



RCL FOODS LIMITED

2024 GROUP INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED DECEMBER 2023

FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY – CONTINUING OPERATIONS*

RCL FOODS DELIVERS A PLEASING INTERIM RESULT IN A CHALLENGING ENVIRONMENT

REVENUE

R20,1 billion

↑ 8.4%

EBITDA

R1 506,8 million

↑ 48.6%

UNDERLYING** EBITDA

R1 436,0 million

↑ 32.4%

HEADLINE EARNINGS

R723,0 million

↑ 52.6%

HEADLINE EARNINGS PER SHARE

81.2 cents

↑ 52.6%

UNDERLYING** HEADLINE EARNINGS

R722,5 million

↑ 37.5%

UNDERLYING** HEADLINE EARNINGS PER SHARE

81.1 cents

↑ 37.5%

* The Vector Logistics segment was classified as a discontinued operation during the second half of the previous financial year and was subsequently sold in August 2023. Continuing operations refer to the remaining operations excluding the Vector Logistics segment.

** The underlying view of the results excludes material once-offs and accounting adjustments related to IFRS 9 Financial Instruments (IFRS 9) in the current and prior period as well as the insurance proceeds receivable in respect of fire damage at the Sugar Komatipoort warehouse which occurred during the 2022 financial year. The underlying results constitute pro forma financial information in terms of the JSE Listings Requirements. Refer to the "Reconciliation between unadjusted and underlying results" section provided on page 13 of this announcement for further details and the applicable criteria and the basis on which this pro forma financial information has been prepared.

COMMENTARY

KEY FEATURES

- Muted demand persists in a challenging economic environment
- Rainbow turnaround yields positive result
- Continued good Sugar performance
- Service levels restored in Pet Food and Pies
- Load-shedding direct costs continue to impact earnings
- Receipt of Vector Logistics sale proceeds improves cash position

INTRODUCTION

RCL FOODS delivered a pleasing interim performance in a trading environment that continues to be challenged by softer consumer demand, high input costs, load-shedding and a weak rand.

Earnings before interest, taxes, depreciation, amortisation and impairments (EBITDA) increased by 48.6% to R1 506,8 million (December 2022: R1 014,1 million), largely driven by Rainbow (up R276,7 million) and Sugar (up R242,5 million). With the Rainbow separation process still in progress (as described further in the Strategic Portfolio Review section below), the Board of directors has resolved not to declare an interim dividend.

The food market in South Africa continues to feel the pressure of high input costs which contribute to elevated prices and subdued consumer demand. Although food price inflation has moderated from the historic highs experienced in the 2023 financial year, it remains above total Consumer Price Index (CPI) inflation as recorded by Stats SA. The lack of volume growth in the total food basket further highlights the financial pressure being experienced by consumers.

Key contributors to continued high prices at a market level are the effects of sustained high agricultural commodity input costs, a weak Rand/Dollar exchange rate, load-shedding and infrastructural challenges. As a business we have put plans in place to mitigate the impact of load-shedding on our operations, which resulted in direct costs of R76,1 million for the period, mainly related to generator use.

Given the challenging trading conditions, the Group has continued to focus on what is within its control: restoring service levels and thus market shares, improving efficiencies in our operations, and cash preservation. These measures have started to yield improvements in volumes and profitability, albeit not yet at the desired level.

In pursuit of our vision to be “a purpose-led business that delivers value for all and that creates the fuel to fund enduring positive impact”, we launched our Purpose – WE GROW WHAT MATTERS – across all RCL FOODS Value-Added Business sites during the period. It has been enthusiastically received and we are currently focused on integrating it into our business processes.

As a Group we remain committed to our overarching

strategy as previously communicated, which includes improving shareholder returns as we seek to GROW WHAT MATTERS for all our stakeholders. In this regard, we are on track with our strategy delivery plan for the 2024 financial year.

STRATEGIC PORTFOLIO REVIEW

As communicated in our year-end results for the 2023 financial year, the disposal of Vector Logistics was finalised on 28 August 2023. We are currently in a 12-month transitional arrangement to enable the seamless operational separation of the Vector Logistics business from the Group.

SEPARATION OF RAINBOW

Following the strategic review of RCL FOODS that was completed in the 2021 financial year and subsequent messaging to the market regarding the intention to separate Rainbow from the Value-Added Brands portfolio, the Board of RCL FOODS provided its preliminary approval on 1 March 2024, to pursue the formal separation of Rainbow; via an unbundling to shareholders and a concurrent listing on the JSE. The approval follows the review by the Board of various separation options over the past two years, in parallel to the Board monitoring Rainbow's improving performance in line with its turnaround plan towards becoming a sustainable, market leading, low-cost producer. The Board is of the view that the unbundling of Rainbow will enable both businesses to pursue their respective growth ambitions, and investment theses, in a focused manner and with improved alignment on capital allocation priorities. Equally, shareholders will be afforded an enhanced ability to manage their preferred exposures to the Value-Added Brands and Rainbow components of the portfolio. Whilst steps have been taken in preparation of the proposed unbundling, including the operational separation of Rainbow and more recently the normalisation of its capital structure, a meaningful amount of work remains to be done, including the finalisation of financing arrangements, the operational capacitation and support services workstream and relevant stakeholder engagement. The Board will reconvene soon to finally evaluate the transaction once these workstreams have been completed and we will update the market when appropriate. Whilst the unbundling of Rainbow is clearly in line with RCL FOODS' revised strategy, the Board is fully committed to transitioning the Rainbow business in a responsible manner which preserves the heritage and key strengths of Rainbow, and is in the best interests of Rainbow customers, staff and other key stakeholders.

FINANCIAL REVIEW

CONTINUING OPERATIONS

The results presented below represent continuing operations only, with the comparatives being restated in accordance with IFRS 5 to reflect the Vector Logistics segment as a discontinued operation. The results for the Groceries and Baking segments in the comparative period have been restated to reallocate the Pies operating unit, which now forms part of Baking for segmental reporting purposes from the commencement of the second half of the previous financial year. The Pies operating unit was previously included as part of the Groceries segment. Vector Logistics reported a profit before tax of R263,1 million for the period to 28 August 2023 which includes the R255,7 million profit arising from the disposal of the Vector Logistics segment.

INCOME STATEMENT

RCL FOODS' revenue for the current period increased by 8.4% to R20,1 billion (December 2022: R18,6 billion). The increase was largely attributable to higher volumes in Rainbow, higher market prices in Sugar and the inclusion of the Sunshine Bakery business acquired in the second half of the previous financial year. EBITDA increased by R492,7 million (48.6%) to R1 506,8 million (December 2022: R1 014,1 million). The EBITDA by business unit is reflected in the table below:

Rm	December 2023	Margin %	December 2022	Margin %	% Change	Margin change (ppts)
EBITDA	1 506,8	7.5	1 014,1	5.5	48.6	2.0
RCL FOODS Value-Added Business	1 253,3	9.6	978,3	8.0	28.1	1.6
Groceries	295,7	10.8	281,4	10.6	5.1	0.2
Baking	225,1	4.9	206,9	5.0	8.8	(0.1)
Sugar	732,5	12.9	490,0	9.1	49.5	3.8
Rainbow Group	270,6	3.7	(6,1)	(0.1)	4 504.9	3.8
	17,3		59,0			
Unallocated restructuring costs	(34,4)		(17,1)			

The current and prior year EBITDA were materially impacted by the following once-off items and accounting adjustments:

- Positive fair value adjustments on the Group's commodity raw material procurement positions, which increased EBITDA by R0,6 million (December 2022: R70,5 million negative adjustment). The R71,1 million year-on-year movement relates mainly to the unwind of soya, maize, and currency positions; and
- Insurance proceeds receivable of R70,2 million in respect of the fire damage at our Komatipoort raw sugar warehouse which occurred during the 2022 financial year.

