INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tiger Brands Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Tiger Brands Limited and its subsidiaries (the group) and company set out on pages 12 to 87, which comprise of the consolidated and separate statements of financial position as at 30 September 2022, and the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 30 September 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The key audit matters apply only to the audit of the consolidated financial statements.

Key audit matters	How the matter was addressed in the audit

Revenue recognition

Rebates and incentives

As described in the accounting policy notes and reflected in notes 2, 20 and 24 to the group financial statements, revenue is measured at the fair value of the consideration received/receivable excluding normal discounts, rebates, settlement discounts and promotional allowances (rebates and incentives), which are earned by customers on the group's sales.
Rebates and incentives is a key audit matter as the final amount due to each customer that is eligible for a rebate and/or incentive is considered to be complex and requires significant judgement and estimation by management each year in establishing an appropriate accrual for rebates and incentives earned at the year-end due to the varying terms given to different customers. This results from a number of operational, supply and market share metrics which vary annually and are used in the final estimation of the rebates and incentives due to each customer.

The majority of these rebates and incentives tend to be low in unit value but based on high volumes. The agreements include those which span the financial year-end of the group, and to a lesser extent certain rebates which are based on a calendar year. All rebates are calculated monthly, however settlement of the said rebates is monthly, quarterly and in some instances annually. The contractual terms allows a customer to claim most rebates within a specified period, the accrual at year-end reflects the rebates earned.

Rebates and incentives

Our audit procedures included:

- Considering the appropriateness of the group's revenue recognition accounting policies including those relating to rebates and incentives; and
- We tested the effectiveness of the group's controls over the calculation of rebates and incentives and the correct timing of revenue recognition and measurement.

Our audit procedures in respect of the variable consideration recognised against revenue and rebate liability included the following, based on our materiality:

- On a sample basis, based on the high value rebates and incentives paid, we inspected the terms in the agreement and agreed them to inputs used in the calculation;
- Using data extraction tools, we agreed the sales volumes used in the calculation to those per the accounting records and considered whether the amounts being used in the calculation related to the correct period per the agreement and recalculated the rebates and incentives due to each customer based on its contractual terms;
- We developed an independent expectation of the estimated rebates and incentives due to each customer based on actual sales year to date and operational, supply and customer market share metrics. We then compared this expectation to actual results. Where our recalculation based on the contractual terms and estimation based on sales year to date and operational, supply and customer market share metrics differed to management's final accrual, we obtained support for the differences to vouch their validity;
- We tested the arithmetical accuracy of the management calculation and agreed the amount calculated to the amount recognised in the financial statements;
- We tested the prior period accrual to actual payments made to customers in the current year to assess the historical accuracy of managements estimation process for incentives and rebates;
- In addition, we tested the validity of the amounts payable at the year-end by agreeing the amounts to subsequent payment to customers where these had been completed by the date of our audit report;
- In addition we considered the prescription period and past practices that management applied before unclaimed rebates accruals are released; and
- We performed a completeness assessment of the signed contractual agreements with customers to perform an overall completeness assessment of the rebate liability.

Key audit matters	How the matter was addressed in the audit
Cut off Revenue recognition is a focus area across the group. Specific attention is given to transactions close to financial year-end in order to identify abnormalities relating to the correctness of the period in which revenue is recorded.	**Cut off** Our audit procedures in respect of the cut off of revenue and rebates liability included the following, based on our materiality: › We obtained a cut off reconciliation for local and foreign sales performed by management which shows how the reconciliation agrees to the last couple of days and first couple of days' sales listing, and how the reconciliation is split between sales recorded in the correct accounting period, and sales recorded in the incorrect accounting period; › We selected a sample from both classes to test management's calculation for accuracy by vouching the transactions against the proof of delivery/shipping documents (Inco terms). We assessed managements interpretation of the Inco terms to determine the appropriate cut off to applied; and › We performed our own independent sampling over local and foreign sales to ensure recorded in the correct period.
Impairment assessment of non-financial assets [goodwill, intangible assets, property, plant and equipment (PPE) and investment in associates] Non-financial assets – goodwill, intangible assets, PPE and investment in associates represent 46% of total assets and 70% of total equity. Management tests goodwill, indefinite useful life intangible assets and investment in associates annually for impairment. PPE is assessed annually for an indication of impairment and if such an indication exists, management conducts an impairment assessment. The impairment assessment process is complex, and the calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows, evaluation of discount rates and other assumptions, which are inherently uncertain and could change over time. In performing the annual assessment of impairment as required by *IAS 36 – Impairment of Assets*, management noted that certain cash-generating units were sensitive to changes in volume and discount rates applied to the valuation model impairments of goodwill and intangible assets. Refer to note 14. Due to the complexity of the impairment calculations and the estimates and judgement required in evaluating recoverable amounts we consider this to be a key audit matter.	Our audit procedures included: › Assessing the reasonableness of the completeness of the impairment assessments by evaluating managements impairment assessment process; › Evaluating the determination of the cash-generating units to distinguish between stand-alone business valuations and brand valuations and fair value less cost of disposal as these have different valuation methodologies applied to them; › We evaluated the models used by management in determining the value in use of the identified cash-generating units or the recoverable amount, as well as independently by using our internal Transaction Support specialists, to reassess the discount rate, valuation methodology used as well as the cash flow forecasts; › We compared the cash flow forecasts used in the impairment model to the approved budgets and other relevant market and economic information; › We identified different risk dependent cash flows used in the valuation models to assess whether additional specific risk premiums needed to be applied to the discount rate when discounting those cash flows; › We evaluated and challenged management's future cash flow forecasts and the process by which they were drawn up, and tested the underlying value in use calculations by comparing future cash flows to prior period actual results to assess management's forecast accuracy rate; › Calculated a range of possible impairment by performing a sensitivity analysis around the key assumptions of volume growth, margins and the discount rate used in the models as well and the fair value of the asset; and › Considered the adequacy and accuracy of disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 95 page document titled "Tiger Brands Limited annual financial statements 2022", which includes the directors' approval, the certificate by company secretary and the audit committee report as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

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based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Tiger Brands Limited for 19 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Ahmed Bulbulia
Registered Auditor
Chartered Accountant (SA)

1 December 2022

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