RCL FOODS LIMITED

GROUP FINANCIAL RESULTS

FOR THE YEAR ENDED JUNE

2023

FINANCIAL SUMMARY – CONTINUING OPERATIONS*

REVENUE

R37,8 billion

↑ 17.3%

EBITDA

R1 711,5 million

↓ 24.5%

UNDERLYING** EBITDA

R1 973,6 million

↓ 11.0%

HEADLINE EARNINGS

R539,6 million

↓ 45.6%

HEADLINE EARNINGS PER SHARE

60.6 cents

↓ 45.7%

UNDERLYING** HEADLINE EARNINGS

R752,8 million

↓ 20.0%

UNDERLYING** HEADLINE EARNINGS PER SHARE

84.5 cents

↓ 20.2%

* *The Vector Logistics segment has been classified as a discontinued operation at financial year-end. 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. The underlying results constitute pro forma financial information in terms of the Listings Requirements of the JSE Limited. Refer to the "Reconciliation between unadjusted and underlying results" section provided on page 15 of this announcement for further details and the applicable criteria and the basis on which this pro forma financial information has been prepared.*

COMMENTARY

INTRODUCTION

RCL FOODS has weathered a tremendously difficult 12 months, delivering a solid underlying performance in our core Value-Added Business (underlying EBITDA up 10.8%) with the overall Group result negatively impacted by the continued unrecovered cost pressure in Rainbow.

Group revenue from continuing operations of R37,8 billion was 17.3% higher than the prior year (2022: R32,2 billion), mainly due to higher pricing necessitated by rising input costs. Earnings before interest, taxes, depreciation, amortisation and impairments (EBITDA) from continuing operations declined by 24.5% to R1 711,5 million (2022: R2 265,4 million). The main contributors to this decline were Rainbow (R312,3 million) and the fair value revaluation of the minority shareholding in The LIVEKINDLY Collective (R127,4 million). Sugar delivered a strong result with EBITDA growth of R62,5 million (7.6%) even after the impact of the sugar industry special levy of R234,4 million.

The challenging and uncertain conditions under which food producers have operated in the past 12 months have been widely discussed, with stubbornly high agricultural input costs and load-shedding impacting on performance. This is against a backdrop of lower demand as consumers struggle to make ends meet, with unemployment at 32.6% in the second quarter of the 2023 calendar year, according to Statistics South Africa. Consumer Price Inflation (CPI) exceeded 7% for much of the year, with a key driver being food and non-alcoholic beverage prices which peaked at 14% year-on-year in March 2023. Notably, food Producer Price Inflation (PPI) trended significantly higher than this, peaking at 16.4% in September 2022, illustrating the extent to which manufacturers have been absorbing higher production costs to limit consumer food price increases.

While agricultural commodity input costs remain the biggest contributor to margin pressure for RCL FOODS, load-shedding added direct costs to continuing operations of R158,3 million relating to diesel, generator hire and additional labour costs during the period. Mitigation plans were implemented to assist in maintaining food production levels, and 9 megawatts of emergency generation capacity have been installed to enable the Randfontein manufacturing facility to operate during load-shedding. Pet food production at the plant was severely impacted by load-shedding between November 2022 and April 2023 and service levels remain challenged but are improving across most of the range.

KEY FEATURES

- **Volumes and margins under pressure in a challenging trading environment**
- **Earnings materially impacted by sugar industry special levy**
- **Load-shedding impacts all operations**
- **Key Grocery brands continue to grow despite declining market**
- **Strong underlying Sugar performance**
- **Rainbow turnaround hampered by unrecovered feed input costs**
- **Disposal of Vector Logistics completed on 28 August 2023**

COMMENTARY CONTINUED

The current developments surrounding the future of the sugar industry, following the commencement of business rescue proceedings by Tongaat Hulett Sugar (Tongaat) and Gledhow Sugar Company (Gledhow), has brought further uncertainty to trading conditions in recent months. Pre-commencement levies and redistribution payments owed to the South African Sugar Association (SASA) have not been paid and this was aggravated by the decision of the business rescue practitioners of Tongaat Hulett Sugar to suspend payment of their statutory industry obligations as at 31 March 2023. It has placed the burden on the remaining industry participants to cover the shortfall and a special levy for this purpose was imposed by SASA in terms of the Sugar Act 9 of 1978 and Industry Agreement. The net impact of additional levies raised during the period was a R234,4 million reduction in RCL FOODS' EBITDA.

As reported in our results announcement for the six months ended December 2022, the board of directors resolved not to declare an interim dividend due to the ongoing separation processes and external pressures impacting the Group. As described above, the challenges of high input inflation and load-shedding remain and the business rescue processes of Tongaat and Gledhow have not been completed. Whilst progress has been made with the separation processes following the conclusion of the Vector Logistics disposal, the Rainbow separation remains in progress. The heightened focus on cash management in the second half of the 2023 financial year has resulted in an improvement in cash availability since interim reporting, however the Group remains in a net overdraft position. With the above context, the board of directors have resolved not to declare a final dividend in order to preserve cash whilst the repositioning of the portfolio is in progress.

Understanding the key role that the business plays in maintaining both food security and employment in South Africa, RCL FOODS has remained focused on 'controlling the controllables' in its sphere of influence in order to deliver a stable profit while supporting cash-strapped consumers. It has done so through the careful management of price increases, innovation in the 'value' tier, operational efficiencies and investment in better understanding of consumer needs. The Group is committed to being a part of the solution for a more stable and prosperous future for all South Africans, in line with its newly articulated Purpose which is discussed below.

STRATEGIC REVIEW

STRATEGIC PORTFOLIO TRANSFORMATION

In order to generate a more consistent return and sustainable value for its stakeholders, RCL FOODS has been on a journey since 2020 to reshape its portfolio with a focus on growing its value-added branded business (the RCL FOODS Value-Added Business), whilst separating out its Rainbow and Vector Logistics businesses.

