Group response and outcomes
<ul style="list-style-type: none">Internal communicationManagement and union meetingsConfidential tip-off anonymous linesTraining programmesPerformance feedback discussionsCEO roadshows	<ul style="list-style-type: none">Job security and retrenchmentsPersonal development (including training)Health and safetyFair remuneration and wagesDiverse and inclusive workplace culture	<ul style="list-style-type: none">157 employees were retrenched following Labour Relations Act, section 189 processes due to unit closuresTwo employees were relocated or redeployed459 employees were on layoff during the year of which 282 returned to work by 30 September 2024Retirement age was increased to 63 yearsA wellness and communications app is in developmentWage negotiations were held with multiple trade unions and successfully settled within mandateFormal health and safety audits were completedOne fatality of a contractor employee, (FY2023: 0) and 90 safety incidents were reported in South Africa (FY2023: 78)460 employees received training in South Africa (FY2023: 429) to further their careers and improve performance

Employee support after the Malmesbury feed mill explosion

Employees at the Malmesbury feed mill experienced the devastating effect of an explosion on Monday, 10 June 2024. One critically injured individual, employed by a contractor, passed away, and two men, employed by a contractor, were seriously injured as a result of the event.

Employees in the vicinity of the explosion suffered serious trauma, as did the families of the affected individuals. Our executive team members were on site within an hour of the explosion. They provided information and support to safeguard all the people on the site and engaged with law enforcement, fire and emergency support services, and the Department of Labour.

All safety protocols were followed during and after the incident, and automated emergency equipment was successfully activated. Protocols included a roll call to establish the safety of all employees on site.

An independent team was appointed to investigate the incident. Our priority was to support the affected individuals. We offered counselling sessions to employees and the affected families, arranged for a memorial service at the feed mill to give employees closure, paid for funeral and transport costs, including for employees that wished to attend, provided food parcels to the families of the bereaved and monitored the recovery of injured individuals in the hospital.

CUSTOMERS AND CONSUMERS

Our customers include livestock farmers, major retailers, wholesalers, industrial clients, informal markets, commercial abattoirs and internal customers such as our broiler and layer farms. They provide consumers and communities with livestock, chicken and egg products.

Method of engagement	Stakeholder needs, expectations and concerns	Group response and outcomes
<ul style="list-style-type: none">• Brand websites and marketing material• Regular meetings• Consumer hotline• Customer satisfaction surveys	<ul style="list-style-type: none">• Affordable protein• Nutrition benefits• Products within specification• Competitive pricing• Reliable supply	<ul style="list-style-type: none">• Food safety was ensured through effective controls and audits• We provided a reliable supply of safe products, including transport to other parts of the country to meet demand• Customer satisfaction surveys supported quality relationships



Bergvlei Chicks customer communication

Dear Customers

The 2023 Avian Influenza (“AI”) outbreak severely affected the poultry industry, reduced national flock size, and threatened job security. *Bergvlei Chicks* was not exempted as it lost all its breeder and reared flocks during the same period. A recovery plan enabled breeder farms to be back in operation with newly hatched breeder flocks. Day-old chick production and placements on rearing farms have commenced, and as a result, point-of-lays will be available as from August 2024. To reduce possible future AI impact risk, breeder flocks are spread in different farms and provinces.

Bergvlei Chicks management would like to thank all customers for the unwavering support and understanding in difficult times. Looking forward to the year ahead and beyond.

Wishing you all that is well for the remainder of the year and the future.

Yours Sincerely

Amos Selaledi

Executive: *Bergvlei Chicks*

SUPPLIERS AND CONTRACTORS

Our suppliers range from commodity traders to contractors, parent stock providers and packaging material suppliers. We also contract with service providers, such as information technology, transport services and assurance providers.

Method of engagement	Stakeholder needs, expectations and concerns	Group response and outcomes
<ul style="list-style-type: none"> • A centralised procurement team manages communication for larger expenditure items • The Group’s decentralised procurement managers meet with suppliers and contractors • A tender process is followed for selected expense categories, such as the Malmesbury feed mill expansion project 	<ul style="list-style-type: none"> • Security of supply • Commitment to B-BBEE • Reasonable terms 	<ul style="list-style-type: none"> • Certain countries are excluded from tenders based on perceived value chain risks, and we may require disclosure of policies related to responsible business practices • Engagements were initiated with existing suppliers to amend supplier registration forms and tender documents, and address potential child and forced labour, and health and safety issues • Quality management is in place for key procurement categories • The Malmesbury feed mill expansion is on track • One contractor employee fatality following the Malmesbury incident

A technology partnership for animal nutrition solutions

The relationship between Quantum Foods and Nutreco started in 2019 when we signed our first technology agreement. Nutreco, based in the Netherlands, is a leading animal nutrition company driving positive change in the sourcing, production and use of feed ingredients.

Nutreco is a supplier of premixes and feed additives to Quantum Foods.

Our team engages with technical expert teams on their side and designs annual programmes to drive collaboration. Through engaging with our team, Nutreco is exposed to farming challenges and business opportunities in Africa, a growing market for their feed additives, young animal solutions and alternative ingredients. We benefit from access to their research, innovation capabilities, and future solutions, such as those related to alternative proteins and climate change. We also have access to their world-class research development facility in Spain, which focuses on poultry innovation.

COMMUNITIES

Communities include broader society and groupings within the areas where we operate. These communities engage with us as entrepreneurs, non-profit organisations, schools or other groups.

Method of engagement	Stakeholder needs, expectations and concerns	Group response and outcomes
<ul style="list-style-type: none"> • Requests for assistance in the communities where we operate • Event-based engagement • Employee volunteer events 	<ul style="list-style-type: none"> • Economic empowerment and job creation • Basic human rights requirements (food security and education) • Animal welfare 	<ul style="list-style-type: none"> • We continued with social development and enterprise development initiatives • We responded to a PAIA request from the Animal Law Reform Society of South Africa for animal welfare and environmental compliance documents

GOVERNMENT AND REGULATORY BODIES

We engage with a variety of government departments, municipalities and regulatory bodies, including the Department of Trade, Industry and Competition, the Department of Agriculture (previously the Department of Agriculture, Land Reform and Rural Development), AgriSeta and SARS.

Method of engagement	Stakeholder needs, expectations and concerns	Group response and outcomes
<ul style="list-style-type: none"> • Independent audits • <i>Ad hoc</i> queries and requests • Reports and submissions 	<ul style="list-style-type: none"> • Adherence to regulatory requirements • Compliance and independent assurance to measure compliance • Responsible corporate citizenship 	<ul style="list-style-type: none"> • Employees receive compliance training, and we take immediate action in the event of adverse findings • Employee training on regulatory requirements • HPAI outbreaks were reported to the responsible state veterinarian • Ongoing interaction with various government agencies over the management of HPAI, particularly around vaccination and applicable protocols • No material regulatory penalties, sanctions or fines for contraventions of or non-compliance with statutory obligations were noted • Engagement with authorities in Mozambique resulted in the issue of an import permit for point-of-lay hens from South Africa during border closures

INDUSTRY BODIES

The poultry industry is the largest single contributor to the agricultural sector in South Africa. A range of industry associations represent different value chain elements and coordinate efforts to build a competitive and sustainable industry.

Method of engagement	Stakeholder needs, expectations and concerns	Group response and outcomes
<ul style="list-style-type: none"> Industry body participation through committees and meetings Topical submissions 	<ul style="list-style-type: none"> Active participation in industry body management Keeping abreast of new developments Vaccination registration process, access and affordability 	<ul style="list-style-type: none"> We provided support in the execution of South Africa's Poultry Sector Master Plan and its 2030 vision Executive committee members are involved at senior level in industry bodies such as SAPA Supported SAPA initiatives, including: <ul style="list-style-type: none"> Calls to increase participation in the cull trader monitoring system and to improve the flow of information to SAPA to limit the spread of viruses and contain outbreaks of HPAI Updating the SAPA avian influenza monitoring database including geographic locations and epidemiological groups with defined populations, for example of chicken houses and employees



Info tip: The South African Poultry Sector Master Plan was published in 2019 by the Department of Trade, Industry and Competition. The plan has five pillars aiming to expand and improve production, drive domestic demand and promote affordability, drive exports, ensure compliance and implement trade measures to support the local industry.

THE QUANTUM FOODS **VALUE CHAIN**

Quantum Foods has an integrated and diversified value chain. Our operations cover an extended range of value chain elements. This enables us to leverage higher efficiency and broader control to generate and protect value.

As such, we can provide affordable access to poultry and egg products for human consumption and animal feeds for livestock consumption. Through consistent, high quality and fresh supply of products, we contribute to alleviating hunger and enabling better nutrition.





Natural resources

We rely on natural resources such as water, energy, gas, land, fuel and crops for our business activities. Poultry and livestock are also important natural input and offtake elements throughout the value chain.



Procurement

We procure large volumes of agricultural crops as feed raw materials, particularly maize and soya meal, from suppliers with an international footprint. Where possible, procurement items are sourced locally, for example, in Zambia and Uganda, where maize for our feed mills is obtained from local traders and smallholder farmers.



Farming

We own a range of farms and hatcheries in different geographic locations in South Africa, Zambia, Uganda and Mozambique. We also have contracts with layer breeder, layer rearing, broiler breeder, live broiler and egg farmers. See detail on the map on page 18.



Manufacturing and processing

We have several animal feed mills, egg packing and liquid egg processing facilities in South Africa, Zambia, Uganda and Mozambique. We process raw materials according to formulas and package eggs and egg liquid according to customer specifications. See facility locations on the map on page 18.



Distribution and retail

Distribution in South Africa and into the rest of Africa is done by road and mostly outsourced for all product categories. In Zambia, Uganda and Mozambique, we distribute our goods by road, including by bicycle and motorcycle.

We transfer animal feeds to internal customers and sell animal feeds to commercial livestock farmers. Day-old broiler chicks are sold to commercial livestock farmers or transferred to internal farms. We sell broilers to commercial abattoir customers. Day-old layer chicks and point-of-lay hens are sold to external customers or transferred internally for egg production. We sell eggs and liquid eggs to retailers, wholesalers, industrial customers and informal markets. We sell feed and day-old broiler chicks to small-scale customers from depots in Limpopo province, Zambia and Uganda.



Waste

Waste includes poultry litter or manure, bird mortalities, food waste, packaging and effluent. Waste is treated on-site where possible or contracted for removal, reuse or recycling. Effluent is either treated through municipal infrastructure or in evaporation dams.

How we ensure quality, safety and compliance

- External veterinarians audit biosecurity measures at farms
- In South Africa, animal welfare inspections are done by the National Council of Societies for the Prevention of Cruelty to Animals ("NSPCA") inspectors
- Internal flock health and safety audits are conducted at all layer farms, cull depots, broiler farms and hatcheries
- An audit was completed to assess the environmental approval status for all facilities
- We do regular customer satisfaction surveys

- We have an integrated management system at all our feed mills
- Our on-site laboratories in South Africa test all animal feed components and manufactured feed before dispatching
- External audits on industry, regulatory and product safety standards are done annually for animal feeds
- Feed mills in South Africa are on the National Occupational Safety Association system. Certifications include ISO 9000, 14001 and 45000
- Egg grading facilities are subject to audits from national retail customers and are FSSC 22000 or Food Safety certified
- All exports are certified before dispatching
- An external company monitors egg-related complaints via a toll-free number; all calls are logged and managed
- Customer satisfaction surveys are periodically distributed to feed and livestock customers

OUR BUSINESS MODEL

The Quantum Foods business model is changing over time as we implement our strategy and launch initiatives to improve value creation elements and our use of capitals. This enables us to refine our operations to better create, preserve and protect value.

What we do (Our business activities)

Quantum Foods is a diversified agricultural business providing high volumes of quality products for livestock and human nutrition. Our activities are focused on:

- **Procurement**, with feed raw materials as the largest category
- **Poultry farming** (breeding, livestock, eggs)
- **Processing and manufacturing** of animal feeds and eggs
- **Technical advice** and customer support

What we need to run our business (Inputs)

Six capital inputs

- Financial capital to operate and invest in growth
- Manufactured capital to farm, process and distribute
- Human capital to plan, execute and expand
- Intellectual capital to build brands, design systems, and deliver technical advice
- Social and relationship capital to build stakeholder trust and access markets
- Natural capital to support an environment where we can operate efficiently

Unique capabilities

- Ability to scale or mothball operations based on HPAI events and demand
- Cost-effective and reliable raw material sourcing
- Expertise in running operations in Africa at scale
- Strong relationships with customers, contracted suppliers and other stakeholders in the value chain
- Ability to provide specialist technical feed consulting services to customers

What shaped our outcomes in 2024

Quantum Foods recovered from the HPAI outbreaks early in the financial year to deliver a considerable increase in operating profit. [➤ Read more about our performance in the CFO report from page 65.](#)

- A challenging operating context including HPAI outbreaks ([➤ read more on page 37](#))
- A strong governance structure, processes and controls ([➤ read more on page 108](#))
- Risks and opportunities, including from our climate risk assessment process ([➤ read more on page 98](#))
- Our strategy and where we allocated resources ([➤ read more on page 43](#))

INPUTS

The availability, quality and affordability of inputs can affect our performance and is one of the key aspects of risk management. Input relationships and dependencies shape our competitive advantage and the unique capabilities that enable us to transform inputs and deliver on our purpose.



Financial capital

- New R100 million term loan facility
- Higher cost of capital due to persistent high interest rates
- Strong net cash position
- Extended payment terms



Manufactured capital

- Strategically located and owned feed mills, poultry farms, commercial hatcheries and egg packing stations
- Geographically diverse and contracted broiler breeder and live broiler farms
- Geographically diverse and contracted layer breeder, layer rearing and egg farms
- Extensive distribution (own and outsourced) in South Africa and other African countries
- Generator backup support for all operations
- Solar energy generation capacity and expansion opportunity



Intellectual capital

- Leading brands
- Access to world-class poultry genetics
- Scientific expertise and data-rich monitoring sources for animal feed formulation and analysis
- Independent audits/reviews on biosecurity, risks and ESG
- Developing capability to mitigate climate risks and use opportunities
- Understanding and experience in running businesses in African markets
- SageX3 enterprise resource planning system



Human capital

- Board and employee skills, expertise and experience
- New leadership and succession plans
- Investment in creating a skills pipeline through training
- Resized workforce due to HPAI operational impacts



Social and relationship capital

- Strong relationships with customers and suppliers
- Industry participation and lobbying
- Animal welfare commitment
- Community engagement
- Shareholder demands and related engagements



Natural capital

- Natural resources such as land, crops, water, the sun and gas
- By-products from food and beverage producers
- Healthy livestock and ecosystems

OUTPUTS, BY-PRODUCTS AND WASTE

The quality of our outputs determines customer satisfaction, suppliers' willingness to continue trading with the Group and supports our reputation as a preferred business partner. Our ability to reduce or rework by-products and waste through innovation and partnerships creates opportunities for additional income streams while preserving natural resources.

Examples of outputs, by-products and waste include:

- Animal feeds used by internal farming customers
- Animal feeds sold to external livestock farming customers
- Day-old pullets sold to customers or reared to be layer hens
- Day-old broiler chicks sold to customers or reared as broilers
- Broilers sold to commercial abattoir customers
- Layer hens reared for producing eggs or sold to customers
- Day-old layer parents sold to customers or used for breeding
- Eggs sold to informal and formal markets as packed, loose or liquid eggs
- By-products such as litter/manure sold as fertilizer, cracked eggs sold as liquid products and end-of-lay birds sold at culling depots
- Waste includes eggshells, mortalities, spoiled packaging, hazardous waste and effluent

OUTCOMES

The seasonal and cyclical nature of agriculture, disruptive events and other factors that emerge in our operating environment can have significant consequences that impact the outcomes we achieve. The Group sometimes has to make trade-off decisions to ensure a sustainable system where all six capitals are nurtured and protected over the long-term, and stakeholders can benefit from the value we create over time.

Financial capital

- No shareholder dividends paid
- Capital retained for investment and growth
- Cash flow secured
- No debt covenants breached

Manufactured capital

- Optimised portfolio of farms and processing facilities following closures and flock shrinkage due to HPAI
- Breeding contracts expanded, supporting geographical diversification
- Maintenance and upgrades to ensure compliance and efficiency
- Less rail and more road transport due to degrading national infrastructure
- Hartbeespoort broiler hatchery expansion project completed
- Fransrug layer rearing farm facility upgrade project completed
- Lusaka feed mill upgrade project completed
- Malmesbury mill expansion project commenced

Intellectual capital

- Supplier contracting criteria expanded
- Operational risks well managed
- Climate risks and opportunities identified for four sites
- Customer livestock performance increased due to continuous improvement in animal feeds

Human capital

- Skills pool for the agriculture sector expanded
- Job losses due to farm/egg packing station closures and operational resizing due to HPAI outbreaks
- One contractor fatality and two serious injuries following the Malmesbury feed mill explosion
- Wage negotiations concluded without industrial action

Social and relationship capital

- Customer loyalty through strong brands
- Contribution to food security, nutrition and reducing hunger
- Successful supplier and enterprise development initiatives
- Communities supported through social initiatives focusing on food security

Natural capital

- Waste recycling optimised by using the BiobiN®¹ system
- Biodiversity supported through Zouterivier farm conservancy and Paardeberg Sustainability Initiative
- HPAI outbreak affected poultry health and mortality
- Increased emissions due to increased road transport

¹ BiobiN® is an in-vessel composting system that helps reduce the volume of waste going to landfill sites.

OUTLOOK

Our short to medium-term outlook remains subject to high HPAI risk and the ability to vaccinate flocks. We expect the layer flock in South Africa to recover and egg prices to normalise over time. [Read more](#) about the outlook, our future opportunities and capital investment pipeline in the CEO report from page 56.

Future availability based on strategy impacts

Financial capital

- Increasing based on animal feeds gaining market share, broiler and layer farm efficiencies improving, and sustained contributions from the Africa operations
- At risk due to recent and potential further HPAI outbreaks, infrastructure challenges and input cost risk
- Preserved through retained dividends, working capital and debt capacity management

Manufactured capital

- Increasing through investment in strategic capacity expansion, for example, in animal feed mills
- Decreasing in areas where we close or resize operations due to market demand and long-term climate risks
- Variable through strategic flock placement considering HPAI geographic risk, animal feed cost and egg pricing
- Preserved through optimised maintenance plans
- Preserved through climate risk mitigation and business continuity plans

Intellectual capital

- Increasing as we apply new technology and data insights, for example, to improve feed formulas or adjust to genetic requirements
- Decreasing if we lose specialist skills or people in key positions
- Preserved through succession planning, incentives and mentoring

Human capital

- Increasing through our investment in training and supporting employees' wellbeing
- Job losses were contained as far as possible but might, in future, result from operational requirements in response to, *inter alia*, HPAI outbreaks and restructuring

Social and relationship capital

- Increasing based on improved nutrition options and positive impacts through our corporate social investments
- Potential erosion can be caused by food safety incidents, community conflict based on urbanisation and loss of customers

Natural capital

- Increasing based on input requirements to support our growth aspirations
- Preservation through investment in alternative energy, water-saving measures, carbon emission reduction, biodiversity initiatives, and effluent and waste treatment

Quantum Foods operates according to seasonal cycles for grain harvests and the lifecycles of the different generations of poultry. As such, strategic decisions can take time, and sometimes years, before delivering any meaningful impact. It is key for management to be proactive and to accurately predict or respond to the impact of market movements, trade conditions and exchange rate fluctuations. We expect some decisions around resizing, closures and investments to start delivering positive financial results in the next financial year. 📖 Read more in the CFO report from page 65.

Business model focus areas and trade-offs in 2024

- We increased manufactured capital through investments in infrastructure, including at the Malmesbury feed mill. This will reduce financial capital in the short-term but creates additional capacity and new product capabilities to have a positive long-term outcome for the Group.
- We responded to the HPAI outbreaks, which resulted in:
 - Job losses, which decreased human capital through retrenchments and layoffs.
 - Destroying flocks and mothballing of farms and facilities and therefore reduced manufactured capital for several months. We are investing in placing new flocks and starting up operations in a phased approach, which requires additional financial capital.
 - Shortages of eggs were managed by transporting eggs from other areas, resulting in higher emissions, which affected natural capital and increased transport costs, reducing financial capital.
- We continued balancing demand between formal and informal markets based on different margins, service levels, distribution costs and payment terms. This leads to trade-offs in social and relationship capital vs financial capital.
- We allocated time and resources to improve our understanding of climate risks and opportunities, which increased intellectual capital and risk management capabilities.

OPERATING CONTEXT

Geopolitical conflicts, government elections and disruptive climate events dominated the global context in FY2024. Risks related to mis- and disinformation, the cost-of-living crises, cyberattacks and extreme weather shaped the operating environment for business in general¹.

In South Africa, Quantum Foods experienced the uncertainty caused by a newly elected Government of National Unity ("GNU"), the impact of further HPAI outbreaks and pervasive infrastructure challenges combined with high unemployment and low GDP growth.

El Niño-induced drought conditions caused food insecurity to persist in areas such as Namibia, Zambia, Malawi and Zimbabwe. National average maize prices in the region started to decline, and the forecasted La Niña in the coming 2024/25 rainfall season across the region is expected to improve conditions².

Inflation continued impacting consumer demand

Although inflation eased in FY2024, it remained at the upper end of targets, keeping interest rates elevated. The South African Reserve Bank expects slightly faster economic growth over the medium term, supported by a more reliable electricity supply and improving logistics. Growth projections remain well below historical averages of about 2%.

According to a PwC Voice of the Consumer survey, 75% of local consumers rank inflation as the number one risk which they believe could impact the country over the next year. Wellness, nutrition and sustainable food production are top of mind for consumers while 67% of South African consumers have intentions to boost their intake of fresh fruits and vegetables. A smaller but important group (26%) plans to reduce their red meat consumption³.

Quantum Foods response: We expect egg prices to gradually normalise after supply challenges during recent HPAI outbreaks. Eggs, dry beans, chicken and canned pilchards are the cheapest protein sources in South Africa⁴. As such, we continue to contribute to food security and nutrition. 🌱 Read more about our contribution on page 77.

¹ WEF The Global Risks Report 2024, <https://www.weforum.org/publications/global-risks-report-2024/>.

² <https://reliefweb.int/report/democratic-republic-congo/southern-africa-food-security-outlook-june-2024-january-2025-acute-food-insecurity-likely-deteriorate-amid-drought-conditions-2025>.

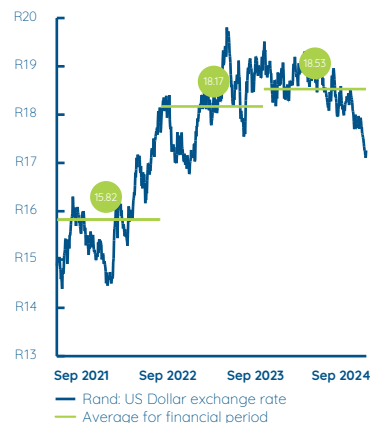
³ <https://www.pwc.co.za/en/press-room/voice-of-consumer-survey-2024.html>.

⁴ Competition Commission: Essential Food Pricing Monitoring Report, 6 May 2024.

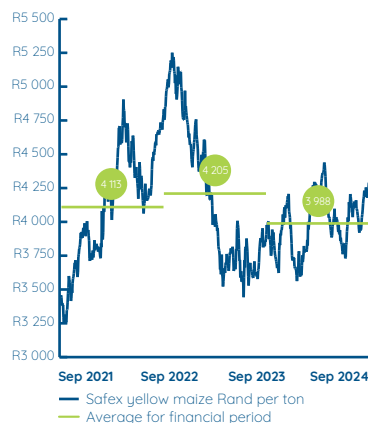
Commodity prices

The local maize and soybean crops for FY2024 were smaller than the previous year, leading to higher imported volumes. However, international commodity prices declined, with South African Futures Exchange (“SAFEX”) maize prices 5.2% lower, wheat bran prices 7.6% lower and maize chop prices increasing by 4.5%. Soya meal prices decreased by 11.0%, and the ZAR weakened by 2.3% against the US Dollar during the financial year.

Rand vs US Dollar exchange rate



Safex yellow maize Rand per ton



Raw material import costs are highly susceptible to exchange rate volatility. The Rand weakened in the early part of the year but started strengthening at the end of FY2024 supported by stable electricity supply, the new GNU providing more policy certainty, progress towards exiting the Financial Action Task Force (“FATF”) greylist and a weaker US Dollar following the reduction of interest rates by the Federal Open Market Committee.

Maize and soya meal were imported from Argentina. As these imports were shipped in bulk and not containers, Quantum Foods experienced low disruption due to Transnet harbour logistics challenges.

Zambia experienced severe drought conditions, impacting grain crops and hydropower generation. The limited harvest resulted in much higher maize costs. The Zambian Kwacha depreciated significantly during the year, increasing volatility.

Quantum Foods response: To be competitive in local animal feed manufacturing, we source raw materials at optimal prices to produce animal feeds. We track and monitor the commodity spot and foreign exchange markets daily and execute within mandates decided on by the central procurement committee.



Info tip: The South African market started to function as a free market in 1996 when the Marketing of Agricultural Products Act was enacted, and the market was deregulated. Producers, traders and processors respond to supply and demand using the Agricultural Markets Division of SAFEX to benchmark prices. The ‘spot’ market for daily trading in maize refers to the SAFEX price paid for a commodity at Randfontein.

HPAI status and vaccination deadlock

The public health challenge posed by global outbreaks of avian influenza in dairy cows, poultry and other animals reached a new level of concern in the past year as human cases of infection were reported in several countries. Although the immediate risk to the general public remains low, the urgency to improve surveillance efforts, biosecurity and preventive measures such as vaccination has heightened.

In South Africa, avian influenza of any subtype is a controlled animal disease under the Animal Diseases Act, 1984 (Act No 35 of 1984) (“Animal Diseases Act”). Any suspected or confirmed case of avian influenza of any subtype must be reported immediately to the responsible state veterinarian in terms of the Animal Diseases Act. All HPAI suspect farms are immediately placed under quarantine, and no movement of birds, eggs or products is allowed on, off or through these farms¹. Chickens are culled, with eggs and feed destroyed at a great cost.

Outbreaks of HPAI in poultry may result in trade bans on the export of poultry and poultry products. For example, the Uganda and Zambia borders remained closed for parent imports from South Africa due to South Africa’s HPAI status.

¹ Avian Influenza: H5 and H7 outbreak update report – Directorate Animal Health, 29 March 2024.

Two HPAI strains are dominant in South Africa:

- HPAI H7N6 affected inland provinces in 2023 and 2024 and is difficult to control using conventional biosecurity approaches as it spreads in the wind and through movements between farms. The H7N6 strain does not infect or affect wild birds.
- HPAI H5N1 is more prevalent in the Western Cape and is usually introduced to farms by wild birds, from where it can then spread in the wind and through movements between farms¹.

Two HPAI vaccines have been registered against HPAI H5 in South Africa. H7 vaccines were submitted for registration but subsequently found to not meet efficacy requirements.

The Directorate of Animal Health published guidelines for HPAI vaccination on 25 November 2023, and the addendum on handling flocks infected with HPAI but not culled was published on 8 November 2023. The feasibility of the vaccination programme is an industry-wide concern.

South Africa's HPAI vaccination strategy

The Department of Agriculture published a HPAI Vaccination Strategy in November 2023. The strategy clarifies the process to be followed when using vaccination. HPAI vaccination was previously not permitted in South Africa, but local outbreaks and global discussions on HPAI vaccination sparked renewed consultations. The published strategy aims to bring South Africa in line with the international position on HPAI vaccination. While HPAI vaccines have been demonstrated to protect poultry against the disease, with immunized chickens showing less or no symptoms, they are, like almost all vaccines, much less effective in preventing infection.

Quantum Foods response: The Group has notified government about our intention to apply for vaccination approval. Due to the onerous protocols, no producer has yet received approval for HPAI vaccination in South Africa. 📖 Read more about steps towards ZA accreditation and vaccine preparation on page 59.

Poultry market inquiry

The South African Competition Commission gazetted its draft terms of reference for a poultry market inquiry in February 2024. The inquiry relates to the poultry industry value chain and alleged impediments to competition, including structural barriers to entry.

According to the Competition Commission, a few large, vertically integrated companies dominate the South African poultry industry. Alongside concentration, there is vertical integration, with independent producers being customers of the larger players for inputs such as feed and day-old chicks.

According to the Competition Commission, the poultry industry (broiler chicken and egg production) is responsible for 65% of all animal protein consumed in South Africa, owing to the production of both chicken meat and eggs. The Competition Commission further adds that the poultry industry is the largest contributor to the agricultural sector, with a total annual gross production value of almost R72 billion in 2022, accounting for 17.1% of total agricultural gross value and 40.3% of total animal product gross value.

The Competition Commission has not published its final terms of reference, however, it has indicated that the inquiry will commence 20 business days after the publication thereof and the inquiry's final report will be completed within 18 months. We reiterate that these are draft terms of reference and any update in relation to the final terms of reference will be provided in subsequent annual integrated reports.

The Zambia Competition and Consumer Protection Commission launched an investigation into the feed and broiler industry in Zambia.

Quantum Foods response: The Group has submitted information in South Africa and Zambia as requested by the respective competition authorities.

¹ Avian Influenza: H5 and H7 outbreak update report – Directorate Animal Health, 29 March 2024.

REGULATORY CHANGES

Companies Amendment Act, No. 16 of 2024 and Companies Second Amendment Act, No. 17 of 2024

On 30 July 2024, the Companies Amendment Act, 2024 and Companies Second Amendment Act, 2024 (collectively, the Companies Amendment Acts, 2024) were published in the Government Gazette, following the President's signature of the final bills. The Companies Amendment Act, 2024 aims to enhance transparency and provide for more disclosure by companies. It also aims to reduce red tape to enhance the ease of doing business in South Africa and clarify certain technical provisions in the Companies Act. The Companies Second Amendment Act, 2024 follows from the recommendations made by the Zondo Commission of Enquiry into State Capture and aims to extend the time bars applicable to applications for director delinquency and proceedings to recover loss due to director liability.

Pursuant to the Companies Amendment Acts, the effective date of which is yet to be gazetted, changes to remuneration disclosures have been made which will require companies to disclose remuneration for individual directors and prescribed officers, including pay gap disclosures, and follow stricter approval processes, including those by shareholders. There will also be consequences for remuneration committee members if shareholders do not approve the remuneration report, including that in-scope non-executive directors ("NEDs") must stand down from the remuneration committee for a period of two years. In addition, should shareholders not approve the remuneration policy, members of the remuneration committee will be required to stand for re-election to the Board at the next AGM of the Company.

Further relevant changes include a requirement to elect SETC committee members at each AGM and presentation of the committee's report at each AGM, the relaxation of approvals relating to intra-group financial assistance and share repurchases and the extension of time bars in relation to director liabilities and delinquency/probation applications.

Impact on Quantum Foods: Quantum Foods will be required to comply with the changes once the effective date of the Companies Amendment Acts is announced in the Government Gazette.

Climate Change Act, No. 22 of 2024 ("Climate Change Act")

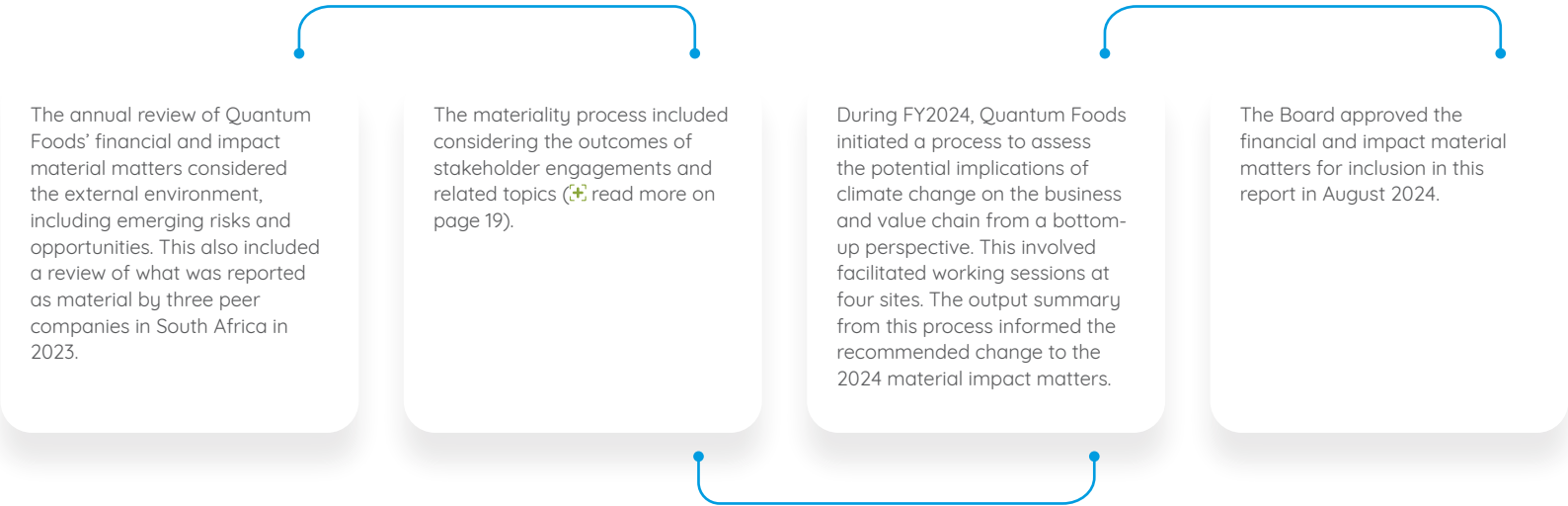
The new Climate Change Act will enable the development of an effective climate change response and ensure a sustainable, equitable shift towards an economy and society that is less carbon-intensive and more climate-resilient. The Climate Change Act introduces carbon budgets, allocating an amount of greenhouse gases ("GHGs") emissions to major emitters, and requires the submission of mitigation plans. It also provides for penalties and fines.