These items are excluded from the table below to enable a like-for-like comparison between the current and prior period, thereby enabling investors and shareholders to gain a more meaningful view of the business' underlying operational performance.

FINANCIAL REVIEW CONTINUED

The underlying EBITDA excluding the above items is reflected in the table below:

Rm	December 2023	Margin %	December 2022	Margin %	% Change	Margin change (ppts)
EBITDA	1 436,0	7.1	1 084,4	5.8	32.4	1.3
RCL FOODS Value-Added Business	1 166,3	9.0	980,8	8.0	18.9	1.0
Groceries	264,6	9.7	264,8	10.0	(0.1)	(0.3)
Baking	239,4	5.2	226,0	5.4	5.9	(0.2)
Sugar	662,3	11.7	490,0	9.1	35.2	2.6
Rainbow Group	286,8	3.9	61,7	0.9	364.8	3.0
	17,3		59,0			
Unallocated restructuring costs	(34,4)		(17,1)			

The lower profit on the Group line and higher unallocated restructuring costs largely relate to the once-off and ongoing costs respectively associated with the separation processes in reshaping RCL FOODS' portfolio.

More detailed commentary on the segments is included in the Review of Operations section below.

TAXATION

The Group's effective tax rate for continuing operations, excluding joint ventures and associates, was 33.7% (December 2022: 43.5%). The current year effective tax rate was impacted by deferred tax assets not recognised in our 50% owned sugar cane-grower companies (R26,0 million tax impact) as well as non-deductible listed company expenses (R12,5 million tax impact).

Excluding the above items, the effective tax rate for the current year was 28.3%.

NET FINANCE COSTS

Net finance costs for the period increased by R19,5 million (13.5%) largely due to higher interest rates in the current period following the interest rate hikes over the past 12 months, which was partially offset by a lower net debt balance over the six months to December 2023 mainly due to the receipt of the Vector Logistics proceeds in August 2023. Net finance costs paid for the period of R137,1 million are R26,7 million lower than net finance costs expensed in the income statement due to the non-cash IFRS 16 leases interest charge.

NON-CONTROLLING INTERESTS

Losses allocated to non-controlling interests decreased by R55,8 million (51.3%) to R53,1 million in the current period (December 2022: R108,9 million), largely attributable to higher cane income due to increased prices in the 50% owned sugar cane-grower companies.

FINANCIAL REVIEW CONTINUED

STATEMENT OF FINANCIAL POSITION

(COMPARISON TO DECEMBER 2022 *PRO FORMA* STATEMENT OF FINANCIAL POSITION)

Comparative amounts in the statement of financial position are not restated, in accordance with the requirements of IFRS 5 and with the disposal of Vector Logistics occurring in the current period, a like-for-like comparison of the statement of financial position is not possible. As a result, in order to provide users with comparable information, a *pro forma* statement of financial position is presented on pages 14 and 15 of this announcement for December 2022 and June 2023 to reflect the Vector Logistics segment on an external basis. Commentary on movements within the statement of financial position balances below is provided against the *pro forma* statement of financial position for the comparative periods, which exclude the Vector Logistics segment. For a full reconciliation of the restated balances, refer to pages 14 and 15 of this announcement.

Property, plant and equipment increased R163,4 million from June 2023, largely driven by capital expenditure of R519,5 million, partially offset by depreciation of R350,0 million.

Capital expenditure including intangibles for the six months to December 2023 was R524,1 million (December 2022: R553,3 million). Major spend items included:

- the raw sugar warehouse rebuild at Komatipoort post the fire destruction in October 2021, funded by insurance proceeds (R45,3 million);
- replant and irrigation expenditure at our Sugar farms (R18,3 million); and
- the reinstatement of the second shift at the Rainbow Hammarsdale P2 processing facility to build capacity (R16,8 million).

The remaining spend consists of smaller items individually less than R15,0 million.

An amount of R668,9 million (December 2022: R837,0 million) has been contracted and committed, but not spent, whilst a further R211,0 million (December 2022: R308,6 million) has been approved but not contracted. Major items included in these amounts relate to:

- further spend relating to the rebuild of the Komatipoort warehouse (R138,3 million), with the majority expected to be funded by insurance proceeds to be received as the build progresses; and
- bread delivery vehicles purchased for the newly commissioned Bethlehem depot in Sunbake (R31,8 million).

Right-of-use assets capitalised under IFRS 16 Leases decreased by R71,9 million from June 2023, mainly driven by depreciation of R59,5 million.

Investment in associates increased by R111,2 million from June 2023 driven mainly by profits capitalised from The Royal Eswatini Sugar Corporation (RES) of R131,3 million partially offset by dividends received from RES of R23,3 million.

Net working capital increased by R89,6 million (1.6%) from December 2022, and decreased to 14.4% as a percentage of revenue in the current period (December 2022: 16.0%). Inventory balances increased by R355,4 million from December 2022 largely attributable to higher raw material holdings as a result of lower than forecasted December month sales and in response to port challenges. Biological assets decreased by R23,6 million mainly due to the decrease in bird volumes as a result of the Avian Influenza (AI) outbreak in Rainbow.

Trade and other payables and trade and other receivables increased by R966,5 million and R724,3 million respectively, with the absolute balances impacted by the timing of payments and receipts over the New Year's weekend. The net increase of R242,2 million is largely attributable to extended payment terms negotiated with suppliers within Rainbow and Milling to better manage cash flow.

The term-funded debt package requires that the Group comply with the specific financial covenants. For the current period the Group was within the limits of its financial covenants. The covenants have been calculated in accordance with the terms of the debt package and as a result include Vector Logistics in the calculations for the complete prior period.

Financial covenants	Required	December 2023	December 2022
Senior leverage ratio	<3.0:1	1.5	1.4
Senior interest cover	>3.5:1	6.0	9.5

FINANCIAL REVIEW CONTINUED

CASH FLOW AND WORKING CAPITAL

Cash generated by operations of R696,3 million (December 2022: negative R848,4 million) is R1 544,8 million higher than the prior year mainly driven by the Rainbow and Sugar result as well as net working capital requirements decreasing by R1 178,1 million. This was largely related to the extension of payments terms with suppliers and a lower inventory outflow in the current period, following the significant investment in the prior financial year.

Cash inflows from investing activities for the six months to December 2023 of R263,3 million increased by R818,5 million from the comparative period and consists mainly of the purchase price on disposal of the Vector Logistics segment (R1 250,0 million), offset by the deconsolidation of Vector cash on hand as well as capital expenditure (including intangibles) of R524,1 million (December 2022: R553,3 million).

The net cash outflow from financing activities of R276,3 million relates mainly to repayments on the Group's overdraft facility as well as payments on lease liabilities.

RCL FOODS ended the period in a negative net cash position of R367,9 million. Whilst the overall net cash balance has improved from June 2023 (negative R640,6 million), we remain in a net overdraft position and significant attention continues to be placed on the management of cash throughout the business.

RETURN ON INVESTED CAPITAL

Return on invested capital (ROIC) remains a key metric used by the Group to measure its efficiency and effectiveness of capital allocation. ROIC is calculated using a rolling 12-month net operating profit after tax (including share of profits/losses of associates and joint ventures) divided by invested capital. ROIC is reflected in the table below.

ROIC (%)	December 2023	December 2022	% change
Group – Continuing operations	6.8	5.9	0.9ppts
Group – Continuing operations – excluding Rainbow	9.0	8.3	0.7ppts
Rainbow	0.5	0.3	0.2ppts

The 0.9% increase in the Group ROIC is largely attributable to the improved profitability.