In March 2023, the Group entered into a binding agreement with EMIF II Investment Proprietary Limited, a subsidiary of A.P. Møller Capital, to dispose of the Vector Logistics business. The Vector Logistics segment has been disclosed as held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* (IFRS 5) and presented as a discontinued operation in these results. All remaining conditions related to the disposal were fulfilled in August 2023, with the transaction being finalised and proceeds received on 28 August 2023. The profit/loss on disposal of the Vector Logistics segment will be recognised in the 2024 financial year. Vector Logistics has been an integral part of RCL FOODS since 2004 and we will continue to maintain a relationship with Vector Logistics through the logistics services that Vector Logistics provides to parts of our Group as well as through the provision of transitional services by RCL FOODS to Vector Logistics for a period of 12 months post disposal to allow for an effective dis-integration from the Group. We would like to thank the entire Vector Logistics team for their commitment to RCL FOODS over the years.

The Group remains fully committed to its plans for a full separation of the Rainbow business and has taken significant steps to prepare it for independent operation when ready. Rainbow continues to focus on its turnaround strategy which includes improving agricultural performance, driving cost efficiencies and doubling volumes in Hammarsdale to drive economies of scale.

In January 2023, the Pies operating unit was moved from the Groceries business unit to the Baking business unit and its results are reported on this basis in the current announcement for segmental purposes. Accordingly, the results of both the Groceries and Baking segments in the comparative periods have been restated to reflect this change. References that include a "^" indicate June 2022 results being restated for the Pies segment move.

STRATEGIC REVIEW CONTINUED

LAUNCH OF THE PURPOSE AND VISION OF RCL FOODS' VALUE-ADDED BUSINESS

With Vector Logistics' exit and Rainbow's focus firmly on the separation and turnaround, we launched our Purpose and Vision for our Value-Added Business internally in June 2023. Born out of extensive stakeholder engagement and self-reflection, our Purpose is captured in a collaborative commitment to meaningful change: "We Grow What Matters". This underpins RCL FOODS' Vision – to be "a purpose-led business that delivers value for all and creates the fuel to fund enduring positive impact". Together, our Purpose and Vision act as a compass directing the business, while its sustainability strategy – now embedded in the business strategy – provides a roadmap for value creation and positive impact.

WE GROW WHAT MATTERS

We are a deeply rooted South African business and we believe that our country will thrive when we collectively grow what matters.

That's why, as RCL FOODS, we strive to serve people's needs; responsibly create opportunities for employment, belonging and growth; and do MORE to strengthen communities and the environment. Our purpose is anchored in a culture of empowerment and accountability, with uncompromising integrity at its heart.

We believe in seeing and doing things differently to inspire collective actions that grow into waves of meaningful change. Because we want to make an impact. One that matters.

With each of us doing that little MORE, together WE GROW WHAT MATTERS.

Progress in the three pillars of the RCL FOODS Value-Added Business strategy is discussed briefly below.

STRATEGIC HIGHLIGHTS

Acknowledging that people are at the heart of our business and strategy, RCL FOODS has continued to focus on building a diverse and inclusive culture with the backing of our senior leadership. While much work remains to be done, employee feedback shows that good progress has been made on this journey since 2019, and an integrated roadmap is now in place to ensure delivery on key targets. At the same time, the Group has continued to invest in developing our people and building capabilities in key strategic areas, supported by digital technology and the cultivation of a digital mindset. In parallel, the Group has continued to invest in strengthening community resilience through our DO MORE FOUNDATION, which expanded its community-based programmes during the year while also delivering much-needed support to flood-affected communities in Nkomazi and KwaZulu-Natal.

The growth-focused second pillar of RCL FOODS' strategy has seen the Value-Added Business extend into new geographies via our acquisition of Sunshine Bakery Holdings Proprietary Limited (Sunshine Bakery) in KwaZulu-Natal in March 2023, while driving organic growth through a focus on value-for-money innovations in Peanut Butter, Mayonnaise and Porridge. A key enabler has been the development of consumer marketing insight capabilities which support innovation based on identified consumer needs. The Group continues to make good progress in expanding our footprint in e-commerce and exports, yielding positive revenue benefits. With growth predicated on strong, mutually-beneficial customer partnerships, the business has also continued to leverage our businesses services platform with Siqalo Foods Proprietary Limited (Siqalo Foods) and LIVEKINDLY Collective Africa Proprietary Limited (LKCA), while creating a solid foundation for net revenue management initiatives that can create value for both the business and our customers.

Net revenue management, in conjunction with best-in-class initiatives, forms part of the 'future fit' third strategic pillar. A best-in-class mindset, which focuses on optimising spend and increasing efficiencies, is beginning to gain traction across the business. In parallel, the business has been finalising our sustainability strategy, whose overarching goal is to "take credible action and do our part to deliver consumer goods that support the wellbeing of employees, consumers, communities and the planet". On the basis of a detailed materiality assessment involving a broad cross-section of stakeholders, the business has identified the areas where we have the biggest impact and ability to drive positive change. We are currently working to shape credible long-term commitments to deliver this.

During the year the Group has continued to make progress with our established social and environmental initiatives. Key efforts to reduce non-renewable energy consumption included a LED lighting upgrade in Vector Logistics' Peninsula hub and the replacement of coal with macadamia nut shells as a renewable energy source in the Sugar business unit.

FINANCIAL REVIEW

CONTINUING OPERATIONS

The results presented below represent continuing operations only, with the comparatives being restated to reflect this change, in accordance with IFRS 5.

INCOME STATEMENT

RCL FOODS' revenue for the year ended June 2023 from continuing operations increased 17.3% to R37,8 billion (2022: R32,2 billion). The increase was largely attributable to higher prices across all business units in response to higher input costs, coupled with higher volumes in Sugar and Rainbow. Revenue by business unit is reflected in the table below:

Rm	June 2023	June 2022	% Change*
Revenue	**37 782,9**	32 200,8	17.3
Groceries^	**5 034,2**	4 731,9	6.4
Baking^	**8 625,4**	7 422,6	16.2
Sugar	**11 101,4**	9 001,3	23.3
Rainbow	**13 463,9**	11 384,8	18.3
Group	**197,9**	189,7	4.3
Sales between segments	**(639,9)**	(529,5)	20.8

* *Calculated based on amounts disclosed in segment disclosures reflected on page 27 of this announcement.*

EBITDA from continuing operations decreased by R553,9 million (24.5%) to R1 711,5 million (2022: R2 265,4 million) at a margin of 4.5% (2022: 7.0%). The EBITDA by business unit is reflected in the table below:

Rm	June 2023	Margin %	June 2022	Margin %	% Change*	Margin change (ppts)
EBITDA	**1 711,5**	**4.5**	2 265,4	7.0	(24.5)	(2.5)
Groceries^	**389,3**	**7.7**	481,6	10.2	(19.2)	(2.5)
Baking^	**527,9**	**6.1**	556,4	7.5	(5.1)	(1.4)
Sugar	**879,4**	**7.9**	817,0	9.1	7.6	(1.2)
Value-Added Business	**1 796,6**	**7.3**	1 855,0	8.9	(3.1)	(1.6)
Rainbow	**34,8**	**0.3**	347,1	3.0	(90.0)	(2.7)
Group	**(63,8)**		82,7		(177.1)	
Unallocated restructuring costs	**(56,1)**		(19,4)		(188.7)	

* *Calculated based on amounts disclosed in segment disclosures reflected on page 27 of this announcement.*

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

- Negative fair value adjustments on the Group's commodity raw material procurement positions, which decreased EBITDA by R87,7 million (2022: R15,3 million positive adjustment). The R103,0 million year-on-year movement relates mainly to the realisation of open wheat and currency positions from June 2022;
- The special levy raised by SASA on the Sugar business unit as a result of Tongaat and Gledhow suspending payment of their industry obligations which had a net negative impact on EBITDA of R234,4 million in the current year;
- Insurance proceeds of R60,0 million in respect of the fire damage at our Komatipoort sugar warehouse during the 2022 financial year (2022: R25,4 million negative impact of the fire); and
- A reversal of a previously recognised impairment loss on a loan receivable of R57,4 million in the prior year, as a result of the counterparty to the loan being acquired as a subsidiary with a view to resale.

Refer to the "Reconciliation between unadjusted and underlying results" section provided on page 15 of this announcement for further details.

FINANCIAL REVIEW CONTINUED

The "underlying" EBITDA from continuing operations excluding the above items is reflected in the table below:

Rm	June 2023	Margin %	June 2022	Margin %	% Change	Margin change (ppts)
Underlying EBITDA	**1 973,6**	**5.2**	2 218,1	6.9	(11.0)	(1.7)
Groceries^	**405,8**	**8.1**	486,5	10.3	(16.6)	(2.2)
Baking^	**547,9**	**6.4**	540,4	7.3	1.4	(0.9)
Sugar	**1 053,8**	**9.5**	785,0	8.7	34.3	0.8
Value-Added Business	**2 007,5**	**8.2**	1 811,9	8.7	10.8	(0.5)
Rainbow	**86,0**	**0.6**	342,9	3.0	(74.9)	(2.4)
Group	**(63,8)**		82,7		(177.1)	
Unallocated restructuring costs	**(56,1)**		(19,4)		(188.7)	

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

IMPAIRMENT

The Group has performed the mandatory impairment tests on the cash-generating units (CGUs) with indefinite useful life assets and goodwill, as well as on the 50% owned community-based joint venture (CBJV) and Rainbow CGUs due to the significant losses incurred in the current financial year. This resulted in an impairment of R68,9 million being recognised within the Sugar segment relating to the Sivunosetfu CBJV due to an ongoing decline in agricultural performance, compounded by the impact of load-shedding in the current financial year. No further impairments were required.

NET FINANCE COSTS

Net finance costs increased by R135,8 million (67.4%) to R337,3 million (2022: R201,5 million) largely due to higher interest rates in the current year following the interest rate hikes over the past 12 months, and a higher net debt balance during the current year mainly resulting from increased cash utilisation. Further details on cash utilisation are provided in the cash flow section of this document.

Net finance costs paid for the period of R298,7 million are R38,6 million lower than net finance costs expensed in the income statement due to the non-cash IFRS 16 *Leases* interest charge.

TAXATION

The Group's effective tax rate for continuing operations, excluding joint ventures and associates, was 50.2% (2022: 30.7%). The current year effective tax rate was impacted by deferred tax assets not recognised in our 50% owned sugar cane-grower companies (R45,7 million tax impact), non-deductible listed company expenses (R14,1 million tax impact) and the fair value loss on the remeasurement of the Group's investment in The LIVEKINDLY Collective which is not deductible for tax purposes (R34,4 million tax impact).

Excluding the above items, the effective tax rate for the current year was 29.2%.

NON-CONTROLLING INTERESTS

Non-controlling interests relate mainly to the outside shareholders' share of profits in the CBJVs and Rainbow's waste-to-value operation. 50% of the profit after tax of these entities are allocated to outside shareholders through the non-controlling interest line in the income statement. Losses allocated to non-controlling interests in the current year increased by R69,0 million to R106,2 million (2022: R37,1 million), mainly driven by losses in the cane grower companies due to the CGU impairment coupled with unrecovered energy and fertiliser input costs and higher interest costs.

ACQUISITION OF SUNSHINE BAKERY

The acquisition of Sunshine Bakery was completed in February 2023, effective 1 March 2023 for a total upfront purchase price of R244,5 million. An additional R135,0 million is payable should certain EBITDA targets be met for Sunshine Bakery over their 2024 and 2025 financial years. For the year ended June 2023, four months of results relating to Sunshine Bakery have been consolidated. The accounting for the purchase price allocation is still provisional.

DISCONTINUED OPERATION

The Vector Logistics segment is classified as a disposal group held for sale as at year-end and represents a separate major line of business of RCL FOODS. Accordingly, the results of Vector Logistics have been presented as a discontinued operation for the current year with comparatives restated. Intercompany trade and other receivables, trade and other payables and loans receivable and payable between continuing and discontinued operations have been eliminated. As a result of the distribution arrangements in place with Vector Logistics and the balance of the Group, Vector Logistics holds the external trade debtors' book for certain parts of the Group on its statement of financial position with the balance of the Group reflecting a single debtor owing from Vector Logistics.

FINANCIAL REVIEW CONTINUED

The debtor owing from Vector Logistics to the balance of the Group to the value of R2 381,7 million has been eliminated in the current year trade and other receivables balance.