Impact on Quantum Foods: Until the sectoral emission targets and carbon budgets are published, Quantum Foods will continue to submit progress reports on GHG emissions, which will form the basis for the GHG mitigation plans in terms of the Climate Change Act.

MATERIAL MATTERS

Quantum Foods has a mature financial materiality process and focus. We first reported on material matters in 2015. Since then, our material matters have remained similar year-on-year and consistently included a range of ESG factors.

In 2023, we started incorporating impact materiality in our annual integrated report following developments in global sustainability standards. We also aligned with the JSE sustainability disclosure guidance, which recommends a double materiality approach.



Based on the work done in the climate process, we separated water as a material impact topic.

We recognise that some matters might have both a financial and impact materiality aspect. In our split between a financial and impact perspective, we sorted matters according to the most important perspective but holistically took the other perspective into consideration.

FINANCIAL MATERIALITY

Low economic growth in South Africa

Stagnation or a decline in economic growth in South Africa could lead to reduced consumer spending, negatively affecting Quantum Foods’ sales and profitability. Energy supply is becoming more reliable, political stability is less fragile, and infrastructure deterioration is being addressed in some critical areas, such as ports. There is potential for La Niña developing by late 2024, which may bring more favourable rainfall conditions. The increasing frequency and severity of extreme weather conditions, driven by these weather oscillations and by climate change, continue to cause widespread damage to communities and infrastructure, which can hamper economic growth. The exchange rate has been less volatile towards the end of the year and current and forecast inflation levels started declining. Interest rates have seen the first decrease in a long cycle of high rates, severely affecting disposable income.

Capitals affected by this material matter

Financial, manufactured, human, social and relationship, natural

Growth opportunities

Volume growth is important for the sustainability of Quantum Foods’ low-margin commodity-type product portfolio. New markets or growth in existing markets through product innovation can drive revenue growth and expand the business in the poultry, egg and animal feed value chains. The consumer shift from red and processed meat to more affordable, healthy or environmentally friendly alternatives will also create growth opportunities.

Capitals affected by this material matter

Financial, manufactured, social and relationship, natural

Cost and availability of key raw materials

Fluctuations in the cost or availability of essential raw materials can significantly impact production costs and quality, particularly in animal feeds. Feed is the largest cost element in poultry production and, therefore, significantly impacts profitability. Our primary exposure is in the egg business, where the selling price is determined by supply and demand factors and not the cost of production (of which feed is the main contributor). These dynamics result in cyclical profitability due to varying margins and an inability to recover fluctuating raw material costs in final product prices.

Changing climate conditions cause increasing volatility in the quality, quantity and location of raw materials and can thus have significant impacts on costs throughout our value chain. For example, lower protein content in raw materials can require additional feed additives to achieve the desired nutritional value and performance, thus further increasing costs.

Capitals affected by this material matter

Financial, manufactured, natural

Manage industry profitability cycles

Cyclical profitability is inherent to agriculture with multiple external risk factors, such as changing weather patterns and the biological risk associated with livestock, impacting producers’ ability to produce profitably. Many large players in the poultry industry rely on vertical integration to absorb external shocks and challenges such as HPAI outbreaks, load shedding and consumer shifts to more affordable food items. This enables producers to absorb some margin impacts to meet retail pricing targets. Retailer pricing is not always input-cost driven, especially for eggs. Integrated and geographically diversified operations can assist in effective buffering against market supply and demand fluctuations and support the long-term sustainability of poultry producers.

Capitals affected by this material matter

Financial, manufactured, intellectual, human

Poultry disease

Outbreaks of poultry disease can significantly impact our farming operations’ productivity, efficiency and financial performance. 📖 Read more about HPAI in the operating context on page 36 and in the CEO report on page 56.

According to SAPA, more than 80% of HPAI outbreaks are spread by wild birds and their droppings. The virus also mutates readily and rapidly. 📖 As detailed on page 100, climate change is also likely to worsen the spread of the H5 HPAI strain that is carried by wild birds.

Capitals affected by this material matter

Financial, manufactured, human, intellectual, social and relationship, natural

Electricity supply

Quantum Foods’ operations depend on consistent and stable electricity supply to maintain optimal production and environmental conditions for poultry, egg and animal feed products. South Africa has experienced sporadic incidents of electricity supply interruption since 2007, with 289 days recorded in 2023. The reduction in load shedding days in FY2024 was supported by significant renewable energy capacity installed by businesses and private users, reduced demand due to low economic growth and better performance from Eskom power stations.

Zambia experienced extensive periods of load shedding and emergency electricity rationing of more than 20 hours per day, leading to high levels of generator use.

Load shedding required a substantial increase in the investment required for generators. It also led to costs incurred for generator fuel and maintenance, and planned production capacity being unavailable at third-party facilities not equipped with generators. Load shedding has indirect impacts, such as an interrupted supply of some feed raw material items, especially those produced by maize and wheat mills which were not equipped with generators. Such raw materials have to be replaced with other, more expensive ingredients.

Electricity tariff increases are a significant future cost concern.

Capitals affected by this material matter

Financial, manufactured, human, natural

Infrastructure

Ageing and deteriorating infrastructure, including roads, rail and ports, increase the costs and risks associated with imports, transport and deliveries. Roads now move more than 70% of South Africa’s industrial cargo because of the deterioration of the rail system.

Failing and poorly maintained public assets are also more vulnerable to natural disasters. Severe weather conditions, such as the heavy winds and rain that hit parts of the country in July 2024, also put additional pressure on government resources. These events can impact our business in numerous ways, causing shipment delays or infrastructure damage.

The suboptimal functioning of many municipalities puts the availability of electricity, water, waste, sanitation and disaster response services at risk. Economic growth is virtually impossible without a functioning integrated public logistics infrastructure.

Capitals affected by this material matter

Financial, manufactured, intellectual, natural

Customer and supplier engagement

Strong relationships built on trust and transparency are essential for ensuring smooth operations and meeting market demands. Losing a major customer or developing an acrimonious relationship due to mismatched expectations is detrimental to growth, efficiency and reputation. Local supplier development is imperative for transformation and to mitigate supply chain risk, exchange rate impacts and import-driven inflation.

Capitals affected by this material matter

Financial, human, social and relationship

IMPACT MATERIALITY

Our business activities impact society, communities, employees, the environment and other stakeholders. We engage with our stakeholders to understand our impact and to mitigate adverse consequences.

Material matters from an impact perspective (inside-out factors)	Read more
Nutrition: Our ability to provide high-quality protein at affordable prices contributes to ending hunger and associated perils, such as stunted development of young children.	🔗 Page 77
Animal welfare: Adhering to acceptable and required practices reflects our ethical responsibility, while biosecurity measures protect our birds against HPAI. Maintaining optimum temperatures will become an increasingly important factor for poultry hatching, rearing and performance.	🔗 Page 94
Responsible sourcing: Developing local small suppliers and ensuring responsible practices in our value chain will create value for all stakeholders and assist in the protection of human rights.	🔗 Page 79
Protecting the environment (emissions and waste): Implementing practices to minimise emissions and waste is crucial for environmental stewardship, compliance with regulations and reducing our carbon footprint and taxes.	🔗 Page 106
Water: More pervasive drought conditions can lead to water supply risks, which will affect raw material quality and availability as well as operations, including bird performance, cooling and sanitation. Floods, on the other hand, can lead to severe infrastructure damage. This will require increasing investment in water recycling, storage and treatment capacity.	🔗 Page 95
Skills development: As one of the few corporate players in the poultry and egg sector in South Africa, Quantum Foods contributes to creating a pool of skills for the industry and high-performing employees for our own operations.	🔗 Page 83
Health, safety, and human disease: By providing a safe working environment and protective equipment, including biosecurity measures, Quantum Foods takes care of employees and complies with legislation.	🔗 Page 85
Transformation: Our commitment to empowerment, development and employment equity will lead to improved socio-economic status for previously disadvantaged individuals and communities.	🔗 Page 87
Product safety and quality: We aim to provide products that are safe and nutritious for their target market – be it human or animal – to consume. Increasing temperatures and disrupted rainfall patterns can affect the life cycle phases of mycotoxigenic fungi and their ability to colonise and contaminate staple crops such as maize and soybean, thus affecting product safety and quality.	🔗 Page 93

THE QUANTUM FOODS STRATEGY AND RISKS

Quantum Foods' strategy supports the successful execution of our vision and purpose. During FY2024, we launched a robust new strategy development process. The Board approved a revised purpose, vision, drivers of success and strategic goals for FY2025. [Read more about the new strategy on page 48.](#)

Our strategy implementation report is based on the strategy up to September 2024, which featured three strategic themes and two strategic enablers.

Three strategic themes



Growth

What this means

We want to drive profitable growth throughout the earnings cycles associated with a commodity business in agriculture

How we measure this

Growth in economic profit through the cycles



Efficiency

What this means

Efficiency is a key driver of profitability in a low-margin commodity business as it allows us to mitigate cost fluctuations and margin compression

How we measure this

Multiple operational efficiency targets, such as:

- Egg packing station efficiencies
- Broiler-type breeder hen production efficiency
- Layer-type hen production efficiency



Cost management and savings

What this means

Disciplined cost management enables us to identify savings, including strategic exits or operational consolidation, while positioning the business for growth

How we measure this

- Limited cost increases
- Improved margins through the cycles

Two strategic enablers



High-performance culture

What this drives

When our people perform at their best, the business and all our stakeholders benefit



Social and environmental impact

What this drives

When we focus on amplifying our positive impacts, the business and all our stakeholders benefit

Strategy implementation and monitoring

The Board is responsible for setting the strategic direction for the Group and considers the needs, interests and expectations of our material stakeholders. The Board tracks performance and progress related to the strategy through quarterly Board meetings and related executive management reports.

Progress with implementing our strategy is measured via a range of monthly operational indicators. We have short-term financial and non-financial targets set by the executive committee and captured in the annual budget. Longer-term targets are set towards 2030. These are cascaded throughout the various business units to ensure alignment.

As per the Quantum Foods remuneration policy, operational targets form the basis of management employees' performance contracts and are reviewed annually.

✚ Read about these performance conditions and operational targets in the remuneration committee report from page 134.

Our risk register is updated annually and considers any challenges or opportunities arising from our performance against strategy and changes in the external environment.

In this report, we assess our performance against the strategic themes and enablers that were in place at the beginning of the financial year.

STRATEGIC THEME PERFORMANCE SUMMARIES

GROWTH

Progress in 2024

- Achieved record volumes in selected areas of the animal feed business despite HPAI-related impacts
- Adjusted feed mill capacity in line with HPAI-related volume impacts and was able to scale up when demand turned
- The multi-year Malmesbury feed mill expansion project commenced to increase our national feed production capacity by approximately 12%
- Achieved Aviagen silver level benchmark targets for Ross 308 hen breeder production volumes
- Broiler business positioned for growth through ZA export accreditation
- Started implementing a new layer farming model to derisk the business in high-risk HPAI areas and restore capacity lost due to the outbreak of HPAI
- Repurposed the Tongaat layer rearing facility as a layer breeding farm to create capacity after HPAI-affected farm closures and to geographically diversify disease risk
- Rebuilding retail relationships after egg shortages, focusing on optimising available egg supply
- Businesses outside of South Africa exceeded the target operating margin, which is traditionally higher than in South Africa, due to improved demand and pricing
- Lusaka feed mill expansion was completed with the opportunity for further expansion
- Maintained optimal product performance and ensured satisfied customers and consumers
- Brand investments for *Bellevue Chix* and *Bergvlei Chicks* resulted in higher visibility and brand awareness

Creating brand equity

Bergvlei Chicks aims to be a brand that exceeds expectations. Positioning this business as distinct from our *Nulaid* brand, *Bergvlei Chicks* invested in a new brand identity this year.



Business focus:
World-wide market
leading genetics



**Quality and
performance:**
International
Standards



Bio-security:
Exceptional
Health and Safety
measures



Growth:
Leading provider
in South Africa

We invited customers to an information day where they were introduced to the new logo. We run regular advertising to promote our products and rebranded our trucks. We also introduced a WhatsApp number for customers to use, where they can place orders, ask for information or log complaints. There was a pleasing take-up among emerging farmers, who use this channel to interact.

Long-term

- Maintain unique position as broiler contract grower with own chicks and feed
- Continue organic growth in animal feeds, layer day-old chicks and broiler day-old chicks
- Improve sales of livestock and feed in remote areas
- Proactively match egg production to industry cycles
- Expand market share and footprint in other African countries

Preparing for a new generation of animal feed customers

More and more of our external farmer customers are using smart farming technologies. This includes sophisticated data related to temperature, humidity, movement and productivity, which can be measured by cameras, probes, collars, etc.

At *Nova Feeds*, we need to understand how their businesses are evolving, what they measure and how we can help improve the performance of their livestock and flocks. This will give us a competitive advantage and secure long-standing relationships.

For this reason, we are focused on ensuring alignment and recruitment of our sales and technical teams to best build a new generation sales team with young people who can relate to their farming peers.

Future priorities

Short to medium-term

- Converting and repurposing farms in the northern region to increase in-house broiler hatching egg production to fill Hartbeespoort hatchery capacity
- Continuously assess egg packing station capacity as the commercial egg layer flock increases
- Embed *Bergvlei Chicks* as a distinct business supplying day-old chicks and point-of-lay hens
- Focus on channel mix for egg sales to optimise returns
- Investment in warehouse space for feed raw materials in Uganda

EFFICIENCY

- HPAI management and recovery plans ensured that capacity matched supply in terms of facilities, operating costs, people and resource use, where possible
- Cost under-recoveries on HPAI-affected farms and diminished efficiency gains from previous years
- Benefits from the broiler breed change to Ross 308 delivered improved production capacity utilisation, farming efficiencies and volumes
- Due to replacement shortages, birds were kept productive for extended periods, negatively affecting feed conversion rates
- Reduced the retail egg distribution fleet at the Pinetown (KwaZulu-Natal) and Sova (Gauteng) egg packing stations
- Increased load sizes and reduced the number of deliveries at the Sova (Gauteng) egg packing station
- Efficiency targets exceeded at egg packing stations

Future priorities

Short to medium-term

- Maintain feed performance
- Achieve targeted efficiencies for all operations of the entire layer and broiler farming value chains
- Maintain a high level of efficiency for egg packing stations
- Eggs to continue focusing on automation projects to support efficiency

Long-term

- Assess opportunities where suppliers offer innovative new products or feed components based on value, suitability for our equipment and processing efficiency
- Stay updated and evaluate developments in poultry genetics to ensure access to optimal efficiencies
- Invest in farming facilities to maintain efficiency and mitigate climate risk events

Tracking mud recovery costs

Transport is a significant cost item for the animal feed business to manage. When trucks transporting feed to farms get stuck or are damaged due to poor road infrastructure, especially after floods and storms, we often carry the cost. Transport difficulties also lead to inefficiencies and lost time while systematically impacting the business and our customers.

To this end, we started tracking and sharing mud recovery costs. By measuring the impact of each incident, we could identify high-risk areas and start using this information to engage constructively with farm owners to improve infrastructure. This has led to cost savings and better customer relationships, as we all benefit from a better outcome.



COST MANAGEMENT AND SAVINGS

- The weighted average cost of layer and broiler feed decreased by 7.9% and 8.5% due to astute sourcing and reduced commodity prices
- Reduced feed raw material costs and load shedding hours resulted in lower operational costs, which, together with a substantial increase in egg prices, pursuant to a decreased national layer flock and egg production, contributed to margin improvement
- We actively sourced local barley as a cost-effective ingredient with good nutritional benefits due to a shift in supply following COVID-19 related brewery closures
- Becoming more self-sufficient in broiler breeding and supply enabled us to reduce production and fixed costs
- Installed gas meters on broiler farms to measure use and identify savings
- Improved ventilation practices at hen houses, including closing doors and covering fans, assisted in creating a culture of habitual savings
- Insourced layer farming transport in the north enabled more competitive cost structures

Future priorities

Short to medium-term

- Continued focus on cost management and cost-saving opportunities to limit increases
- Expand on items procured centrally

Long-term

- Continue to invest in and procure renewable energy

STRATEGIC ENABLERS



High-performance culture

Leadership changes and a robust strategy review process refocused our employees in terms of performance expectations, values and behaviours.

✚ Read more about our high-performance culture in the responsible business section on SDG 8 from page 79.



Social and environmental impact

We identified the areas where the business has the most material impact and linked these to our priority SDGs. This will amplify positive impacts and help minimise negative environmental and societal consequences.

✚ Read more about progress with social and environmental impact in the chapter on responsible business from page 74.

OUR NEXT STRATEGY CYCLE

Our new strategy was developed to clarify and refocus the business on what is important now. The process was externally facilitated to create an environment where people could openly speak up and discuss sensitive matters.

We consolidated our strategy under the banner of “Re-focus, optimise and grow”. Following a robust process, we ensured that our new strategy considers stakeholder interests, potential impacts, material matters, and a dynamic operating environment.

Our strategy review process



Executive Team

The executive team evaluated performance against strategy for the previous year, considering any new challenges or opportunities.



Senior Management

The executive team presented broad outlines of their thinking to the senior managers, who then debated and considered the themes against their operational environments, challenges and opportunities.

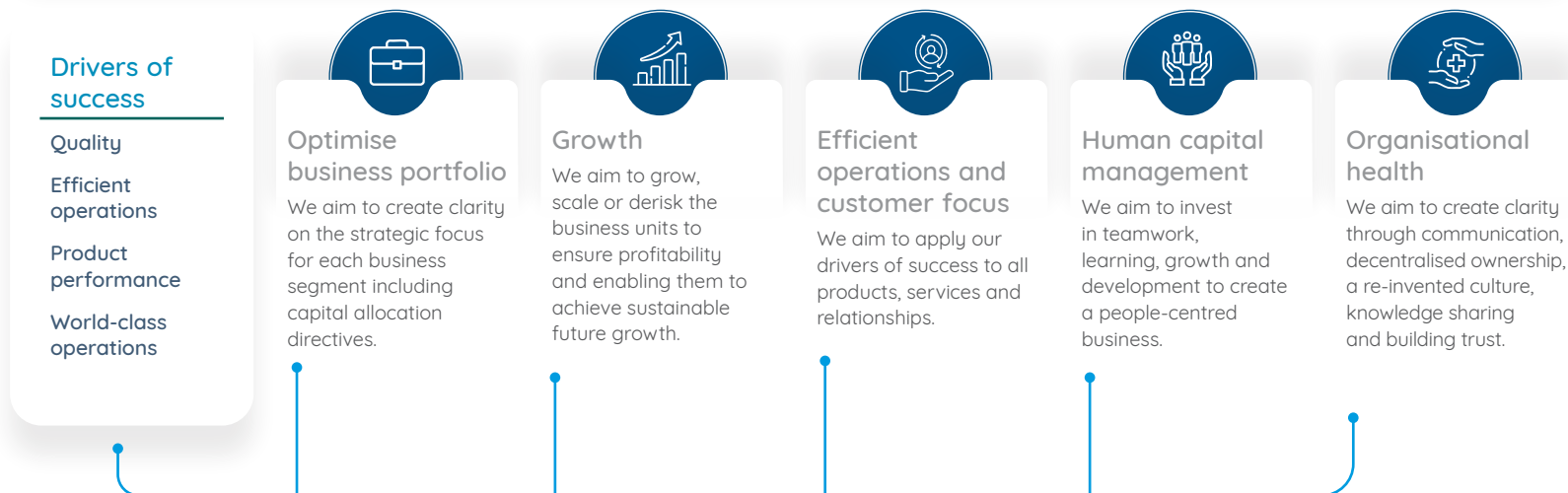


Board

At the annual Board strategy workshop in September, the executive team presented the new strategy, goals and underlying plans to the Board for approval. The Board approved the new strategy on 19 September 2024.

Quantum Foods' new strategy

Re-focus, optimise and grow



Read about our new purpose, vision and values on page 1

Future strategic decisions related to our new strategy included:

- Growing non-cyclical businesses such as the animal feeds and the broiler business
- Repurposing some of the facilities in the Western Cape and North West to focus on producing broiler hatching eggs in the north to optimise hatchery utilisation
- Increase layer breeding local market share
- Growing the *Mega* and animal feeds business in Zambia
- Continuing to rightsize the business to match market demand and protect margins

STRATEGIC RISKS

Proactive risk management is essential to implement our strategy and ensure that Quantum Foods remains a competitive and sustainable business. Risk management improves operational effectiveness, and higher value creation becomes possible if challenges are turned into opportunities.

The Board is responsible for risk governance and provides direction for how risks and opportunities are approached and addressed.



Risks are inherent in doing business and relate to our strategic themes, ESG priorities, business performance and compliance with laws and regulations. Risks also present opportunities as industry and market factors shift over time.

We encourage employees to be transparent and thorough in discussing risk issues, making all relevant facts and information available so we can consider all possible options and make informed decisions.

Risk management elements

Enterprise risk management framework	The enterprise risk management framework provides an overview of how we manage risks and provides examples of how this approach is implemented within the Group. Its key objective is to support the Board and ARC in discharging their duties as oversight bodies defined in their respective mandates and terms of reference.
Risk register	The Quantum Foods risk register and combined assurance model contain details of the risks identified, the risk classification, risk mitigation and desired and actual levels of assurance for effectively controlling our risk environment.
Principles and standards	Our approach to enterprise risk management ("ERM") is informed by the principles outlined by the Committee of Sponsoring Organizations of the Treadway Commission.
Risk culture	A healthy risk-culture is achieved and maintained by risk communication, training and information sessions, and encouraging employees to be transparent, honest and fact-based in discussing risks.
ERM system	The Quantum Foods ERM system helps identify potential events that may affect the business, manage the associated risks and opportunities and provide reasonable assurance that our strategic themes will be effectively implemented.
ERM policy	Our approach to risk management is set out in the Quantum Foods ERM policy. This policy is reviewed and approved annually by the Board. The policy provides details on the responsibility for risk management at the various levels in the Group and the requirements for risk reporting.

Our risk management process

 Our risk management process now includes formal consideration of direct climate impacts following the first climate risk and opportunity evaluation process at four operational sites this year.  Read more about the outcome of this process from page 98.


1

Identify and evaluate the risks and opportunities that may have a material impact on the Group's ability to achieve its strategy

Risks and opportunities are continuously monitored by senior management and discussed at a variety of forums – from weekly updates on the external environment and commodity price movements to monthly executive meetings. The CFO is accountable for the formal risk register, which is updated as part of an annual evaluation process to identify and evaluate risks and opportunities.


2

Define mitigating controls for each risk

The risks and relevant mitigating controls form the basis of our combined assurance framework, set out on  page 116. This framework is approved by the ARC and informs the internal audit programme.

3

Assess any residual risk if the Group's mitigating strategies are effective

Key residual risks are identified.  See the heat map on the next page.

4

Ensure ongoing risk management

Day-to-day risk management is the responsibility of operational and senior management as well as the executive committee. Risk management functions may set policies, define minimum standards and/or issue guidelines to support risk management. This includes implementation support through monitoring tools such as biosecurity or health and safety audits.

5

Review and revision

Testing, auditing and assessments are performed to ensure risks are effectively assessed, and appropriate risk responses and controls are in place. Any new risks identified are evaluated for inclusion in the risk register or combined assurance model.

6

Report on risks that occurred

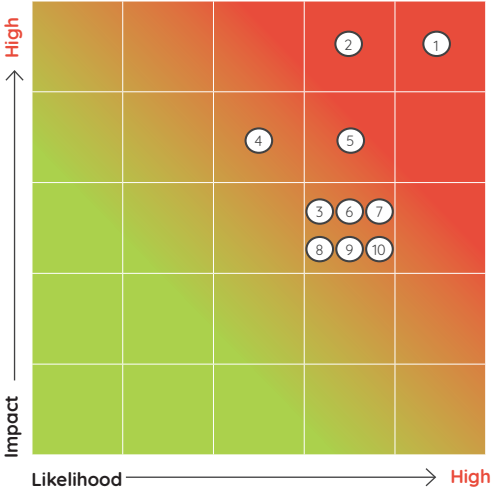
The executive committee has an ongoing responsibility to monitor risks and report back to the ARC and the Board. The ARC is mandated to oversee the Group's risk management framework. Our risk appetite framework sets out thresholds for material risks that are not only reported at a planned meeting but require immediate reporting to the ARC and Board. This assists the ARC and Board in continuously monitoring the level of risk at which the Group operates.

7

Update the Group's risk register and mitigating controls on an ongoing basis

Any newly identified risks (including additional mitigation controls) are updated and included as part of the Group's combined assurance framework.

Top 10 residual risks



1. Poultry diseases impacting the productivity of poultry (5/5)
2. Inability to cope commercially with raw material price increases – particularly maize and soybean meal (5/4)
3. Inconsistent power supply causing business disruption (3/4)
4. Disruption of physical supply of raw materials (imports and transport) leading to operational loss (4/3)
5. Egg supply and demand imbalances with oversupply resulting in pricing challenges (4/4)
6. Cyber security breach resulting in loss of information (3/4)
7. Product efficacy challenges (contamination, specifications or technical advice) leading to operational loss or reputational damage (3/4)
8. Suboptimal corporate culture negatively impacting the execution of the corporate strategy (3/4)
9. Industrial platforms, including programmable logic controllers not functioning optimally (3/4)
10. Key management exposure (leadership team) (3/4)



Risk and trend	Mitigation to create opportunities
Poultry diseases impacting poultry productivity 🦠	<p>HPAI can have devastating impacts on the poultry business and disrupt the market for animal feeds. It can lead to reduced productivity, lower efficiency and high mortality, resulting in financial and job losses. The prevalence of disease can increase due to climate change affecting migratory patterns of wild birds. We have a comprehensive vaccination and flock health monitoring programme to protect the Group's flocks. Strict biosecurity management is enforced, and further diversification of farming operations provides some mitigation against the potential impact and scale of poultry disease outbreaks.</p>
Inability to cope commercially with raw material price increases – particularly maize and soya meal 🌾	<p>The animal feed business relies on the availability of quality raw materials, especially maize and soybeans. Climate events can impact availability, nutrient levels and mycotoxins, leading to higher costs and potential financial loss. Our centralised raw material procurement team tracks market trends, costs and potential impacts daily. Procurement is supported by a Board-approved hedging strategy and policy, with no speculative positions taken.</p>
Inconsistent power supply causing business disruption	<p>Our operations require consistent power supply to manufacture animal feed, provide ventilation and feed to poultry, process hatching and commercial table eggs and provide administrative support. Load shedding decreased in South Africa in the second half of the financial year but increased significantly in Zambia. To mitigate power supply interruptions, we have backup generators at all sites. Disaster recovery and grid loss plans are in place, with the feed mills producing according to capacity planning programmes. Backup generators can protect livestock when needed and we are expanding solar generation capacity.</p>
Disruption of the physical supply of raw materials (imports and transport) leading to operational loss 🚚	<p>Without sufficient volumes of raw material components, our animal feed mills are unable to produce feed to meet customer requirements. Unavailability due to supply chain disruptions and changes in sourcing countries due to climate impacts can lead to significant financial loss and strain customer relationships. Formulation changes can mitigate this risk but can increase costs due to more expensive substitutes and reduce operational efficiencies. We allocate storage capacity to increase stock for at-risk products and continuously plan for key raw material availability. We have contracts with multinational suppliers that have alternative sourcing arrangements.</p>
Egg supply and demand imbalances with oversupply resulting in pricing challenges	<p>External shocks such as HPAI can cause sudden disruptions to the egg market. Supply challenges can lead to lower earnings and operational losses. Our focus on operational efficiencies and costs enables the Group to mitigate the financial impact of these disruptions. Flexible demand planning results in adjustments to production planning and capacity. We are able to move volumes between market segments and regions to smooth some demand and supply imbalances.</p>
Cyber security breach resulting in loss of information	<p>We rely on secure and accurate data for operations, customer interactions and financial performance reporting. Any privacy breach can result in financial penalties, loss and reputational damage. We have a combination of outsourced and internal security mechanisms in place. An external cyber security and penetration test showed a satisfactory outcome, with the team unable to physically or virtually penetrate the Quantum Foods cyber security defence systems. Regular risk awareness training occurs on the Ataata platform, with a disaster recovery test performed every six months. We drive initiatives to increase employee awareness, including requirements of the Protection of Personal Information Act, No. 4 of 2013.</p>

Risk and trend	Mitigation to create opportunities
Product efficacy challenges (contamination, specifications or technical advice) leading to operational loss or reputational damage 🌱	The quality and safety of our products rely on measures to avoid contamination, adherence to specifications and sound technical advice. This includes controls to detect mycotoxins and to ensure nutritional value through internal and external laboratory testing throughout the value chain. Poor product quality and safety can lead to lower flock and livestock productivity, animal mortality and human health risks, resulting in financial loss and reputational damage. We have a rigorous supplier selection process and contract based on detailed product specifications to mitigate this. Our formulation process can be adapted to allow for alternatives, substitutes and new additives to achieve nutritional levels that deliver optimum productivity and flock performance. Responsiveness to customer audits and feedback mitigates against sales volume impacts and supports good relationships.
Suboptimal corporate culture negatively impacting the execution of corporate strategy	Employees are sensitised about our values during their induction programme and receive and give feedback through the performance management programme. We also have a tip-off line where employees may anonymously report any issues.
Industrial platforms, including programmable logic controllers not functioning optimally	We have digital computer-based control systems at operational sites to automate, monitor and control machinery or processes. When these do not function optimally, it can result in process interruptions at our feed mills, farms, hatcheries and packing stations, resulting in lower efficiency. It can also lead to poultry mortality and affect flock performance due to suboptimal ventilation. We mapped all sites to ensure updated software, physical and digital controls to restrict unauthorised access, backups and service provider support.
Key management exposure	We maintain a formal succession plan which includes a quarterly talent planning review. A long and short-term incentive scheme is in place to retain senior management.

CHAIRMAN'S MESSAGE



WA Hanekom
Chairman

Quantum Foods is in a strong recovery phase after HPAI outbreaks in the northern regions of South Africa during the last quarter of FY2023 and the first quarter of FY2024. The Group delivered an operating profit of R231 million compared to a loss of R36 million during FY2023. This is a testament to the energy and experience vested in our executive management team and the resilience of our employees, who focused on efficiency and cost savings under difficult circumstances.

Governance and Board matters

The Board delivered on its charter to ensure the financial stability of the Group was sustained. During FY2024, Quantum Foods experienced a large number of share transactions and a volatile share price. The shareholder analysis as at 30 September 2024 is set out on pages 81 to 82 of the annual financial statements.

During the period, the Board continued to adhere to sound corporate governance principles, obtained expert advice and maintained a stakeholder-inclusive approach with a view to protect value.

The Board composition changed following the resignation of Ms TJA Golden on 31 May 2024. Ms TJA Golden had been on the Board since 2018.

Following the announcement published by the Company on 31 May 2024 informing shareholders of Ms TJA Golden's resignation, Ms TJA Golden brought an application in the High Court of South Africa (Western Cape Division, Cape Town) seeking an order to the effect that, *inter alia*, the provisions of the Company's memorandum of incorporation in terms of which the majority of the Company's directors required Ms TJA Golden's resignation be declared invalid and that she be reinstated as a director of the Company

("Application"). The Company opposed the Application, which was heard on 20 September 2024. Judgment was reserved.

Mr Piet Burger was consequently appointed as an independent, NED and member of the audit and risk and social, ethics and transformation committees from 29 July 2024. We welcome Piet, who has more than 30 years of manufacturing experience.