REVIEW OF OPERATIONS

RCL FOODS VALUE-ADDED BUSINESS (GROCERIES, BAKING, SUGAR)

Improved margin performance and restoration of service levels

	December 2023	December 2022	% change
Revenue (Rm)	12 992,9	12 201,7	6.5
EBITDA (Rm)	1 253,3	978,3	28.1
EBITDA margin (%)	9.6	8.0	1.6ppts
Underlying EBITDA (Rm)	1 166,2	980,9	18.9
Underlying EBITDA margin (%)	9.0	8.0	1.0ppts

The RCL FOODS Value-Added Business delivered an 18.9% increase in underlying EBITDA to R1 166,2 million (December 2022: R980,9 million) which was largely driven by a strong performance in the Sugar business unit.

Pet Food service levels, which were significantly impacted by stage 6 load-shedding in the 2023 financial year, have been restored and the full product range is now back on shelf.

From a volume growth perspective, RCL FOODS outperformed the market in the peanut butter and porridge categories in both the short and long term, although lagging in total basket growth. While price increases have assisted to offset some of the cost push in certain categories, profitability remains challenged amidst softer demand.

In this context, traction gained in Best-in-Class initiatives across the business is proving key in driving efficiencies and unlocking profitability. Further emphasis is also being placed on innovation to deliver value to a cash-strapped consumer whilst driving volumes at acceptable margins.

Our strong customer relationships and proactive reformulation of affected Nola products ensured that the recent egg shortage was well managed, with minimal effect on service levels.

GROCERIES (GROCERY, BEVERAGES)

Grocery volumes remain under pressure, partially countered by the recovery in Pet Food service levels.

	December 2023	December 2022	% change
Revenue (Rm)	2 734,9	2 661,0	2.8
EBITDA (Rm)	295,7	281,4	5.1
EBITDA margin (%)	10.8	10.6	0.2ppts
Underlying EBITDA (Rm)	264,6	264,9	(0.1)
Underlying EBITDA margin (%)	9.7	10.0	(0.3)ppts

Volume challenges in the Culinary category, partially offset by the recovery in volumes in the Pet Food category, drove a muted result in the **Grocery operating unit**. The Grocery result was further impacted by R85,0 million relating to unrecovered direct load-shedding costs as well as a decline in oil sales revenue versus the prior period.

Yum Yum Peanut Butter, Nola Mayonnaise, Ouma Rusks and Monati Traditional Porridge all maintained their market-leading positions, with Yum Yum and Nola growing their market share in recent months.

Despite being impacted by service level challenges stemming from sustained load-shedding in the previous financial year, our Pet Food category was able to deliver consistent market share growth in the Canine Cuisine and Feline Cuisine premium brands.

Strong market share gains for Canine Cuisine and Feline Cuisine in the last 3 months

Despite volume pressure, the **Beverages operating unit** has delivered an improved result mainly due to strong cost control. The focus remains on creating a more fit-for-purpose business through a multi-pronged approach to improve production processes and drive cost efficiencies.

REVIEW OF OPERATIONS CONTINUED

BAKING (BREAD, BUNS & ROLLS, MILLING, PIES, SPECIALITY)

In the **Baking business unit**, underlying EBITDA increased by 5.9%, largely due to a strong performance in Milling, Pies and Speciality. This was partially offset by a disappointing result in the Bread, Buns & Rolls operating unit.

The Sunshine Bakery business has been successfully integrated into the Baking business unit and its results for the full six months are included in the results below.

	December 2023	December 2022	% change
Revenue (Rm)	4 587,2	4 174,8	9.9
EBITDA (Rm)	225,1	206,9	8.8
EBITDA margin (%)	4.9	5.0	(0.1)ppts
Underlying EBITDA (Rm)	239,4	226,0	5.9
Underlying EBITDA margin (%)	5.2	5.4	(0.2)ppts

The **Milling operating unit** delivered a good result, with improved margins enabled by better commodity procurement positions, a clear pricing strategy, the realisation of Best-in-Class cost savings and an improved milling yield.

In the **Pies operating unit**, a better sales mix and Best-in-Class savings contributed to improved margins. Service levels have been restored post the industrial action in the prior period and operational challenges have also been addressed, aiding growth in Pieman's long-term market share.

The **Speciality operating unit** improved its performance despite continued volume pressure, assisted by a more favourable sales mix and enhanced efficiencies.

The **Bread, Buns & Rolls operating unit** continued to face an extremely competitive operating environment, with higher input costs and promotional activity leading to further margin pressure. A recovery plan, which includes a recent price increase as well as cost saving initiatives, has been put in place to address category profitability challenges.

SUGAR (SUGAR, MOLATEK MOLASSES-BASED ANIMAL FEED)

The **Sugar business unit** had a strong underlying EBITDA performance (up 35.2% versus the comparative period). The improvement was achieved despite lower crop yields and is largely attributable to higher local and export prices coupled with savings generated by Best-in-Class initiatives.

	December 2023	December 2022	% change
Revenue (Rm)	5 670,9	5 365,9	5.7
EBITDA (Rm)	732,5	490,0	49.5
EBITDA margin (%)	12.9	9.1	3.8ppts
Underlying EBITDA (Rm)	662,3	490,0	35.2
Underlying EBITDA margin (%)	11.7	9.1	2.6ppts

In the **Sugar operating unit**, the higher price of local sugar and strong export pricing more than offset the impact of lower local sales, reduced raw sugar exports and lower production throughput.

Most agricultural infrastructure damaged by the floods in Nkomazi in February 2023 has now been repaired, including that of our small-scale growers. Initiatives to address poor cane yields because of the flooding and load-shedding are under way and are showing promising results for younger cane.

In parallel, the business continues to work towards reducing the impact of load-shedding on irrigation scheduling and associated costs.

The rebuilding of the Komatipoort raw sugar warehouse, which was destroyed in a fire in October 2021, is on track to becoming operational in this financial year.

The **Molatek operating unit** delivered a strong result aided by higher revenue on the back of an improved sales mix, combined with operational efficiencies.

REVIEW OF OPERATIONS CONTINUED

RAINBOW (RAINBOW CHICKEN, EPOL GRAIN-BASED ANIMAL FEED)

Improved agricultural performance, volumes and margins

	December 2023	December 2022	% change
Revenue (Rm)	7 287,1	6 578,8	10.8
EBITDA (Rm)	270,6	(6,1)	4 504.9
EBITDA margin (%)	3.7	(0.1)	3.8ppts
Underlying EBITDA (Rm)	286,8	61,7	364.8
Underlying EBITDA margin (%)	3.9	0.9	3.0ppts

The Rainbow business' underlying EBITDA increased by R225,1 million to R286,8 million (December 2022: R61,7 million), notwithstanding the impact of AI (R184,0 million) during the period. Well into the second year of the turnaround phase, most of the building blocks are in place and yielding positive results. The overall gain versus the prior period can be credited mainly to better agricultural performance aided by the new breed rollout, cost control, improved margins and higher volumes in the retail and wholesale channel.

Double-digit value and volume growth in polony and viennas over the last 12 months

Rainbow's performance remained compromised by the ongoing direct costs of load-shedding and AI. Despite having to cull a significant number of breeder birds, the impact of AI was partially mitigated by the extension of layer flocks, improved agricultural performance and the importation of eggs. The national number of new outbreaks has declined significantly but the urgent implementation of a national vaccination programme is required to better protect the national flock going forward.

The expansion of the Hammarsdale Processing plant was implemented successfully, which resulted in increased volumes and the creation of 346 direct and 143 indirect incremental job opportunities. Full capacity utilisation is expected in July 2024 as some contract growers are still in the process of investment in new broiler houses.

The **Animal Feed business** benefited from improved external margins, but volumes came under pressure because of AI and strong market competition. Epol Rustenburg commissioned its newly upgraded facility which increased the feed mill's capacity by 40%.

Rainbow's 50%-owned Waste-to-Value operation, **Matzonox**, reported an improvement in its performance owing to the successful trade of renewable energy certificates and better production.