Comparative amounts in the statement of financial position are not restated, in accordance with the requirements of IFRS 5. In order to provide users with comparable information, a *pro forma* statement of financial position is presented on page 17 of this announcement for 2022 to reflect the Vector Logistics segment as held for sale. Commentary on movements within the statement of financial position balances below is provided against the *pro forma* statement of financial position for 2022, which exclude the Vector Logistics segment. For a full reconciliation of the restated balances, refer to page 17 of this announcement.

STATEMENT OF FINANCIAL POSITION (COMPARISON TO JUNE 2022 PRO FORMA STATEMENT OF FINANCIAL POSITION)

Property, plant and equipment increased by R401,4 million from June 2022 mainly driven by capital expenditure of R1 135,4 million. This was partially offset by depreciation of R667,0 million and impairment losses recognised on property, plant and equipment of R64,0 million in Sugar.

Capital expenditure (including intangibles of R25,2 million) for the year ended June 2023 was R1 160,5 million (2022: R1 131,7 million). The only significant spend items were:

- the reinstatement of the second shift at the Rainbow Hammarsdale P2 processing facility to build capacity (R124,5 million);
- the replant and irrigation at our Sugar farms (R64,9 million); and
- fire mitigation expenditure (R55,9 million).

The remaining spend consists of smaller items individually less than R20,0 million.

An amount of R327,4 million (2022: R879,8 million) has been contracted and committed, but not spent, whilst a further R361,6 million (2022: R278,7 million) has been approved but not contracted. Major items included in these amounts relate to:

- replacements related to the fire at the Komatipoort warehouse (R146,6 million), with the majority expected to be funded by insurance proceeds to be received as the build progresses; and
- further expenditure related to the reinstatement of the second shift at the Rainbow Hammarsdale P2 processing facility (R17,2 million).

Right-of-use assets increased by R184,3 million from June 2022. The increase was mainly driven by additions of R157,8 million relating to vehicle leases within the Rainbow segment, which also drove the increase in lease liabilities.

Investment in associates increased by R119,3 million to R942,3 million (2022: 823,0 million) driven mainly by profits capitalised in The Royal Eswatini Sugar Corporation (RES) of R186,7 million, offset by dividends received from RES of R29,6 million and the disposal of our shareholding in HMH Rainbow Limited in June 2023 which had a carrying value of R39,7 million at June 2022.

Investment in financial asset decreased by R92,0 million to R149,9 million (2022: R242,0 million) mainly driven by the negative fair value revaluation of the Group's minority shareholding in The LIVEKINDLY Collective (R127,4 million), partially offset by a gain on remeasurement of foreign currency (R35,4 million). The decline in fair value is largely attributable to the current challenging global economic environment.

Goodwill increased by R118,8 million due to the acquisition of Sunshine Bakery in the current year. The purchase price allocation is still provisional.

Net working capital (including biological assets) has increased by R901,3 million from the prior year and from 5.3% to 6.9% as a percentage of revenue. The increase was mainly due to higher inventory balances, up R658,5 million to R3 722,1 million, resulting from higher commodity and other input pricing, higher RV prices in Sugar and a stock build in Rainbow.

Biological assets increased by R85,6 million to R1 317,4 million mainly due to higher volumes and higher bird values as a result of increased input costs in Rainbow. This was partially offset by a decline in Sugar driven by a decrease in the cane yield, cane quality and cane age.

Trade and other receivables increased by R134,0 million, whilst trade and other payables was largely in line with the prior year. The increase in trade and other receivables is mainly driven by proceeds receivable in respect of the sale of HMH (R49,8 million, received on 5 July 2023), coupled with higher sugar trade debtors arising from higher June 2023 sales due to a pre-price increase buy-in.

Total interest-bearing liabilities of R2 334,1 million are R316,2 million lower than last year mainly due to repayments of R337,5 million on the Group's term-funded debt package during the year. In the second half of the 2023 financial year, an agreement was reached with the Group's term-funded debt providers to defer repayments which were due in March, June and September 2023 to the expiry date in December 2023 in order to manage short-term liquidity requirements and whilst the Rainbow separation remains in progress. The overall capital structure and funding requirements of the Group is expected to be impacted by the Rainbow separation, and with expiry of the term-funded debt package in December 2023, the Group is engaging with lenders on refinancing and extension options.

FINANCIAL REVIEW CONTINUED

Cash on hand, net of overdrafts, decreased by R2 135,9 million to a net overdraft of R640,6 million at June 2023. Detail on the drivers of the decline is provided in the cash flow and working capital section below. The bank overdraft, which is normally disclosed as part of cash and cash equivalents, has been classified as a financing activity in the current year in accordance with IFRS 7 *Cash Flows* based on its utilisation during the 2023 financial year.

CASH FLOW AND WORKING CAPITAL

CONTINUING OPERATIONS

Cash generated by operations of R1 061,3 million (2022: R3 063,5 million) is R2 002,2 million lower than the prior year, mainly driven by working capital requirements increasing by R1 590,7 million, the payment of the sugar industry special levy and a decline in Rainbow's profitability in the current year. The increase in working capital requirements is mainly attributable to higher inventory balances at June 2023 and higher trade and other payables in the prior year.

Included in the non-cash items of R762,6 million are addbacks of depreciation, amortisation and impairment charges of R924,7 million, a fair value loss on revaluation of the investment in The LIVEKINDLY Collective of R127,4 million and non-cash IFRS 2 charges of R70,4 million. These were offset by deductions of positive fair value adjustments on biological assets within the Rainbow and Sugar business units of R19,7 million and R313,6 million respectively. Within the Sugar business unit, the entire biological assets balance is capitalised using a fair value adjustment, with the realisation of the prior year's biological assets expensed through cost of sales and reflected under working capital movements (R247,7 million), resulting in a net R40,2 million decrease in Sugar biological assets for the year.

Cash outflows from investing activities increased by R319,2 million to R1 426,3 million in the current year. Material items included within investing activities relate to capital expenditure (including intangibles) of R1 160,5 million (2022: R1 131,7 million), the acquisition of Sunshine Bakery of R214,9 million (net of cash acquired) and proceeds on disposal of fixed assets of R19,5 million (2022: R21,4 million).