At the upcoming AGM, Mr Larry Riddle and I will stand for re-election as Board members of Quantum Foods. The appointment of Mr Piet Burger and Ms Adel van der Merwe, as directors of the Company, will be proposed to shareholders for approval.

Leadership changes

The Board provided oversight regarding changes to the executive management team.

The previous CEO of Quantum Foods, Mr Hennie Lourens, retired from his position of CEO with effect from 1 April 2024 and resigned as an executive director on 31 May 2024. He had been CEO since 2007, when Quantum Foods was still a division of Pioneer Foods, and joined the Board on 27 January 2014. Hennie was a seasoned and respected leader, and the Board has shared their gratitude for his contribution to Quantum Foods' growth and legacy.

Ms Adel van der Merwe was appointed as the new CEO from 1 April 2024. She joined Quantum Foods in 2008 and held positions in procurement, animal feeds and the egg business, most recently as Executive: Internal Layer Farming and Eggs, during her career with the Group. She brings invaluable experience and fresh perspectives to her new role.

Mr David Nel, previously the national egg packing station manager, was appointed as the new Executive: Internal Layer Farming and Eggs.

The Board is confident that Quantum Foods has a diverse, skilled and highly committed executive team with a vision that will bring new growth opportunities.

Strategy and succession

The new executive team initiated a constructive and open review of the Quantum Foods strategy. The Board assessed management's proposed changes to the strategy, recognising the interdependencies between strategy, risk, performance and sustainability. The longer-term strategy and plans for the next year were approved, and the Board will track progress against these plans and targets.

Although the leadership change process was seamless, the Board will continue to focus on succession planning and growing the Group's talent pipeline. The investment in leadership development continued while the Board also approved an increase in the retirement age from 60 to 63.

This decision was supported by industry research, consideration of retirement fund risks and the need to retain specialist industry skills.

Remuneration

At the AGM on 23 February 2024, more than 25% of the shareholder votes were against the non-binding endorsement of the Company's remuneration policy and the Company's implementation report on the remuneration policy. The Board invited shareholders to engage with us about their concerns. The Company did not receive any feedback on the matter from dissenting shareholders that would require changes to the remuneration policy to be made.

Industry matters

This year, the need for HPAI vaccination emerged as a critical matter, particularly given the hurdles that producers face to meet government's approval criteria. This is causing further inertia, given that the next HPAI outbreak will almost certainly occur – it is just a matter of time.

The Board and executive team also noted the Western Cape High Court ruling in favour of a producer from George who took a decision by the Director General of Animal Health to court. The decision related to the value of HPAI-affected poultry, which was deemed to have zero value from a compensation perspective as set out in the Animal Diseases Act. The judgment determined that a new value should be determined by the Director General based on the value of a healthy animal prior to the state's instruction to destroy the animal. Further developments in this case will be closely monitored. Quantum Foods submitted its claim for compensation related to the 2023 and 2024 HPAI outbreaks, received confirmation of submission, clarified initial questions received and awaits further feedback from the Director General.

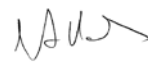
Both vaccination and compensation are critical issues for the sustainability of our industry. Quantum Foods remains open to engage but believes vaccination is the most appropriate, responsible and urgent measure to introduce.

Dividend

The Board has resolved not to declare a final dividend for the year ended 30 September 2024 (FY2023: nil cents) as the Group continues to invest in replacing flocks, resuming operations, and investing in growth.

Appreciation

I want to thank our Board members for their support and unwavering commitment during a tumultuous year. Your dedication to your fiduciary duties and the protection of value will continue to contribute to the Group's legacy and sustainability.



WA Hanekom
Chairman

CEO REPORT



Adel Deidré van der Merwe
Chief Executive Officer

FY2024 will be remembered for the severe impact of HPAI on our layer farming and egg businesses, the Malmesbury feed mill explosion, leadership changes and dramatic fluctuations in our share price on the back of shareholder activity.

The Group recovered well from these events and delivered better performance than anticipated, especially in the broiler business and other Africa operations. Revenue decreased by 8.9% to R6.3 billion but HEPS increased from a loss per share of 17.4 cents in FY2023 to a profit of 80.4 cents.



- Avian influenza was prevalent in South Africa until the first quarter of 2024, with most affected operations only starting up again from June 2024
- Layer livestock and egg volumes were significantly impacted by HPAI leading to lower volumes and higher selling prices
- The lower volumes resulted in under-recovery of costs and weaker efficiencies achieved
- Grain prices declined compared to FY2023, supporting margin improvement
- The broiler business performed very well despite not achieving target capacity at the expanded Hartbeespoort hatchery
- Satisfactory profits were achieved
- Cash flow was impacted by capital projects and layer flock recovery
- Significant reduction in load shedding and related costs
- Strong results from other African countries
- Malmesbury feed mill expansion commenced to increase capacity for more specialised feeds

Our response to HPAI

Quantum Foods lost layer value chain birds to the value of R37 million due to HPAI outbreaks this year. This was in addition to the R155 million loss in FY2023. The bird value loss is but one aspect of the impact on our business. Facilities were closed or mothballed, people were retrenched or put on layoff, the animal feeds business suffered volume declines and market share was lost due to egg shortages.

We explain the prevalence of HPAI strains and the current vaccination situation in the operating context on page 36.

In the absence of vaccination, HPAI will remain a key risk with limited mitigation options, resulting in major uncertainty for Quantum Foods, which could severely impact earnings. Although government has published protocols for voluntary vaccination against HPAI, we are not aware of any producers in South Africa who have successfully applied for vaccination.

Multiple engagements with owners of poultry farming assets in South Africa ensured access to additional facilities in areas with a lower inherent HPAI risk. As such, we could start rebuilding the layer breeder flock, delivering hatching eggs for layer rearing and commercial egg production. [Read more about the new layer breeding model on page 60.](#)

ANIMAL FEEDS



Revenue



Adjusted operating profit



Total volumes



Highlights	Areas of concern/improvement
<ul style="list-style-type: none">Favourable raw material price positionGood price-volume-managementCosts well controlledExternal volume recovery towards the end of FY2024Malmesbury new factory construction commenced	<ul style="list-style-type: none">HPAI and foot-and-mouth disease impacting volumesSignificantly lower volumes required from the Pretoria feed mill leading to a factory being temporarily mothballedProduct mix impact on cost and efficienciesExplosion at Malmesbury raw material intakeMalmesbury, George and Paterson at capacity

The animal feed business performed well in a difficult environment. Key feed raw material costs were lower than the previous year, mainly due to reduced international selling prices. These costs were partially offset by the Rand weakening against the US Dollar.

External volumes decreased by 0.5%, muted by HPAI and foot-and-mouth disease. Lower orders in the north, compounded by a drop in internal volumes, resulted in the temporary closure of one of the Pretoria feed mill factories. We implemented contingency plans, including adjusting logistics, not filling vacancies and not working overtime.

We also adjusted raw material imports and deliveries by rolling contracts forward to mitigate HPAI-related impacts on feed volumes.

Due to HPAI, our focus was on margins rather than volumes, with astute procurement assisting in protecting profitability.

We nevertheless achieved two record levels in the animal feed business this year. May saw the highest-ever volume of external feed sold, which supported the highest-ever monthly contribution to the business.

We also increased our active engagement with the Quantum Foods broiler and layer farms to ensure we deliver the same level of technical advice and management input as for external customers. This included appointing a technical advisor exclusively for internal customers. This has already assisted in delivering record cycles for the broiler business as we share information and expertise to the Group’s advantage.

Malmesbury feed mill incident and new factory construction

Quantum Foods experienced an explosion at the Malmesbury feed mill on 10 June 2024, which regrettably led to one fatality and two serious injuries. 🏥 Read more about our support to the affected families and our employees on page 23.

The explosion caused physical damage to offloading equipment at the raw material intake area and weighbridge. Operating activities outside the affected area continued using raw material stored in on-site silos until the Department of Labour approved a temporary raw material intake procedure.

Although operations could continue and order volumes could be met, the incident resulted in a slower production rate and lower efficiencies, which increased costs.

We also delayed commencing the construction of the new factory due to the physical complexity of running multiple operations while doing repairs. The explosion increased our focus on potential risks in the design and construction of the new factory. We also appointed an external consultant to focus on health and safety as a priority.

Construction of the new factory commenced end July 2024, with estimated completion in December 2025 and full production from February 2026.

FARMING



Revenue

↑ **R1 866 MILLION**
+2.1% from FY2023

Adjusted operating loss

↑ **R11 MILLION**
(FY2023: R80 million loss)
that includes a HPAI biological asset
write-off of R37 million
(FY2023: R155 million)

Day-old pullet volumes

↓ **18.6%**

Day-old broiler chick volumes

↑ **4.0%**

Highlights	Areas of concern/improvement
Broiler farming <ul style="list-style-type: none"> 13.9% increase in day-old-chicks produced per hen housed Achieved Aviagen Silver award <i>Bellevue Chix</i> is a trusted brand in the northern regions New customers in northern regions Layer farming <ul style="list-style-type: none"> Implementation and execution of HPAI recovery plan Hatching eggs imported Current breeder flock is disease-free Maintained key customer relationships Financial recovery post-HPAI Improvement of layer farm efficiencies outside HPAI-affected areas External producers contracted and capacity sharing Quarantine lifted on rearing and layer farms 	Broiler farming <ul style="list-style-type: none"> Increased mortalities at breeder level in the southern region Shortage of hatching eggs High cost of imported hatching eggs Above target feed conversion ratio at broiler farms Inconsistent broiler performance in northern regions Layer farming <ul style="list-style-type: none"> Loss of 90% of breeder flock by end of Q1 of FY2024 Day-old chicks and point-of-lay availability and production Under-recovery of costs on farms South African HPAI status concerning exports Extended layoffs at farms Increased security threats at farms Management and costs of dormant farms

Broiler farming

Broiler farming revenue increased by 3.5% to R1 699 million. This followed more than three years of executing the transition from Cobb 500 to Ross 308 genetics, which was fully implemented and completed this year. We experienced significant flock management benefits and improved performance.

We also won our first Aviagen¹ Silver award, an important performance benchmark to ensure we optimise the genetic potential of our flocks and apply excellence in animal husbandry.

The upgraded *Bellevue Chix* Hartbeespoort hatchery under-performed as the shortage of eggs due to HPAI resulted in lower capacity utilisation and efficiencies. We also experienced higher mortalities in the Western Cape at breeder level, impacted by bird health.

We started the year with very high performance at our broiler farms. Despite having a winter production plan, the efficiency of the broilers weakened with the onset of colder weather. This led to lower daily growth rates, higher feed conversion rates, lower slaughter weights and lower profitability. Various additional measures were implemented to reverse the lower performance. What was positive, however, is that despite weaker production performance in the winter period of 2024, results were still significantly better than the performance achieved in the winter period of 2023.

HPAI impacted one broiler breeder farm in the northern regions, but due to quarantine regulations, the hatchery on the same property also had to close for a period. When the hatchery reopened, we could absorb farm employees there, avoiding employee retrenchments. To supplement reduced local supply, we imported hatching eggs from Brazil and Spain. This was a costly venture with quality issues, complex handling and logistics challenges.

On top of this, we had to absorb significant costs related to laboratory testing, additional veterinary surveillance services, and transportation costs for chicken samples. Chickens from imported eggs had to be managed separately on the farm to ensure traceability.

Due to temporary shortages in the day-old chick market, customers were willing to pay higher prices. However, this did not match the effort and cost to secure supply. For this reason, we stopped imports in February, settling for lower volumes but much better quality.

Total day-old chick production increased by 4.0% and live broiler volumes supplied increased by 4.4%.

We gained a major new customer in the northern region and continued investing in the *Bellevue Chix* brand. This included branding trucks, vehicles, clothing and stationery. We also improved visibility by taking the brand into communities. 🌱 Read more about our charity golf day contribution on page 83.

ZA accreditation in process

Any South African farm that exports products is required to have a ZA number as part of its export certification. Our broiler farming business has started preparing all rearing, layer and hatching facilities and equipment for certification. The certification applies to all facilities in a product's value chain, and full traceability per animal is required. The certification is awarded by the State Veterinary office.

Since our major customers export, we must ensure compliance to secure our future relationship with them.

A further benefit of this process relates to HPAI vaccination, as government is likely to only approve farms with ZA certification for vaccination.

This is a significant investment for the broiler business, with all applications for certification to be submitted by December 2024.

¹ Aviagen owns the Ross broiler brand. <https://aviagen.com/#>

Layer farming

Layer farming revenue decreased by 10.4% to R168 million in one of the most difficult years ever for this business.

HPAI resulted in 90% of our parent flock being culled and all breeder and northern rearing farms being quarantined for a minimum of three to four months. This caused major disruptions to the normal bird placement and depopulation cycles. The HPAI outbreak was devastating for the *Bergvlei Chicks* business, which relies on the northern region for more than 80% of production.

We converted our hatchery to meet import status requirements and obtained the necessary permits. Hatching eggs were imported from international sources to augment the severely restricted local supply, but imports turned out to be of lower quality in addition to being significantly more expensive. As per regulations, the imported hatching eggs had to be incubated separately from local eggs. This was a very costly process, but it ensured some supply of day-old chicks for placement on rearing farms and ultimate supply to the egg packing stations, which suffered from an extreme shortage of eggs.

We implemented a robust recovery plan to ensure a pipeline of day-old pullets and to start new flock placement at our own and contracted farms. By the end of FY2024, the *Bergvlei Chicks* business was self-sufficient in terms of locally produced hatching eggs. We also had sufficient layer breeder birds to supply day-old chicks to rebuild our layer flock and increase livestock sales to customers. Smaller, geographically spread flocks negatively impacted the cost of hatching egg production but reduced the risk of disease interruption.

Customers were very supportive this year. However, the exceptional growth in the day-old chick export business we started building last year had to be put on hold due to HPAI-related border closures.

Egg production volumes for FY2024 were approximately 64% lower than the previous year, leading to significant cost under-recovery on the layer farms.

To enable us to scale volumes in line with market demand while our own farms were under quarantine, day-old chicks and point-of-lay hens were placed on contractor farms for rearing and commercial egg production.

We expect the commercial layer flock recovery in South Africa to be slow and egg prices to remain above average well into 2025. Our intent is to place fewer birds than previously at the Gauteng/North West farms in the next year, applying a phased approach.

With these arrangements in place, we decided to put three of our North West farms on the market for sale. These farms are all located in high-risk areas for HPAI, and all have older infrastructure.

The impact of HPAI on the Western Cape was lower this year. Mitigation for lower egg production included keeping birds at farms in the Western and Eastern Cape in production for extended periods despite lower performance and higher feed conversion rates.

A new layer breeder model

Opportunity is born from adversity. With 90% of our layer breeder farms under quarantine due to HPAI, we started contracting with other breeder farms to secure a supply of day-old pullets. We also converted three houses at the Tongaat layer rearing farm in KwaZulu-Natal, which was closed in FY2023, to a layer breeder farm. Both the Tongaat and the contract breeder farms were in lower-risk HPAI areas, well removed from other farming operations.

The newly contracted farmers were not using their full capacity and we required capacity for breeding. We contracted with them while providing the parent stock and animal feed. This was a win-win for all parties, including the other Quantum Foods business units.

The outsourced model enabled us to bounce back faster than other producers while keeping investment and production costs low and benefitting from existing farm efficiencies. We structured contracts to reward farmers for quality and volumes.

In this model, Quantum Foods owns no physical assets other than the birds. We plan to evaluate the performance of this model to determine our future strategic direction.

EGGS



Revenue

R859 MILLION
↓ -35.0% from FY2023

Adjusted operating profit

R140 MILLION
↑ (FY2023: R42 million loss)

Total volumes

54.5%
↓ down from FY2023

Highlights	Areas of concern/improvement
<ul style="list-style-type: none">• Sales channel and egg realisation management• Improvement in packing station efficiencies• Exit Free State market in line with strategic intent	<ul style="list-style-type: none">• Extended layoffs at packing stations• Loss of key personnel at Sova and Pinetown packing stations• Financial performance of Sova and Pinetown packing stations• Lower sales to a large liquid egg customer

HPAI significantly impacted the egg business as we lost our total commercial layer flock in Gauteng/North West. The permanent closure of the Bloemfontein egg packing station was already planned for FY2024. However, we negotiated to exit the rental contract earlier due to the impact of HPAI.

The Pinetown egg packing station was mothballed as 100% of egg volumes were from Gauteng/North West, with no eggs available from September 2023. This egg packing station started operations again in August 2024, following flock placements at our biggest farm in Gauteng. Due to good relationships with our anchor customers, we started clawing back market share, albeit at reduced prices.

The Sova egg packing station in Gauteng continued operating with limited volumes. Eggs were transported from Gqeberha and the Western Cape, enabling us to continue serving customers in the formal retail and informal markets. To mitigate our egg supply challenge, we contracted with external producers to place a limited number of our own birds on their farms. As a new mitigation measure, this gave us access to supply in lower-risk areas closer to our operations.



OTHER AFRICAN COUNTRIES



Revenue

↑ **R468** MILLION
+5.7% from FY2023

Adjusted operating profit

↑ **R45** MILLION
(FY2023: R1 million loss)

Egg volumes

↓ **0.7%**

Day-old chick volumes

↑ **56.7%**

Highlights	Areas of concern/improvement
<ul style="list-style-type: none">Commercial egg production in Zambia and MozambiqueEgg sales and realisation in Zambia and MozambiqueCompletion of the Lusaka feed mill projectImprovement in Uganda broiler breeder productionDay-old chick sales in Uganda (also from own Sasso parents)Established day-old chick export channels from Uganda	<ul style="list-style-type: none">Lusaka broiler breeder productionVery high raw material costs in ZambiaVery low demand for feed sales in ZambiaVery high levels of load shedding in ZambiaUganda commercial layer productionUganda breeder flocks spread over four locationsInterruption of point-of-lay placement in Mozambique

Performance in all three African countries exceeded expectations this year, with Mozambique as the star performer.

Zambia

Trading conditions in Zambia were impacted mainly by the weakening Zambian Kwacha, a significant increase in maize costs, higher inflation and increasing levels of load shedding. This negatively impacted margins in the egg business and the demand for feed.

The weakening of the Kwacha resulted in much higher costs, as management salaries, vaccination expenses, soya meal, water treatment and spare parts are mostly paid in foreign currency.

Day-old chick sales volumes improved from very low volumes in FY2023 despite the negative impact of higher feed costs on the demand for day-old chicks. The commercial egg business continued to be the core strength of the Zambian business.

Extended load shedding caused generator breakdowns, while the completion of the Lusaka feed mill expansion made a limited contribution due to raw material cost increases that significantly affected demand.

Uganda

Trading conditions in Uganda improved due to lower feed raw material costs, which stimulated demand for day-old chick volumes and feed. Disease outbreaks continued on one of our Kampala farms, while both farms in the city are becoming problematic due to urban sprawl. To meet lively market demand, we rented an additional farm and started planning for additional facilities on the existing layer breeder farm while considering our options for buying and selling property.

Uganda's newly appointed managing director created a new sales structure with agents in Kenya and new clients in Tanzania.

This will enable us to ramp up exports as soon as we have geared our supply pipeline. We obtained access to Sasso genetics, imported hatching eggs and started selling our first own-produced Sasso day-old chicks in May 2024.

The Sasso breed of chickens and layers have been specially bred for efficiency in an informal husbandry environment. They are strong, robust and can thrive in harsh African climate conditions while providing high performance and a balance of traits, such as rusticity¹, good meat quality and easy management.

We have been able to effectively manage a mix of breeds in our hen houses and hatcheries despite the associated operational complexities.

Feed sales volumes showed a good improvement, albeit from a low base.

Mozambique

In Mozambique, egg selling prices increased significantly due to HPAI-related supply restrictions from South Africa. Feed costs declined compared to the previous year.

Egg sales declined over the year due to lower hen numbers and older flocks. Point-of-lay hen replacement was challenging due to border closures, but we eventually obtained a permit to import hens from South Africa and Swaziland by road into Mozambique.

The *Galvos* egg brand remained strong in the retail market in southern Mozambique.

¹ The natural resistance of a breed to disease and its ability to adapt to different climates and farming conditions.



Maintaining a high-performance culture

In a very difficult year, our operations have done exceptionally well. Our people handled the HPAI outbreaks with tenacity, executed the recovery plans to repopulate farms well and retained their focus on efficiency and managing costs.

Our people also handled the unfortunate Malmesbury incident with compassion, care and competence.

Quantum Foods' employees are key to executing our strategy. In our strategy development process, we committed to communicating focus areas and changes to employees and making our plans practical and clear for them to implement.

We maintained good relationships with labour unions, who participated in the difficult process of closing facilities, whether permanently or temporarily. We limited job losses as much as possible, as we know every job will likely support a family and more.

Given the limited industry skills pools, we focused even more on talent management and succession planning this year. We continued our investment in leadership development. We also support line managers in better handling grievances and disciplinary hearings to drive better outcomes for all.

Our ESG agenda

I was privileged to attend a week-long seminar at Harvard University this year. Interactions with other business leaders really brought the message home about the importance of ESG. The Group has always been committed to being a responsible business and a good corporate citizen. Still, we need to drive this harder and take proactive steps to embed ESG principles in our daily operations.

Identifying operational climate risks and opportunities was an important initiative launched this year. We recognised that the integrated nature of the Quantum Foods value chain can be a strength and a weakness when considering climate risk. Climate-related factors (as opposed to market factors) can affect HPAI and mycotoxin prevalence, which can occur throughout the entire chain, reducing overall resilience. 🌱 Read more about our climate risk insights in the section on page 98.

What became evident from this process was that the internal capabilities that the Group developed over years of dealing with HPAI have created a responsive culture and operations. This positions Quantum Foods well to deal with climate risk events. We also have extensive mitigation and adaptation measures already in place.

Outlook

The HPAI outbreak of 2023 revealed new risks and opportunities for our operations, which have all been incorporated into our new strategy.

Our key expectations:

- The expansion in feed mill capacity that is underway will position the Group well for increased demand, especially in specie-related animal feeds
- The broiler business remains a key growth area where we plan to become self-sufficient in terms of breeder eggs
- We intend to limit layer flock growth in the next cycle to optimise current assets before expanding day-old chicks and point-of-lay hen supply
- We will continue rightsizing our commercial layer farming and *Nulaid* operations with a more focused geographical and market approach
- In Zambia, we plan to drive capacity utilisation for the expanded feed mill through expected layer capacity increases
- In Uganda, we plan to increase hatchery capacity and drive further breeder growth
- In Mozambique, we continue looking for partners to scale the business



AD van der Merwe
Chief executive officer

CFO REPORT



Andre Muller
Chief Financial Officer

Financial performance stabilised at healthy levels of profitability towards the end of the financial year as volumes recovered following the HPAI outbreaks. Results improved significantly compared to the previous year based on lower raw material prices, higher broiler efficiencies, higher egg prices, lower energy costs and strong performance from operations in Africa.



- Revenue decreased by 8.9% to R6 332 million
- Cost of sales decreased by 11.5% to R5 107 million with feed costs declining, improved broiler efficiencies and lower volumes produced
- Biological assets of R37 million were written off due to HPAI compared to R155 million in FY2023
- Operating profit increased to R231 million from a loss of R36 million in FY2023
- Headline earnings per share increased to 80.4 cents
- Animal feeds revenue decreased by 6.6% and adjusted operating profit decreased by 9.5%
- Broiler and layer farming revenue increased by 2.1% and recorded an adjusted operating loss of R11 million
- The eggs business revenue decreased by 35.0% but recorded an adjusted operating profit of R140 million
- Other African countries revenue increased by 5.7% and recorded an adjusted operating profit of R45 million

SUMMARY STATEMENT OF INCOME	2024 R'000	2023 R'000
External revenue	6 332 075	6 952 575
Eggs	858 979	1 322 275
Farming	1 866 400	1 828 625
Animal feeds	3 138 813	3 358 828
Other African countries	467 883	442 847
Cost of sales	(5 107 263)	(5 769 663)
Gross profit	1 224 812	1 182 912
Other income	16 186	18 853
Other gains/(losses) – net	185 243	(66 389)
Net impairment losses on trade and other receivables	(2 068)	(5 941)
Cash operating expenses	(1 088 482)	(1 055 475)
Depreciation and amortisation	(104 771)	(109 883)
Segment results	230 920	(35 923)
Eggs	141 499	(42 367)
Farming	(13 203)	(81 365)
Animal feeds	93 934	103 510
Other African countries	45 598	(863)
Head office costs	(36 908)	(14 838)
Net finance cost	(11 786)	(18 108)
Share of profit of associate company	724	1 070
Profit/(loss) before income tax	219 858	(52 961)
Income tax (expense)/credit	(59 454)	17 387
Profit/(loss) for the year	160 404	(35 574)
Headline earnings per share (cents)	80.4	(17.4)
Dividend per share (cents)	–	–

Revenue growth impacted by HPAI

Group revenue decreased by 8.9% to R6.3 billion (FY2023: R7.0 billion) in a year characterised by:

- A 6.6% decrease in revenue from the animal feed business, including a 0.5% drop in sales volumes, mostly due to HPAI and a 6.2% decrease in average selling prices following adjustment for lower raw material costs.
- A 2.1% increase in revenue from the farming segment, with live broiler sales volumes increasing by 4.4% and selling prices reducing by 5.1% on the back of lower production costs. Layer farming volume impacted by HPAI resulted in lower revenue from this business.
- A 35.0% decrease in revenue from the egg segment with a 54.5% decrease in sales volumes, partially offset by elevated egg prices in South Africa, resulting from the shortage of eggs following the 2023 HPAI outbreaks.
- Revenue from Zambia decreased mainly due to lower feed sales and the weakening of the Kwacha.
- Day-old chick volume increases in Uganda and higher egg prices in Mozambique were the main drivers of revenue growth in these countries.

Revenue for South African operations decreased by 9.9% to R5 864 million (FY2023: R6 510 million).

Revenue from other African operations increased by 5.7% to R468 million (FY2023: R443 million). Revenue from other African operations contributed 7.4% to total revenue, up from 6.4% in 2023.

Disciplined cost management

Cost of sales decreased by 11.5% to R5.1 billion (FY2023: R5.8 billion) and cash operating expenses increased by 3.1% to R1 088 million (FY2023: R1 055 million) and included:

- Lower raw material costs related to reduced international selling prices leading to lower operational costs:
 - The average price of yellow maize on SAFEX decreased by 5.2%
 - The average landed price of soya meal decreased by 11.0%
 - The weighted average cost of layer and broiler feed decreased by 7.9% and 8.5%, respectively

- Lower costs resulting from HPAI outbreaks, which included R37 million for biological assets written off compared to R155 million for FY2023.
- No load shedding since March 2024 with lower fuel cost offset against rising electricity prices. Generator fuel expenses decreased by R38 million from FY2023.
- Manpower and distribution costs were lower, mostly due to HPAI volume impacts.
- Higher head office cost resulted from professional fees pertaining to certain shareholder-related and legal matters.
- A R27.2 million provision for short-term incentive bonus (FY2023: R4.6 million).

A return to profitability

Operating profit before items of a capital nature was R232 million compared to a loss of R35 million in the previous year.

South African operations recorded an operating profit of R224 million (FY2023: loss of R19 million) at a margin of 3.8% (FY2023: -0.3%). Other African countries recorded an operating profit of R45 million (FY2023: loss of R1 million) at a margin of 9.7% (FY2023: -0.3%).

The realised fair value adjustments for the current reporting period amounted to a profit of R172 million (FY2023: loss of R64 million), which included a R37 million (FY2023: R155 million) biological asset write-off due to birds being infected with HPAI. The change in the fair value adjustment from a loss to a profit is primarily due to the increased margin on eggs produced. Gross profit, excluding the fair value adjustments, increased by R278 million to R1 396 million (FY2023: R1 119 million) at a margin of 22.1% (FY2023: 16.1%).

Profit from the animal feed segment decreased by R10 million. The lower profit includes a charge of R10 million related to additional costs incurred following the explosion at the Malmesbury feed mill. Any insurance recovery will only be accounted for in FY2025.

The significant increase in egg selling prices in South Africa contributed mostly to the eggs segment's profit increasing by R182 million compared to the previous year.

The farming segment reported a loss of R11 million compared to a loss of R80 million in FY2023. Profit from the broiler farming business improved from FY2023 while the layer farming business earnings remained severely affected by the continuing impact of the HPAI outbreaks that started in FY2023. Layer farming earnings were negatively impacted, especially in the first half of FY2024, by costs incurred to cull infected birds, clean and prepare farms for future placement, cost under recovery due to very low production volumes and weaker efficiencies caused by disruption to the normal bird placement cycle.

Profits from Uganda and Mozambique were much improved from FY2023. In Uganda day-old chick demand improved on the back of lower feed raw material costs and in Mozambique the business benefitted from significantly increased egg prices. Zambia reported lower earnings, impacted by challenging trading conditions due to high raw material costs, weak demand for feed and day-old chicks, high levels of load shedding and a weakening currency.

Head office costs increased from R15 million in FY2023 to R37 million in FY2024, due to higher expenditure on corporate matters.

Headline earnings per share increased to a profit of 80.4 cents from a loss of 17.4 cents in FY2023.

Healthy cash flows evident

SUMMARY CASH FLOW STATEMENT	2024 R'000	2023 R'000
Cash flow from operating activities	264 268	276 410
Cash flow from investing activities	(140 457)	(135 888)
Cash flow from financing activities (excluding dividend)	60 933	(49 606)
Dividend paid	(9)	(56)
Movement in cash for the year	184 735	90 860

Cash flow from operating activities amounted to R264 million (FY2023: R276 million) and included an increased investment in working capital of R110 million (FY2023: decrease of R53 million).

The increase in the investment in working capital for FY2024 included:

- The partial rebuilding of the layer flock. The write-off of biological assets was a non-cash flow item.
- Total inventory on hand decreased to R362 million (FY2023: R416 million).
- Total trade and other receivables increased by R31 million to R721 million.
- Total trade and other payables increased by R69 million to R697 million.

Cash flow from investing activities includes capital expenditure on property, plant and equipment and intangible assets amounting to R153 million (FY2023: R143 million).



In addition to maintenance capital, the main projects were the expansion of the Malmesbury feed mill and the construction of new layer rearing houses. [Read more about the incident and progress with construction on page 58.](#)

Cash flow from financing activities amounted to an inflow of R61 million (FY2023: outflow of R50 million). This includes the borrowings of R100 million raised following the conclusion and draw down of the term loan facility. Covenants for the working capital facility and the term loan facility were maintained with significant headroom.

Cash and cash equivalents improved from R71 million at 30 September 2023 to R246 million, with Quantum Foods also having a term debt of R99 million outstanding at 30 September 2024.

The Rand value of the Group's investment in the other African countries segment decreased by R90 million from 30 September 2023, primarily due to the devaluation of the Zambian Kwacha to the Rand.

SUMMARY STATEMENT OF FINANCIAL POSITION	2024 R'000	2023 R'000
Non-current assets	1 429 050	1 420 267
Current assets (excluding cash)	1 540 547	1 441 996
Cash	245 828	71 365
Current liabilities (excluding lease liabilities)	(721 683)	(630 783)
Non-current liabilities (excluding lease liabilities)	(355 942)	(243 703)
Lease liabilities	(43 085)	(43 206)
Equity	2 094 715	2 015 936

Dividend declaration

The Board resolved not to declare a final dividend for FY2024.

A Muller
Chief financial officer

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE



1. Lesego Amos Selaledi
2. Roelof Viljoen
3. Sello Lacton Mailula
4. André Hugo Muller

5. Wouter André Hanekom
6. Geoffrey George Fortuin
7. Heather Elizabeth Pether
8. Pieter Francois Theron Burger

9. Jan Hendrik van Rhyn
10. Gary Vaughan-Smith
11. Larry Wilson Riddle
12. Marthinus Petrus van Lill

13. Ziyanda Patience Wakashe
14. David Michael Nel
15. Adel Deidré van der Merwe



**WOUTER ANDRÉ
HANEKOM (65)**

Chairman

André was appointed to the Board on 1 October 2014 and elected as chairman of the Board on 28 April 2015.

Qualifications
CA(SA)

Quantum Foods Board and committee membership

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

André joined Bokomo Breakfast Cereals in 1988 as a financial manager. He was later appointed as operational executive, and in 1994, he was appointed as chief executive officer of Bokomo. After the merger between Sasko and Bokomo, André served as the executive responsible for Sasko Milling and Baking, after which he was appointed as chief executive officer of Pioneer Foods in 1999.

André retired as chief executive officer of Pioneer Foods in March 2013.