SHARE OF PROFITS OF ASSOCIATES AND JOINT VENTURES

RCL FOODS' share of profits from joint ventures for the current period of R11,0 million was largely in line with the prior period (December 2022: R10,0 million).

RCL FOODS' share of profits from associates for the current period increased by R23,1 million to R134,5 million (December 2022: R111,4 million), largely due to a R21,7 million improvement in RES. The RES result was largely driven by higher selling prices and improved yields in the current year.

SUGAR INDUSTRY

The South African Sugar Association (SASA) has submitted a position paper to the Minister of Trade Industry and Competition on a proposed way forward for the Sugar Industry Master Plan. We support the intention to continue with the momentum being built around diversification, market growth and the support and strengthening of small-scale growers. Issues still to be addressed include the impact of any further Health Promotion Levy increases and adequate cost recovery in the industry value chain.

Over the period, there has been progress in addressing the uncertainty surrounding the future of the local sugar industry due to the default on industry payments by Tongaat Hulett Sugar (Tongaat) and Gledhow Sugar (Gledhow), which the rest of the industry had to fund on their behalf. In December 2023, the Durban High Court dismissed Tongaat's Business Rescue Practitioners' (BRPs') application with costs, confirming that SASA levies and redistribution are a cost of doing business and cannot therefore be suspended. The BRPs have filed a leave to appeal as they intend challenging the judgement. The Creditors have now voted in favour of the plan put forward by the Vision consortium, having accepted and approved all the changes requested by SASA and RCL FOODS to ensure the rest of the industry is not further disadvantaged. While there remains risk during the implementation phase of the plan, an important milestone has been reached. SASA is expected to be paid in full once the appeals process has been finalised, enabling growers and millers to be made whole. The Gledhow business rescue process is progressing with several possible suitors requesting additional time to prepare and finalise their bids.

POULTRY INDUSTRY

The Poultry Sector Master Plan is progressing slowly, despite significant capacity investment by the industry. Rainbow and its growers invested more than R600,0 million at Hammarsdale to double processing and grow capacity to return the jobs lost in 2017. Expanding the market and supporting exports are other important pillars of the Master Plan, but the industry needs greater and more urgent Government support to access new markets.

Another key pillar is trade measures to support the local industry. Anti-dumping duties on chicken imports from Brazil and four European Union countries (Denmark, Ireland, Poland and Spain) were only reimposed in August 2023 after a year-long delay in implementation.

Minister Patel directed the International Trade Administration Commission (ITAC) to consider the creation of a temporary rebate provision on imported chicken to account for potential shortages due to the AI outbreak. ITAC has subsequently recommended that certain rebates of duties on frozen poultry imports be implemented based on its assessment which was announced on 26 January 2024.

The industry has taken various costly steps to ensure supply, there has been no poultry meat shortage over the festive season and the supply chain is well stocked, as a result the imposition of a rebate on tariffs is concerning. The industry is engaging with the Department of Trade Industry and Competition (DTIC) regarding this matter.

On 6 February 2024 the Competition Commission of South Africa announced that it is launching an investigation into the broiler and the layer industries over concerns that the concentrated structure of the industry might lead to anti-competitive behaviour and increased prices. The scope of the investigation is wide and is likely to take an extended time to complete, with comments to be submitted by the public during March 2024. We remain of the view that in order to produce the cheapest possible chicken, scale and an integrated value chain is required. The poultry industry of South Africa is already internationally competitive; is the biggest segment of SA Agriculture and is a significant contributor to rural development, job creation and to food security. We intend to participate in the enquiry and will table our comments for consideration by the Competition Commission.

OUTLOOK

Consumer demand is likely to remain soft in the coming months as cost pressures persist despite coming off recent highs. The key contributors to the downside risk are continued high levels of load-shedding and a weaker rand. While commodity input prices have moderated from their historic highs, they remain elevated. In this context, bread volumes and margins are expected to remain under pressure in an oversupplied local market with limited capacity to absorb higher prices. While currently facing the same challenges as the broader bread business, the newly integrated Sunshine Bakery business is a good fit in our portfolio and a key part of our baking growth strategy.

Across the business, we will continue to focus on balancing volumes and profitability, aided by Best-in-Class and Net Revenue Management initiatives. With Pet Food and Pies service levels returning to normal, the priority in the coming months will be to continue to drive sales volumes through front-end recovery plans.

Ongoing efficiency improvements together with higher local and export market prices are expected to benefit the Sugar business in the coming months. Implementation of the agriculture turnaround strategy should aid yields in the next season, although the impact of load-shedding on irrigation still remains a risk.

Rainbow has made considerable progress with its turnaround, with the final phase of ramp-up of production in Hammarsdale and the continued benefits of the breed change expected to impact positively going forward.

BOARD AND COMMITTEE CHANGES

During the current reporting period, the following changes to the Board and committee members took place:

- Paul Neethling stepped down as an alternate director to Jannie Durand effective 14 November 2023; and
- Carel Vosloo was appointed as an alternate director to Jannie Durand, with effect from 16 November 2023, in respect of both Jannie Durand's position as a director of the Board and his position as a member of the Remuneration and Nominations Committee.

RECONCILIATION BETWEEN UNADJUSTED AND UNDERLYING RESULTS

The underlying results ("underlying results" or "*pro forma* financial information") show the impact of excluding material once-off and accounting adjustments to the EBITDA, profit for the period attributable to equity holders of the Company, earnings per share (EPS), headline earnings and headline earnings per share (HEPS). The underlying results is considered *pro forma* financial information in terms of the JSE Listings Requirements and has been presented for illustrative purposes only, to provide users with relevant information and measures used by the Group to assess performance for the period under review. The preparation and presentation of the *pro forma* financial information are the responsibility of the board of directors. The underlying view of results is a non-IFRS measure and, due to its nature, therefore may not fairly present the Group's financial position, changes in equity, results of operations or cash flows for the periods presented.

The December 2022 and June 2023 statement of financial position, reflecting Vector Logistics as a disposal group held for sale, also represents *pro forma* financial information in terms of the Listings Requirements of the JSE Limited. EBITDA is a non-IFRS measure and is calculated as operating profit before depreciation, amortisation and impairments and represents earnings before interest, tax, depreciation, amortisation and impairments of property, plant and equipment and intangible assets. Shareholders are advised that this metric may not align with metrics used by other organisations.

RECONCILIATION BETWEEN UNADJUSTED AND UNDERLYING RESULTS

December 2023 (Rm) - Continuing operations	Unadjusted	IFRS 9 Fair value adjustments	Komati insurance	Underlying
EBITDA	1 506,8	(0,6)	(70,2)	1 436,0
RCL FOODS Value-Added Business	1 253,3	(16,8)	(70,2)	1 166,3
Groceries	295,7	(31,1)		264,6
Baking	225,1	14,3		239,4
Sugar	732,5		(70,2)	662,3
Rainbow Group	270,6	16,2		286,8
Unallocated restructuring costs	17,3			17,3
	(34,4)			(34,4)
Profit for the period attributable to equity holders of the Company	800,8	(0,5)	(51,2)	749,1
EPS (cents)	90,0	(0,1)	(5,8)	84,1
Headline earnings	723,0	(0,5)		722,5
HEPS (cents)	81,2	(0,1)		81,1

December 2022 (Rm) - Continuing operations	Unadjusted	IFRS 9 Fair value adjustments	Underlying
EBITDA	1 014,1	70,3	1 084,4
RCL FOODS Value-Added Business	978,3	2,5	980,8
Groceries	281,4	(16,6)	264,8
Baking	206,9	19,1	226,0
Sugar	490,0		490,0
Rainbow Group	(6,1)	67,8	61,7
Unallocated restructuring costs	59,0		59,0
	(17,1)		(17,1)
Profit for the period attributable to equity holders of the Company	479,0	51,5	530,5
EPS (cents)	53,9	5,7	59,6
Headline earnings	473,8	51,5	525,3
HEPS (cents)	53,2	5,8	59,0

- IFRS 9 fair value adjustments relate to the fair value gains and losses on commodity contracts entered into as part of the Group's raw material procurement strategy.
- Komatipoort insurance relates to insurance proceeds receivable for claims instituted in respect of the fire damage at our Komatipoort sugar warehouse.