The net cash inflow from financing activities of R393,4 million relates mainly to the drawdown on the overdraft facility of R865,0 million, partially offset by payments made on the Group's debt package of R337,5 million in line with the terms of the agreement, and payments on lease liabilities of R161,9 million.

Specific attention continues to be placed on the management of cash throughout the business with focus on cash profit delivery, working capital management and the delaying of non-critical capital expenditure, where appropriate.

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 a non-defined IFRS measure, and therefore represents *pro forma* financial information and is not covered by any audit opinion or report. ROIC is calculated using net operating profit after tax (including share of profits/losses of associates and joint ventures) divided by invested capital. Unadjusted ROIC is reflected in the table below. For the current and prior years, ROIC has been calculated based on continuing operations only and the *pro forma* statement of financial position, as presented on page 17. Accordingly, the ROIC figures below exclude Vector Logistics.

ROIC (%)	Unadjusted June 2023	Unadjusted June 2022	% Change
Group (continuing operations)	**4.6**	8.1	(3.5)ppts
Group (continuing operations) excluding Rainbow	**8.2**	10.9	(2.7)ppts
Rainbow	**(3.6)**	1.8	(5.4)ppts

The decline in ROIC for the Group's continuing operations, excluding Rainbow, is mainly due to the negative impact of the special levy in Sugar, the negative fair value adjustment on the Group's investment in The LIVEKINDLY Collective, the impact of load-shedding and a higher investment in inventories.

ROIC has been impacted by once-off items and accounting adjustments referred to earlier in the announcement. Excluding these items, "underlying" ROIC is reflected in the table below.

ROIC (%)	Underlying June 2023	Underlying June 2022	% Change
Group (continuing operations)	**6.3**	8.2	(1.9)ppts
Group (continuing operations) excluding Rainbow	**10.4**	11.0	(0.6)ppts
Rainbow	**(2.8)**	1.7	(4.5)ppts

REVIEW OF OPERATIONS

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

Market share gains in a declining market

	2023	2022	% change
Revenue (Rm)*	**24 539,0**	20 926,1	17.3
EBITDA (Rm)	**1 796,6**	1 855,0	(3.1)
EBITDA margin (%)	**7.3**	8.9	(1.6)ppts
Underlying EBITDA (Rm)	**2 007,5**	1 811,9	10.8
Underlying EBITDA margin (%)	**8.2**	8.7	(0.5)ppts

* *Revenue includes intercompany eliminations within the Value-Added Business, with comparatives being restated to reflect such.*

The RCL FOODS Value-Added Business has delivered a solid set of underlying results despite the challenges posed by high commodity input costs, record levels of load-shedding and damage to Sugar agricultural infrastructure during the Nkomazi floods in February 2023. The statutory results were significantly impacted by the sugar industry special levy.

Revenue of R24,5 billion was 17.3% higher than the prior period (2022: R20,9 billion), and underlying EBITDA increased by 10.8% to R2 007,5 million (2022: R1 811,9 million) driven by a strong Sugar performance, partially offset by the impact of load-shedding on Pet Food service levels and lower volumes and margins in Grocery and Baking.

RCL FOODS made some pleasing market share gains in categories such as Peanut Butter, Mayonnaise, Rusks, Pies and premium Pet Food. Other market shares have broadly remained healthy, although certain Pet Food shares have been impacted by production cutbacks due to load-shedding. With consumers currently searching for value above all other considerations, RCL FOODS' value initiatives are strategically important in maintaining and growing its market position.

Despite implementing price increases where feasible, these have been insufficient to offset the cost-push in the Groceries and Baking business units, leading to margin compression. In all cases, price increases have been carefully balanced against the need to uphold a responsible position in limiting inflation, and have been partially offset by internal best-in-class cost-savings amounting to R112 million during the period. Price increases nevertheless exacerbated consumer affordability constraints and as a result, volumes declined across most categories. To address the challenge, RCL FOODS has focused on extracting operational efficiencies and looking across its portfolio for opportunities for further value innovation.

GROCERIES (GROCERY, BEVERAGES)

Value innovations offer relevant solutions to cash-strapped consumers

	2023	2022^	% change
Revenue (Rm)	**5 034,2**	4 731,9	6.4
EBITDA (Rm)	**389,3**	481,6	(19.2)
EBITDA margin (%)	**7.7**	10.2	(2.5)ppts
Underlying EBITDA (Rm)	**405,8**	486,5	(16.6)
Underlying EBITDA margin (%)	**8.1**	10.3	(2.2)ppts

Within the Groceries business unit, the Grocery operating unit was most impacted by load-shedding during the year, with production being reduced by up to 50% of demand in Pet Food from November 2022 to April 2023. To address this challenge, five 1.8-megawatt generators were installed at the Randfontein facility which have enabled an improvement in stock levels, albeit at a significant extra cost as well as being regressive, albeit temporary, from our commitment to sustainability.

Market shares reached all-time highs in Nola Mayonnaise, Yum Yum Peanut Butter, Canine Cuisine and Feline Cuisine.

The Grocery operating unit has continued to differentiate itself by producing innovative offerings that are relevant in a difficult market cycle. The success of this strategy is evident in its strong performance for the period, bolstered by exceptional growth from recent value innovations – Yum Yum Peanut Spread and Nola Street Style Mayo. The newly-launched Yum Yum Instant Porridge has also been well received by trade as an affordable and nutritious alternative. Ouma remains a strong market leader in the Rusk category. A strong Culinary innovation pipeline is being built and validated by consumers in RCL FOODS' new consumer panel. Given current market conditions, the priority is to first restore volume in the existing portfolio before accelerating growth in key categories.

REVIEW OF OPERATIONS CONTINUED

In Pet Food, the Canine Cuisine and Feline Cuisine brands continued to grow strongly in the premium retail segment, with Feline Cuisine launching a Wet Range and expanding its new specialised diets range during the year. In the non-grocer channel (pet shops and co-ops), Optimizor tiered its portfolio with the launch of a Mainstream and Super Premium offering on either side of its existing Premium range. A first for the mainstream dog food segment channel was the launch of Bobtail Specialised Diets, which offers shoppers joint health and active lifestyle solutions for their dogs at an economical price point. Bobtail and Catmor both maintained their leading market positions during the year despite losing some ground due to supply challenges brought on by load-shedding. This also delayed the rollout of further Pet Food innovations, with the immediate focus being to restore volumes in existing lines.