**GEOFFREY GEORGE
FORTUIN (57)**

Lead independent director

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

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

Quantum Foods Board and committee membership

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

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



**PIETER FRANCOIS
THERON BURGER (61)**

Independent non-executive director

Piet was appointed to the Board on 29 July 2024.

Qualifications
B Eng (Chemical), MBA

Quantum Foods Board and committee membership

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

Piet has over 30 years of manufacturing experience having held executive positions at both Tiger Brands Limited and Pioneer Food Group Limited, together with various management positions at Pioneer Foods. Piet retired from Pioneer Foods in 2018.



**LARRY WILSON
RIDDLE (65)**

Independent non-executive director

Larry was appointed to the Board on 28 September 2020.

Qualifications
BCom, BAaccSc(Hons), CA(SA)

Quantum Foods Board and committee membership

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

Larry previously held the positions of commercial director and group corporate & external affairs director of Illovo Sugar Africa (Pty) Ltd ("Illovo") for seven years and three years respectively. He held a number of senior management positions in Illovo, including general manager of the Illovo South African Operations prior to his appointment as a director. Larry played a key role in looking after the Illovo joint ventures and associate companies in the Illovo group, including Gledhow Sugar Company, Glendale Distilling Company, Lacsa (Pty) Ltd and Relax Ltd.

He was chairman of a number of the Illovo retirement funds. He is a past chairman of the South African Sugar Millers' Association and the Ethanol Producers' Association of South Africa. Larry is currently the chairman of Crookes Brothers Ltd.



R Remuneration **SET** Social, ethics and transformation **AR** Audit and risk **N** Nomination **I** Investment **C** Committee chairperson



**GARY
VAUGHAN-SMITH (61)**

Non-executive director

Gary was appointed to the Board on 19 February 2021.

Qualifications

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

Quantum Foods Board and committee membership

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

Gary is the founding partner and CEO of Silverstreet Capital LLP London, UK, an asset management business focused on investing in the African agricultural sector. He has extensive experience in the African agricultural sector in Eastern and southern Africa, including poultry, beef, processing, storage, seed and primary production. He has overseen investments of more than R9 billion into the African agricultural sector, many of which have been greenfield developments. Between 2001 and 2006, Gary was head of the alternative investment group at ABN AMRO Asset Management, based in London. Between 1990 and 2001, he was at Gartmore Investments Ltd, initially heading the quantitative investment team and then head of Gartmore's global portfolio team, also in London. Gary has broad experience in sourcing funding for projects and new investments. He has overseen the establishment of high ethical, ESG standards in the companies that the Silverlands Funds have invested in.



**ADEL DEIDRÉ
VAN DER MERWE (53)**

Chief executive officer

Adel has been with Quantum Foods since 2008 and was appointed to the Board on 1 April 2024.

Qualifications

BCom Management Accounting

Adel started in the corporate finance department of Pioneer Foods in 1995 and moved to central procurement, where she spent the bulk of her time involved in raw material and commodity procurement. In 2008, she joined *Nova Feeds* while it was still a division of Pioneer Foods. She joined the egg business in 2016 and was promoted to her current position on 1 April 2024. She has more than 16 years' experience in the animal feeds and food industry.



**ANDRÉ HUGO
MULLER (54)**

Chief financial officer

André was appointed to the Board on 27 January 2014.

Qualifications

CA(SA)

André joined Quantum Foods in 2003 while it was still a division of Pioneer Foods. He started at *Nulaid* as a financial manager and was later appointed as the farming operations manager for *Nulaid*, a position he held for four years. André spent a year as the national sales and marketing manager for Tydstroom before being appointed as head of finance for Quantum Foods in 2012.



**ZIYANDA PATIENCE
WAKASHE (39)**

Company secretary and legal advisor

Ziyanda was appointed on 20 September 2022.

Qualifications

LLB, Certificate in Compliance Management

Quantum Foods Board and committee membership

Company Secretary

Ziyanda joined Quantum Foods in September 2022 from Sea Harvest Group Limited, where she served as the Legal and Compliance Officer and Assistant to the Group Company Secretary. Having completed her articles in the civil and commercial litigation department at Schneider Galloon Reef & Co Attorneys, she was admitted as an attorney of the High Court in 2020.

EXECUTIVE COMMITTEE



**ADEL DEIDRÉ
VAN DER MERWE (53)**

Chief executive officer

Adel has been with Quantum Foods since 2008.

Qualifications

BCom Management Accounting

Adel started in the corporate finance department of Pioneer Foods in 1995 and moved to central procurement, where she spent the bulk of her time involved in raw material and commodity procurement. In 2008, she joined *Nova Feeds* while it was still a division of Pioneer Foods. She joined the egg business in 2016 and was promoted to her current position on 1 April 2024. She has more than 16 years' experience in the animal feeds and food industry.

**ANDRÉ HUGO
MULLER (54)**

Chief financial officer

André has been with Quantum Foods since 2003.

Qualifications

CA(SA)

André joined Quantum Foods in 2003 while it was still a division of Pioneer Foods. He started at *Nulaid* as a financial manager and was later appointed as the farming operations manager for *Nulaid*, a position he held for four years. André spent a year as the national sales and marketing manager for Tydstroom before being appointed as head of finance for Quantum Foods in 2012.

**ROELOF
VILJOEN (58)**

Executive: Supply chain

Roelof has been with Quantum Foods since 2008.

Qualifications

CA(SA)

Roelof was a financial manager and a sales manager at Sasko Grain before joining Quantum Foods while it was still a division of Pioneer Foods. He has over 25 years' experience in the food industry, of which 17 years have been spent in the poultry industry. Roelof was appointed to his current role in 2016.

**MARTHINUS PETRUS
VAN LILL (54)**

Executive: Feeds

Thinus has been with Quantum Foods since 1997.

Qualifications

BCom (Acc), BCompt (Hons), SAIPA (PA)

Thinus has been with *Nova Feeds* since 1997 while it was still a division of Pioneer Foods. He has since progressed from a financial manager to the executive responsible for Feeds. He has over 26 years' experience in the animal feeds and poultry industry. He is also closely involved in the supply chain, specifically in the raw material procurement strategy. On an industry level he has been a longstanding director on the board of the Animal Feeds Manufacturing Association ("AFMA") of South Africa.



**SELLO LACTON
MAILULA (46)**

Executive: Broiler farming

Lacton has been with Quantum Foods since 1 January 2020.

Qualifications

NDip Poultry, BTech Agriculture, PGDip, MBA

Lacton rejoined Quantum Foods on 1 January 2020 after five years of working internationally. He has over 24 years' experience in the poultry industry, the bulk of which was gained at Astral Foods and Quantum Foods in various roles in the broiler poultry value chain.

He spent three years as National Operations Manager Broilers for Dakahlia Poultry in Egypt, followed by two years as Poultry Director of Biyinzika Poultry International Ltd in Uganda.



**HEATHER ELIZABETH
PETHER (56)**

Executive: Human Resources

Heather has been with Quantum Foods since 2005.

Qualifications

National Diploma in Human Resources, BA (HSSS)

Heather has over 28 years' experience in the human resources field. She spent seven years as the human resources manager of *Tydstroom* while it was a division of Pioneer Foods. She was appointed as the executive responsible for human resources at Quantum Foods in 2012.



**JAN HENDRIK
VAN RHYN (59)**

Executive: Africa

Jannie has been with Quantum Foods since 2014.

Qualifications

BEng, MSc, BCom (Hons)

Jannie spent nine years with Naspers Ltd, during which time he was involved in many start-up internet and internet-related businesses in China, South Africa and a number of other African countries. This includes Nigeria, where he was based for three years. Jannie was involved in projects, business development and operations in Sub-Saharan Africa for 13 years. He joined Quantum Foods in November 2014 and is responsible for the business in the rest of Africa.



**LESEGO AMOS
SELALEDI (47)**

Executive: *Bergvlei Chicks*

Amos has been with Quantum Foods since 1999.

Qualifications

BAgric, BInstAgrar (Hons), MPhil, BBA, MBA

Amos joined Quantum Foods in 1999 while it was still a division of Pioneer Foods. He started as a technical specialist at *Nova Feeds* and joined *Nulaid* in 2003 as a technical manager. He then became regional manager, then national manager before being appointed as the executive for layer farming in January 2017. Amos has been responsible for *Bergvlei Chicks* (layer livestock) since October 2022. He has over 25 years' experience in the poultry industry.



**DAVID MICHAEL
NEL (47)**

Executive: Layer Farming and Eggs

Qualifications
BCompt, MBA

David joined Quantum Foods in 2005 while it was still a division of Pioneer Foods and has more than 20 years of experience in the food industry. He commenced his tenure at Quantum Foods as the finance manager for the Feeds Division, a role he occupied for seven years. Subsequently, he dedicated a number of years to the Group Shared Services Division of Pioneer Foods. In 2020, he assumed the role of business development manager at *Nova Feeds*. David was subsequently promoted to the position of national pack stations manager for *Nulaid* in 2022, and appointed to his current role in April 2024. Additionally, he is a member of the SAPA egg board.

The executive committee comprises a team of experienced senior managers with sound industry knowledge. This contributes positively to the execution of the business strategy and operational performance.

ENSURING A RESPONSIBLE BUSINESS

It is in the nature of our business to incorporate ESG factors into business decisions. We are attuned to our stakeholders and understand our potential impacts on their lives. Our sustainability policy provides the structure and framework to guide the integration of ESG considerations into our everyday practices.

We realise value through our sustainability approach by:

- An improved ability to attract capital from socially responsible investors
- Attracting and retaining a diverse pool of talent
- The ability to provide shareholders with positive returns on their investment
- The ability to recognise and, as far as possible, provide environmentally friendly business solutions

Our sustainability commitments

Quantum Foods' commitment to ESG is fundamental to delivering on our Group strategy, realising commercial advantage and maintaining good corporate governance.

In this regard, Quantum Foods will:

- Conduct business in an ethical and socially responsible manner, considering our Board charter and code of ethics
- Proactively and responsibly engage and partner with relevant stakeholders to achieve our sustainability goals
- Implement management systems that align with international best practice but are adapted to the nature and scale of our operations
- Integrate sustainability into our product development, existing business model, accounting and reporting activities
- Monitor performance of non-financial matters through the SETC



Quantum Foods has been integrating ESG aspects into strategic and investment decisions since listing on the JSE in October 2014. The timeline demonstrates our commitment to a sustainable and responsible business.



ESG REVIEW IN 2024

Quantum Foods has been conducting independent annual ESG performance reviews since 2021 based on the following:

- The International Finance Corporation's performance standards on environmental and social sustainability
- Core International Labour Organization ("ILO") standards and basic terms of employment
- United Nations Global Compact
- UK Bribery Act

In 2024, we focused on assessing the status of all environmental and social action plan items accumulated from previous years. No operational sites were assessed during this year's review.

The limited review enabled us to attend to and address the current list before reverting to a standard ESG review in 2025.

Due to operational priorities and financial constraints, the Group has prioritised items following a risk-based approach. ESG issues identified as priorities included (but were not limited to) addressing wastewater at the Lusaka hatchery, fire plans for the South Africa poultry houses, machinery safety for the animal feeds segment, and health and safety. Other action items have been prioritised at the business and/or site levels based on operational practicalities and resourcing considerations.

Examples of improvements implemented and completed since the previous review:

- There are still a number of operational sites with material containing asbestos. We have an asbestos management programme in South Africa focusing on risk management through periodic toolbox asbestos awareness talks. Asbestos registers are updated, and periodic inspections are conducted. We also developed an asbestos register with location and status updates for operations in Lusaka.
- We developed and implemented a Road Safety Policy for Africa operations that outlines the commitment to the safety of employees, contractors and the community.
- Human resource policies were developed to address freedom of association, non-discrimination, equal opportunity, working conditions, grievances, etc., for Quantum Foods in Zambia, Uganda, and Mozambique. In Mozambique, these were also translated into a local language.
- At the Lusaka hatchery, we reviewed the process for hatchery wastewater disposal and installed a multi-stage separator wastewater treatment system.
- Fire plans were developed for the different types of poultry houses used in South Africa.
- Additional machine guarding and guard railings were installed at highlighted *Nova Feeds* and *Bergvlei Chicks* sites.
- Visual alert warning systems were installed inside chicken houses at Eigendom farm to improve employee safety in an emergency.
- Bunding around bulk fuel tanks was upgraded at the Fransrug farm.

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

We use the SDGs as a framework to provide focus and track progress against universal challenges and global priorities. We support the ideal of collective action through the 17 goals.

Our significant contributions





Our significant impacts

We identified Quantum Foods' most material impacts on society and the planet in line with global reporting developments and to better understand our sustainability risks and opportunities. Our material impacts are considered parallel to our financial materiality, as these are interconnected and interdependent. 📖 Read more about these on page 39.

In this section, we match our material impacts with the SDGs to highlight our ESG focus areas.



UN SDG 2: ZERO HUNGER

 Nutrition	Our ability to provide high-quality protein at affordable prices contributes to ending hunger and associated perils, such as stunted development of young children.
 Responsible sourcing	Developing local small suppliers and ensuring responsible practices in our value chain will create value for all stakeholders and assist in the protection of human rights.

Context and commitment

Conflict, climate variability and extremes, economic slowdowns, lack of access to healthy diets, unhealthy food environments, and high and persistent inequality continue to drive food insecurity and malnutrition all over the world¹.

In South Africa, more than half the population lives below the upper-bound poverty line, meaning household income cannot cover both food and basic living costs. About 20% of the population is food insecure, with poor nutrition putting extra strain on overcrowded and under-resourced hospitals.

¹ FAO, IFAD, UNICEF, WFP and WHO. 2024. *The State of Food Security and Nutrition in the World 2024 – Financing to end hunger, food insecurity and malnutrition in all its forms*. Rome. <https://doi.org/10.4060/cd1254en>.

One in four children in South Africa experience stunted growth because of undernutrition. Food insecurity and consumption of foods with low nutritional value are primary reasons for ill health².

Poultry and eggs are a critical and low cost source of animal protein for human nutrition. Layer hens and broilers are highly efficient converters of feed into animal protein, with favourable conversion ratios of feed to final product compared to other animal protein sources. Eggs can play a key role in fighting hunger and malnutrition and preventing stunting in children.

Eggs are almost pure protein of very high quality. They also provide virtually the entire adequate intake of vitamin B12 and choline for young children. The essential fatty acid content of eggs may be especially important during pregnancy.

Quantum Foods plays an important role in the fight against hunger and food insecurity through our products, services and corporate social investment initiatives. We are committed to promoting local food production and supporting small producers through enterprise and supplier development programmes.

We sold 531 million eggs across four countries on the African continent in FY2024. We produced 71 million day-old chicks that are reared for human consumption this year. Egg volumes (44 million dozen) were much lower than in previous years following the HPAI outbreaks of 2023 and 2024.[📄](#) Read more about the impact of HPAI on the Company on page 57.

Combating malnutrition and stunting

Quantum Foods is a longstanding supporter of Food Forward South Africa. This non-profit organisation collects edible surplus food from manufacturers, wholesalers, and retailers, and distributes it to verified organisations that feed thousands of hungry people daily.

Children in the tracking data set all exhibited consistent weight increases over the period.

We have supported Food Forward’s Mother and Child Nutrition Programme since 2023. This programme targets at-risk pregnant women and children in the Western and Eastern Cape who live below the poverty line and thus experience food insecurity. It aims to prevent child malnutrition and rehabilitate underweight children.

Food Forward has a network of over 300 mentor mothers who work with social partners and government to provide nutrition education, intervention programmes and early identification of malnutrition at the household level.

Quantum Foods contributes eggs that are included in food parcels distributed to households experiencing food scarcity. These families are monitored and receive support from a social worker or dietician. We contributed 2 700 dozen eggs to the project for the financial year.

UN SDG 2 targets	Measuring progress in 2024
2.2 By 2030, end all forms of malnutrition, including achieving by 2025 the internationally agreed targets on stunting and wasting in children under five years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women, and older persons	<ul style="list-style-type: none">– Families facing hunger receive support through our long-standing donor relationship with Food Forward South Africa– We donate egg and liquid egg products to several institutions that assist with food security
2.3 By 2030, double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment	<ul style="list-style-type: none">– We continued supporting small black enterprise suppliers such as NNT Women Poultry in Tsitsikamma

² Johnston, P. et al. 2023. Climate change impacts in South Africa: What climate change means for a country and its people. University of Cape Town, South Africa.

Developing small enterprises in our supply chain

We have a range of initiatives where we support small businesses in different parts of our operations:

- We support black farmers with discounted point-of-lay hens and feed
- We provide feed and farm management assistance to historically disadvantaged South African (“HDSA”) farmers for improved production
- We rented a broiler farm in Bronkhorstspuit from an HDSA
- We procure eggs from HDSA egg producers in the Western Cape and Eastern Cape

We continue to explore opportunities to support HDSA suppliers further.

Supporting female poultry entrepreneurs

NNT Women Poultry is a small, black female-owned entrepreneurial venture that started in 2019 at the Tsitsikamma Community Wind Farm. Quantum Foods regularly donates point-of-lay hens and animal feed and assists the small business with technical advice. Through *Nulaid*, we also became a customer, with NNT Women Poultry supplying us with over 430 000 eggs during the year.



UN SDG 8: DECENT WORK AND ECONOMIC GROWTH

 Skills development	As one of the few corporate players in the poultry and egg sector in South Africa, Quantum Foods contributes to creating a pool of skills for the industry and high-performing employees for our own operations.
 Health, safety and human disease	By providing a safe working environment and protective equipment, including biosecurity measures, Quantum Foods takes care of employees and complies with legislation.
 Transformation	Our commitment to empowerment, development and employment equity will lead to improved socio-economic status for previously disadvantaged individuals and communities.

Context and commitment

The post-pandemic labour market recovery in South Africa has been slow. The unemployment rate remains high at 33.5%. Major supply-side constraints, such as insufficient electricity and logistical constraints, limited economic growth, averaging 0.3% quarterly since 2021. While firms have slowly added back employees to the workforce, weak productivity placed a cap on job creation¹.

HPAI poses a significant risk to employment as outbreaks can result in job losses due to the labour-intensive nature of the poultry industry. With no financial compensation from government for the losses resulting from HPAI outbreaks, producers have to take drastic measures to manage costs, including reducing labour-associated costs.

Quantum Foods is well positioned to contribute to employment in the agriculture sector due to the size and scale of our business. This includes employing people in more rural areas where our farming operations are located.

¹ Guest lecture by Lesetja Kganyago, Governor of the South African Reserve Bank, at the University of the Free State, Faculty of Economic and Management Sciences Bloemfontein, 15 August 2024.


In our sustainability policy, we state Quantum Foods' objectives to:

- Treat all employees and contractors fairly and respect their dignity, wellbeing and diversity
- Work towards full compliance with the International Labour Organization Fundamental Conventions and with the UN Universal Declaration of Human Rights

Quantum Foods aims to comply with applicable local and national laws. We also commit to:

- Not employ or make use of forced labour of any kind
- Not employ or make use of child labour
- Pay wages that (as a minimum) meet or exceed the industry or legal national minimum

- Treat employees fairly in terms of recruitment, progression, terms and conditions of work and representation, irrespective of gender, race, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, or HIV status
- Allow consultative workplace structures and associations that enable employees to present their views to management
- Ensure that for remote operations involving the relocation of employees for extended periods, such employees have access to adequate housing and basic service
- Work to increase the percentage of management deemed HDSA as a direct focus area in terms of the Group's employment equity strategy
- Support our employees' rights to collective bargaining

UN SDG 8 targets	Measuring progress in 2024
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<ul style="list-style-type: none"> • Quantum Foods provides employment for 2 425 people (FY2023: 2 584) • 36.6 % female employees in South Africa (FY2023: 36.2%)
8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	<ul style="list-style-type: none"> • 53 internships, apprenticeships, learnerships and adult basic education and training ("ABET") opportunities in South Africa (FY2023: 43) • Support for skills training and entrepreneurship community programmes
8.7 Take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour, eradicate forced labour, and by 2025, end child labour in all its forms	<ul style="list-style-type: none"> • No child labour • No forced labour • Quantum Foods demands these standards from its suppliers
8.8 Protect labour rights and promote safe and secure working environments of all workers, including migrant workers, particularly women migrants, and those in precarious employment	<ul style="list-style-type: none"> • Successfully concluded wage agreements as evidence of healthy employee relationships • One contractor fatality due to an incident at the Malmesbury feed mill •  Read more about occupational injuries on page 85

Our employee profile

We employ people in South Africa, Zambia, Uganda and Mozambique and adhere to employment legislation in all territories.

Headcount	2024	2023
Salaried	484	505
Salaried contractors	54	48
Wages	1 104	1 316
Wages contractors	7	6
Total South Africa	1 649	1 875
Total Mozambique	86	84
Total Uganda	223	165
Total Zambia	467	460
Total Quantum Foods Group	2 425	2 584

The number of South African employees decreased in FY2024 due to HPAI-related retrenchments. We also experienced a higher-than-normal turnover in senior management positions, many of which were related to uncertainty around the HPAI outbreak. An information session was held with all senior Quantum Foods employees to provide an update on the impact of the HPAI outbreak and future focus areas.

There was an increase in headcount in Zambia, Uganda and Mozambique from 709 to 776 employees. The increase in employee numbers in Uganda can be ascribed to additional parent stock placements and the opening of additional shops.

Employee turnover for South African operations	2024	2023
Total turnover	26.9%	16.3%
Management turnover	1.2%	2.1%
Not-in-management turnover	25.7%	14.2%

We follow prescribed legal processes when implementing operational resizing measures and, where possible, explore alternatives to people losing jobs. The increase in employee turnover resulted from HPAI-related restructuring.

[Read more on page 84.](#)

Diversity, transformation and employment equity

Quantum Foods is committed to addressing inequalities regarding race, gender and disability.

1 588
EMPLOYEES

were **permanently employed** by the South African operations as at 30 September 2024

(FY2023: 1 821)

39.7%

of management in South Africa are HDSA (grade 12+ employees)

(FY2023: 41.7%)

3.7%

of South African **employees** are on fixed-term contracts

(FY2023: 2.9%)

92.7%

of **permanent employees** in South Africa are HDSA

(FY2023: 93.3%)

37.0%

of permanent South African employees are women

(FY2023: 36.2%)

[Read about diversity in our Board composition on page 69](#)

Employment equity statistics for South Africa as at 30 September 2024	African		Coloured		Indian		White		Foreigners		
Occupation levels	F	M	F	M	F	M	F	M	F	M	Total
Top management	1	2	1	1	0	0	1	4	0	0	10
Senior management	0	1	3	0	0	0	3	17	0	0	24
Professionally qualified, experienced specialists and mid-management	0	22	5	11	1	2	14	37	0	0	92
Skilled technical and qualified employees, junior management, supervisors, foremen and superintendents	45	97	55	50	2	4	14	23	0	0	290
Semi-skilled and discretionary decision- making employees	177	364	75	131	0	0	1	2	0	0	750
Unskilled and defined decision-making employees	168	202	22	30	0	0	0	0	0	0	422
Total permanent employees	391	688	161	223	3	6	33	83	0	0	1 588
Non-permanent employees	13	21	2	9	0	0	1	15	0	0	61
Total	404	709	163	232	3	6	34	98	0	0	1 649

Aligning employee compensation and job grades

We completed a four-year job profiling and evaluation project to align employee compensation with job grades. All employees are now remunerated according to Groupwide standards and per job grade bands that correspond to their profiled positions. Where employees were not paid according to the entry level salary for the grade, this was corrected over the project period.

Employee volunteers at Badirile



The Badirile Early Childhood Development Centre in Brandvlei, North West province, provides education and daycare services to the local community. The school was founded in 2008 by Maria Mabele in her mother's house and moved to its current premises in 2010. Classes are held in specially designed containers, with a capacity for 75 children between six months and six years. The centre also provides meals for all the children.

Due to limited government funding, the centre has struggled to maintain its facilities, leading to significant maintenance needs over time. Towards the end of 2023, the Quantum Foods team from the Hartbeespoort hatchery got involved. They installed new classroom floors, addressed electrical issues, upgraded the kitchen and toilet facilities, and replaced playground equipment and shade netting. The hatchery team also painted the fencing and other areas, giving the centre a refreshed look.

Badirile was the main beneficiary of the annual *Bellevue Chix* Golf Day held in May 2024, which raised R30 000.

Leadership development

Our leadership development programme, initiated in 2019, resulted in several promotions and transfers in the Group as it positions employees for leadership positions. This is an essential element in succession planning.

A new intake of candidates joined the programme in July 2023. A total of four employees have completed the programme to date.

Eleven employees are currently busy with their three-year programme to position them for possible executive level participation. The programme starts with an assessment that identifies the skills to be developed. Programme participation is integrated with their individual performance management objectives and indicators.

Farm management talent pipeline

We are committed to developing a pipeline of farm managers for Quantum Foods and the industry, as the skills pool for experienced layer farm managers is very small. In 2022, we started a pilot graduate training programme with an honours student in Animal Science from the University of Pretoria.

The pilot graduate training programme in the layer operations continued this year, notwithstanding a slight delay caused by HPAI and quarantine regulations. The programme is designed to fast-track trainees. It includes exposure to all areas of farming operations and packing station processes. We are planning to roll this out in the broiler division.

The broiler farming business is also actively building a talent pipeline for managers on farms. Four employees are currently completing a management development programme, and six are participating in senior management development programmes. We have also invested in an employee who received training at the Budapest hatchery school.

Training and development

Quantum Foods contributes to employability in South Africa and invests in building our own skills pipeline. We continuously develop available training resources and adapt our training investment according to business performance and requirements.

We use online learning to train farm employees, induct new employees and enhance or refresh existing skills.

Training and workshops in life skills, legislation and compliance continued.

Key initiatives included:

- We provided second-round support for six unemployed disabled learnerships, which included stipends.
- 28 bursaries were allocated to students studying at institutions including North-West University, Stellenbosch University, Boston City College and Unisa. Courses included degrees and diplomas in Animal Science, Agricultural Science, Supply Chain Management, Accounting, Business Management and HR.
- 89% of bursaries were awarded to HDSA candidates.
- Eight students from Tshwane University of Technology and Elsenburg Agricultural Training Institute were appointed as interns on various farms as part of their work-integrated learning to graduate at the end of 2024.

Skills pipeline in South Africa	2024	2023
Internships	8	15
Apprenticeships	0	10
Learnerships	24	15
ABET	21	32
Total	53	72

With a number of farms either on lay-off or closed, we were not able to accommodate as many internships as previously. The number of learnerships increased due to the popularity of the NQF2 Animal Production learnership. This resulted in lifting the educational levels of employees on farms. The NQF2 learnership is at the same level as the current ABET classes hence the drop in ABET and increase in NQF2 learnership numbers. Due to the previous number of apprenticeships in the business there were no new requirements for 2024.

Training spend in South Africa	2024	2023
Total number of employees trained	460	429
Employee training spend	R4.7 million	R3.8 million
Employee training spend as a percentage of payroll	1.1%	0.8%

Life skills and diversity training commenced, increasing the number of employees trained as well as the training spend. This training will be rolled out to all units over the next two years.

Retrenchments and layoffs

Quantum Foods, unfortunately, had to reduce jobs at various sites across the *Nulaid* and layer farming businesses due to HPAI impacts. We had multiple engagements with employees at units affected by the loss of layer birds and egg volumes. This resulted in implementing short time, rotational employment and layoff agreements.

All S189 process requirements were followed. We engaged with seven unions with affected members in the process. Engagements were positive and constructive despite challenging conditions.

Our efforts to protect jobs and support employees included engaging with retirement funds to secure the continuation of risk-benefit payments while saving contributions were suspended.

Shorter time and temporary layoffs were implemented where possible while farms and operations were closed or discontinued while under quarantine and before new flocks could be placed. Layoffs entailed temporary termination of employment. Where unavoidable, retrenchments resulted in permanent termination of employment, especially on farms that were closed permanently.

TWO EMPLOYEES

retrenched at Brandvlei were re-appointed at *Nova Feeds* Pretoria and Eggland layer farm.

157 EMPLOYEES

were retrenched

459 EMPLOYEES

were on layoffs for varying periods of time. Depending on operations and new flock placements, employees started resuming duties with a staggered approach. 282 employees had returned to work by 30 September 2024.

Occupational health and safety

The Quantum Foods sustainability policy sets out specific health and safety objectives:

- To attain safe and healthy working conditions for employees and contractors
- To safeguard the health and safety of all those affected by the businesses

Quantum Foods is committed to:

- Complying with applicable local and national laws and addressing any gaps identified
- Assessing and, where applicable, taking appropriate actions to eliminate or reduce health and safety risks arising from work activities
- As appropriate, working over time to comply with international best practice standards for health and safety and the substitution of hazardous materials

Employees working in animal feed and poultry production can face risks, including exposure to high noise levels, dangerous equipment, slippery floors, musculoskeletal disorders, and hazardous chemicals used in refrigeration and disinfection. Biological hazards include infectious diseases.

Our farming operations have a qualified Occupational Health, Safety and Environmental (“OHSE”) manager who supports the farms in developing their management systems and conducts periodic inspections. Farm managers are primarily responsible for implementing the management system at each farm. Each farm has a health and safety committee that meets monthly or quarterly and comprises farm management, supervisors and labourers.

Occupational health and safety training is conducted annually to provide a safe working environment.

All appointments in terms of sections 16(1) and 16(2) of the Occupational Health and Safety Act, No. 85 of 1993, have been implemented.

The Group’s animal feed factories are veterinary approved, AFMA compliant and certified for ISO 9001:2015 quality management system, ISO 14001:2015 environmental management system and the ISO 45001:2018 occupational health and safety management system. The factory situated in Paterson (Eastern Cape) is still working towards certification for ISO 14001:2015 and ISO 45001: 2018 but follows the related principles. The Paterson factory is not veterinary-approved.



Info tip: ISO is the International Organization for Standardization, an independent, non-governmental organisation that develops consensus-based, market-relevant guidance to standardise product and service standards. ISO 45001 provides a framework to increase safety, reduce workplace risks and enhance health and well-being at work, enabling an organisation to proactively improve its health and safety performance.

Hazardous chemicals include cleaning and disinfection, pesticides, liquid fuels (primarily diesel), fumigation and water treatment chemicals.

Hazardous chemical assessors are appointed and trained for sites with significant quantities of hazardous chemicals. When handling or being exposed to hazardous chemicals, employees are provided with suitable protective wear, including respirators.

Where relevant, we have occupational hygiene surveillance programmes, including two yearly surveys for occupational noise, illumination, general workplace ventilation, asbestos, grain dust and ergonomics. We also perform detailed ergonomics assessments at times.

The Quantum Foods medical surveillance programme requires entry, periodic and exit medicals for permanent employees in certain positions. It includes assessments for lung function, vision, audiometry, diabetes, hypertension, epilepsy and testing for illicit drugs.

ONE

contractor fatality
(FY2023: 0)

90

recordable injuries
in South African
operations
(FY2023: 78)

401

lost days
in South African
operations
(FY2023: 455)

We had one serious incident where an employee was unable to work for 48 non-consecutive days due to a burn accident. He was not wearing the requisite protective clothing at the time of the incident. To address any future risk, we initiated refresher health and safety training with the emphasis on requirements for protective clothing and consequences of not wearing such.

The increase in the number of injuries was mainly in the categories of needle pricks and machine entanglements. Refresher training was provided on the correct handling of needles and the requirement to switch off machines before attempting to work on the machines has been reinforced.

🔗 Read more about the Malmesbury feed mill incident on pages 23 and 58.

Employee wellbeing

Improved employee wellbeing contributes to higher productivity, increases performance, reduces absenteeism and alleviates stress.

We started preparing to launch a wellness app for employees in 2023. With more than 85% of employees having access to smartphones, this is a very effective communication channel to reach employees. The app is now in its final design phase and will go live early in the next financial year.

The app will feature four modules:

- Financial wellbeing
- Wellness
- Community
- Corporate communication

It will further provide employees with toll-free numbers to access mental health support. We plan to track usage to determine areas where our employees require additional support.