PRO FORMA STATEMENT OF FINANCIAL POSITION

	December 2023	December 2022				June 2023		
	As Reported R'000	Pro Forma R'000	Vector Logistics R'000	Adjustments R'000	Unadjusted R'000	Pro Forma R'000	Adjustments R'000	Unadjusted R'000
ASSETS								
Non-current assets								
Property, plant and equipment	6 107 891	5 743 978	913 147		6 657 125	5 944 523		5 944 523
Right-of-use assets	332 801	175 417	321 831		497 248	404 680		404 680
Investment property	13 401							
Intangible assets	1 609 512	1 547 948	18 929		1 566 877	1 621 858		1 621 858
Investment in joint ventures	216 964	196 339	128 686		325 025	211 240		211 240
Investment in associates	1 053 558	923 262			923 262	942 333		942 333
Deferred income tax asset	48 864	25 908	29 736		55 644	42 288		42 288
Loans receivable	12 000	45 061			45 061	12 000		12 000
Trade and other receivables		5 000	22 026		27 026			
Investment in financial asset	149 936	241 976			241 976	149 936		149 936
Goodwill	1 950 551	1 831 766	53 824		1 885 590	1 950 551		1 950 551
	11 495 478	10 736 654	1 488 179		12 224 834	11 279 409		11 279 409
Current assets								
Inventories	4 713 924	4 358 507	91 936		4 450 443	3 722 105		3 722 105
Biological assets	1 112 960	1 136 606			1 136 606	1 317 386		1 317 386
Trade and other receivables	5 363 598	4 639 304	5 538 307	(2 802 140) ¹	7 375 471	4 538 989	(2 577 535) ⁶	1 961 454
Derivative financial instruments	16 839	19 143	13		19 156	28 144		28 144
Tax receivable	16 451	6 310	508		6 818	14 761		14 761
Loan receivable	59 972					59 233		59 233
Loan receivable from RCL FOODS Treasury			887 583	(887 583) ²				
Cash and cash equivalents	327 114	638 173	116 285		754 458	224 373		224 373
	11 610 858	10 798 043	6 634 632	(3 689 723)	13 742 952	9 904 991	(2 577 535)	7 327 456
Assets of disposal group classified as held for sale	625	4 452 962	1 352	(4 434 440) ³	19 875	4 116 960	(4 090 157)	26 803
Total assets	23 106 961	25 987 660	8 124 163	(8 124 163)	25 987 661	25 301 360	(6 667 692)	18 633 668

PRO FORMA STATEMENT OF FINANCIAL POSITION

CONTINUED

	December 2023 As Reported R'000	December 2022				June 2023		
		Pro Forma R'000	Vector Logistics R'000	Adjustments R'000	Unadjusted R'000	Pro Forma R'000	Adjustments R'000	Unadjusted R'000
EQUITY								
Capital and reserves	12 749 564	11 575 880			11 575 880	11 721 305		11 721 305
LIABILITIES								
Non-current liabilities								
Deferred income	3 777	3 949			3 949	3 277		3 277
Interest-bearing liabilities	173 033	291 916			291 916	371 066		371 066
Lease liabilities	397 469	283 494	398 314		681 808	436 134		436 134
Deferred income tax liabilities	1 042 549	1 003 876			1 003 876	1 006 332		1 006 332
Retirement benefit obligations	49 230	75 786	45 196		120 982	65 974		65 974
Trade and other payables	17 983	9 853			9 853	10 858		10 858
	1 684 041	1 668 874	443 510		2 112 384	1 893 641		1 893 641
Current liabilities								
Trade and other payables	5 512 558	4 546 076	6 636 036	(2 802 140) ¹	8 379 972	4 790 120	(2 577 535) ⁶	2 212 585
Deferred income	1 868	4 058			4 058	2 211		2 211
Interest-bearing liabilities	2 154 856	2 010 247			2 010 247	1 963 037		1 963 037
Lease liabilities	137 390	78 734	88 000		166 734	160 255		160 255
Derivative financial instruments	25 371	1 952			1 952	3 670		3 670
Current income tax liabilities	146 313	124 223	11 194		135 417	100 894		100 894
Loan payable to RCL FOODS			539 202	(539 202) ⁴				
Bank overdraft	695 000	1 600 000			1 600 000	865 000		865 000
	8 673 356	8 365 290	7 274 432	(3 341 342)	12 298 380	7 885 187	(2 577 535)	5 307 652
Liabilities of disposal group classified as held for sale		4 377 617		(4 376 600) ⁵	1 017	3 801 227	(3 800 210)	1 017
Total liabilities	10 357 397	14 411 781	7 717 942	(7 717 942)	14 411 781	13 580 055	(6 377 745)	7 202 310
Total equity and liabilities	23 106 961	25 987 661	7 717 942	(7 717 942)	25 987 661	25 301 360	(6 377 745)	18 923 615

The adjustments column above includes intercompany elimination entries and the transfer to held for sale. The detail for each adjustment is provided below.

- 1 Net intergroup trade and other receivables and trade and other payables balances owing from/to Vector Logistics by the balance of the Group. Previously eliminated in preparing the December 2022 consolidated statement of financial position.
- 2 Represents the Vector Logistics loan receivable from the Group treasury company which has been eliminated as an intergroup balance within the disposal group held for sale. The balance on this loan at disposal date was settled in cash between the parties.
- 3 Transfer of the net carrying value of Vector Logistics' assets, post intergroup elimination entries to the disposal group held for sale.
- 4 Represents the Vector Logistics loan payable to RCL Foods Limited which has been eliminated as an intergroup balance within the disposal group held for sale. The loan from RCL Foods Limited is a shareholder loan which was converted to equity at the date of disposal.
- 5 Transfer of the net carrying value of Vector Logistics' liabilities, post intergroup elimination entries to the disposal group held for sale.
- 6 Net intergroup trade and other receivables and trade and other payables balances owing from/to Vector Logistics by the balance of the Group. Previously eliminated in preparing the June 2023 consolidated statement of financial position.

For and on behalf of the Board

JJ Durand
Non-executive Chairman

PD Cruickshank
Chief Executive Officer

Westville
4 March 2024

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

CORPORATE INFORMATION

Directors: JJ Durand (Non-executive Chairman), PD Cruickshank (CEO)¹, HJ Carse, RH Field¹, GP Dingaen, GCJ Tielenius Kruythoff², PR Louw, NP Mageza, PM Moumakwa, DTV Msibi, GM Steyn, CPF Vosloo³ and GC Zondi.

¹Executive directors; ²Dutch; ³Alternate director

Company secretary: LG Kelso

Registration number: 1966/004972/06

JSE share code: RCL

ISIN: ZAE000179438

Registered office: RCL FOODS Limited, Ten The Boulevard, Westway Office Park, Westville, 3629

Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Auditors: Ernst & Young Inc.