The Beverages operating unit continues to be challenged by lower volumes in a declining category. In line with the overall business strategy, opportunities are being explored which will enhance the operating unit's competitiveness and make it more 'future fit'. Their current year result was aided by proceeds received from the sale of its ultra-high-temperature (UHT) equipment.

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

Production efficiencies provide an offset for volume declines

	2023	2022^	% change
Revenue (Rm)	**8 625,4**	7 422,6	16.2
EBITDA (Rm)	**527,9**	556,4	(5.1)
EBITDA margin (%)	**6.1**	7.5	(1.4)ppts
Underlying EBITDA (Rm)	**547,9**	540,4	1.4
Underlying EBITDA margin (%)	**6.4**	7.3	(0.9)ppts

The Baking business unit's underlying EBITDA result was largely in line with the prior year despite lower volumes overall and compressed margins in the Bread, Buns & Rolls operating unit. This was due to the extremely price-competitive bread market in which consumers continued to trade down into value offerings and migrate away from informal traders towards formal retail. While affecting Sunbake's margins, the channel switch has increased Sunbake's volumes in the retail channel, where it has continued to show strong share gains. The brand successfully launched its Chelsea Buns and Snowballs ranges this year to expand into the confectionery category, and a sourdough bread pilot is exceeding expectations. The new Polokwane plant is integral to the business unit's longer-term strategy and is performing well. The integration of the newly acquired Sunshine Bakery is progressing well, with several cost-saving opportunities already identified.

Despite lower volumes in the Milling operating unit, margins remained intact due to efficiency enhancements arising from best-in-class programmes executed during the year.

In the Pies operating unit, Pieman's continued to show strong market share growth. Pleasingly, service levels are almost back to normal following supply disruptions caused by industrial action and load-shedding in the first half of the year.

Market shares for Frozen Pieman's Pies reached an all-time high.

Good cost control initiatives and production efficiencies helped to restore margins and offset volume challenges in the Speciality operating unit. The new Centurion plant had an excellent operational performance over the Christmas and Easter periods.

REVIEW OF OPERATIONS CONTINUED

SUGAR (SUGAR AND MOLASSES-BASED ANIMAL FEED)

Strong operational performance and demand

	2023	2022	% change
Revenue (Rm)	**11 101,4**	9 001,3	23.3
EBITDA (Rm)	**879,4**	817,0	7.6
EBITDA margin (%)	**7.9**	9.1	(1.2)ppts
Underlying EBITDA (Rm)	**1 053,8**	785,0	34.3
Underlying EBITDA margin (%)	**9.5**	8.7	0.8ppts

The Sugar business unit had a very strong underlying performance, driven by a combination of improved throughput due to a larger cane crop; increased local sales led by strong growth in the industrial channel; and continued favourable export pricing. EBITDA was reduced by R234,4 million being the impact of the special levy in the second half of the financial year. Legal process is currently under way in relation to Tongaat's non-compliance with its statutory obligations owed to SASA under the Sugar Industry Agreement, which resulted in the imposition of a special levy on other industry participants during the 2022/2023 season.

The Nkomazi region delivered improved agronomic conditions and increased yields during the last growing season. The mills were able to crush the entire crop, with the season being extended to process all available cane. This also supported the Pongola mill in achieving a record cane crush. Being energy generators, the mills were unaffected by load-shedding. The agricultural operations were not so fortunate, with load-shedding disruptions forcing an increase in peak-hour electricity usage that led to a substantial increase in energy costs. The molasses-based Molatek Animal Feed business performed in line with overall expectations, and an investment to improve drying efficiencies assisted in reducing energy-related production costs.

The Komatipoort raw sugar warehouse rebuild is progressing well and is on track to be commissioned by the end of the 2024 financial year. The Nkomazi floods caused severe damage to farms, roads and irrigation infrastructure for both RCL FOODS and its small-scale growers. By making R25 million in relief funding available, RCL FOODS was able to help 90% of affected growers repair their irrigation by the end of the financial year, thereby limiting damage to the crop and protecting grower income.

RAINBOW (RAINBOW AND GRAIN-BASED ANIMAL FEED)

Sustained high commodity input costs hamper turnaround progress

	2023	2022	% change
Revenue (Rm)	**13 463,9**	11 384,8	18.3
EBITDA (Rm)	**34,8**	347,1	(90.0)
EBITDA margin (%)	**0.3**	3.0	(2.7)ppts
Underlying EBITDA (Rm)	**86,0**	342,9	(74.9)
Underlying EBITDA margin (%)	**0.6**	3.0	(2.4)ppts

Rainbow's revenue grew by 18.3% to R13 463,9 million during the period (2022: R11 384,8 million), benefitting from strong demand, increased market share and price increases in the Quick Service Restaurant (QSR) sector. Underlying EBITDA declined by 74.9% to R86,0 million (2022: R342,9 million), with revenue increases proving insufficient to offset the severe impacts of high feed costs, failing municipal infrastructure and load-shedding which, in addition to generator costs, also resulted in additional feed and labour requirements. The Animal Feed business was also challenged by load-shedding and by margin pressure arising from high commodity input costs and overcapacity in the industry.

Despite these financial setbacks, progress continues to be made in the turnaround of the Rainbow business. Agricultural performance has improved to satisfactory levels and the full benefit of the new breed is expected in the second half of the 2024 financial year. The Hammarsdale plant and hatchery have been upgraded and production is already being increased, with the second shift to be brought online by March 2024.

Simply Chicken remains the market leader in the Chilled Processed Meats and Freezer-to-Fryer categories and is growing ahead of the market in both. The innovative new Simply Chicken Chickees range for kids has been very successful, with four new variants recently launched. Another exciting development is the launch of the Farmer Brown Nourish range, a premium range of coated freezer-to-fryer fillets that have been well received by the market.

The Farmer Brown Nourish range made history by being the first freezer-to-fryer product to be endorsed by the Heart & Stroke Foundation.