Protecting labour rights

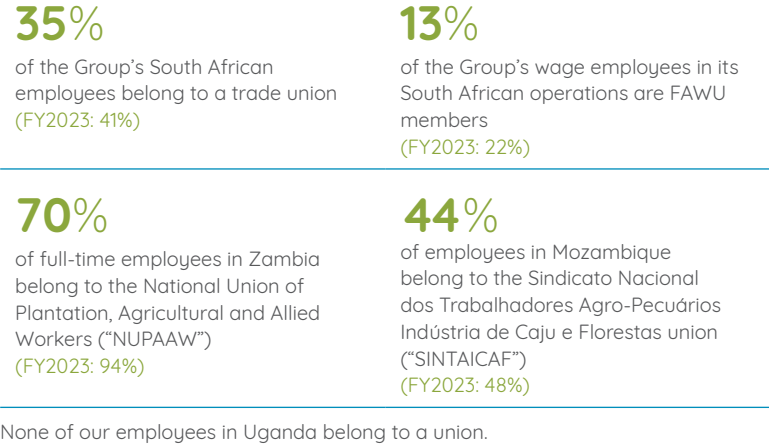
The Quantum Foods sustainability policy highlights our commitment to good labour relationships through consultative workplace structures and associations that allow employees to present their views to management. As such, we engage with different labour unions and have open communication channels.

Our human resource policies and code of ethics protect employees' rights against discrimination and set out our commitment to freedom of association. Employees are informed of these policies at induction and have access to a central database of policies.

We adhere to all legal and regulatory requirements regarding labour decisions and processes.

Seventeen trade unions represent employees in South Africa. The Food and Allied Workers Union ("FAWU") has the highest overall representation among Quantum Foods' employees. Union membership reduced slightly.

All annual wage negotiations were settled within mandate.



Broad-based black economic empowerment

We are committed to enhancing the socio-economic status of HDSAs. Quantum Foods’ progress towards black economic empowerment is verified annually through a compliance scorecard. Improving the Company’s B-BBEE status is a key management focus area.

Quantum Foods achieved a level 7 B-BBEE score in FY2024 (FY2023: level 7 discounted to level 8) but was again discounted to level 8 as we did not achieve the subminimum scores for the ownership, training and development and preferential procurement elements. The ownership element relates to shareholder structures, which were subject to significant change this year.





The subminimums for training and development and preferential procurement could not be achieved due to, *inter alia*, HPAI-related constraints and the fact that material quantities of feed raw materials were mostly supplied by international companies or imported based on cost comparisons. For example, the need to increase our ratio of imported soya meal based on price or availability had a significant impact compared to sourcing from our local level 1 supplier. A change in the composition of the Board further impacted our score.

We achieved maximum scores in elements such as enterprise, supplier, and socioeconomic development. [Our full scorecard is available on our website at https://quantumfoods.co.za/company-documents.](https://quantumfoods.co.za/company-documents)

The Group considers employment equity when making external appointments, especially at the senior level, to improve our management control and employment equity scores. [Read more about employment equity on page 82.](#)



UN SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

 Protecting the environment (emissions and waste)	Implementing practices to minimise emissions and waste is crucial for environmental stewardship, compliance with regulations and reducing our carbon footprint and taxes.
 Water	More pervasive drought conditions can lead to water supply risks, which will affect raw material quality and availability as well as operations, including bird performance, cooling and sanitation. Floods, on the other hand, can lead to severe infrastructure damage. This will require increasing investment in water recycling, storage and treatment capacity.
 Product safety and quality	We aim to provide products that are safe and nutritious for their target market – be it human or animal – to consume.
 Animal welfare	Adhering to acceptable and required practices reflects our ethical responsibility, while biosecurity measures protect our birds.

Context and commitment

The way the world produces food is undermining the potential to provide food in the future. Many of the critical challenges the world is facing are affected by food production, including climate change, water shortage, deforestation, forced labour and corruption. Food security and affordability have become critical issues for global prosperity and wellbeing.

According to the United Nations, if the global population continues its current growth trend and reaches 9.6 billion people by 2050, it will take three planet Earths to support current food consumption patterns¹.

Consumers are becoming increasingly aware of food safety issues and require traceability and assurance of quality control measures. As the demand for socially responsible food grows, consumers also expect more information about animal welfare and wellness at every stage of the poultry production process. In response, more producers are using smart farming technologies to monitor animal health and welfare, which can further improve disease prevention and animal welfare standards.

The Quantum Foods sustainability policy states our objectives to:

- Minimise adverse impacts and enhance positive effects on the environment as relevant and appropriate
- Make efficient and sustainable use of natural resources, for example, soil, land, livestock, biodiversity and water, and take a preventive and precautionary approach to protect the environment wherever possible
- Support the reduction of greenhouse gas emissions, which contribute to climate change
- Encourage the development of environmentally friendly technologies
- Ensure the fair treatment of animals

UN SDG 12 targets	Measuring progress in 2024
12.2 By 2030, achieve the sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> • We measure progress in minimising our resource use • We continue to invest in solar systems, water treatment and waste management
12.3 By 2030, halve per capita global food waste at the retail and consumer level, and reduce food losses along production and supply chains including post-harvest losses	<ul style="list-style-type: none"> • We improve efficiency and reduce waste to avoid losses in the production process • We support Food Forward, which reduces waste by recovering quality edible surplus food for distribution to community organisations
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	<ul style="list-style-type: none"> • We use Biobin® to recycle waste • We recycle water at some sites and continue to look for opportunities • We pack most of our eggs in recyclable packaging • Feed is mostly supplied in bulk, a process not generating packaging waste • Livestock supplies use reusable packaging • Poultry manure is mostly recycled as fertilizer
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	<ul style="list-style-type: none"> • We require top suppliers to share their policies and declare compliance with sustainable practices, such as human rights and child or forced labour

¹ The sustainable food revolution, future-proofing the world's food supply, PWC Strategy 2022.

Quantum Foods aims to:

- Comply with applicable local and national laws and address any gaps identified
- Assess the environmental impact of our operations as follows:
 - By identifying potential risks and appropriate mitigating measures through an environmental impact assessment, especially when business operations change
 - By considering the potential for positive environmental impacts from business activities.
 - By taking appropriate actions to mitigate environmental risks
- Ensure the fair treatment of animals according to local and international guidelines, as appropriate
- Consider the impact of our operations on the environment, particularly in terms of carbon emissions, as an important consideration when evaluating new capital projects

Promoting resource efficiency

The Quantum Foods businesses have environmental management systems (“EMS”), ranging from comprehensive systems covering all environmental issues to African businesses covering the majority of the basics of environmental management. We monitor resource efficiency levels, such as electricity and water usage, to reduce consumption and impact further.

We use new technologies to drive improvements, for example, in the construction of the new feed mill in Malmesbury. [📄 Read more about our new feed mill on page 58.](#)

We continue to adopt innovative solutions to reduce and optimise packaging at the egg packing stations. We have reconfigured our boxes, which now have short flaps, saving on the volume of packaging required. Switching to corrugated packaging also contributed to savings, and using clamshell packaging significantly reduced the need for plastic shrink wrap.



Environmental performance indicators

South Africa	2024	2023	2022	2021	2020	Notes
Coal (tons)	3 355	3 718	3 547	2 963	3 082	Coal heating has remained fairly flat over time as it is only used at a small number of farms and at the start of the rearing cycle. Coal use decreased in FY2024 due to reduced broiler placement on a particular farm and timing of broiler cycles.
Gas (Kg)	1 831 999	1 666 519	1 691 353	1 601 939	1 372 395	Factors that affect gas use include the number of day-old pullets placed on layer rearing farms, the pre-placement heating regime, the acquisition of the Helderfontein broiler farm in FY2021 and the impact of HPAI on bird volumes. The pre-placement heating period and temperatures were increased in FY2024 which resulted in increased gas usage but contributed to improved winter farming performance.
Diesel/petrol/paraffin (litres)	1 743 819	3 627 010	1 722 523	1 282 974	1 110 670	Fuel use increased over time due to additional generator capacity to combat higher levels of load shedding in FY2022 and FY2023. In FY2024, diesel consumption decreased by 1.9 million litres due to reduced levels of load shedding and a reduced requirement for generators.
Heavy fuel oil/poly fuel (litres)	1 197 458	1 264 519	1 063 457	1 112 546	1 061 436	Heavy fuel oil use is impacted most significantly by producing higher volumes of pelletised feeds, as these consume more fuel per ton of feed produced. Lower production of pellets at the Pretoria feed mill reduced use in FY2024.
Packaging (tons)	2 269	10 095	11 264	11 600	13 616	Although we continuously improve packaging, it is mainly determined by the volume of eggs sold, which is affected by HPAI and market demands. Egg sales volumes declined significantly in the past year due to the HPAI outbreaks.

South Africa	2024	2023	2022	2021	2020	Notes
Waste: litter/manure produced (tons)	68 875	125 002	144 331	138 604	163 163	Litter or manure is determined by the volume of birds on farms, which HPAI and market demand can impact. Waste decreased in FY2024 due to the culling of flocks affected by HPAI outbreaks in Gauteng/North West and farms remaining dormant for most of the year.
Mortalities to landfill/waste pits (tons)	2 581	2 370	1 409	949	824	Mortalities increased over time in line with volumes and outbreaks of HPAI. FY2024 include the culling of birds that were infected by HPAI at the end of FY2023.
Water (kl)	1 470 917	1 608 368	1 539 176	1 473 424	1 435 349	Water usage is mainly determined by bird numbers and the requirement for cooling. FY2024 water consumption decreased due to fewer birds in production.
Effluent water (kl)	188 104	306 957	264 694	285 490	297 823	Effluent water usage depends on volumes produced, the number of rearing and laying cycles completed within a year, and increased cleaning requirements following an HPAI outbreak.
Electricity (kWh'000)	39 526	37 513	45 209	46 813	49 170	The use of purchased electricity decreased in the period 2021 to 2023 mainly due to load shedding. Additional solar panel projects implemented had a further positive impact. Load shedding was suspended from the second quarter of FY2024 while electricity use decreased due to HPAI outbreaks which resulted in fewer farms being in operation.
Electricity from renewable sources (kWh'000)	2 183	2 686	2 797	2 353	1 776	The use of electricity from renewable sources has increased over time as new solar panel projects were implemented. FY2024 renewable energy use has decreased due to solar plant maintenance.

We started measuring environmental performance indicators for Zambia, Uganda and Mozambique in FY2022. Comparative numbers are unavailable for the full FY2022 for some indicators in the table.

Other African Countries	2024	2023	2022	Notes
Coal (tons)	16	20	52	Coal heating is only used on one Quantum Foods farm in Zambia and reduced in FY2024 due to having to switch to gas heating. FY2022 included usage on Ugandan farms. Usage is determined by the number of rearing cycles, the quality of coal available and the efficiency with which the coal is utilised.
Gas (Kg)	52 793	43 004	38 588	Gas use increased in FY2023 due to Ugandan farms converting from coal to gas heating. Gas use increased in FY2024 due to Zambia having to use gas brooders for new flocks as coal brooders could not be used due to load shedding (electricity required to power fans).
Diesel/petrol/paraffin (litres)	622 393	502 668	485 521	Petrol use was not included for the full FY2022. In FY2024, higher use in Zambia resulted from increased load shedding, with generator diesel usage increasing by 129 725 litres.
Packaging (tons)	617	634	-	Packaging usage is mainly determined by the volume of eggs sold, which is affected by egg production efficiency and market demands. Packaging was not measured in FY2022. In FY2024, packaging decreased due to lower egg volumes sold in Mozambique and lower feed volumes sold from the Lusaka feed mill. In Zambia, feed is mostly sold in bags.
Waste: litter/manure produced (tons)	21 670	21 171	20 641	Litter or manure is determined by the volume of birds on farms.
Mortalities to landfill/waste pits (tons)	163	195	193	Mortalities reduced in FY2024 mainly at the Kampala breeding farm.
Water (kl)	220 979	213 686	175 040	Water usage is mainly determined by bird numbers and the requirement for cooling. Borehole water use was only measured from May 2022 and corrected for Uganda in FY2023.
Effluent water (kl)	529	1 525	-	Effluent water usage depends on volumes produced and the number of rearing and laying cycles completed within a year. Effluent water was not measured in FY2022. Effluent water decreased in FY2024 due to fewer flocks being replaced in Mozambique, which resulted in less washing at chicken houses and birds being kept for longer before culling.
Electricity (kWh'000)	2 697	3 163	3 027	Electricity use decreased due to increased load shedding in Zambia.

Ensuring food safety

We aim to provide products that are safe and nutritious for their target market – be it human or animal – to consume. Our risk process includes considering food safety risks such as contamination.

We produce safe animal feeds according to good manufacturing practices. All feed mills have integrated management systems (“IMS”) subject to annual external audits and reviews to ensure adherence to industry, regulatory and product safety standards.

Internationally accredited certification bodies perform annual surveillance audits. This includes a complete re-certification audit done every three years. An internal audit programme enables continuous monitoring and improvement of the IMS.

This year, we allocated a specialist quality management resource to audit selected suppliers, *inter alia*, to ensure compliance with food safety regulations and standards. This supplements our existing quality system that identifies non-conformance, records specific customer complaints and identifies preventative and corrective actions which management is accountable to implement.

If non-conformance is established during supplier audits, we engage with suppliers, and where the required action is not taken, supplier contracts could be terminated. Raw materials are tested at delivery points at our feed mills, and if there are any non-conforming items, such material is not allowed to be offloaded at the sites.

The health of poultry flocks is important in the production of safe food. Stringent biosecurity measures are in place at all our farms and are audited regularly by employees and independent veterinarians. In addition, we implement vaccination programmes and monitor serology, environmental and water quality results to maintain a healthy flock capable of producing safe food. At a minimum, internal health and safety audits are conducted annually at all layer farms, cull depots and broiler farms.

HPAI and food safety

In South Africa, strict food safety regulations apply with any outbreak of HPAI to prevent products that might be considered harmful from entering the food chain.

Once the disease has been identified at a site, no products, including feed, feathers, birds and eggs, may leave the site. All infected and contact animals have to be isolated and destroyed¹.

HPAI is not transmissible by eating properly cooked/prepared chicken, eggs and other poultry products. The risk of being infected with HPAI from eating chicken, eggs and poultry products available in South Africa's retail markets is considered very low².

Our egg production and packing facilities undergo annual food safety audits by accredited audit bodies. Food safety certification for conformance to FSA or FSSC 22000 requirements has been awarded for each site.

The annual independent ESG review of all our operations includes assessments of the effectiveness of food safety management systems, personal hygiene, training, micro-biological, environmental, and chemical verification plans, handling of non-conformances and traceability.

¹ Department of Agriculture, Forestry and Fisheries: Clarification and update regarding disease control measures for properties affected by a confirmed HPAI outbreak, 2017.

² <https://www.poultrydiseases.co.za/>.

Food safety and Salmonella

Salmonella is one of the most important pathogens affecting food safety in poultry. Salmonella bacteria typically live in the guts of animals, and consumers can become infected with Salmonella by eating contaminated food products such as meat, chicken, dairy and eggs¹.

Poultry producers can suffer significant losses because of Salmonella infection through lost production, downgrading of meat or the termination of an entire flock. Some variants of salmonellosis are notifiable conditions involving the state veterinarian.

The broiler farming business launched a proactive Salmonella reduction plan this year. This includes implementing various prevention, detection and control measures on our farms and hatcheries.

Customer satisfaction measures

We have internal and external customers due to the integrated nature of our business. We deliver the same high-quality products and service levels to all customers. We have a formal customer complaint system in place, and an independent customer satisfaction survey is conducted annually for animal feeds to measure overall satisfaction, identify trends and benchmark performance.

For farming operations, customer satisfaction is monitored through engagements on the quality and production performance of the livestock supplied.

As complaints in the egg business are generally more generic than those received in the feeds and farming businesses, the Group uses an external company to monitor complaints. A toll-free number is available to customers and consumers, and all calls are logged and managed. A weekly report is generated and monitored by senior management to identify trends and assist the Group to maintain a customer-centric focus.

Quantum Foods experienced zero product recalls during 2024 (FY2023: 0).

Protecting animal welfare

The Quantum Foods sustainability policy sets out our commitment to ensure the fair treatment of animals. We subscribe to the SAPA welfare standards and code of practice.

We have a zero-tolerance approach to non-compliance with animal welfare regulations and requirements.

We provide ongoing employee training to ensure compliance with standards and optimal livestock husbandry practices and facilities, which creates an environment for improved farming production efficiencies.

The SETC assists the Board in formally monitoring animal welfare matters.

Regular internal audits are conducted on all farms to ensure adherence to and compliance with biosecurity and animal welfare protocols. Ongoing animal welfare and biosecurity training is provided to farming employees.

We also receive unscheduled and unplanned visits from the NSPCA. All farms have a veterinary health plan and biosecurity measures, including access control for visitors.



Info tip: The NSPCA is the largest and oldest animal welfare organisation in South Africa and an important stakeholder for Quantum Foods. As a non-profit organisation, they advocate animal welfare and protection and conduct inspections, *inter alia*, at commercial farming facilities. They also play a role in investigating public complaints related to animal welfare.

Strict biosecurity measures are in place at all farms to mitigate the risk of diseases and illness. Supplier and contract production facilities must comply with the same standards that apply to the Group's farms regarding animal welfare.

We have a facility maintenance schedule, including bird cages, houses, roofs and temperature control systems. Our sites feature fresh water, feed, ventilation and lighting facilities.

¹ <https://www.lallemandanimalnutrition.com/en/europe/solutions-services/all-programs/salmonella-in-poultry-production/>.

HPAI is a serious threat to the welfare of poultry. We continue to explore solutions to protect birds from infection, including using only enclosed houses, cutting down trees to reduce wild bird populations in the surroundings and improving water treatment. When farms and facilities were temporarily closed during quarantine this year, employees received refresher training on animal welfare and biosecurity when operations restarted.

In Zambia, mortality rates, water quality indicators and dust levels are monitored to mitigate, *inter alia*, infectious bronchitis, and there is regular oversight and monitoring by qualified veterinarians. Uganda and Mozambique have formal procedures for biosecurity and animal welfare.

We contract with veterinarians to visit farms and conduct audits based on standard operating procedures related to flock health. They also provide input on operational improvements that will benefit our flocks.

Water availability

A new water pricing strategy for raw water use will be effective in South Africa from 2026. The strategy aims to promote effective and efficient water management to support the overarching goals of the 2023 National Water Resource Strategy ("NWRS"). The NWRS estimates South Africa will have a water deficit of between 1.6 billion and 2.7 billion cubic metres of water (roughly 17%) by 2030. The new pricing will assist in reflecting the scarcity value of water, promoting its conservation.

South Africa's raw water quality is deteriorating significantly, mainly due to waste discharges from municipal water treatment works. The pricing strategy will seek to address this through the long-anticipated implementation of the waste discharge charge system and the waste mitigation charge¹.

Water availability, quality and cost are increasing risks to businesses. We require water in all our operations for consumption as part of poultry sustenance, packing, processing and cleaning. Poultry farming constitutes a large component of our water consumption, with limited opportunities for reduction beyond ensuring that water is not wasted.

Water for farming operations is primarily obtained from boreholes or surface water through irrigation schemes, and the quality is managed carefully to ensure that bird health is not adversely affected. This includes periodic water sampling and testing to confirm that the water meets the required standard.

Zambia is experiencing one of its worst droughts in history. The drought impacted water availability at operations and resulted in severe load shedding due to falling water levels at the hydroelectric power stations that generate most of the country's electricity. We have backup generators during load shedding, and the business has ensured that all possible leaks on our water reticulation systems are immediately addressed. Additional wells have been commissioned on the commercial layer farm.

Water supply and quality are continuously monitored at all Quantum Foods' operations with backup supply in place. At some sites, recycled water is used, and supplementary water is stored on-site in case of fire and for emergency water supply.

Water use licences requiring B-BBEE shareholding

The Department of Water and Sanitation published the Revised Regulations regarding the procedural requirements for water use licence applications on 19 May 2023. The proposed amendments require applicants for new water use licences (to take or store water) to have an onerous minimum B-BBEE shareholding. The proposed amendments only apply to applications for new water use licences, not renewals or relicensing of water use allocations made prior the National Water Act came into effect. We are working with the Department to address cases where some of our farms have outdated licences and to address any risks proactively.

¹ <https://agrisa.org.za/centre-of-excellence-natural-resources/south-africas-new-water-pricing-strategy/>.

Wastewater and effluent management


We have processes in place to manage wastewater and effluent, for example:

- For domestic wastewater, we use septic tank systems, soakaways, or discharge effluent into municipal sewer systems
- Animal feed truck wash effluent is mainly outsourced to custom-built facilities that are periodically audited
- Upgrades at facilities aim to improve wastewater management, for example, at the Hartbeespoort hatchery, where multiple wastewater treatment and retention ponds were installed to improve wastewater management
- Effluent from poultry houses that drains to evaporation ponds is a requirement included in water use licence applications for new farm constructions/ expansions after the ratification of the National Environmental Management Act, No. 107 of 1998

Quantum Foods handles waste from our operations, including litter and manure, feathers, mortality, egg and hatchery waste, according to a waste management system and plan. The plan guides operations in handling waste in different ways, including traditional waste management through landfill and burning and alternative value-adding circular economy opportunities for organic waste.

Manure waste as a byproduct is a valuable input for fertilizer products and can generate additional income streams.

The organic waste generated at poultry farms and egg packing stations is biodegradable and can be turned into compost. Quantum Foods uses the BiobiN® system and has three units in place – at our Brackenfell egg packing station, Fransrug layer rearing farm and *Bellevue Chix* broiler hatchery in the Western Cape. We plan to use BiobiN® at more sites with the necessary volumes.

**Info tip:** BiobiN® is an in-vessel composting system that helps reduce the volume of waste going to landfill sites. Full bins are collected by local agents and delivered to a compost manufacturer. Once the bins are emptied, they are washed and returned to our sites to be refilled.

No environmental or pollution incidents were reported in South Africa, Zambia, Uganda or Mozambique this year.

² <https://www.trade.gov/country-commercial-guides/south-africa-energy>.

Renewable energy use

In South Africa, approximately 85% of electricity is generated via coal-fired power stations. Despite environmental concerns, coal will continue to provide the majority of South Africa’s power for the next decade, although the share from renewables will grow rapidly².

Quantum Foods is committed to expanding its use of renewable energy and considers reducing carbon emissions an important factor when evaluating new capital projects. We have been investing in grid-tied solar photovoltaic (“PV”) systems since 2016, as the technology matured and became more affordable. Solar PV has proved to be a solid investment with a predictable rate of return.

We are considering future solar installations at our feed mills and some farms to continue increasing the contribution of electricity from renewable sources to total consumption.

We have installed solar PV systems at eight sites, delivering a combined output equal to 5.2% of our total electricity usage.

South Africa	2024	2023	2022	2021	2020
Electricity purchased (kWh'000)	39 526	37 513	45 209	46 813	49 170
Electricity from renewable sources (kWh'000)	2 183	2 686	2 797	2 353	1 776

Biodiversity

The Atlantis Sand Fynbos Conservation Area of 34 ha is adjacent to our Fynbos broiler farm on South Africa’s West Coast. It was established in 2010 in collaboration with the City of Cape Town under the auspices of the Western Cape Nature Conservation Board.

The area is part of the broader Cape Flats Sand Fynbos ecosystem, known for its unique biodiversity and conservation significance. Conservation efforts in this region are vital to preserving native flora and fauna.

This vegetation type has been classified by the South African National Biodiversity Institute as critically endangered due to the rate of habitat loss and the high number of threatened plant species in this habitat.

The conservation area contains a vast variety of threatened species, as identified by a team of researchers who visit the site regularly. Over the years, the list has grown to more than 160 species, of which 31 are considered threatened by extinction.

In terms of the environmental management plan for the area, no development may occur, alien and invasive species are controlled and eradicated, and a fire management system is implemented to favour natural vegetation patterns ecologically.

The area is fenced off from our broiler farm, and access is restricted to keep it in its natural state.

This year, we also joined the Paardeberg Sustainability Initiative to support work done on botanical surveys, conservation, soil erosion, alien clearing and fire protection. Quantum Foods contributed two resources to the project and donated machinery and fuel. Our involvement created new opportunities to engage with neighbouring farmers and communities in the area.

Environmental initiatives in Africa

Emerging regulations in other African countries now require environmental impact studies, and increasing environmental audits are being done by national environmental management agencies.

We apply the same biosecurity protocols at all our farms in the other African operations and contract similar veterinary services to ensure the required level of compliance with regulations and animal welfare standards.




CLIMATE-RELATED RISKS, OPPORTUNITIES AND DISCLOSURES

Quantum Foods is exposed to changing weather patterns, droughts, and floods, which affect the agriculture industry and our primary inputs and operations. We make a conscious effort to manage and minimise our environmental impact and support the effective consumption of resources, focusing on water and energy.

Governance

How does the board provide oversight of climate-related risks and opportunities?

Quantum Foods applies the principles of King IV, in terms of which the Board *inter alia* takes responsibility for ethical leadership, which includes anticipating, preventing or ameliorating any adverse consequences of our operations on the environment and other stakeholders. This includes considering climate-related risks and opportunities.

Board <ul style="list-style-type: none">• Responsible for oversight of ESG, including climate-related risks and opportunities• Commissioned the annual independent ESG review incorporating climate-related risks and opportunities• Included ESG performance targets in remuneration policy• Considers climate-related risks and opportunities when making capital allocation decisions	Remuneration in focus: <p>Operational targets relate to efficiency, ESG and cost management. As such, these targets can only be achieved if climate-related risks and opportunities are actively managed towards positive outcomes. ESG targets are commercially sensitive but drive improvements identified by the independent ESG review. 📄 Read more on page 76.</p>
	
SETC <ul style="list-style-type: none">• Provides oversight of Quantum Food’s performance in terms of the environment as per the Companies Act requirements• Mandated by the Board to monitor and report on climate and environmental issues• Responsible for implementation of the sustainability policy that incorporates the responsible investment code, and serves as a guideline for integrating ESG into everyday practices• Reports directly to shareholders on matters within its mandate	Capital expenditure in focus: <p>The investment in the Malmesbury feed mill considered energy and safety improvements that mitigate potential climate risks. 📄 Read more on page 58.</p>

What is management’s role in assessing and managing climate-related risks and opportunities?

Management implements the sustainability policy, which has set environmental objectives:

- To minimise adverse impacts and enhance positive effects on the environment, as relevant and appropriate
- To make efficient and sustainable use of natural resources, such as soil, land, livestock, biodiversity and water, and to take a preventive and precautionary approach to protect the environment wherever possible
- To support the reduction of greenhouse gas emissions, which contribute to climate change
- To encourage the development of environmentally friendly technologies

We assess environmental impacts by:

- Identifying potential risks and appropriate mitigating measures through an environmental impact assessment, specifically when business operations change
- Considering the potential for positive environmental impacts from business activities
- Taking appropriate actions to mitigate environmental risks
- Considering the impact of operations on the environment, particularly in terms of carbon emissions, is an important consideration when evaluating new capital projects

Climate risk assessment process

The Quantum Foods executive management team initiated a climate risk assessment process in 2024, focusing on four operational sites in the Western Cape. They provided guidance in terms of process, approach and potential challenges, including the need to raise internal awareness about climate change. Management teams at the sites participated in facilitated working sessions with a climate expert around the physical and transitional risks that can impact their operations. They also identified existing and potential mitigation and adaptation measures. The process was used as input into the ERM and strategy development processes.

Management responsibilities in terms of climate risks and opportunities include:

- Ensuring compliance with applicable local and national environmental laws and swiftly addressing any identified gaps. This includes keeping track of climate-related legislative and regulatory changes and requirements
- Including climate-related data in monthly management reports submitted to the executive committee
- Using operational certifications and audit processes to drive resource and process improvements
- Using resource data to identify opportunities to reduce impact and improve the Group’s resilience to climate change while managing costs

Strategy

What climate-related risks and opportunities have we identified over the short, medium and long-term?

Climate and materiality	<p>Quantum Foods’ annual reporting process includes a review of the Group’s material impacts, including on the environment. The material impacts highlight aspects important to our stakeholders and complement our strategic risks. Two material impacts are directly linked to climate-related risks and opportunities:</p> <ul style="list-style-type: none">• Protecting the environment (emissions and waste)• Water <p>➦ Read more about these material impacts on page 95.</p>
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Climate risks and opportunities included in this report have not yet been filtered for short, medium or long-term impacts, and no financial outcomes were calculated. Further research is also required to better understand the link between climate events and HPAI outbreaks, as well as mycotoxin prevalence and crop nutrition.

Physical risks

Acute, event-driven risks

Extreme weather events

Extreme weather events can lead to crop destruction in raw material source countries, affecting availability, quality and price volatility. Extreme weather events can also cause rapid increases or decreases in demand for animal feed.

Mitigation and adaptation measures in place include:

- We have a diverse and global raw material supply network. Due to supply constraints related to weather events, we might incur increased transport costs. A diversified network, however, limits our ability to build long-term relationships with local farmers through which we could help improve soil quality, secure offtake agreements, be climate resilient, etc
- We contract with international commodity trading companies that carry the majority of supply-related risks
- Quantum Foods evaluates key raw material sourcing countries like Argentina to obtain direct input on changing weather patterns and the impact on future crop availability, quality and pricing
- We regularly test the quality and nutrient value of raw materials. This enables us to change animal feed formulas and use substitute materials without affecting nutritional value

If birds are under stress due to weather events, performance and egg quality can be affected, which in turn affects farming efficiencies and earnings. Extreme temperatures also affect best-before dates of eggs, leading to additional temperature control requirements and increasing energy requirements.

Mitigation and adaptation measures in place for the egg business include:

- We adhere to the FSSC version 5.1. food safety certification
- We have tracking systems that can identify any affected batches of eggs and source farms
- We use the Lohmann standard to assess the quality of eggs and measure this against industry standards
- We also assess the Haugh value to check yolk strength, shell thickness, weight, etc

Infrastructure damage and unavailability due to storms, floods and fires

Infrastructure damage and unavailability can lead to an inability to transport products, damage to trucks and supply chain inefficiencies while potentially affecting product quality. Increased weather-related damage is driving higher maintenance and insurance costs.

Mitigation and adaptation measures in place include:

- A comprehensive insurance programme incorporating damage to assets and business interruption
- We track mud recovery costs that result from poor and damaged road infrastructure due to weather events. This enables us to effectively engage with farm owners to improve infrastructure and reduce the cost of servicing them. [Read more about mud recovery cost on page 46](#)

Chronic risks

Climate-related HPAI outbreaks

Changing temperature and rainfall patterns affect wild bird migratory patterns that can be linked to HPAI outbreaks. These outbreaks can lead to the closure of operations and sudden drops in supply, affecting volumes, margins, and profitability and causing retrenchments and negative market responses. Stricter regulatory measures related to HPAI might increase Quantum Foods' operating costs.

Mitigation and adaptation measures in place include:

- Quantum Foods has strong biosecurity measures at all relevant sites
- Enclosed layer and broiler housing limits exposure to disease-carrying wild birds and animals
- Tree removal around chicken houses discourages wild bird nesting

Increasing temperatures

Increasing temperatures can cause animals to eat less, impacting feed formulation, operational efficiency, margins, and customer satisfaction. Broilers must be kept within a narrow temperature band to achieve modern breeds' high genetic potential. Temperatures above 37°C can cause heat stress for birds, resulting in reduced productivity and fatalities.

Mitigation and adaptation measures in place include:

- Newer generation hen houses require less temperature control and have ventilation and cooling fans to optimise performance

Temperature increases can affect eggs' shelf life and quality, resulting in smaller sizes, thinner shells and variable yolk colouring. This can impact selling prices and increase stock returns.

Mitigation and adaptation measures in place include:

- We monitor and record temperatures in the egg packing stations, where air conditioning is compartmentalised to target specific activities. High-risk storage areas are equipped for consistent temperatures. We adjust best-before dates based on temperature as this impacts the quality of eggs, thus limiting the number of returns while protecting margins and reducing waste

Higher temperatures, shifts in rainfall patterns and atmospheric carbon dioxide can affect the quality of protein in feed raw material which might affect performance and lead to financial losses¹.

Mitigation and adaptation measures in place include:

- We use substitutes and additives, which result in increased feed costs

Ambient temperature fluctuations

Low ambient temperatures increase poultry feed consumption without a comparable performance increase. Higher temperatures can result in lower feed intake and lower performance. Maintaining the range of ambient temperatures requires more cooling and ventilation, resulting in higher energy use. Customers prefer lower-weight broilers with high levels of weight uniformity, emphasising temperature management. Lower-weight birds are more vulnerable to temperature changes.

Mitigation and adaptation measures in place include:

- Most broiler houses and some layer houses are fully enclosed, thus providing better control over the internal environment and optimising temperature, humidity, and ventilation
- We use technology-controlled equipment with an alarm that indicates temperature movements outside the ideal range or electricity supply interruptions
- We use wet pad evaporative cooling systems that reduce the need for air conditioning
- We use birds of the world-leading Ross 308 and Lohmann genetics. Ross 308 birds in particular are known for adaptability to different environments, making the breed suitable for various climates

Increasing drought conditions

Increasing drought conditions can lead to water supply risks, affecting operations and feed quality. The Western Cape is known to be a water-scarce area, with water likely to become scarcer as climate change worsens and the population increases.