Sponsor: RAND MERCHANT BANK (a division of FirstRand Bank Limited)

Bankers: Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited, Capitec Bank Limited and The Standard Bank of South Africa Limited

Website: www.rclfoods.com

BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the information required by IAS 34 Interim Financial Reporting, IFRIC interpretations, SAICA financial reporting guides and circulars, Financial Pronouncements as issued by the Financial Reporting Standards Council and in compliance with the Companies Act of South Africa and the Listings Requirements of the JSE Limited, under the supervision of the Chief Financial Officer, Robert Field CA(SA). The accounting policies comply with IFRS and are consistent with those applied in the previous year and corresponding interim period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 December 2023 R'000	Reviewed 1 January 2023 R'000	Audited 2 July 2023 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	6 107 891	6 657 125	5 944 523
Right-of-use assets	332 801	497 248	404 680
Investment Property*	13 401		
Intangible assets	1 609 512	1 566 877	1 621 858
Investment in joint ventures	216 964	325 025	211 240
Investment in associates	1 053 558	923 262	942 333
Deferred income tax asset	48 864	55 644	42 289
Loans receivable	12 000	45 061	12 000
Trade and other receivables		27 026	
Investment in financial asset	149 936	241 976	149 936
Goodwill	1 950 551	1 885 590	1 950 551
	11 495 478	12 224 834	11 279 410
Current assets			
Inventories	4 713 924	4 450 443	3 722 105
Biological assets	1 112 960	1 136 606	1 317 386
Trade and other receivables	5 363 598	7 375 471	2 157 318
Derivative financial instruments	16 839	19 156	28 144
Tax receivable	16 451	6 818	14 761
Loans receivable	59 972		59 233
Cash and cash equivalents	327 114	754 458	224 373
	11 610 858	13 742 952	7 523 320
Assets of disposal group classified as held for sale	625	19 875	6 498 631
Total assets	23 106 961	25 987 661	25 301 361
EQUITY			
Capital and reserves	12 749 564	11 575 880	11 721 305
LIABILITIES			
Non-current liabilities			
Deferred income	3 777	3 949	3 277
Interest-bearing liabilities	173 033	291 916	371 066
Lease liabilities	397 469	681 808	436 134
Deferred income tax liabilities	1 042 549	1 003 876	1 006 332
Retirement benefit obligations	49 230	120 982	65 974
Trade and other payables	17 983	9 853	10 858
	1 684 041	2 112 384	1 893 641
Current liabilities			
Trade and other payables	5 512 558	8 379 972	4 594 257
Deferred income	1 868	4 058	2 211
Interest-bearing liabilities	2 154 856	2 010 247	1 963 037
Lease liabilities	137 390	166 734	160 255
Derivative financial instruments	25 371	1 952	3 670
Current income tax liabilities	146 313	135 417	100 894
Bank overdraft	695 000	1 600 000	865 000
	8 673 356	12 298 380	7 689 324
Liabilities of disposal group classified as held for sale		1 017	3 997 091
Total liabilities	10 357 397	14 411 781	13 580 056
Total equity and liabilities	23 106 961	25 987 661	25 301 361

* Relates to Investment Property measured under the cost model in accordance with IAS 40.

CONSOLIDATED INCOME STATEMENT

	Unaudited Six months December 2023 R'000	Unaudited *Restated Six months December 2022 R'000	Audited Year ended June 2023 R'000
Continuing Operations			
Revenue**	20 130 187	18 574 673	37 782 948
Operating profit before depreciation, amortisation and impairments[^] (EBITDA)	1 506 813	1 014 138	1 711 457
Depreciation, amortisation and impairments [^]	(434 713)	(430 007)	(924 725)
Operating Profit	1 072 100	584 131	786 732
Finance costs	(180 487)	(159 696)	(376 069)
Finance income	16 690	15 360	38 726
Share of profits of joint ventures	10 985	10 044	36 185
Share of profits of associates	134 480	111 365	193 360
Profit before tax	1 053 768	561 204	678 934
Income tax expense	(306 077)	(191 154)	(242 325)
Profit for the period from continuing operations	747 691	370 050	436 609
Profit for the period from discontinued operation	267 650	34 743	76 299
Profit for the period	1 015 341	404 793	512 908
Attributable to:			
Equity holders of the Company	1 066 269	512 206	616 237
- from continuing operations	800 766	478 964	542 788
- from discontinued operations	265 503	33 242	73 449
Non-controlling interests	(50 929)	(107 412)	(103 329)
- from continuing operations	(53 076)	(108 913)	(106 179)
- from discontinued operations	2 147	1 501	2 850

* The prior year numbers have been restated as required by IFRS 5 to reflect the Vector Logistics segment as a discontinued operation.

[^] Impairments relate only to impairments of property, plant and equipment, goodwill and intangible assets.

** "Revenue from contracts with customers" has been changed to "Revenue". Refer to the Disaggregation of Revenue section for further detail.

CONSOLIDATED INCOME STATEMENT

CONTINUED

	Unaudited Six months December 2023 R'000	Unaudited *Restated Six months December 2022 R'000	Audited Year ended June 2023 R'000
HEADLINE EARNINGS			
Continuing Operations			
Profit for the period attributable to equity holders of the Company	800 766	478 964	542 788
Profit on disposal of property, plant and equipment and assets held for sale	(8 348)	(2 857)	(25 975)
Loss on disposal of property, plant and equipment and assets held for sale	4 651	2 874	24 447
Insurance proceeds	(51 447)	(6 206)	(29 634)
Impairments of fixed assets and intangible assets	1 904	1 034	35 842
Profit on disposal of subsidiary acquired with a view to resale	(25 228)		
Loss on disposal of associate			1 955
Foreign currency translation reserve recycled into profit and loss			(9 654)
(Profit)/loss on disposal of property, plant and equipment included in equity-accounted earnings of associates	(7)	17	(201)
Net impairments included in equity accounted earnings of associates	707		
Headline earnings from continuing operations	722 998	473 826	539 568
HEADLINE EARNINGS			
Discontinued operation			
Profit for the period attributable to equity holders of the Company	265 503	33 242	73 449
Profit on disposal of property, plant and equipment and assets held for sale		(5 698)	(6 332)
Loss on disposal of property, plant and equipment and assets held for sale		872	1 493
Foreign currency translation reserve recycled into profit and loss	(13 185)		
Profit on disposal of subsidiary classified as held for sale (Vector Logistics)	(255 691)		
Headline earnings from discontinued operation	(3 373)	28 416	68 610
Headline earnings from total operations	719 625	502 242	608 178
	Cents	Cents	Cents
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	119.8	57.6	69.3
- from continuing operations	90.0	53.9	61.0
- from discontinued operation	29.8	3.7	8.3
Basic earnings per share - diluted	119.6	57.2	68.7
- from continuing operations	89.8	53.5	60.5
- from discontinued operation	29.8	3.7	8.2
Headline earnings per share	80.8	56.4	68.3
- from continuing operations	81.2	53.2	60.6
- from discontinued operation	(0.4)	3.2	7.7
Headline earnings per share - diluted	80.7	56.1	67.8
- from continuing operations	81.1	52.9	60.2
- from discontinued operation	(0.4)	3.2	7.6

* The prior year numbers have been restated as required by IFRS 5 to reflect the Vector Logistics segment as a discontinued operation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months December 2023 R'000	Unaudited *Restated Six months December 2022 R'000	Audited Year ended June 2023 R'000
Profit for the period	747 691	370 050	436 609
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of retirement medical obligations – net of tax			8 575
Share of associates other comprehensive income			229
Items that may subsequently be reclassified to profit and loss			
Currency translation differences		1 686	7 102
Foreign currency translation reserve recycled into profit and loss			(9 654)
Other comprehensive income for the period – net of tax		1 686	6 252
Total comprehensive income for the period – continuing operations	747 691	371 736	442 861
Total comprehensive income for the period attributable to:			
Equity holders of the Company – continuing operations	800 767	480 649	549 040
Non-controlling interests – continuing operations	(53 076)	(108 913)	(106 179)
	747 691	371 736	442 861
Profit for the period from discontinued operation	267 650	34 743	76 299
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of retirement medical obligations – net of tax			1 738
Items that may subsequently be reclassified to profit and loss			
Currency translation differences	12 286	17 356	3 059
Foreign currency translation reserve recycled into profit and loss	(14 788)		
Other comprehensive income for the period – net of tax	(2 502)	17 356	4 797
Total comprehensive income for the period – discontinued operation	265 148	52 099	81 096
Total comprehensive income for the period attributable to:			
Equity holders of the Company – discontinued operation	263 001	52 862	77 938
Non-controlling interests – discontinued operation	2 147	(763)	3 158
	265 148	52 099	81 096

* The prior year numbers have been restated as required by IFRS 5 to reflect the Vector Logistics segment as a discontinued operation.