EQUITY-ACCOUNTED INVESTMENTS

ASSOCIATES

THE ROYAL ESWATINI SUGAR CORPORATION (RES) (ESWATINI)

RCL FOODS' share of RES' after-tax results for the year ended June 2023 improved by R157,5 million to R186,7 million (2022: R29,2 million). The result was largely driven by higher selling prices within the Southern African Customs Union (SACU) market, which also drove a higher fair value adjustment on biological assets, coupled with higher volumes milled in the current year. The prior year results were negatively impacted by an almost month-long delay in the start of the crushing season due to heavy rains in Eswatini which hampered RES' ability to deliver sugarcane from the farms to the mill.

HMH RAINBOW (HMH) (UGANDA)

HMH's after-tax contribution was R4,9 million (2022: R4,7 million loss). The investment in HMH was sold at the end of the 2023 financial year. Profits were equity-accounted to sale date, and the balance on the foreign currency translation reserve was recycled into profit and loss (R9,7 million positive impact). A loss of R2,0 million was recognised on the sale.

LIVEKINDLY COLLECTIVE AFRICA (LKCA) (SOUTH AFRICA)

LKCA delivered an after-tax contribution of R1,7 million (2022: R6,7 million loss). The business is currently still in its development phase.

JOINT VENTURES

AKWANDZE AGRICULTURAL FINANCE (AKWANDZE) (SOUTH AFRICA)

Akwandze's equity-accounted share of after-tax profit was R1,8 million for the 12 months to June 2023 (2022: R9,2 million). The decline is mainly due to the prior year including an insurance recovery.

MANANGA SUGAR PACKERS (MANANGA) (ESWATINI)

The Mananga investment contributed a share of after-tax profit of R34,4 million for the 12 months to June 2023 (2022: R16,9 million). The improvement was largely driven by higher sales pricing, despite a decline in volumes.

DISCONTINUED OPERATION

VECTOR LOGISTICS

The Vector Logistics segment has been disclosed as a discontinued operation for the year ended June 2023 in accordance with IFRS 5, with its result disclosed as a single line item within the statement of comprehensive income. Profit after tax increased by 19.7% to R76,3 million (2022: R63,8 million) mainly driven by Vector Logistics' classification as held for sale which resulted in depreciation being stopped with effect from the date of classification, in accordance with IFRS 5 (R43,4 million benefit, post-tax).

Vector Logistics has continued its turnaround journey, driven by the completion of the supply chain network consolidation. Despite good revenue growth, their profitability was negatively affected by the direct cost of load-shedding, the impact of this challenge on brands supplying into the network, higher fuel, and insurance costs.

The business' revenue performance was supported by continued growth in Food Service volumes, exceeding pre-COVID-19 levels, and by growth in Retail revenue, despite lower volumes driven by stock availability challenges from suppliers.

L&A Logistics in Zambia has contributed to the overall growth in revenue and EBITDA, with good revenue performance and strong margins backed by an improved Rand-Kwacha exchange rate.

Senn Foods delivered a pleasing after-tax share of profits with higher sales volumes and improved margins.

SUGARCANE VALUE CHAIN MASTER PLAN

Phase 1 of the Sugar Master Plan came to an end on 31 March 2023 but the Master Plan continues to provide the foundation for collaboration between the Sugar Industry, Government, customers and other stakeholders. Progress has been made with important initiatives such as the support to small-scale growers and strategies for alternative markets and uses for sugarcane, but much work remains to be done to realise the objectives of the Master Plan and safeguard the industry.

Commencement of business rescue proceedings in respect of Tongaat and Gledhow presented a more imminent threat to the viability of the Sugar Industry and the entire regulatory regime within which it operates, and it required urgent intervention. Tongaat's resumption of payment of levies and redistribution obligations for the 2023/2024 season has meant that cane growers and sugar millers have so far not been asked to absorb further losses in respect of the 2023/2024 season.

The hearing of the application brought before the court by the business rescue practitioners is scheduled to take place in September 2023. Judgement in this case along with the publication of Tongaat's business rescue plan will bring more certainty regarding any further impact on cane growers and sugar millers. RCL FOODS continues to engage with the business rescue practitioners, Government and SASA to ensure an outcome that is best for the industry at large.

POULTRY SECTOR MASTER PLAN

The Poultry Sector Master Plan is progressing slowly. Expanding the market and supporting exports is an important pillar of the Master Plan, and the industry is looking to Government for greater support to access new markets. Reducing dumping is another key element of the Master Plan, with the introduction of the delayed anti-dumping duties in August 2023, following the end of the 12-month suspension period, a step forward in protecting the local poultry industry and the jobs it creates from unfair competition.

PROSPECTS

Challenges persist in both the trading and operational environment. While there is a reasonable expectation that commodity price increases may have peaked, these prices remain at elevated levels and the Rand remains vulnerable. With consumers continuing to face significant pressure, RCL FOODS will continue to manage price increases appropriately while seeking to recover some of the volumes lost in the past year. Key opportunities lie in delivering more consistent supply in categories impacted by load-shedding, and continuing to focus on what is controllable, such as maximising efficiencies and driving further value innovation and portfolio tiering to improve margins, whilst also embedding RCL FOODS' Purpose to strengthen its positioning and sustainability.

With plans in place to mitigate load-shedding across the RCL FOODS Value-Added Business, recovering volumes and delivering on its growth plans will be a critical focus in the next financial year, along with energy and water sustainability. Sugar agriculture is now the only major area of the Value-Added Business significantly interrupted by load-shedding, and this could have an impact on yields for the next season should there be significant disruption in irrigation schedules during key growing periods. The sugar price increase of 14% in June 2023 will assist in relieving some of the pressure on local millers and growers. The future of the local sugar industry does however remain a grave concern for us all. RCL FOODS remains hopeful of a just and timeous resolution that protects the sustainability of the local sugar industry and the many thousands of jobs it supports.

Rainbow's benefits of the new breed rollout and the doubling of the Hammarsdale shift are expected to flow through in the coming year. Some relief is expected in 2024 in terms of commodity input costs, which should provide a welcome relief. Reducing dumping is a key element of the Master Plan. Whilst we welcome the introduction of the delayed anti-dumping duties in August 2023, which will assist in reducing dumped imports in the market going forward, poultry imports, while reduced, remain significant. Rainbow has had recent cases of Avian Influenza, and while the risk remains high during this current outbreak, the strictest biosecurity measures are maintained to protect flocks against infection.