Mitigation and adaptation measures in place include:

- Some sites have water treatment plants
- We use recycled water at some sites and provide water to be stored on-site in case of fire and for emergency water supply
- In some cases, we can buy water from neighbouring boreholes to mitigate water supply risk through existing pipelines
- Some farms are supplied by on-site dams fed by mountain streams or municipal sources

¹ Harvard, 2017 – <https://www.hsph.harvard.edu/news/press-releases/climate-change-carbon-emissions-protein-deficiency/>, Harvard, 2018. <https://www.hsph.harvard.edu/news/press-releases/climate-change-less-nutritious-food/>, Nature, 2016. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4810679/>, Environmental Health Perspectives, 2017. <https://ehp.niehs.nih.gov/doi/10.1289/EHP41>.

Climate-related mycotoxin risk

Increased temperatures can stimulate the growth of mycotoxin-producing fungi¹, which can contaminate and affect the quality of raw materials. Excessive rainfall during growing seasons promotes fungal growth, while drought conditions may lead to mycotoxin production in stressed plants. Mycotoxins cause metabolic disorders and weak productivity in animals. Storage will also become more challenging as pathogen growth erodes feed quality. This may result in an increased requirement for mycotoxin binders in the feed, increasing the cost per ton.

Mitigation and adaptation measures in place include:

- We conduct laboratory tests for mycotoxins at the feed mill
- We test Poultry for mycotoxin prevalence

Emissions affecting our carbon footprint

Quantum Foods' reliance on coal-fired energy and fuel-driven generators contributes to our carbon footprint and can lead to a significant carbon tax burden and reputational risk.

Mitigation and adaptation measures in place include:

- Some facilities have solar installations providing sources of renewable energy
- We feed excess energy supply back into the grid at one site. We have a service level agreement with a company that services the panels and guarantees effectiveness over 20 years

Transport emissions result from increased road transport and backup generator use, which increases our carbon footprint, thus contributing to climate risk. This is often due to an increased requirement for birds and eggs to be transported between regions due to HPAI outbreaks and market demands.

Mitigation and adaptation measures in place include:

- We reduce costs and diesel emissions by optimising route planning and the use of generators
- Temperature-controlled trucks, which are more fuel-intensive and thus result in higher emissions, are only used for day-old-chick and liquid egg transport

Waste contributes to emissions

Waste from operations can contribute to higher emissions, which can lead to climate change. Waste is directly linked to bird and egg volumes, and HPAI outbreaks (mortalities). Through the Extended Producer Responsibility Act, Quantum Foods, as a brand owner, is also responsible for safely disposing of packaging.


Mitigation and adaptation measures in place include:

- Wastewater is captured and channelled into evaporation ponds at many sites
- Manure and droppings are sold to an organic fertilizer company that produces compost and pellets for the agricultural sector
- Eggs that do not meet retail specifications and those returned from retailers are sold as liquid eggs, mainly to the hospitality industry
- Strictly managing egg losses against targets. Presently, less than 0.60% of eggs are lost in the process
- Egg packing station waste, such as egg shells and some liquid, is composted through a Biobin® system
- We use biodegradable egg packaging

¹ Toxins (Basel), 2022 – <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9319892/>, Food Research Journal International, 2010. <https://www.sciencedirect.com/science/article/abs/pii/S0963996909002130>, Plant Pathology, 2011. <https://bsppjournals.onlinelibrary.wiley.com/doi/full/10.1111/j.1365-3059.2010.02412.x>.

Transition risks

Policy and legal	<p>Increased regulatory requirements regarding health, safety, waste and environmental standards are expected and will incur additional operational costs. Policy changes are likely to demand more focus on monitoring environmental data and implementing actions to reduce the environmental impact of the business.</p> <p>New environmental legislation that protects carbon stores such as forests and increases global demand for paper products might increase our packaging costs.</p> <p>Input costs related to water are expected to increase based on increased demand and increasingly limited supply, which climate events will exacerbate. Read more about new water pricing regulations on page 95.</p> <p>Input costs related to energy are expected to increase due to higher investment costs for alternative, renewable energy sources to reduce emissions in line with South African national commitments to net zero and implementing a more punitive carbon tax regime. Read more about the new Climate Act on page 38.</p> <p>Inconsistent and rapidly changing regulations between different countries from where we import raw materials can result in supply disruptions, for example, due to the use of genetically modified maize.</p> <p>Our Fynbos broiler farm is part of the Atlantic Sand Fynbos conservation site, which has been under Cape Nature's stewardship since 2010. As a result, we are subject to more stringent environmental regulations, which are likely to increase to protect biodiversity in the area.</p> <p>Delayed approvals of the HPAI vaccine and the high cost of vaccination might hinder Quantum Foods' ability to protect its biological assets.</p> <p>Mitigation and adaptation measures in place include:</p> <ul style="list-style-type: none">• We contract with a service provider to send regular legal notices to inform us of changes in national, provincial and local legal requirements and regulations, which we address through our risk and opportunity register and compliance programme• Read more about proactive environmental mitigation measures in the section on responsible business from page 74
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Technology	<p>Competitors investing in plants with new technology might be able to offer customers more targeted feed products with more robust conversion results. New technology could offer efficiencies that reduce input costs related to water and energy, and can reduce emissions and dust.</p> <p>Mitigation and adaptation measures in place include:</p> <ul style="list-style-type: none"> •  Read more about our use of technology and smart farming on page 45
Market	<p>Animal feed customers are increasingly aware of potential methane emission reduction opportunities and the need for alternatives to forage/pasture supply, which is changing due to drier weather.</p> <p>Retail customers' packaging requirements might change to support their climate or net zero commitments.</p> <p>A transition to low-cost and plant-based protein can reduce the demand for eggs. Consumers may also transition to more affordable proteins such as eggs and chicken, leading to higher demand for poultry products.</p> <p>Mitigation and adaptation measures in place include:</p> <ul style="list-style-type: none"> • Operational flexibility enables us to accommodate shifts in species feed demand should customers change their models based on changing weather patterns • We change feed formulas in response to weather events and apply flexible feed formulas to support environment-related outcomes • Our technical advisers collect data related to climate risks, which they can use to increase awareness, mitigate risk and improve performance
Reputation	<p>There is a risk of negative public perception and civil society activism if fossil-fuel energy use at Quantum Foods increases due to, for example, additional temperature control needs.</p> <p>The carbon footprint of intensive poultry farming is lower than free-range farming due to the lower use of natural resources per dozen eggs produced or per kilogram of broiler meat produced.</p>

Opportunities

- Further solar investment will have three-way benefits: security of energy, reduced cost and reduced emissions
- Vaccination will reduce the risk of climate-related HPAI outbreaks. Quantum Foods can continue lobbying government, through industry associations to enable vaccination in South Africa
- Geographic diversification through farm relocations, new leases or contract farmers will enable Quantum Foods to spread climate-related risks better while targeting less poultry-dense areas without compromising proximity to feed suppliers and customers
- Improved disaster contingency and adaptation plans will create better operational resilience
- With advancing genetics, we expect to continue seeing an improvement in feed conversion, producing less manure per bird
- Precision farming and new technology will play a role in off-site auditing, surveillance and monitoring to improve welfare, performance and efficiency
- Waste can become a source of energy for heating
- Investment in alternative water sources will help the Group manage situations such as infrastructure damage

What was the impact of climate-related risks and opportunities on our businesses, strategy and financial planning?

- Climate-related risks and opportunities might become a significant determinant in future acquisitions, including types of operations and location of facilities. Climate-related risks will also inform future decisions to close or relocate operations
- Access to capital is likely to become subject to climate-related information, and financing institutions are starting to introduce requirements into debt covenants
- As we increase our investment in solar energy, we expect a more reliable supply, lower cost over the long-term and lower carbon emissions

Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Our 2024 climate risk process was based on identifying physical and transition risks and opportunities likely to occur by 2039 at four of our larger operational sites. All four sites were based in the Western Cape and were selected based on their operational diversity.

Animal feed mill	Broiler farm	Layer farm	Egg packing station
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We based the discussions at the sites on a scenario where current international policies and commitments are met, as presented by signatories to the 2015 Paris Agreement through their most recent Nationally Determined Contributions. Meeting these Nationally Determined Contributions will lead to an indicative increase in average global temperatures of 2.7°C by 2100.

The chosen “current policies” scenario will result in “limited” near-term climate change impacts, including:

- Annual average temperature increases of 1°C during this time period are anticipated using the World Bank’s Climate Knowledge Portal ensemble climate model
- The number of very hot days (being above 35°C) is expected to increase by one day a month on average
- Average annual rainfall is expected to decrease by up to 10% over this time period¹

We plan to consider alternative scenarios in the future and will start quantifying financial impacts for the most material risks and opportunities in future reporting periods.

¹ World Bank’s Climate Knowledge Portal ensemble climate model, 2021.

Risks and opportunities

What is our process for identifying, assessing and managing climate-related risks?

We describe our risk management process on page 50. The findings from our climate risk process were integrated into our risk management process. At this stage, we classify risks according to likelihood and impact, which is an executive judgment and not based on scientific data. Our strategic risks on page 51 are the outcome of our risk management process. Four of the strategic risks are directly or indirectly related to the impacts of climate change.

Metrics and targets

What metrics do we use to assess climate-related risks and opportunities in line with our strategy and risk management process?


We measure GHGs for reporting to South Africa’s Department of Forestry, Fisheries and the Environment (“DFFE”), which includes Scope 1 emissions from our South African operations. Our other African operations are now also reporting internally on environmental performance indicators and carbon emissions. No targets have yet been set for climate-related metrics.

What are our Scope 1 and Scope 2 GHG emissions, and related risks?

	2024	2023	2022	2021
Scope 1 (direct GHG emissions) (tCO ₂ e)	21 310	27 122	20 309	17 784
Scope 2 (indirect GHG emissions) (tCO ₂ e)	40 040	39 764	47 922	49 622

* 2024 data includes Scope 1 emissions of 1 676 (2023: 1 369) tCO₂e of our other African operations. No emissions from the other African operations are included in Scope 2 emissions, and comparative figures are presented.

Scope 1 emissions decreased due to decreased coal, diesel and petrol consumption.

 Read more on page 91.

Scope 2 emissions increased due to improved electricity availability from the second quarter of FY24. Scope 2 emissions were calculated using the electricity grid emission factor for South Africa of 1.01 kg CO₂e/kWh, Government Gazette No 50071 (2024) (2023: 1.06 kg CO₂e/kWh, Eskom (2021)).

Quantum Foods paid R864 729 in carbon tax (FY2023: R830 255) relating to the emissions generated in the 2023 calendar year.

The carbon tax rate per ton of carbon emissions equivalent increased by 19.5% in 2024 (2023: 10.4%).

A general rebate of 60% of the carbon tax is included in the R864 729, payable for all fuel types except diesel and petrol. Diesel and petrol attract a rebate of 100% for carbon tax since it is effectively taxed through the fuel levy. Emissions from poultry manure management also attract a rebate of 100%.

Due to participation in the Voluntary Carbon Budget Project, Quantum Foods is allowed a carbon budget rebate of 5%, effective until the carbon budget process becomes mandatory. We are further entitled to a 7.4% trade allowance rebate on all emissions from the animal feed business segment.



CORPORATE GOVERNANCE

GOVERNANCE REPORT

Quantum Foods is committed to stakeholder-inclusive governance that is efficient, effective and creates value. We apply the principles set out in King IV and have an outcomes-based approach.

We are committed to effective governance, founded on the principles of transparency, responsibility, fairness and accountability to stakeholders. It is essential that strategic and governance procedures stay current and aligned with ethical business practices to preserve a legacy of responsible corporate governance for a listed company of our nature and size.

Quantum Foods' Corporate Governance Framework

The framework gives structure to our commitment to sound corporate governance principles. It ensures continuous performance improvement while meeting governance obligations and adhering to legislative requirements. The framework summarises the principles, methodologies and procedures used by the Group to support effective governance and living our values.

Furthermore, the framework's purpose is to provide for prudent management while protecting the interests of all stakeholders. The framework is available on the Company website at <https://quantumfoods.co.za/company-documents/>.

Governing structures and delegation

The Board acts as the focal point for and custodian of corporate governance, with its key roles and responsibilities including:

- Setting the direction and determining the Group's strategic themes and objectives
- Determining and setting the tone for the Group's values
- Satisfying itself that the Group is governed effectively based on corporate governance best practices
- Monitoring the implementation of the Board's decisions and policies
- Ensuring that the Group has an effective and independent ARC, Remco and SETC
- Providing oversight on the work performed by the investment and nominations committees
- Appointing and evaluating the performance of the CEO and the company secretary

The Board is supported by three committees, two *ad hoc* committees, the Exco and subsidiary boards. These committees have specific charters or terms of reference, appropriately skilled members, senior management participation and access to specialist advice when considered necessary. Subsidiaries have their own boards of directors and meet as required.

King IV application

Our King IV disclosure register provides information on how we implement King IV and is available at <https://quantumfoods.co.za/company-documents/>.

Board focus areas for 2024

The Board's focus areas and activities during the year included:

Topic	Progress and actions arising
Group strategy	The Group's strategy, as presented by management during the annual Board strategy meeting, was evaluated, deliberated and subsequently adopted by the Board. The Board resolved to amend the strategic themes slightly (🔗 read more on page 48) and approved the operational targets for FY2025.
Monitoring of HPAI recovery plan	The Board monitored management's recovery plan in response to the 2023 HPAI outbreaks. This included importing hatching eggs, increasing the geographical spread of layer breeder facilities, entering into new contract producer arrangements and the retrenchment of or entering into lay-off agreements with employees at units affected by the lower farm production volumes.
The appointment of a new Chief Executive Officer	The Board appointed Ms AD van der Merwe as Chief Executive Officer, effective 1 April 2024, following the retirement of Mr HA Lourens.
Significant shareholder movement	<p>The Board oversaw events following the sale by Astral Foods Limited of its shareholding in the Company (comprising 9.8% of total shares in issue) to Country Bird Holdings Proprietary Limited ("CBH") by way of an off-market block trade on 5 March 2024.</p> <p>A number of <i>ad hoc</i> Board meetings were held to discuss developments. 🔗 Read more on page 113.</p> <p>Following the abovementioned sale of shares to CBH, Quantum Foods saw a significant increase in the Quantum Foods share price.</p>
Changes to the composition of the Board and committees	The Board oversaw the process of the nominations committee in recommending Mr PFT Burger to be appointed as an independent NED who was ultimately appointed with effect from 29 July 2024, following the resignation of Ms TJA Golden with effect from 31 May 2024. Mr PFT Burger was also appointed as a member of the ARC and SETC on 29 July 2024.
Shareholder demand for extraordinary general meeting	The Board received valid demands from CBH and Mr Brendon de Boer that a general meeting of shareholders be called where resolutions were proposed for the removal of three NEDs: Mr WA Hanekom (Chair), Mr GG Fortuin (Lead independent director) and Mr PFT Burger (independent NED). The general meeting was held on 11 September 2024 and none of the proposed resolutions were passed by the requisite majority of shareholders.

Topic	Progress and actions arising
Legal matters	Following the announcement published by the Company on 31 May 2024 informing shareholders of Ms TJA Golden's resignation as a director of the Company, Ms TJA Golden brought an application in the High Court of South Africa seeking, <i>inter alia</i> , an order to the effect that the provision of the Company's memorandum of incorporation in terms of which the majority of the Company's directors required Ms TJA Golden's resignation be declared invalid and that she be reinstated as a director of the Company ("Application"). The Company opposed the Application, which was heard on 20 September 2024. Judgment was reserved.
Consideration of capital projects of more than R6 million and consideration of funding options	Capital expenditure projects are evaluated based on their affordability, anticipated return, contribution to the Group's strategy and environmental impact. The Board mandated the investment committee ("Investco") to evaluate the proposal to convert a current layer rearing farm and a current broiler farm in North West to broiler breeder farms. If approved, this will result in improved hatching egg production for supply to the recently expanded Hartbeespoort broiler hatchery. The Board will consider feedback from the Investco in FY2025. The Board also oversaw the Company's entry into, and subsequent withdrawal under, a R100 million five-year term facility with Rand Merchant Bank.
Monitoring of the Malmesbury feed mill expansion project	The Board monitored progress on the multiyear Malmesbury feed mill expansion project, which commenced during the year and is expected to be in full production by February 2026.
Declaration of dividends	The Board considered and resolved not to declare an interim or a final dividend despite improved earnings reported for the period ended 30 September 2024. This decision was based on a consideration of the continued HPAI uncertainty, the cash flow required to rebuild the layer flock and capital expenditure commitments.

In addition to the key focus areas outlined above, the Board:

- Reviewed, discussed and approved the Group's interim and full-year financial results and results announcements
- Received feedback from the executive management on reprioritising strategies for incorporating climate change in the context of the Group's risk management processes
- Reviewed and approved the Group's budget for FY2025
- Evaluated the outcomes of the assessment of the Board and its subcommittees' performances and determined appropriate improvement mechanisms in line with the recommendations of King IV
- Reviewed and approved key policies in accordance with its work plan
- Oversaw managements' actions following the explosion at the Malmesbury feed mill on 10 June 2024



The Board's role and responsibilities

Members of the Board are regularly updated on industry matters and applicable laws and regulations.

Members of the Board are provided with opportunities to ensure their continuous development. This includes visits to Quantum Foods' business operations and specific training interventions focused on, among others, governance and risk management and the JSE Listings Requirements. It is part of the Board's ongoing responsibility to take reasonably diligent steps to become informed about matters requiring its oversight and direction. Overall, the Board is satisfied that it has fulfilled its responsibilities in accordance with its charter and annual work plan.

Certain responsibilities have been delegated to Board committees to enable the Board to properly discharge its responsibilities and duties. Each committee of the Board is led by a non-executive or independent NED. All committees' charters are reviewed annually to ensure that the committees' duties and responsibilities are in line with good corporate governance requirements and that the committees keep abreast of any developments.

The Board assumes ultimate responsibility for Quantum Foods' strategy, performance and reporting. The Board delegates daily management in accordance with the Group Governance Framework to the executive committee, under the leadership of the CEO, and monitors performance through its various subcommittees.

All subsidiaries have formally adopted the Group Governance Framework at their respective Board meetings.

The Board

ARC	SETC	Remco	Nomination Committee ("Nomcom")	Investment Committee ("Investco")
<p>Members:</p> <p>Mr GG Fortuin (chairman) Mr LW Riddle Mr PFT Burger</p> <p>The ARC comprises three independent NEDs. Mr WA Hanekom, Ms AD van der Merwe and Mr AH Muller, in their capacities as chairman of the Board, CEO and CFO, respectively, are permanent invitees to the meetings. The internal and external auditors also attend ARC meetings. The ARC holds a minimum of three meetings per annum. One of the meetings specifically focuses on risk to ensure risk management is adequately addressed. More information about the functions and responsibilities of the ARC during the year is provided in the ARC report on page 147.</p>	<p>Members:</p> <p>Mr G Vaughan-Smith (chairman) Mr WA Hanekom Mr PFT Burger</p> <p>The SETC comprises one independent NED and two NEDs. Ms HE Pether, Ms AD van der Merwe, Mr AH Muller, Mr LA Selaledi and Mr R Viljoen in their capacities as Executive: Human resources, CEO, CFO, Executive: <i>Bergvlei Chicks</i> and Executive: Supply chain, respectively, are permanent invitees to the SETC meetings. The SETC holds a minimum of two meetings per annum. The SETC monitors sustainable development and the Group's non-financial performance. More information about the functions and responsibilities of the SETC during the year is provided in the SETC report on page 118.</p>	<p>Members:</p> <p>Mr GG Fortuin (chairman) Mr LW Riddle Mr WA Hanekom</p> <p>The Remco comprises two independent NEDs and a NED. Ms AD van der Merwe, Mr AH Muller and Ms HE Pether, in their capacities as CEO, CFO and Executive: Human resources, respectively, are permanent invitees of the committee. The Remco is primarily responsible for reviewing and approving executive remuneration, executive succession planning and assisting the Board in reviewing NED remuneration recommendations. The Remco holds a minimum of two meetings per annum. The Remco takes cognisance of local and international best practices to ensure that the Group's remuneration practices are fair and reasonable for executives and the Company. More information about the functions and responsibilities of the Remco during the year is provided in the Remco report on page 121.</p>	<p>Members:</p> <p>Mr WA Hanekom (chairman) Mr G Vaughan-Smith Mr LW Riddle</p> <p>The Nomcom comprises one independent NED and two NEDs. Ms AD van der Merwe and Ms HE Pether, in their capacities as CEO and Executive: Human resources, respectively, are permanent invitees to Nomcom meetings.</p> <p>The Nomcom is primarily responsible for conducting recruitment processes and recommending suitable candidates to the Board to fill Board vacancies as and when they arise. The Nomcom met twice in FY2024.</p>	<p>Members:</p> <p>Mr LW Riddle (chairman) Mr WA Hanekom Mr G Vaughan-Smith</p> <p>The Investco comprises one independent NED and two NEDs.</p> <p>Ms AD van der Merwe and Mr AH Muller, in their capacities as CEO and CFO respectively, are permanent invitees to Investco meetings. The Investco is primarily responsible for assisting management with evaluating potential capital expenditure and financing. All capital expenditure and financing are approved by the Board as a whole. The Investco did not meet in FY2024.</p>

Executive management

IT Steering committee

More information about the functions and responsibilities of the IT steering committee during the year is provided in the IT governance report on page 117.

Subsidiary boards

The Board committees are satisfied that they have fulfilled their responsibilities in accordance with their respective charters and workplans, where applicable, for the reporting period.

The Board is committed to the effective management of the Company and has maintained its dedication to high governance standards. This promotes sound business practices and effective strategy execution.

The Board sets the tone for the Group's values, including principles of ethical practices.

Meeting attendance

In fulfilling its obligation as embodied in the fourth principle of King IV, the Board held five scheduled meetings during the year. Four additional board meetings were held during the year to discuss shareholding movements, shareholders' demands for an EGM for the proposed removal of certain NEDs, matters related to an application in the High Court brought by Ms TJA Golden, a former director, and the appointment of Ms van der Merwe, as a director and CEO.

The Board members also attended a full-day session during which the FY2025 strategy was approved. The SETC held two scheduled meetings during the year, while the ARC convened three planned meetings. The Remco held a total of five meetings, consisting of two regular meetings and three *ad hoc* meetings related to the implementation of the long-term incentive scheme approved by the Board in November 2023, and the remuneration of the new CEO. The Nomcom held two meetings in FY2024 to consider candidates for recommendation to fill the vacancy on the Board following the resignation of Ms TJA Golden on 31 May 2024. No meetings were held by the Investco during FY2024.

The Board is satisfied with the attendance and contribution of its members at its Board and committee meetings.

The Board composition and director attendance at Board and committee meetings during the reporting period are set out below:

Member	Status	AGM	EGM	Board	Remco	ARC	SETC	Nomcom	Strategy session
WA Hanekom	Non-executive Chairman	1/1	1/1	9/9	5/5	3/3*	2/2	2/2	1/1
GG Fortuin	Lead independent NED	1/1	1/1	9/9	5/5	3/3	n/a	1/2*	1/1
TJA Golden ⁶	Independent NED	1/1	n/a	3/9	n/a	2/3	2/2	n/a	n/a
PFT Burger [#]	Independent NED	n/a	1/1	2/9	n/a	1/3	0/2	n/a	1/1
LW Riddle	Independent NED	1/1	1/1	8/9	5/5	3/3	n/a	2/2	1/1
G Vaughan-Smith	Non-executive director	1/1	1/1	9/9	5/5*	n/a	2/2	2/2	1/1
HA Lourens ^{##}	CEO	1/1	n/a	4/9	5/5*	1/3*	1/2*	n/a	n/a
AD van der Merwe ^{""}	CEO	1/1	1/1	7/9	n/a	2/3*	1/2*	2/2*	1/1
AH Muller	CFO	1/1	1/1	9/9	4/5*	3/3*	2/2*	1/2*	1/1

* Attended as an invitee.

⁶ TJA Golden resigned on 31 May 2024.

[#] PFT Burger was appointed on 29 July 2024. No meetings of the SETC were held between his appointment and the end of the reporting period.

^{##} HA Lourens retired as CEO on 31 March 2024 and resigned as Executive director on 31 May 2024.

^{""} AD van der Merwe was appointed as CEO with effect from 1 April 2024. She attended two *ad hoc* Board meetings held in March 2024 as an invitee. No meetings of the Remco were held between her appointment and the end of the reporting period.

The members of the Board are experienced individuals who understand their duty to act with care, skill and diligence.

Board composition and functions

The Board consists of seven directors, five of whom are NEDs and three of whom are independent NEDs. The non-executive chairman, Mr Hanekom, presides over meetings of the Board. Mr Fortuin is the lead independent director.

The Board has a charter that sets out clear division of responsibilities at Board level. The charter also sets out a clear balance of power and authority at a Board level to ensure that no one director has unfettered decision-making powers.

The Board recognises the value of increased broader diversity and has therefore adopted a diversity policy that promotes enhanced diversity in terms of gender, race, culture, age, field of knowledge, skills, expertise and experience when vacancies arise.

The Board did not set voluntary diversity targets for 2024. Areas for improved diversity are considered when the performance of the Board and committees is evaluated or when vacancies arise.

Each director's skills, experience and qualifications are appropriate to ensure that the Board has the necessary skills and experience to discharge the Board's governance role and responsibilities in line with the Board Charter, the JSE Listings Requirements and King IV principles.

At each AGM, one-third of the NEDs retire by rotation but are eligible for re-election, provided that any NED who has already held office for a period of three years since his/her last election retires at the next AGM but remains eligible for re-election. Appointment of directors by the Board to fill a vacancy, will be subject to shareholders confirmation at the next AGM by an ordinary resolution of the Shareholders.

A director shall be obliged to retire at the conclusion of the AGM relating to the financial year in which the director reaches the age of 70 years old and shall not be eligible for re-election.

A brief professional profile of each candidate standing for election or re-election at the AGM is available in the Company's notice of the 2025 AGM ("AGM Notice").

Roles, recruitment and succession planning

The responsibilities and functions fulfilled by Mr Hanekom in his capacity as non-executive chairman of the Board are distinct from those carried out by Ms van der Merwe, who serves as the CEO and holds the position of executive director. The CEO functions within a service agreement that requires a three-month termination notice period and is not bound by any restraint of trade agreement.

The CEO assumes the primary responsibility of guiding the development and execution of the organisation's strategic initiatives. Additionally, the CEO is accountable for formulating policies and operational plans and serves as the primary liaison between management and the Board.

The Remco oversees the CEO and executive succession planning. The Remco is confident that adequate measures are in place to ensure continuity. The CEO is not a member of any other governing body outside of the Group.

The Board appoints the CEO and the company secretary. The independence of each NED is assessed regularly by monitoring information submitted by directors relating to their relevant business interests.

During the year, the Nomcom led the recruitment and appointment of one NED, Mr Pieter Burger, who joined the Board on 29 July 2024. The process ensures that the search for and appointment of our NEDs is comprehensive with a commitment to achieving the necessary balance of skills and experience from a diverse range of perspectives to facilitate constructive deliberations and balanced decision-making. The induction of new directors focuses on supporting them in meeting their statutory obligations and gaining insight into our Group's strategic priorities.

The Investco aids management in evaluating and financing business-enhancing capital projects but has no decision-making authority. The Board considers and approves capital expenditure and funding (if deemed appropriate).

Board evaluation

The Board's policy is to conduct annual effectiveness evaluations. The Board conducted an external evaluation of its performance and that of its committees during FY2024.

The assessment comprised a questionnaire based on established best practices. The evaluation confirmed that the Board fulfils its obligations, demonstrates ethical leadership and effectively manages risk while providing oversight for the implementation of the Group's strategy.

Company secretary

All Board members have access to the advice and services of the company secretary, Ms Ziyanda Wakashe, who is responsible for ensuring the effective administration of the Board and the implementation of robust corporate governance procedures and compliance. This includes Company announcements, investor communications and access to information pertaining to matters that could potentially impact the Company and its activities. Following a Board-approved procedure, Board members may also seek independent advice to aid them in fulfilling their responsibilities, at the Group's cost.

The company secretary has access to external legal advice.

The Board has assessed Ms Wakashe's competence and expertise and is satisfied that she has the appropriate qualifications, experience, and competence to perform her duties in a professional and responsible manner.

It is acknowledged that she has maintained an arms-length relationship with the Board and its directors and raises matters that may warrant the Board's attention when appropriate. It was noted that she continues to provide the directors, collectively and individually, with guidance as to their duties, responsibilities, and powers, including updates to laws that impact the Company and its operations.

The company secretary reports directly to the Board on statutory matters and to the CFO in relation to her other duties.

The Board believes effective arrangements for accessing professional corporate governance advice are in place.

Legal compliance

The Board recognises its responsibility to ensure that Quantum Foods complies with applicable laws and monitors adherence to relevant regulatory rules, codes and standards. Board members have experience in and knowledge of the agricultural industry and are aware of the potential impact of changes to the law.

The responsibility for the implementation and execution of effective compliance management is delegated to management.

Compliance monitoring forms an essential component of the compliance process. It is designed to examine business activities to enable management and the Board to ensure that business is conducted in compliance with relevant legal requirements. Oversight includes the level of legal compliance with the applicable legislation, regulations, rules, standards, best practices and codes identified as crucial. Management continually strives to integrate compliance as a key component of organisational culture. This culture is further entrenched through ongoing training.

The implementation of clear responsibilities, accountabilities and reporting procedures for compliance matters enables the Company to actively recognise compliance risks and address them in a responsible manner. 🌱 Read more about changes in the legislative environment in the operating context chapter on page 38.

The compliance function ensures that processes are in place and are continuously improved to mitigate the risk of non-compliance with the law and to ensure appropriate responses to changes and developments in the regulatory environment. The company secretary reports to the Board, and the Board reviews and monitors updates to the law on a regular basis.

No material regulatory penalties, sanctions or fines for contraventions or non-compliance with legal obligations were imposed on the Company or any of its directors or officers in their capacities as directors or officers of the Company during FY2024.

In FY2025, the Group will continue to monitor applicable laws for any changes and developments.

The Quantum Foods compliance policy

The policy is based on a strong commitment to compliance and corporate governance while maintaining alignment with Quantum Foods' strategic themes. The policy ensures that the appropriate internal compliance procedures are in place to address all applicable laws and regulations. The Group strives to meet the requirements of the standards that apply to its day-to-day activities and responsibilities. The policy applies to all the business units, directors, managers, employees and agents of Quantum Foods. The compliance function comprises the company secretary, who oversees the compliance champions in the business units and/or functional departments.

As part of the Company's 2024 compliance programme, a two-part online refresher compliance training on Competition Law awareness was conducted.

Combined assurance

The Company implemented a comprehensive assurance framework in line with King IV to coordinate the efforts of management, internal assurance providers and external assurance providers to promote collaboration and facilitate a holistic view of the Group's risk profile and assurance activities.

These various assurance role players oversee corporate governance at Quantum Foods and provide different types of assurance. They are differentiated by their levels of independence from the Group's operational activities and the Group itself.

The executive directors and directors of key subsidiaries are responsible for ensuring that a robust internal control environment exists to ensure that:

- Group assets are adequately safeguarded and used only for the purposes of value creation
- Accurate accounting records are regularly maintained
- All financial and operational information used in the business is reliable and accurate

Through the use of Quantum Foods' combined assurance model, the independence of assurance gradually increases over four lines.

Management oversight

The primary responsibility for day-to-day risk management, as well as the management, measurement and mitigation of operational risk, lies with the senior and line management of each division and business unit.

Governance of risk and compliance

The ARC functions in accordance with written guidelines established by the Board and is accountable for evaluating and monitoring the Company's risk management performance and providing a high-level risk assessment to the Board on an ongoing basis.

Internal audit

The internal audit function plays a key role in assisting the Group in achieving its goals by employing a rigorous methodology and risk-based approach to assess and enhance the efficiency of risk management, internal control, operational activities, governance and compliance.

External audit and other independent third-party assurance providers

In line with the Group's Governance Framework, external assurance providers are appointed for the Group's operations.

The ARC monitors feedback on audits. The appointment of external auditors is approved by shareholders on the recommendation of the ARC.

ARC

BOARD

The ARC has reviewed and is satisfied with the effectiveness of the Group's combined assurance model.

Group external audit

The FY2024 external audit services for the Group, the South African operations and the Ugandan operations were provided by EY. PricewaterhouseCoopers Inc. ("PwC") provided external audit services for the Mozambican and Zambian operations. The ARC monitors feedback on the audits provided to the subsidiary boards. 📄 Read more about the Group's external audit in the ARC report on page 147.