CONSOLIDATED CASH FLOW INFORMATION

	Unaudited December 2023 R'000	Unaudited *Restated December 2022 R'000	Audited June 2023 R'000
Operating profit	1 072 100	584 131	786 732
Non-cash items	159 658	280 951	762 646
Operating profit before working capital requirements	1 231 758	865 082	1 549 378
Working capital requirements			
Movement in inventories	(991 818)	(1 294 930)	(649 529)
Movement in biological assets	436 463	258 578	247 719
Movement in trade and other receivables	(501 164)	(418 450)	(33 576)
Movement in trade and other payables	521 088	(258 720)	(52 716)
Cash generated/(utilised) by operations	696 327	(848 440)	1 061 276
Net finance cost	(137 111)	(128 058)	(298 730)
Tax paid	(232 709)	(157 307)	(292 344)
Cash available from operating activities	326 507	(1 133 805)	470 202
Dividend received	28 516	15 043	40 876
Dividends paid	(2 000)	(268 939)	(268 939)
Net cash inflow/(outflow) from operating activities – continuing operations	353 023	(1 387 701)	242 139
Net cash (outflow)/inflow from operating activities – discontinued operation	(261 405)	155 035	(197 158)
Net cash inflow/(outflow) from operating activities	91 618	(1 232 666)	44 981
Cash outflows from investing activities			
Replacement property, plant and equipment	(382 867)	(305 430)	(828 487)
Expansion property, plant and equipment	(136 643)	(240 265)	(306 864)
Intangible asset additions	(4 628)	(7 646)	(25 174)
Acquisition of business			(214 892)
Net proceeds on non-current assets held for sale	796 107	4 803	
Receipts from loans receivable			6 000
Advances of interest-bearing loans	(17 296)	(13 966)	(76 370)
Proceeds on disposal of property, plant and equipment and intangible assets	8 646	7 305	19 483
Net cash inflow/(outflow) from investing activities – continuing operations	263 319	(555 199)	(1 426 304)
Net cash outflow from investing activities – discontinued operation	(10 213)	(131 006)	(178 591)
Net cash inflow/(outflow) from investing activities	253 106	(686 205)	(1 604 895)
Cash flows from financing activities			
Repayments of interest-bearing liabilities (including bank overdraft)	(971 295)	(437 968)	(554 027)
Advances of interest-bearing liabilities (including bank overdraft)	695 000	1 608 984	940 941
Additional capital contribution by non-controlling interest			8 692
Repurchase of shares			(2 204)
Net cash (outflow)/inflow from financing activities – continuing operations	(276 295)	1 171 016	393 402
Net cash outflow from financing activities – discontinued operation	(16 932)	(61 403)	(125 553)
Net cash (outflow)/inflow from financing activities	(293 227)	1 109 613	267 849
Net movement in cash and cash equivalents	51 497	(809 258)	(1 292 065)
Cash and cash equivalents at the beginning of the period	275 617	1 565 808	1 565 808
Exchange rate translation from discontinued operation		(2 092)	1 874
Cash and cash equivalents at the end of the period¹	327 114	754 458	275 617

* The prior year numbers have been restated as required by IFRS 5 to reflect the Vector Logistics segment as a discontinued operation.

¹ Includes cash and cash equivalents disclosed as part of the disposal group held for sale at 2 July 2023 and excludes bank overdraft deemed as a financing activity.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							Total R'000
	Stated capital R'000	Share-based payments R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Controlling interest total R'000	Non- controlling interest R'000	
Balance at 3 July 2022	10 334 136	863 744	1 995	(1 919 832)	2 169 240	11 449 283	(59 951)	11 389 332
Profit for the period								
- from continuing operations					478 964	478 964	(108 913)	370 051
- from discontinued operation					33 242	33 242	1 501	34 743
Other comprehensive income for the period								
- from continuing operations			3 950			3 950		3 950
- from discontinued operation			17 356			17 356	(2 264)	15 092
Employee share option scheme:								
Value of employee services		31 882				31 882		31 882
Equity component of tax on share-based payments		(231)				(231)		(231)
Exercise of employee share options	7 550	(7 550)						
Ordinary dividend paid					(267 039)	(267 039)	(1 900)	(268 939)
Balance at 1 January 2023	10 341 686	887 845	23 301	(1 919 832)	2 414 407	11 747 407	(171 527)	11 575 880
Profit for the period								
- from continuing operations					63 824	63 824	2 734	66 558
- from discontinued operation					40 207	40 207	1 349	41 556
Other comprehensive income for the period								
- from continuing operations			(6 502)		8 804	2 302		2 302
- from discontinued operation			(14 297)		1 738	(12 559)	2 572	(9 987)
Shares repurchased	(2 204)					(2 204)		(2 204)
Employee share option scheme:								
Value of employee services		38 508				38 508		38 508
Exercise of employee share options	1 283	(1 283)						
Additional capital contribution by non-controlling interest							8 692	8 692

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

	Attributable to equity holders of the Company							Total R'000
	Stated capital R'000	Share-based payments R'000	Other reserves R'000	Common control reserve R'000	Retained earnings R'000	Controlling interest total R'000	Non- controlling interest R'000	
Balance at 2 July 2023	10 340 765	925 070	2 502	(1 919 832)	2 528 980	11 877 485	(156 180)	11 721 305
Profit for the period								
- from continuing operations					800 766	800 766	(53 076)	747 690
- from discontinued operation					265 503	265 503	2 147	267 650
Other comprehensive income for the period								
- from continuing operations								
- from discontinued operation			(2 502)			(2 502)		(2 502)
Loss of control of Vector Logistics							(9 225)	(9 225)
Employee share option scheme:								
Value of employee services		26 646				26 646		26 646
Exercise of employee share options	271	(271)						
Ordinary dividend paid							(2 000)	(2 000)
Balance at 31 December 2023	10 341 036	951 445		(1 919 832)	3 595 249	12 967 898	(218 333)	12 749 564

SUPPLEMENTARY INFORMATION

		Unaudited December 2023 R'000	Unaudited *Restated December 2022 R'000	Audited June 2023 R'000
Capital expenditure contracted and committed – continuing operations		668 925	836 966	327 375
Capital expenditure approved but not contracted – continuing operations		210 997	308 564	361 640
Capital expenditure contracted and committed – discontinued operation			55 258	86 458
Capital expenditure approved but not contracted – discontinued operation			25 272	44 729
STATISTICS				
Statutory ordinary shares in issue (includes BEE shares in the prior year only)	(000's)	890 122	953 969	890 097
Ordinary shares in issue for accounting purposes	(000's)	890 122	890 139	890 097
Weighted average ordinary shares in issue	(000's)	890 114	889 871	889 990
Diluted weighted average ordinary shares in issue	(000's)	891 993	895 260	896 873
Net asset value per share	(cents)	1 432.3	1 300.5	1 316.9
Ordinary dividends per share:				
Interim dividend declared	(cents)			
Final dividend declared	(cents)			
Total dividends	(cents)			

* The prior year numbers have been restated to reflect the Vector Logistics segment as a discontinued operation.