Group internal audit

Deloitte & Touche provided the Group's internal audit services for FY2024. The internal audit service agreement was renewed in 2023 and expires on 30 September 2025. The internal audit function operates in terms of an approved charter, which is reviewed on an annual basis for relevance to the Group's strategies, operations and legislative environment.

Risk findings and management actions to mitigate these are reported to the ARC (and escalated to the Board if necessary). The ARC assesses the effectiveness of both the internal audit function and the head of internal audit on at least an annual basis.

The annual audit plan is based on an assessment of risk areas identified by internal audit and management. Risks with a high probability and impact were prioritised and included in the annual plan. The plan is endorsed by the ARC and updated as appropriate to ensure it is responsive to change.

The internal auditors continued to monitor the effectiveness and adequacy of the Group's risk framework and risk register, with the assurance process being a combination of internal and external accountabilities.

📄 The ARC report is provided on pages 147 to 149. Read more about the Group's strategic risks on page 51.

Stakeholder relations

Quantum Foods adopts a stakeholder-inclusive approach and has an established stakeholder engagement policy. The Board exercises ongoing oversight of stakeholder relationship management whereas management is responsible for implementation and execution of effective stakeholder relationship management.

Our relationships with key stakeholders, including customers, suppliers, government, society and investors, are pivotal to the Group's ability to ensure mutually beneficial sustained value creation. Key information about the Group's strategies, future activities and progress in relation thereto is communicated in accordance with an approved policy. 📄 Read more about stakeholder engagement on page 19.

IT governance

Embracing the principles of King IV and being cognisant that IT is crucial to operations, the Group has established an IT steering committee, which reports to the executive committee and the ARC. The IT steering committee, chaired by the CFO (in the role of Chief Information Officer), operates in terms of an approved charter and comprises four executives and the financial manager (Information Systems).

Management is responsible for implementing all IT and information governance structures, processes and mechanisms. Management delegates to the independent IT steering committee. The primary function of the IT steering committee is to optimise the total investment in technology and information systems and provide guidance to management regarding the appropriate utilisation of technology and information services.

Established measures are in place to ensure adherence to all pertinent legislation, information security and the safeguarding of personal data.

The IT steering committee assesses the efficiency of the Group's IT infrastructure, including information security and cybercrime threats, and any significant security incidents are reported to the ARC. Regular assessments of the appropriateness of the Group's IT structures are performed internally by management and externally by assurance providers.

The IT steering committee is governed by Quantum Foods' IT charter. It has decision-making authority with regard to its duties and is accountable to the Board, the ARC and the executive committee across the following areas of responsibility:

1. Strategy
2. Investment
3. Sourcing
4. Risk management
5. Information security
6. Disaster recovery

Quantum Foods' IT charter is based on the principles of the Control Objectives for Information and Related Technologies ("COBIT") framework for IT governance. COBIT is an internationally recognised IT framework that guides the Board in discharging its IT responsibilities. The COBIT framework is published by the Information Systems Audit and Control Association.

An IT governance framework and reporting system provides the Board with assurance that the IT strategy, procedures and controls within the business reduce IT risk, including risks related to information security, to an acceptable level. External advisors assist with ensuring that measures are put in place to ensure the security of IT.

The main focus during FY2024 was the implementation of improvements to the Company's cyber security programme, equipping key sites with satellite connectivity in case of grid loss and to further enhance the use of SAGE X3 as the enterprise resource planning ("ERP") system for the Group.

Based on reports from the ARC, the Board is satisfied that IT governance and risk management requirements, including the suitability of the IT strategy and policies, systems and network architecture, applications, disaster recovery and cyber security management, are adequately addressed by an appropriate IT governance framework.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

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

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

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

- Performance against the Group's environmental, social and governance standards
- Stakeholder management, engagement and reporting
- Health and public safety, including occupational health and safety and the quality of the Group's products and services
- B-BBEE
- Diversity management
- Labour relations and working conditions
- Human capital management, including training and skills development
- Management and monitoring of the Group's environmental impact
- Ethics management
- Corporate social investment
- Climate risks and opportunities

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

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

The Company endorses the UN SDGs as a worldwide appeal to take action to create a better and more sustainable future for people and the planet. The SETC monitored the Company's contribution to the selected UN SDGs. [🔗](#) More details can be found in the responsible business chapter from page 74.

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

Topic	Progress and actions arising
B-BBEE scorecard and targets	The SETC considered the corporate targets for the B-BBEE scorecard in South Africa for the financial year and received updates on tracking against the scorecard. 🔗 More detail is available on page 87.
Sponsorships and charitable donations	The SETC monitored the various product donations and continues to monitor the Group's social responsibility initiatives. 🔗 These are detailed on page 78.
Water, energy and waste disposal management	<p>The SETC monitors water, energy and waste management and a report containing usage details is reviewed biannually. The aim is to reduce wastage of the usage elements across the Group's operations by monitoring performance year on year. 🔗 Read more on pages 90 to 91.</p> <p>A specific area of focus is projects to supplement electricity produced from non-renewable sources with solar technology. 🔗 Read more on page 96.</p>
Occupational health and safety compliance	<p>The SETC noted progress in obtaining occupational certificates for various business premises. This is an ongoing expense, with the pace of progress being impacted by third parties. In FY2024, R0.7 million (FY2023: R0.1 million) of capital was spent to ensure progress on compliance.</p> <p>The Company made a concerted effort to reduce injuries by promoting greater awareness of safety procedures to staff and scoring well on safety audits at its operational sites. In 2024, the Company's extensive health and safety procedures continued to function effectively, thereby ensuring the safety of its employees and assets.</p> <p>🔗 Read more on page 23 about the tragic explosion at the Malmesbury feed mill claiming one life and resulting in serious injuries to two men.</p>
Customer complaints and food safety	The SETC monitored customer complaints and food safety and is satisfied that such matters were monitored and dealt with adequately during the year. 🔗 Read more about food safety on page 93.
Employment equity and training	The SETC monitored employment equity and training. 🔗 Read more on page 82.
Human capital	The SETC monitored organisational development initiatives, workforce design and planning. 🔗 Read more on page 83.
Animal welfare	The SETC monitored engagements with the NSPCA and other stakeholders to ensure that animal welfare remains a priority. 🔗 Read more on page 94.
ESG compliance	The SETC received findings and monitored management actions from external ESG reviews against standards, including the International Finance Corporation Performance Standards. 🔗 Read more on page 76.
Climate change	The SETC reviewed the outcome of climate risk evaluation for selected sites in the Western Cape. 🔗 Read more on page 99.

Topic	Progress and actions arising
Companies Amendment Acts	The SETC noted the two Companies Act Amendment Bills which were assented to by the President on 26 July 2024. The Companies Amendment Acts, once effective, will result in, <i>inter alia</i> , a requirement for the election or re-election of SETC members by shareholders of the Company at annual general meetings and the presentation of the SETC report at each annual general meeting. The SETC noted that an effective date for the new Acts has not yet been gazetted.
Ethics management	<p>The SETC monitors ethics management and adherence to the Group's code of conduct, which is reviewed annually. Local anonymous tip-off lines are available to stakeholders in Quantum Foods' operating jurisdictions (South Africa, Mozambique, Uganda and Zambia).</p> <p>Read more on the Group's measures to ensure proper ethics management in the King IV register available on the Company's website.</p>

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

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

The SETC has determined the following to be its primary focal areas for FY2025. This will be supported by ongoing monitoring of the various topics that comprise the SETC's mandate.

Topic	Area of future focus
B-BBEE scorecard and targets	The SETC will supervise the Group's action plan to enhance its B-BBEE score. The Group will continue to invest in its current business operations that promote transformation and empowerment.
Improved ESG performance	The SETC will oversee the further progress made in improving ESG performance.
Climate risks, opportunities and reporting	The SETC will oversee the further evaluation of climate risks, opportunities and reporting.
The effective date for the Companies Amendment Acts	The SETC will monitor legislative developments and respond appropriately
Stakeholder engagement	The SETC will continue to monitor the Company's stakeholder engagement strategy and the outcomes of stakeholder engagements.



Mr G Vaughan-Smith
Chairman

Wellington
21 November 2024

REMUNERATION COMMITTEE REPORT

PART 1: LETTER FROM THE CHAIRMAN OF THE REMCO TO SHAREHOLDERS

Dear shareholders

Introduction

On behalf of the Remco, I am pleased to present the Company's remuneration committee report for FY2024, highlighting the committee's activities for the year. As will be described in further detail below, Quantum Foods experienced sustained growth during the second half of the financial year which led to increased profits and by implication, shareholder returns. As a result, the Remco was able to approve short-term bonuses to participants in the Company's short-term incentive ("STI") scheme. Some of the performance targets for grants made in 2022 in terms of the previous long-term incentive ("LTI") scheme were also achieved.

The Remco is confident that the remuneration structures that are in place strike the necessary balance between creating long-term, sustainable value for our investors while delivering high-quality customer service and appropriately incentivising our employees. Our focus this year has been to ensure that remuneration structures remain fit for purpose. We are confident that the introduction of the new LTI scheme resulted in structures that will ensure that employee incentivisation is appropriately aligned with shareholder interests.

Our performance and remuneration outcomes

FY2024 started off with considerable challenges. These included the effect of the devastating outbreak of HPAI in South Africa in the second half of FY2023, further outbreaks affecting Company farms in Q1 of FY2024 and high levels of load shedding hours.

In Q1 of FY2024 the Company incurred significant expenses in feeding and culling HPAI infected flocks, followed by the cleaning and disinfecting of farms for future placement, whereafter many farms remained dormant due to replacement birds not being available.

The loss of c. 90% of layer breeder capacity as well as capacity at the Hartbeespoort broiler breeder farm due to the HPAI outbreaks resulted in a severe disruption in day-old chick production capacity which compounded the delay in bird availability for replacement on farms. The production disruption led to significant cost under recovery, especially in the layer farming and egg businesses, despite the implementation of cost containment measures. However, during the second half of FY2024, the financial performance of the South African operations recovered, benefitting, *inter alia*, from improved hatching egg production capacity, high demand for layer livestock, sustained higher egg prices, improved broiler farming efficiencies, no load shedding and the reduction in feed raw material costs compared to FY2023.

The other African businesses performed well in FY2024, especially in Uganda where lower raw material costs supported improved day-old chick demand and egg margins. In Mozambique the business benefitted from a substantial increase in egg selling prices.

As a result of the improved Company performance in FY2024, participants in the STI and LTI schemes benefitted from the upturn in performance, which is reflected in the STI and LTI outcomes for the executive team.

Quantum Foods' financial performance is discussed in the reports of the chairman, CEO and the CFO commencing 📄 on page 54.

Short-term incentive (“STI”)

STI component	%	Outcome for FY2024	Impact on variable remuneration
Target for headline earnings before tax per share	50	Actual earnings above stretch target	R15.7 million
Growth in economic profit over a three-year period	20	Improvement in economic profit for the measurement period	R2.4 million
Operational efficiency targets for: <ul style="list-style-type: none"> • Layer farming efficiency • Egg packing station efficiency • Broiler breeder efficiency • Operating cost management • ESG performance 	30	<ul style="list-style-type: none"> • Layer-type hen production efficiency for completed flocks improved and exceeded the stretch target • Egg packing station efficiencies improved and exceeded the stretch target • Broiler-type breeder hen production efficiency for completed flocks improved and exceeded the stretch target • Operating cost management exceeded the stretch target • ESG performance targets were achieved 	R9.1 million*

* The STI pay-out for this component is not conditional on the achievement of headline earnings before tax targets.

Long-term incentive (“LTI”)

LTI benefits for FY2024 accrued in terms of the previous equity-settled share appreciation rights (“SAR”) scheme, consisting of two components:

- 50% has a performance component
- 50% is dependent on continued employment

The last SAR scheme awards were made in FY2023, the outcomes of which will be measured until FY2028. [Read more on page 140.](#)

The new LTI scheme, which is a cash-settled value appreciation rights (“VARs”) scheme, was implemented in FY2024 with the first awards made to participants. The measurement period for vesting is four years from date of award and these awards therefore had no outcome in FY2024. [Read more on page 141.](#)

SAR performance component (50%)

The first tranche of the SARs awarded in FY2022, the second tranche of the SARs awarded in FY2021, and the third tranche of the SARs awarded in FY2020, will each vest in February 2025. The hurdle for any vesting is a compounded annual growth rate (“CAGR”) in HEPS of higher than consumer price index (“CPI”) plus 1%

growth with full (100%) vesting at CPI plus 5% growth and linear vesting in-between, measured from the award date to the vesting date of the SARs. The HEPS achieved in FY2024 resulted in:

- A zero vesting of the performance component of the third tranche awarded in FY2020
- A zero vesting of the performance component of the second tranche awarded in FY2021
- A 100% vesting of the first tranche awarded in FY2022

The performance condition SARs for the FY2020 tranche and the FY2021 tranche will not result in any LTI benefit to participants.

SAR employment component (50%)

The employment period for the vesting of the first tranche of the SARs awarded in FY2022, the second tranche of the SARs awarded in FY2021 and the third tranche of the SARs awarded in FY2020, will vest in February 2025. Any LTI benefit resulting from the vesting of these SARs will be included in a future report.

Remco activities during FY2024

The Remco made various key decisions during the reporting period, including:

Topic	Progress and actions arising
Total guaranteed pay adjustments	The Remco determined the mandates to adjust total guaranteed pay for salaried employees by 6.5% in January 2024 and for wage-earning employees by 6.0% in either April 2024 or July 2024. The Remco considered inflation, benchmarking outcomes and affordability in determining mandates. Additional adjustments were approved for a small number of managers, including the CFO, as a result of benchmarking. For some wage-earning employees, adjustments were higher due to adjustments to the regulatory minimum wage.
New CEO appointment	The Remco approved the remuneration structure for Ms Adel van der Merwe who was appointed as CEO with effect from 1 April 2024.
STIs, outcomes and targets	The Remco reviewed the STI performance outcomes for FY2024 and approved new targets for FY2025. Read more about this on page 134.
LTI	A significant area of focus this year has been the implementation of the new LTI scheme, which is a cash-settled VAR scheme, the details of which we introduced in the remuneration policy section of our remuneration report for FY2023. The Remco believes that the VAR scheme aligns the interests of executives with our shareholders in driving value creation for our shareholders through specific focus on earnings growth through the earnings cycles of the Company. The first annual awards were made to participants in February 2024, and performance conditions were approved using a baseline HEPS of 54.5 cents per share. Read more about this on page 141. Read more about the VAR scheme in Part 2 of this report on page 130. Salient terms of the LTI scheme are included in the remuneration policy set out in Part 2 of this report. The remuneration policy will be presented to shareholders for a non-binding advisory vote at the 2025 AGM.
NED fees	The Company remunerated NEDs in accordance with the special resolution that was passed at the 2023 AGM. The Remco will propose increased NED fees at the 2025 AGM. In determining the proposed increase, the Remco considered inflation over a two year period and the outcome of benchmarking which confirmed specific adjustments were appropriate. Payment of fees for members of the Investco will be proposed to shareholders for the first time at the 2025 AGM.
Equal pay for work of equal value	The Remco again considered the results of an equal pay for work of equal value exercise and reviewed salary bands to ensure that these are market-related. After the salary band review, the Company adjusted the remuneration of some employees, where relevant, to ensure that these are market-related. This will remain an area of focus for the Remco to ensure employees are remunerated fairly and any differential is justified.

Topic	Progress and actions arising
Companies Amendment Acts	The Remco noted the two Companies Act Amendment Bills which were assented to by the President on 26 July 2024. The new Companies Amendment Acts, once effective, will result in, <i>inter alia</i> , additional remuneration disclosure requirements, binding shareholder votes on remuneration matters and implications for remuneration committee composition should shareholders vote against the resolutions proposed for approval of the remuneration policy and implementation reports of a company. The committee noted that an effective date for the new Companies Amendment Acts has not yet been gazetted and proceeded in terms of the existing legal framework.

In implementing the remuneration policy and developing the new LTI scheme, the Remco considered the advice of remuneration consultants. These consultants satisfied the Remco’s requirements for independence and objectivity.

Shareholder engagement and voting

Shareholder votes at the 2024 AGM held on 23 February 2024 were as follows:

Shareholder vote on the Group’s remuneration policy



Shareholder vote on the Group’s implementation of its remuneration policy



As shareholders representing more than 25% of the votes exercisable at the 2024 AGM voted against the non-binding endorsement of the Company’s remuneration policy and remuneration implementation report, the Company invited dissenting shareholders (being shareholders who voted against any of the non-binding advisory resolutions) to engage with the Company by providing their comments/ concerns/questions regarding the Company’s remuneration policy and/ or remuneration implementation report, in writing to the Company by Friday, 5 April 2024.

No feedback was received from dissenting shareholders in response to the invitation that would demonstrate that excessive remuneration was paid or which would require the Remco to reconsider the remuneration policy going forward.

The dissenting votes received against the remuneration related resolutions include votes from a single shareholder that held more than 30% of the voting rights at the AGM on 23 February 2024. The Remco also considered feedback on executive remuneration received from shareholders at the 11 September 2024 general meeting of shareholders and concluded that no changes to the remuneration policy were warranted.

Shareholder engagement

In line with the current regulatory framework (including King IV and the JSE Listings Requirements), the remuneration policy and implementation report will be submitted to shareholders for two separate non-binding advisory votes at the 2025 AGM. In the event that shareholders representing 25% or more of the votes exercisable at the AGM vote against either or both of the remuneration policy and implementation report, the Company will engage with shareholders in order to ascertain and appropriately address shareholder concerns.

Considering feedback from shareholders, the Remco reserves the right to modify aspects of the remuneration framework.

Should effective dates with regard to the Companies Amendment Acts be gazetted prior to the date of the 2025 AGM, the Remco will take guidance from the Minister’s directions with regard to transitional arrangements and implementation/ compliance deadlines.

Future areas of focus

Going forward the Remco will focus specifically on:

Topic	Area of future focus
Fair, ethical and responsible remuneration	The Remco will identify areas of improvement and implement measures to ensure that employees and executives are remunerated fairly, ethically and responsibly. This includes addressing any anomalies that may be identified within the remuneration structure.
The effective date for the Companies Amendment Acts	The Remco will monitor legislative developments and respond appropriately.

Policy statement

This Remco report is split into three parts and provides an overview of the remuneration policy applicable to the Company’s executive and NEDs for FY2025, and the outcomes of the remuneration policy for executive directors and NEDs for the reporting year. There were no policy exceptions during the period.

In accordance with Principle 8, Recommended Practice 50(f) of King IV, the Remco is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, respective charters and workplans, where applicable, for the reporting period.

The Remco is of the view that the remuneration policy achieved its objectives in FY2024.

We look forward to receiving your support on the remuneration policy and implementation report, reflected in Part 2 and Part 3 of this report respectively, at the 2025 AGM.



Mr GG Fortuin
Chairman

Wellington
21 November 2024

PART 2: FY2025 REMUNERATION POLICY

Introduction

Part 2 of this report sets out the forward-looking remuneration policy, which will be applied in FY2025.

No changes were made to the LTI component of the remuneration policy for FY2025.

Changes were made to the STI component of the remuneration policy, where specific STI performance targets were set for FY2025.

The implementation of the FY2024 remuneration policy is set out in Part 3 of this report.

Remuneration governance

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

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

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

- Establishing the criteria to evaluate the performance of the executive committee and directors
- Evaluating and approving the Group's remuneration philosophy, strategy and policy

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

[The Remco charter and remuneration policy are available online at www.quantumfoods.co.za/company-documents.](https://www.quantumfoods.co.za/company-documents)

At a minimum, the Remco meets twice every financial year. Selected individuals may attend these meetings by invitation from the Remco but recuse themselves when decisions on their own remuneration are taken. Three *ad hoc* meetings were held in the reporting period where matters relating to the implementation of the new LTI plan and the appointment of the new CEO were discussed. 🗳️ The membership and meeting attendance records of the Remco are disclosed in the corporate governance report on page 113.

Remuneration philosophy and principles

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

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

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

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

Fair, ethical and responsible remuneration

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

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

Quantum Foods has a human resources strategy that supports career progression and the development of upcoming talent. Through its talent development

programme (in partnership with certain institutions of higher education), students studying for qualifications in animal production participate in the Group's internship programme.

Learnership programmes are available to students in animal production at junior level and students of business management and administration at junior management level. The bursary programme supports Company-employed students studying towards tertiary qualifications in the areas of agriculture, science and other general management and business qualifications.

In addition, the Company offers bursaries to external students in their final years of Agriculture and Agri Sciences studies. The apprenticeship programme has the training of artisans as a specific area of focus. Preference is given to students who will enhance the Group's transformation profile .






Remuneration framework




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

The different components of remuneration, their link to Quantum Foods’ business strategy (➡ read more on page 48) and positive outcomes in the economic, social and environmental context within which the Group operates, are summarised in the table below:

Component	Policy and link to business strategy
<p>TGP (fixed: applicable to all sectoral and non-sectoral employees)</p> <p><i>Ensuring the necessary skills to produce high quality products efficiently and deliver world class customer service.</i></p>	<p>Aimed at attracting and retaining talent and ensuring competitiveness.</p> <p>Quantum Foods participates in a reputable South African salary survey and periodically benchmarks total remuneration packages against the market value applicable to various job categories. TGP is generally referenced to the job family market entry level. We use the REMChannel® Survey, which the Remco believes is appropriate in the context of Quantum Foods and its business. Internal salary positioning is based on factors that include work experience, competence, performance, internal historical factors and market influences.</p> <p>Collective bargaining agreements for unionised employees are negotiated annually.</p> <p>The average salary for each job category is reviewed annually, bearing in mind the Company’s affordability constraints.</p> <p>Surveys and benchmarks are used in determining executive directors’ remuneration, as well as analyses of remuneration paid by comparator companies. The Remco is satisfied that the surveys and benchmarks used are appropriate in the context of Quantum Foods and its business.</p> <div>   </div> <div> <p>Efficient operations and customer focus</p> <p>Human capital management</p> </div>
<p>Benefits (fixed: applicable to all employees)</p> <p><i>Allowing employees the flexibility of structuring benefits according to individual requirements.</i></p>	<p>Benefits form part of TGP and include medical aid, retirement fund contributions, disability and life insurance and travel allowances. Additional benefits such as cellphone allowances are given to qualifying employees. Retirement contributions are made according to statutory requirements and fund-specific rules. Employees receive a long-service bonus equal to one month’s TGP for every 10 years of completed service. Employees receive a 13th cheque as part of their TGP. They can either elect to receive the 13th cheque on a once-off basis in December of every year, or have it paid to them in equal instalments over a 12-month period.</p> <div>   </div> <div> <p>Efficient operations and customer focus</p> <p>Human capital management</p> </div>

Component	Policy and link to business strategy
<p>STIs (variable: applicable to senior management)</p> <p><i>Drives sound operational efficiency and ESG performance that supports the Group's ability to improve margins and returns on the asset base. This enables the creation of shareholder value.</i></p>	<p>The STI constitutes a performance bonus. This bonus is designed to motivate and reward senior management for their contribution to the achievement of short-term targets related to main business drivers, ultimately increasing shareholder value.</p> <p>Performance conditions:</p> <p>Headline earnings before tax per share ("HEBTPS") target – the calculation for the achievement of the target is based on an audited and agreed comparative base for the previous financial year. HEBTPS has a 50% weighting. The HEBTPS measure has been retained for FY2025.</p> <p>Growth in Economic Profit ("EP") – the growth calculation is based on the weighted average cost of capital over a rolling three-year period, applied to the average net asset base of the Group. EP has a 20% weighting. The EP measure has been retained for the 2025 financial year.</p> <p>Operational efficiency – the efficiency calculation is based on targets set for the percentage of second-grade eggs sold at egg packing stations, broiler-type breeder hen production efficiency, layer-type hen production efficiency, operating cost management and ESG performance. Each of the five operational efficiency measures contributes one-fifth to the overall operational efficiency performance measure, which has an overall 30% weighting.</p> <p>For FY2025 the operational efficiency measures have been amended as follows:</p> <ul style="list-style-type: none"> • New targets were set for the percentage of second-grade eggs sold at egg packing stations, layer-type hen production efficiency, broiler-type breeder hen production efficiency, operating cost management and ESG performance. <p>Details are set out in the STI section below and will be included in annexure 5 of the AGM Notice.</p> <p>Separate targets for HEBTPS and operational efficiency are set for STI participants employed in the Group's other African countries to align the earnings achieved in each region. Growth in EP is also measured by country. Executive management determines the HEBTPS, EP and operational efficiency targets for the operations in Zambia, Uganda and Mozambique.</p>

Component	Policy and link to business strategy		
STIs (variable: applicable to senior management) (continued) <i>Drives sound operational efficiency and ESG performance that supports the Group's ability to improve margins and returns on the asset base. This enables the creation of shareholder value.</i>	The table below provides more detail on the measurement of the STI across the Group:		
		HEBTPS	EP
			Operational efficiency
	CEO, CFO and executives	Group target	Group target
	Other RSA participants	Group target	Group target
	African country manager	Group target	Group target
	Other African participants	Country target	Country target
			
	Growth	Efficient operations and customer focus	Human capital management
LTIs (variable: applicable to the executive committee and a small percentage of senior management) <i>Drives longer-term earnings growth and by extension, the creation of shareholder value.</i> <i>Encourages loyalty, supports the retention of critical skills and aligns the interests of executives with those of shareholders.</i>	The LTI consists of a cash-settled VAR plan designed to attract and retain talent over the long-term, as well as align the interests of employees with that of shareholders. The plan is based on the premise of rewarding growth in enterprise value, based on a headline earnings multiple basis.		
	<p>Participation in the LTI is restricted to the CEO, CFO, executive committee and a small percentage of the Group's senior management.</p> <p>Vesting of awards is subject to performance conditions set out below, with vesting of each award taking place in a single tranche after four years from the date of the award. The cash value will be adjusted for growth in Quantum Foods' rolling average enterprise value over the four-year period (enterprise value is calculated on a headline earnings ("HE") multiple basis (four-year rolling HE x 8) at the measurement date). The rationale for using the four-year rolling average enterprise value growth and not the enterprise value growth at the end of the four-year performance period (referencing HE in year four of the performance period), is to evaluate enterprise value delivery through the four-year performance period and not only at the end of the performance period.</p>		

Component	Policy and link to business strategy						
<p>LTIs (variable: applicable to the executive committee and a small percentage of senior management) (continued)</p> <p><i>Drives longer-term earnings growth and by extension, the creation of shareholder value.</i></p> <p><i>Encourages loyalty, supports the retention of critical skills and aligns the interests of executives with those of shareholders. (continued)</i></p>	<p>Performance condition measured over a four-year performance period:</p> <ul style="list-style-type: none"> Growth in the four-year rolling average Group headline earnings per share ("HEPS") will be subject to the thresholds below, with linear vesting in-between. <table border="1"> <tbody> <tr> <td>CAGR in HEPS of higher than CPI plus 1% growth</td><td>20% threshold vesting at this point</td></tr> <tr> <td>CAGR in HEPS of CPI plus 3% growth</td><td>100% full vesting</td></tr> <tr> <td>CAGR in HEPS of CPI plus 8% growth</td><td>150% stretch vesting</td></tr> </tbody> </table> <p>The Remco has the discretion to change the baseline HEPS for an allocation to ensure that the target for the vesting of this component is fair and reasonable to both shareholders and participants. The Board has the discretion to adjust HEPS for material non-recurring items when performance against targets is measured.</p> <p>More details are set out in the LTI section below and will be included in annexure 5 of the AGM Notice.</p> <p>Unvested awards in terms of the previous SAR scheme</p> <p>No further awards will be made under the previous SAR scheme. The vesting period for the SAR awards previously made will terminate in February 2028.</p> <div>  <p>Growth</p>  <p>Efficient operations and customer focus</p>  <p>Human capital management</p> </div>	CAGR in HEPS of higher than CPI plus 1% growth	20% threshold vesting at this point	CAGR in HEPS of CPI plus 3% growth	100% full vesting	CAGR in HEPS of CPI plus 8% growth	150% stretch vesting
CAGR in HEPS of higher than CPI plus 1% growth	20% threshold vesting at this point						
CAGR in HEPS of CPI plus 3% growth	100% full vesting						
CAGR in HEPS of CPI plus 8% growth	150% stretch vesting						

Pay mix

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

TGP

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

Annual reviews and TGP increases

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

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

STI

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

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

Earnings potential for STI

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

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

* The percentage of TGP that will be earned as STI should stretch performance be achieved for all three elements in the table on page 133. Linear vesting from 0% applies for partial achievement of performance measures.

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

2025 STI performance measures

The Remco reviewed the performance measures and will apply the following measures for the achievement of financial and operational targets for the FY2025 STI. The STI is based on three performance measures that apply to all eligible employees, as set out in the table below:

Performance measure	Weighting	On-target performance	Stretch performance
Achievement of the Group's HEBTPS target	50%	124.3* cents per share	144.2* cents per share
Growth in the Group's EP	20%	25% of the three-year rolling average improvement in EP is included in the bonus pool.	
Achievement of operational efficiency targets	30%	Based on breed standards for day-old broiler chick production, targets for the percentage of second-grade eggs sold at the egg packing stations, layer-type hen production efficiency, operating cost management and ESG performance. See further details in the operational targets section below.	

* Targets for FY2025. At HEBTPS performance of 124.3 cents per share or lower, the bonus will be 0%. At HEBTPS performance of 144.2 cents or higher, the bonus will be 100% with linear vesting for HEBTPS of between 124.3 cents and 144.2 cents. The measurement of HEBTPS is impacted by the actual weighted average number of shares (excluding treasury shares held) in issue.

These performance conditions are considered to be sufficiently stretching and appropriate for Quantum Foods' business model.

In addition to the above, individual performance targets are determined and evaluated by the employee's manager on a six-monthly basis, and a percentage achievement of at least 65% is required for a satisfactory performance score and participation in any STI payout.

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

HEBTPS and EP targets

To determine the HEBTPS targets for FY2025, the Remco considered the factors set out in Part 1 of this report on page 121, which resulted in improved earnings, especially in the second half of FY2024. These factors included progress in recovering from the HPAI outbreaks of FY2023 and Q1 of FY2024 and the anticipation of reduced margins in the egg business as the South African flock recovers, egg supply increases and egg prices reduce. Based on the Group's historical performance, the Remco considers the HEBTPS target set for FY2025 to be sufficiently stretching.

The percentage of 25% of growth in the Group's EP included in a bonus pool calculation and the weighting of 20% for the EP component of the STI in FY2024, will remain the same for FY2025.

Operational targets

The FY2024 targets were for broiler breeder, layer farming and egg packing station efficiencies as well as operating cost management and ESG performance. Targets were set for:

- Broiler breeder efficiency, which was measured as the number of day-old chicks produced per breeder hen placed at the start of the laying cycle.
- Layer farming efficiency, which was aligned with the internationally recognised performance efficiency factor ("PEF") calculation used to measure the production efficiency of broiler-type birds. The measurement incorporates the actual number of eggs produced per hen housed at the start of the laying cycle, the feed conversion ratio achieved during the laying cycle and the liveability achieved during the laying cycle. These three factors are included in a calculation and expressed as a target for the layer productivity index.
- Egg packing station efficiencies, which was measured based on the percentage of second-grade eggs sold.
- Operating cost management, which was measured as actual operating cost in comparison to the approved operating cost budget.
- ESG performance which was measured as improvement on priority areas identified from the independent ESG review performed in FY2023.

For FY2025, the measurements for broiler breeder efficiency, layer farming efficiencies, egg packing station efficiencies, operating cost management and ESG performance were retained but new targets were set.

The FY2024 weighting of one-fifth for each component was retained for FY2025 as well as the 30% weighting of the operational efficiency targets.

Targets are commercially sensitive and therefore not disclosed. The target for ESG performance will be measured against areas of improvement identified from the independent ESG review performed in FY2024. The Remco considers the targets to be sufficiently stretching to ensure that, if achieved, they would optimise Group profitability and improve ESG performance.

The FY2025 weighting and maximum contribution of the operational targets to the total STI will be:

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

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

Remco discretion

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

Malus and clawback

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

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

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

LTI

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

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

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

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

The number of shares required to settle SAR allocations is dependent on future factors, including the achievement of HEPS targets and share price movements. The final measurement of the achievement of vesting conditions for SAR allocations made until February 2023 will be in February 2028 and the number of shares required to settle the LTI obligations can only be determined after the 2028 vesting.

VAR plan in terms of which the first allocations were made in FY2024

The Remco implemented the new VAR plan during the reporting period.

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

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

Salient terms of the new LTI scheme will be included in the remuneration policy set out in the AGM Notice and presented to shareholders for a vote at the 2025 AGM.

LTI allocation methodology

The VAR plan allocation levels are set out below:

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

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

Award condition measured at the date of award

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

Vesting profile, performance period and conditions for vesting

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

The performance conditions for the 2025 award, with a baseline HEPS of 56.6 cents, are:

100% of award is based on performance.	Vesting is based on CAGR in HEPS measured over a rolling four-year period with:
VARs vest in a single tranche on the fourth anniversary of the award date and will be settled in cash.	<ul style="list-style-type: none">• 0% vesting below the threshold of CAGR in HEPS of CPI plus 1%• 20% vesting at threshold performance of CPI plus 1%• 100% vesting at target performance of CPI plus 3%• 150% vesting at stretch performance of CPI plus 8% or more

⚠ The vesting will be adjusted as set out on page 135 and with an overall limit of 3 x TGP for any participant.

Settlement

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

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

Early termination of employment

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

Malus and clawback

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

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

Executive directors' service agreements

Executive directors' service agreements are prepared with input from the Remco. These service agreements are similar to employment agreements for most other employees, apart from having a notice period of three months versus one month for most other employees. The three-month period applies to executive directors (including the CEO and CFO), as well as all senior managers.

Executive directors' service agreements do not contain restraint of trade provisions – this includes the service agreements for the CEO and CFO. Sign-on awards will only be made in exceptional circumstances to attract extraordinary talent. No such awards have been made to date. Executive contracts do not contain provisions that require the Remco to make severance or balloon payments on termination of employment.

Executives may serve on the boards of other companies as NEDs with the approval of the CEO. This approval will only be given in limited instances that will not impact the execution of executive responsibilities.

Non-executive directors' fees

The Company's policy is that NEDs are paid a quarterly retainer fee. Fees are paid for being a Board member and for each committee on which the Board member serves. No fees are paid to members of the Nomcom which meets as and when required. Payment of fees for members of the Investco will be proposed to shareholders at the 2025 AGM in recognition of the workload of this committee.

The Fees reflect the NEDs' assigned responsibilities. The fees are evaluated annually and periodically benchmarked against comparable companies. The benchmarking report published by the Institute of Directors in South Africa (2024) was used with specific reference to the median fees paid to NEDs of small

market capitalisation companies (market capitalisation of less than R1 billion) in determining fees to be proposed to shareholders at the 2025 AGM. The Remco is satisfied that the benchmarking is appropriate in the context of Quantum Foods and its business. NEDs are paid an all-inclusive retainer fee and are not paid per meeting. NEDs do not receive supplementary fees for an increased workload or *ad hoc* meeting attendance; however, NEDs are reimbursed for any related disbursements.

The table below sets out the fees approved by shareholders at the 2023 AGM. The Company will propose that these fees be increased as set out in the table below at the forthcoming AGM.

	Approved Fees from 1 April 2023 (exclusive of VAT)	Fees to be proposed at 2025 AGM from 1 April 2025 (exclusive of VAT)
Chairman of the Board	414 615	510 750
Lead Independent director ("LID")	355 745	396 000
Board member (other than Chairman and LID)	294 870	328 000
Committee Chairman ARC	101 630	134 600
Committee Chairman SETC	71 140	98 100
Committee Chairman Remco	71 140	79 200
Committee Chairman Investco	Nil	79 200
Committee member ARC	92 155	102 600
Committee member SETC	65 820	73 250
Committee member Remco	65 820	73 250
Committee member Investco	Nil	73 250



PART 3: IMPLEMENTATION OF THE REMUNERATION POLICY IN FY2024

TGP

The Remco approved a salary increase mandate of 6.5% (FY2023: 6.0%) of total cost to company for non-sectoral employees and executives, and a 6.0% (FY2023: 6.5%) basic pay increase for sectoral employees.

STI outcomes

✚ The stretch targets for HEBTPS and operational efficiency set for STI participants measured on Group and South African performance were achieved in FY2024, as set out in Part 1 of the remuneration report commencing on page 121. Financial performance improved sufficiently to achieve the EP threshold target but did not exceed the stretch target. R26.7 million of the STI bonus pool cap of R30.5 million accrued to these participants.

For STI participants measured against the Group's other African countries' performance, R0.5 million of the R1.3 million STI bonus pool cap accrued.

No STI payments were reduced or forfeited due to malus and claw back provisions in FY2024.

The Remco did not exercise its discretion to adjust STI outcomes in FY2024.

The table below sets out the STI performance outcomes of participants measured on Group targets and South African operational efficiency for FY2024:

	Weighting %	Target performance	Stretch performance	Actual performance	Actual achievement (% of measure)	STI outcome* R'000
Group HEBTPS	50	50.0 cents	60.0 cents	118.3 cents	100.0	15 539
Group EP	20			Three-year rolling average improved by R9.7 million See below	38.0	2 362
South Africa operational efficiency	30				100.0	8 780
Total	100	0%	100%		87.6	26 681

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

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

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

Different targets are set for each of the other African countries and the table below provides a summary of the STI outcome of FY2024. The financial and operational performance of the other Africa business is reflected in the STI outcomes below.

	Weighting	Actual achievement	STI outcome*
Performance measures	%	%*	R'000
HEBTPS	50	42.3	169
EP	25	42.3	67
Operational efficiency	25	36.7	287
Total	100	39.0	523

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

The table below sets out the STIs of executive directors in FY2024, based on the achievement of performance targets:

Participant	Maximum STI earning potential (as % of TGP)	Achievement of performance conditions %	Actual STI (as % of TGP)	2024 STI amount included in single figure table R'000
AD van der Merwe	100	87.6	87.6	3 679
AH Muller	75	87.6	65.7	2 365

LTI outcomes

The vesting period for the SAR awards made in terms of the previous LTI scheme will terminate in February 2028. The table below sets out how the previous SAR scheme will phase out and the new VAR plan will phase in, in the determination of the payment of any LTI benefits to participants.

	FY2025	FY2026	FY2027	FY2028	FY2029
2020 SAR allocation	3rd vesting				
2021 SAR allocation	2nd vesting	3rd vesting			
2022 SAR allocation	1st vesting	2nd vesting	3rd vesting		
2023 SAR allocation		1st vesting	2nd vesting	3rd vesting	
2024 VAR allocation				Vesting	
2025 VAR allocation					Vesting

The tables below set out the achievement of the performance conditions applicable to the SAR awards that will vest in 2025.

No LTI benefits were reduced or forfeited due to malus and claw back provisions in FY2024.

2022 award	Threshold	Stretch	Actual
Performance measures = Compound annual growth in adjusted HEPS	CPI plus 1% growth	CPI plus 5% growth	CPI plus 9.93% growth
2022 SAR allocation*	63.2 cents	70.5 cents	Profit of 80.4 cents**
Vesting (%)	0%	100%	100%

* 2022 adjusted HEPS was 52.20 cents per share and is equal to the actual 2021 HEPS.

** 2024 HEPS

Vesting date	21 February 2025
Performance period	1 October 2021 to 30 September 2024
Employment period	21 February 2022 to 21 February 2025

2021 award	Threshold	Stretch	Actual
Performance measures = Compound annual growth in adjusted HEPS	CPI plus 1% growth	CPI plus 5% growth	Decrease in HEPS
2021 SAR allocation*	103.3 cents	119.7 cents	Profit of 80.4 cents**
Vesting (%)	0%	100%	0%

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

** 2024 HEPS

Vesting date	15 February 2025
Performance period	1 October 2020 to 30 September 2024
Employment period	15 February 2021 to 15 February 2025

2020 award	Threshold	Stretch	Actual
Performance measures = Compound annual growth in adjusted HEPS	CPI plus 1% growth	CPI plus 5% growth	Decrease in HEPS
2020 SAR allocation*	123.1 cents	148.1 cents	Profit of 80.4 cents**
Vesting (%)	0%	100%	0%

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

** 2024 HEPS

Vesting date	17 February 2025
Performance period	1 October 2019 to 30 September 2024
Employment period	17 February 2020 to 17 February 2025

LTI awards during FY2024

The VAR Plan allocations awarded during the year are set out in the table below. Vesting of these allocations and adjustment of vested amounts for changes in the enterprise value over the four-year performance period will be measured in 2028. No LTI benefits, in terms of the new VAR plan, accrued to participants in FY2024.

	2024 Award R'000	Threshold (20% vesting)	Target (100% vesting)	Stretch (150% vesting)	Fair value of award at year end** R'000
HA Lourens (Retired as CEO on 31 March 2024)	222	Average 4-year HEPS = CAGR Growth of CPI + 1% from Baseline*	Average 4-year HEPS = CAGR Growth of CPI + 3% from Baseline*	Average 4-year HEPS = CAGR Growth of CPI + 8% from Baseline*	253
AD van der Merwe (Appointed as CEO on 1 April 2024)	3 119				3 545
AH Muller	1 782				2 025
Baseline HEPS	54.5 cents				
Performance period			FY2024 – FY2027		
Baseline enterprise value	R858.6 million				
Vesting date	19 Feb 2028				
Adjustment for change in enterprise value		(Average HE for the Performance Period x 8)/Baseline Enterprise value = Adjustment factor			
VAR settlement		Award x vesting % x Adjustment factor (limited to 3 times total guaranteed pay)			

* Linear interpolation applies between the levels.

** The fair value at year end is determined as award value x estimate of achievement of performance targets (vesting %) x adjustment for change in enterprise value that would result (adjustment factor).

The Remco exercised its discretion and determined the baseline HEPS for the FY2024 allocation as 54.5 cents per share. This is higher than the average actual HEPS of 52.1 cents per share recorded for the four financial years that ended 30 September 2023. In terms of the allocation limit, the Remco also exercised its discretion to increase reported EBITDA for FY2023 by R155.3 million (being the value of biological assets destroyed during the FY2023 due to HPAI infection) in determining the value of awards to participants.

Unvested LTI awards

The table below discloses the number of each executive director's LTI awards as at 30 September 2024, whether allocated, settled, or forfeited, as well as the value of SARs exercised during the year and an indicative value of SARs not yet settled. LTI awards forfeited due to performance conditions not being achieved for the performance period that ended 30 September 2024 are included in the table as forfeited. The indicative value of the closing number of SARs was calculated based on the number of SARs at the Company's volume-weighted average share price for the three days ended 30 September 2024 (of R14.05 per share), less the grant price of the particular SARs awarded.

Executive director LTIs in 2024 in terms of previous SAR awards

Award date	Note	Opening number	Award/ strike price Cents	Forfeited during the year*	Vested during the year	Number exercised during the year	Exercise price Cents	Cash value of instruments exercised R'000	Closing number	Indicative value R'000
AD van der Merwe (appointed 1 April 2024)										
2019/02/11	1	78 437	425	-	78 437	78 437	739	246	-	-
2020/02/17	2	196 938	357	65 646	65 646	65 646	729	244	65 646	688
2021/02/15	3	242 090	609	48 418	48 418	48 418	729	58	145 254	1 157
2022/02/21	4	464 044	539	-	-	-	-	-	464 044	4 019
2023/02/23	5	515 928	474	-	-	-	-	-	515 928	4 803
								548		
AH Muller										
2019/02/11	1	82 879	425	-	82 879	82 879	739	260	-	-
2020/02/17	2	216 771	357	72 257	72 257	72 257	729	269	72 257	758
2021/02/15	3	255 904	609	51 180	51 180	51 180	729	61	153 544	1 223
2022/02/21	4	514 604	539	-	-	-	-	-	514 604	4 456
2023/02/23	5	544 220	474	-	-	-	-	-	544 220	5 067
								590		

* Include SARs for which performance conditions were not achieved.

Note 1: Vested in three equal tranches on 11/02/2022, 11/02/2023 and 11/02/2024. Awards must be exercised within 12 months of vesting.

Note 2: Vesting in three equal tranches on 17/02/2023, 17/02/2024 and 17/02/2025. Awards must be exercised within 12 months of vesting.

Note 3: Vesting in three equal tranches on 15/02/2024, 15/02/2025 and 15/02/2026. Awards must be exercised within 12 months of vesting.

Note 4: Vesting in three equal tranches on 21/02/2025, 21/02/2026 and 21/02/2027. Awards must be exercised within 12 months of vesting.

Note 5: Vesting in three equal tranches on 23/02/2026, 23/02/2027 and 23/02/2028. Awards must be exercised within 12 months of vesting.

Remuneration outcomes for 2024

The table below sets out the single-figure remuneration (i.e., TGP (basic salary and benefits), STI and LTI) received by executive directors and prescribed officers in FY2024 and FY2023, respectively:

30 September 2024	Basic salary R'000	Benefits	STI** R'000	LTI*** R'000	Directors' fees R'000	Total R'000
HA Lourens [^]	3 011	341	–	2 106	–	5 458
AD van der Merwe [#]	1 700	258	3 679	–	–	5 637
AH Muller	2 968	409	2 365	590	–	6 332
Total	7 679	1 008	6 044	2 696	–	17 427

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

[^] Resigned as executive director on 31 May 2024.

^{**} STIs are included on the basis of what was earned for the financial year. STIs earned for the financial year are paid in the first quarter of the next financial year.

^{***} LTIs are included on the basis of amounts that resulted from the exercise of vested SARs in the financial year.

[#] Appointed as CEO on 1 April 2024. 2024 LTI remuneration of R548 000 was paid prior to being appointed as a director.

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

NED fees

The table below sets out the fees paid to NEDs:

Name	FY2024 R'000	FY2023 R'000
WA Hanekom	546	532
GG Fortuin	529	515
TJA Golden*	302	441
LW Riddle	453	441
PFT Burger#	78	-
G Vaughan-Smith	366	356
Total	2 274	2 285

* Resigned on 31 May 2024.

Appointed on 29 July 2024.

Approval

The Remco is satisfied that there were no material deviations from the remuneration policy during 2024. This remuneration report was approved by the Remco on 21 November 2024.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY

In accordance with the requirements of the Companies Act, the Board is responsible for the preparation of the summary consolidated financial statements of Quantum Foods. The audited annual financial statements of the Group for the year ended 30 September 2024, from which these summary consolidated financial statements have been derived, were prepared in accordance with the requirements of the Companies Act.

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

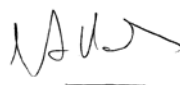
The Board is ultimately responsible for the internal control processes of Quantum Foods. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of financial records and of the financial statements and to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

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

The directors confirm that the Company is in compliance with the provisions of the Companies Act, specifically relating to its incorporation and operates in compliance with its Memorandum of Incorporation.

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

The summary consolidated financial statements of the Group were approved by the Board on 26 November 2024 and are signed on its behalf by:



WA Hanekom
Chairman



AD van der Merwe
Chief Executive Officer

COMPANY SECRETARY CERTIFICATE

In accordance with section 88(2)(e) of the Companies Act, for the year ended 30 September 2024, it is hereby certified that the Company has lodged with the Companies and Intellectual Property Commission all such returns and notices that are required of a public company in terms of the Companies Act and that such returns and notices are true, correct and up to date.



ZP Wakashe
Company Secretary



AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee (“ARC” or “the committee”) is constituted in terms of a charter which outlines the statutory duties in terms of the relevant provisions of the Companies Act, the JSE Ltd Listings Requirements (“JSE Listings Requirements”) and responsibilities highlighted in the King IV Report on Corporate Governance™ for South Africa, 2016¹ (“King IV”).

Audit and risk committee charter

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

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

Members of the audit and risk committee

As at 30 September 2024, the committee comprised three independent NEDs, namely Mr GG Fortuin, Mr LW Riddle and Mr PFT Burger.

These members will retire and avail themselves for election at the 11th annual general meeting (“AGM”) of the Company in terms of section 94(2) of the Companies Act. All members are required to act objectively and independently, as described in the Companies Act and in King IV.

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

Meetings

The committee held three meetings during the year. Attendance of the meetings was as follows:

Name	Status	Number of meetings
GG Fortuin	Committee chairman	3/3
LW Riddle	Member	3/3
PFT Burger*	Member	1/3
TJA Golden**	Member	2/3

* Appointed 29 July 2024

** Resigned 31 May 2024

WA Hanekom and AH Muller attended all three ARC meetings as invitees. AD van der Merwe attended 2 of the 3 meetings as invitee, since being appointed chief executive officer (appointed 1 April 2024). HA Lourens (resigned 31 May 2024) attended 1 of the 3 meetings as invitee.

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

Functions and responsibilities of the committee

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

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

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- Considered and, when appropriate, made recommendations on internal financial controls.
- Took the necessary steps to ensure that the financial statements are prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act.
- Ensured that a process is in place to be informed of any reportable irregularities (as per the Auditing Profession Act, No. 26 of 2005) identified and reported by the external auditor; and relating to the accounting practices and internal audit of the Group, the content of the financial statements, the internal financial controls of the Group or any related matter during the financial year. No such material concerns and/or complaints were raised during the financial year.
- Considered the solvency and liquidity requirement of the Companies Act in recommending proposed dividends to the Board.
- Reviewed the external audit reports on the consolidated annual financial statements.
- Reviewed the reports issued by the JSE on the proactive monitoring of financial statements.
- Oversaw the integrated reporting process. The committee considered the Group's information pertaining to its non-financial performance as disclosed in the integrated report and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements.
- Reviewed and confirmed that no non-audit services were provided by the external auditor requiring pre-approval. In terms of the non-audit services policy of the Group, any permissible non-audit services to be performed, which in the aggregate exceed R500 000 per financial year, must be approved by the committee.
- Reviewed and confirmed the suitability and independence of Ernst & Young Inc. ("EY") as the audit firm and PG du Plessis as the designated auditor of the Group as contemplated in paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 of the JSE Listings Requirements.
- Recommended the re-appointment of EY as the external auditor and PG du Plessis as the designated auditor, after satisfying itself through enquiry that EY is independent as defined in section 94(8) of the Companies Act. The financial year ending 30 September 2025 will be PG du Plessis' second year as designated auditor of the Company. The re-appointment of EY as the recommended external auditor (with PG du Plessis as the designated auditor) will be presented and included as a resolution at the AGM.
- Approved the external auditor's fees and terms of engagement.
- Confirmed and approved the internal audit charter and annual risk-based internal audit plan.
- Reviewed the internal audit risk reports and fraud hotline reports.
- Reviewed and approved the risk management policy and plan.
- Reviewed business continuity capability, disaster management plans and insurance cover.
- Provided oversight over the IT governance of the Group.
- Provided oversight over the combined assurance arrangements, including the external and internal auditors and satisfied itself of the effectiveness of the combined assurance model implemented by the Group.
- Reviewed the effectiveness of the internal audit function and the head of internal audit.

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

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

Internal audit

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

Chief financial officer and finance function

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

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

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

Significant audit matter and quality of external audit

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

Going concern

The committee has considered and reviewed a documented assessment, including key assumptions, as prepared by management of the going concern status of the Group and Company and has made recommendations to the Board accordingly. The Board's statement regarding the going concern status of the Group and Company, as supported by the committee, is included in the directors' responsibility statement on page 145.



GG Fortuin

Chairman: audit and risk committee

Wellington

26 November 2024



INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF QUANTUM FOODS HOLDINGS LIMITED

Introduction

The summary consolidated financial statements of Quantum Foods Holdings Limited, contained in the accompanying integrated report, which comprise the summary consolidated statement of financial position as at 30 September 2024, consolidated statements of comprehensive income, the summary consolidated statement of changes in equity and summary consolidated cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of Quantum Foods Holdings Limited for the year ended 30 September 2024.

Opinion

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

Summary Consolidated Financial Statements

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

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 26 November 2024. That report also includes the communication of key audit matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's Responsibility for the Summary Consolidated Financial Statements

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

Auditor's Responsibility

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

Ernst & Young Inc.

Ernst & Young Inc.
Director: Pierre du Plessis
Registered Auditor
Chartered Accountant (SA)

26 November 2024

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2024

	2024 R'000	2023 R'000
ASSETS		
Non-current assets	1 429 050	1 420 267
Property, plant and equipment	1 368 237	1 353 253
Right-of-use assets	36 755	34 519
Intangible assets	9 014	12 268
Investment in associate	11 924	11 200
Trade and other receivables	2 657	2 827
Deferred income tax	463	6 200
Current assets	1 786 375	1 513 361
Inventories	361 857	415 630
Biological assets	460 093	338 380
Trade and other receivables	718 573	687 761
Current income tax	24	225
Cash and cash equivalents	245 828	71 365
Total assets	3 215 425	2 933 628

	2024 R'000	2023 R'000
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the parent	2 094 715	2 015 936
Share capital	1 473 619	1 465 069
Treasury shares	(429)	(429)
Other reserves	(114 949)	(29 676)
Retained earnings	736 474	580 972
Total equity	2 094 715	2 015 936
Non-current liabilities	383 203	265 610
Borrowings	79 400	-
Lease liabilities	27 261	21 907
Deferred income tax	264 254	234 621
Provisions for other liabilities and charges	12 288	9 082
Current liabilities	737 507	652 082
Trade and other payables	696 531	627 870
Derivative financial instruments	487	58
Current income tax	2 651	1 774
Borrowings	20 000	-
Lease liabilities	15 824	21 299
Provisions for other liabilities and charges	2 014	1 081
Total liabilities	1 120 710	917 692
Total equity and liabilities	3 215 425	2 933 628

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2024

	Notes	2024 R'000	2023 R'000
Revenue	3	6 332 075	6 952 575
Cost of sales		(5 107 263)	(5 769 663)
Gross profit		1 224 812	1 182 912
Other income		16 186	18 853
Other gains/(losses) – net	4	185 243	(66 389)
Sales and distribution costs		(249 273)	(287 386)
Marketing costs		(10 639)	(12 572)
Administrative expenses		(183 814)	(154 987)
Net impairment losses on trade and other receivables		(2 068)	(5 941)
Other operating expenses		(749 527)	(710 413)
Operating profit/(loss)		230 920	(35 923)
Investment income		8 032	5 477
Finance costs		(19 818)	(23 585)
Share of profit of associate company		724	1 070
Profit/(loss) before income tax		219 858	(52 961)
Income tax (expense)/credit		(59 454)	17 387
Profit/(loss) for the year		160 404	(35 574)

	Notes	2024 R'000	2023 R'000
Other comprehensive income for the year			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Fair value adjustments to cash flow hedging reserve		(5 750)	(3 000)
For the year		15 357	(39 378)
Income tax effect		(4 146)	10 632
Realised to profit or loss		(23 233)	35 269
Income tax effect		6 272	(9 523)
Movement in foreign currency translation reserve			
Currency translation differences		(89 755)	(50 333)
Total comprehensive income/(loss) for the year		64 899	(88 907)
Profit/(loss) for the year attributable to owners of the parent		160 404	(35 574)
Total comprehensive income/(loss) for the year attributable to owners of the parent		64 899	(88 907)
Earnings per ordinary share (cents)	5	80.0	(17.8)
Diluted earnings per ordinary share (cents)	5	78.8	(17.8)

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2024

	2024 R'000	2023 R'000
Share capital and treasury shares	1 473 190	1 464 640
Opening balance	1 464 640	1 463 679
Ordinary shares acquired by subsidiary	-	(2 336)
Ordinary shares issued/transferred - share appreciation rights	8 550	3 297
Other reserves	(114 949)	(29 676)
Opening balance	(29 676)	20 962
Other comprehensive income for the year	(95 505)	(53 333)
Recognition of share-based payments	13 880	6 391
Ordinary shares transferred - share appreciation rights	(3 648)	(3 696)
Retained earnings	736 474	580 972
Opening balance	580 972	616 147
Profit/(loss) for the year	160 404	(35 574)
Ordinary shares transferred - share appreciation rights	(4 902)	399
Total equity	2 094 715	2 015 936

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2024

	2024 R'000	2023 R'000
Cash flow from operating activities	264 268	276 410
Cash profit from operating activities	384 934	232 158
Working capital changes	(110 149)	52 522
Cash effect of hedging activities	-	(4 030)
Cash generated from operations	274 785	280 650
Income tax paid	(10 517)	(4 240)
Cash flow from investing activities	(140 457)	(135 888)
Additions to property, plant and equipment	(153 354)	(138 475)
Additions to intangible assets	(58)	(4 059)
Proceeds on disposal of property, plant and equipment	4 720	663
Repayment of loan included in other debtors	708	687
Interest received	7 527	5 296
Cash surplus	123 811	140 522
Cash flow from financing activities	60 924	(49 662)
Principal elements of lease payments	(19 919)	(24 935)
Borrowings raised	100 000	-
Shares issued	8 550	-
Treasury shares acquired by subsidiary	(8 550)	(2 336)
Interest paid	(19 148)	(22 335)
Dividends paid to ordinary shareholders	(9)	(56)
Increase in cash and cash equivalents	184 735	90 860
Effects of exchange rate changes	(10 272)	(8 432)
Cash and cash equivalents at beginning of year	71 365	(11 063)
Cash and cash equivalents at end of year	245 828	71 365

SEGMENTAL ANALYSIS

for the year ended 30 September 2024

	2024 R'000	2023 R'000
SEGMENT INFORMATION		
Segment revenue	6 341 212	6 964 945
Eggs	858 979	1 322 275
Farming	1 875 537	1 840 995
Animal feeds	3 138 813	3 358 828
Other African countries	467 883	442 847
Less: Internal revenue	(9 137)	(12 370)
Farming	(9 137)	(12 370)
External revenue	6 332 075	6 952 575
Eggs	858 979	1 322 275
Farming	1 866 400	1 828 625
Animal feeds	3 138 813	3 358 828
Other African countries	467 883	442 847
Segment results – excluding items of a capital nature	232 243	(34 716)
Eggs	140 108	(42 367)
Farming	(10 636)	(80 310)
Animal feeds	94 231	104 168
Other African countries	45 448	(1 369)
Head office costs	(36 908)	(14 838)

	2024 R'000	2023 R'000
Items of a capital nature per segment included in other gains/(losses) - net		
Profit/(loss) on disposal of property, plant and equipment before income tax	(1 323)	(1 207)
Eggs	1 391	-
Farming	(2 567)	(1 055)
Animal feeds	(297)	(658)
Other African countries	150	506
Segment results	230 920	(35 923)
Eggs	141 499	(42 367)
Farming	(13 203)	(81 365)
Animal feeds	93 934	103 510
Other African countries	45 598	(863)
Head office costs	(36 908)	(14 838)
A reconciliation of the segment results (operating profit/(loss)) to profit/(loss) before income tax is provided below:		
Segment results	230 920	(35 923)
Adjusted for:		
Investment income	8 032	5 477
Finance costs	(19 818)	(23 585)
Share of profit of associate company	724	1 070
Profit/(loss) before income tax per statement of comprehensive income	219 858	(52 961)

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2024

1. Basis of preparation

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

2. Accounting policies

These summary consolidated financial statements incorporate accounting policies that are consistent with those applied in the Group's consolidated financial statements for the year ended 30 September 2024 and with those of previous financial years.

	2024 R'000	2023 R'000
3. Revenue from contracts with customers		
The Group derives revenue from the transfer of goods at a point in time.		
Disaggregation of revenue from contracts with customers:		
Eggs	1 174 064	1 627 094
– included in eggs segment	858 980	1 322 275
– included in other African countries segment	315 084	304 819
Layer farming*	213 503	221 376
– included in farming segment	167 665	187 154
– included in other African countries segment	45 838	34 222
Broiler farming**	1 773 068	1 689 484
– included in farming segment	1 698 734	1 641 471
– included in other African countries segment	74 334	48 013
Animal feeds	3 171 440	3 414 621
– included in animal feeds segment	3 138 813	3 358 828
– included in other African countries segment	32 627	55 793
	6 332 075	6 952 575

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

** Broiler farming sales includes the sale of day-old broilers and live birds.

	2024 R'000	2023 R'000
4. Other gains/(losses) – net		
Biological assets fair value adjustment	31 931	(67 379)
Unrealised – reflected in carrying amount of biological assets	8 194	8 847
Realised – reflected in cost of goods sold	23 737	(76 226)
Agricultural produce fair value adjustment	150 684	13 814
Unrealised – reflected in carrying amount of inventory	2 790	1 608
Realised – reflected in cost of goods sold	147 894	12 206
Foreign exchange differences	(3 071)	218
Financial instruments fair value adjustments	-	7
Foreign exchange contract cash flow hedging ineffective loss	(475)	(63)
Futures contract cash flow hedging ineffective profit/(loss)	7 497	(11 779)
Loss on disposal of property, plant and equipment	(1 323)	(1 207)
	185 243	(66 389)

Biological assets fair value adjustment

The adjustment of biological assets from cost to fair value includes a realised and unrealised component. The unrealised portion is reflected in the carrying amount of biological assets in the statement of financial position, and the realised portion is reflected in cost of goods sold in profit and loss.

	2024 R'000	2023 R'000
5. Earnings per ordinary share		
<i>Basic</i>		
The calculation of basic earnings per share is based on profit/(loss) for the year attributable to owners of the parent divided by the weighted average number of ordinary shares (net of treasury shares) in issue during the year:		
Profit/(loss) for the year	160 404	(35 574)
Weighted average number of ordinary shares in issue ('000)	200 564	199 553

	2024 Number '000	2023 Number '000
5. Earnings per ordinary share (continued)		
<i>Diluted</i>		
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive contingent ordinary shares.		
Weighted average number of ordinary shares in issue used as the denominator in calculating basic earnings per share	200 564	199 553
Adjustment for calculation of diluted earnings per share – Share appreciation rights	2 992	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	203 556	199 553

Share appreciation rights issued in terms of the share incentive scheme have a potential dilutive effect on earnings per ordinary share. Share appreciation rights issued in terms of the share incentive scheme were not included in the calculation of diluted basic and headline earnings per share for the year ended 30 September 2023 because they were antidilutive.

The calculation of diluted earnings per share is based on profit/(loss) for the year attributable to owners of the parent divided by the diluted weighted average number of ordinary shares (net of treasury shares) in issue during the year:

	2024 R'000	2023 R'000
Profit/(loss) for the year	160 404	(35 574)
Diluted weighted average number of ordinary shares in issue ('000)	203 556	199 553
Headline earnings is calculated in accordance with Circular 1/2023 issued by the South African Institute of Chartered Accountants.		
<i>Reconciliation between profit/(loss) attributable to owners of the parent and headline earnings</i>		
Profit/(loss) for the year	160 404	(35 574)
Remeasurement of items of a capital nature		
Loss on disposal of property, plant and equipment	941	812
Gross	1 323	1 207
Tax effect	(382)	(395)
Headline earnings for the year	161 345	(34 762)
Earnings per ordinary share (cents)	80.0	(17.8)
Diluted earnings per ordinary share (cents)	78.8	(17.8)
Headline earnings per ordinary share (cents)	80.4	(17.4)
Diluted headline earnings per ordinary share (cents)	79.3	(17.4)

6. Contingent liabilities

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

7. Future capital commitments

Capital expenditure approved by the Board and contracted for amounts to R131.0 million (2023: R31.6 million). Capital expenditure approved by the Board, but not yet contracted for, amounts to R135.8 million (2023: R291.4 million).

8. Events after the reporting period

Dividend

The Board has resolved not to declare a final dividend for the year ended 30 September 2024 (2023: nil cents).

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

9. Preparation of financial statements

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

10. Audit

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



APPENDIX

COMMONLY USED TERMS

Birds	All varieties of live chicken, including meat-type chicken, egg-type chicken, day-old chicks, layer chicken, etc.
Broilers	Also “broiler chickens”: a young, tender chicken of a meat-type strain suitable for roasting or grilling.
Day-old chicks	Chicks that are one day old, usually from the same stock as broilers.
Day-old pullets/pullets	Female layer chicks (of the egg type) that are one day old.
Feed conversion rate	The quantity of feed, in kilograms, required by birds of the egg type to produce one dozen table eggs, or required by birds of the meat type to produce one kilogram of broiler meat.
Free-range eggs	Eggs produced from poultry farmed in natural conditions, including freedom of movement.
Hatching eggs	Fertile eggs produced on a breeding farm.
Higher-value eggs	Extra-large, jumbo, free-range, canola and pasteurised eggs.
Layers	Mature female chickens (at least 19 weeks old) used to produce marketable egg products.
Liquid eggs	A product especially for the catering industry, where eggs are broken, and the content is sold in liquid form.
Livestock	Farmed animals kept for commercial use.
Parent stock	Chickens bred specifically for further reproduction. There is different parent stock for broilers and egg-type chickens.
Point-of-lay	The age at which a pullet lays its first eggs.
Poultry	All forms of domestic fowl, e.g., chickens, turkeys, ducks, geese, etc.
Rearing	The process of growing a day-old chick or pullet into a mature bird.
Table eggs	Eggs intended for consumption. Table eggs are normally graded according to a number of criteria, including weight and quality.