SEGMENTAL ANALYSIS

	Unaudited December 2023 R'000	Unaudited *Restated December 2022 R'000	Audited June 2023 R'000
Continuing Operations			
Revenue	20 130 187	18 574 673	37 782 948
RCL FOODS Value-Added Business	12 992 890	12 201 690	24 761 037
Groceries	2 734 852	2 661 000	5 034 203
Baking	4 587 158	4 174 819	8 625 417
Sugar	5 670 880	5 365 871	11 101 417
Rainbow	7 287 100	6 578 849	13 463 861
Group [#]	131 767	106 528	197 910
Sales between segments:			
Groceries sales to Baking	(3 289)	(5 220)	(7 999)
Groceries sales to Sugar	(1 128)	(1 893)	(3 064)
Groceries sales to Rainbow	(94 657)	(98 676)	(226 648)
Groceries sales to Group	(911)	(921)	(1 925)
Baking sales to Groceries	(39 907)	(37 790)	(79 192)
Baking sales to Sugar	(715)	(764)	(1 813)
Baking sales to Rainbow	(51 239)	(84 140)	(152 480)
Sugar sales to Groceries	(53 651)	(50 656)	(95 263)
Sugar sales to Baking	(15 695)	(15 548)	(34 749)
Sugar sales to Rainbow	(3 795)	(3 111)	(6 673)
Rainbow sales to Groceries	(13 052)	(10 117)	(22 768)
Rainbow sales to Sugar	(3 531)	(3 558)	(7 286)
Operating profit before depreciation, amortisation and impairments⁺ (EBITDA)	1 506 813	1 014 138	1 711 457
RCL FOODS Value-Added Business	1 253 312	978 285	1 796 602
Groceries	295 704	281 468	389 286
Baking	225 114	206 851	527 879
Sugar	732 494	489 966	879 437
Rainbow	270 636	(6 144)	34 814
Group ^z	17 276	59 091	(63 847)
Unallocated restructuring costs	(34 411)	(17 094)	(56 112)
Depreciation, amortisation and impairments⁺	(434 713)	(430 007)	(924 725)

[#] Group revenue relates to management fees earned for shared services performed for Siqalo Foods Proprietary Limited, Livekindly Collective Africa Proprietary Limited and Vector Logistics Proprietary Limited.

⁺ Impairments relate only to impairments of property, plant and equipment, right-of-use assets, goodwill and intangible assets.

^z Includes the operating costs of RCL Foods Limited and RCL Group Services Proprietary Limited (shared services portion only), the fair value and foreign exchange adjustments relating to the Group's investment in the Livekindly Collective, losses/gains on the Group's self-insurance arrangement and profit from management fees earned on shared services functions for Siqalo Foods Proprietary Limited, Livekindly Collective Africa Proprietary Limited and Vector Logistics Proprietary Limited.

^{*} The results for Groceries and Baking segments in the comparative periods have been restated to reallocate Pies operating unit, which now forms part of Baking for segmental reporting purposes. The Pies operating unit was previously included as part of the Groceries segment. The prior year numbers have been restated as required by IFRS 5 to reflect Vector Logistics as a discontinued operation.

SEGMENTAL ANALYSIS CONTINUED

	Unaudited December 2023 R'000	Unaudited *Restated December 2022 R'000	Audited June 2023 R'000
Operating profit	1 072 101	584 131	786 732
RCL FOODS Value-Added Business	991 916	703 557	1 177 216
Groceries	248 027	228 974	282 853
Baking	119 980	100 607	302 065
Sugar	623 909	373 976	592 298
Rainbow Group ^z	116 195	(144 293)	(235 300)
Unallocated restructuring costs	(1 599)	41 961	(99 072)
Finance costs	(34 411)	(17 094)	(56 112)
Finance income	(180 487)	(159 696)	(376 069)
Share of profits of joint ventures	16 690	15 360	38 726
Sugar	10 985	10 044	36 185
Share of profits of associates	10 985	10 044	36 185
Sugar	134 479	111 365	193 360
Livekindly Collective Africa	131 276	109 609	186 717
Ugandan Operation	3 203	1 111	1 741
		645	4 902
Profit before tax	1 053 768	561 204	678 934

^z Includes the operating costs of RCL Foods Limited and RCL Group Services Proprietary Limited (shared services portion only), the fair value and foreign exchange adjustments relating to the Group's investment in the Livekindly Collective, losses/gains on the Group's self-insurance arrangement and profit from management fees earned on shared services functions for Sigalo Foods Proprietary Limited, Livekindly Collective Africa Proprietary Limited and Vector Logistics Proprietary Limited.

* The results for Groceries and Baking segments in the comparative periods have been restated to reallocate Pies operating unit, which now forms part of Baking for segmental reporting purposes. The Pies operating unit was previously included as part of the Groceries segment. The prior year numbers have been restated as required by IFRS 5 to reflect Vector Logistics as a discontinued operation.

	Unaudited December 2023 R'000	Unaudited December 2022 R'000	Audited June 2023 R'000
Discontinued Operation¹			
Revenue from contracts with customers²	479 175	1 582 396	3 066 587
Operating profit before depreciation, amortisation and impairments ⁺ (EBITDA)	26 787	163 576	315 176
Profit on disposal of discontinued operation (Vector Logistics)	255 691		
Depreciation, amortisation and impairments ⁺		(99 967)	(154 602)
Operating profit	282 478	63 609	160 574
Finance costs	(22 142)	(43 253)	(111 123)
Finance income	2 798	17 206	31 067
Share of profits of joint ventures		7 846	12 333
Profit before tax	263 134	45 408	92 851

¹ Relates to Vector Logistics segment and includes 2 months of results for Vector Logistics until the date of disposal of 28 August 2023.

² Excludes intercompany revenue which has been eliminated in accordance with the Group accounting policies.

⁺ Impairments relate only to Impairments of property, plant and equipment, goodwill and intangible assets.

REVENUE

	Unaudited December 2023 R'000	Unaudited *Restated December 2022 R'000	Unaudited *Restated June 2023 R'000
Disaggregation of revenue			
Revenue from contracts¹ with customers	19 758 245	18 070 706	36 446 920
Continuing Operations			
RCL FOODS Value-Added Business	12 620 948	11 697 723	23 425 009
Groceries	2 734 852	2 661 000	5 034 203
Groceries	2 446 724	2 232 485	4 275 700
Sundry sales ²	288 128	428 515	758 503
Baking	4 587 158	4 174 818	8 625 417
Sugar	5 298 938	4 861 905	9 765 389
Rainbow	7 287 100	6 578 849	13 463 861
Chicken	7 142 698	6 353 217	13 153 186
Sundry sales ²	144 402	225 632	310 675
Group[#]	131 767	106 528	197 910
Sales between segments	(281 570)	(312 394)	(639 860)
Timing of revenue recognition²	19 758 245	18 070 706	36 446 920
Point in time	19 532 195	17 880 575	36 235 733
Over time	226 050	190 131	211 187
Revenue from industry redistributions	371 942	503 967	1 336 028
Total Revenue	20 130 187	18 574 673	37 782 948

² Sundry sales consist of poultry by-products and sunflower-oil and cake. The sale of these items arise in the course of the Group's ordinary activities but are considered cost recoveries as they are by-products of the Group's core operations.

[#] Fees earned for shared services performed for Siqalo Foods Proprietary Limited, Livekindly Collective Africa Proprietary Limited and Vector Logistics Proprietary Limited.

* The December 2022 results for Groceries and Baking segments have been restated to reallocate Pies operating unit, which now forms part of Baking for segmental reporting purposes. The Pies operating unit was previously included as part of the Groceries segment. The December 2022 numbers have also been restated as required by IFRS 5 to reflect Vector Logistics as a discontinued operation. The presentation of local market redistribution revenue has been revisited and has resulted in the December 2022 and June 2023 results being restated to remove this revenue from "Revenue from contracts with customers", due to the definition of a "customer" as per IFRS 15, not being met.

¹ An agreement between two or more parties that creates enforceable rights and obligations. Can be written, oral or implied by customary business practices.

² Revenue recognised at a point in time relates to the sale of goods whilst revenue recognised over time relates to the sale of services.

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