RESTATEMENTS

The disclosures in this report have been updated to align with the information reviewed by the Group's chief operating decision maker for the purposes of allocating resources. The prior year segmental reporting has been restated to reflect the Vector Logistics segment as a discontinued operation and the Pies operating unit as part of the Baking segment, as noted above. The Pies operating unit was previously reported as part of the Groceries segment.

BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of 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. These results are extracted from audited information, but are not themselves audited.

The consolidated financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unqualified opinion thereon. The audited consolidated financial statements and the auditor's report thereon are available for inspection on request and shareholders are advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information. A copy of the consolidated financial statements and auditor's report can be obtained by contacting the Company Secretary on +27 31 242 8600 or at lauren.kelso@rclfoods.com. The auditor's report does not necessarily report on all the information contained in this announcement. The directors take full responsibility for the preparation of these results and confirm that the financial information has been correctly extracted from the underlying consolidated financial statements. The Integrated Annual Report will be posted to shareholders and made available on RCL FOODS' website on or before 29 September 2023.

The underlying results show the impact of excluding material once-offs 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 Listings Requirements of the JSE Limited. The June 2022 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. The *pro forma* financial information 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. EBITDA is a non-IFRS measure and is calculated as operating profit before depreciation, amortisation and impairments and represents earnings before depreciation, amortisation, impairments of property, plant and equipment and intangible assets, interest and tax. Shareholders are advised that this metric may not align with metrics used by other organisations. This *pro forma* financial information has been reported on by the Group's auditors, being PricewaterhouseCoopers Inc., and their independent reporting accountant's report is available for inspection at the Group's registered offices and on the RCL FOODS website, www.rclfoods.com/financial-results-and-reports-2023/.

PRO FORMA FINANCIAL INFORMATION

RECONCILIATION BETWEEN UNADJUSTED AND UNDERLYING RESULTS

Unadjusted information has been extracted without adjustment from the consolidated annual financial statements for the year ended June 2023. The underlying adjustments have been extracted from the Group's accounting records for the year ended June 2023.

June 2023 (Rm)	Unadjusted results	IFRS 9[1]	Special levy[2]	Komati fire[3]	CGU impairments[4]	Underlying results
EBITDA	**1 711,5**	**87,7**	**234,4**	**(60,0)**		**1 973,6**
RCL FOODS Value-Added Business	**1 796,6**	**36,5**	**234,4**	**(60,0)**		**2 007,5**
Groceries	**389,3**	**16,5**				**405,8**
Baking	**527,9**	**20,0**				**547,9**
Sugar	**879,4**		**234,4**	**(60,0)**		**1 053,8**
Rainbow	**34,8**	**51,2**				**86,0**
Group	**(63,8)**					**(63,8)**
Unallocated restructuring costs	**(56,1)**					**(56,1)**
Profit for the period from continuing operations attributable to equity holders of the Company	542,8	64,0	171,1	(43,8)	34,4	768,5
EPS from continuing operations (cents)	61.0	7.2	19.2	(4.9)	3.9	86.4
Headline earnings from continuing operations	539,6	64,0	171,1	(21,9)		752,8
HEPS from continuing operations (cents)	60.6	7.2	19.2	(2.5)		84.5

June 2022 (Rm)	Unadjusted results	IFRS 9[1]	Komati fire[3]	CGU Impairments[4]	Underlying results
EBITDA	**2 265,4**	**(15,3)**	**25,4**	**(57,4)**	**2 218,1**
RCL FOODS Value-Added Business	**1 855,0**	**(11,1)**	**25,4**	**(57,4)**	**1 811,9**
Groceries^	**481,6**	**4,9**			**486,5**
Baking^	**556,4**	**(16,0)**			**540,4**
Sugar	**817,0**		**25,4**	**(57,4)**	**785,0**
Rainbow	**347,1**	**(4,2)**			**342,9**
Group	**82,7**				**82,7**
Unallocated restructuring costs	**(19,4)**				**(19,4)**
Profit for the period from continuing operations attributable to equity holders of the Company	951,0	(11,0)	18,3	1,4	959,7
EPS from continuing operations (cents)	107.0	(1.2)	2.1	0.2	108.1
Headline earnings from continuing operations	991,2	(11,0)	18,3	(57,4)	941,1
HEPS from continuing operations (cents)	111.5	(1.2)	2.1	(6.5)	105.9

All information in the table above, except for IFRS 9, has been extracted from the Group Financial Results and Cash Dividend Declaration for the year ended June 2022, published on 5 September 2022. IFRS 9 adjustments have been extracted from the Group's accounting records for the year ended June 2022.

PRO FORMA FINANCIAL INFORMATION CONTINUED

Underlying results represent the results after taking into account the below adjustments:

1. 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.
2. Special levy relates to the net impact of additional levies raised by SASA on the Sugar business unit as a result of Tongaat and Gledhow suspending payment of their industry obligations.
3. Komati fire relates to insurance proceeds received in respect of the fire damage at our Komatipoort sugar warehouse in the current year, and to the net negative impact of the fire in the prior financial year.
4. Cash generating unit (CGU) impairments relate to net impairments processed in the current and prior period. The current year impairment relates to the CGU impairment recognised in our Sugar business, for further details refer to the Impairment section above. The prior period impairments number was partially offset by a gain recognised on the reversal of a previously recognised impairment loss relating to a subsidiary acquired with a view to resale. The subsidiary was acquired, and an impairment loss thereon was recognised in accordance with IFRS 5. Due to the inter-relatedness of these transactions, the reversal of the impairment loss was offset against the impairment recognised.

The headline earnings impact of the underlying adjustments in the table above differs from EBITDA mainly due to the impact of taxation.

For a detailed reconciliation of profit for the period to headline earnings from continuing operations for both the current and prior year, refer to page 21 of this announcement.

PRO FORMA STATEMENT OF FINANCIAL POSITION

The *pro forma* statement of financial position for the year ended June 2022 has been prepared using the unadjusted statement of financial position extracted from the consolidated annual financial statements, published on 5 September 2022. The statement of financial position for the Vector Logistics segment has been deducted off the total Group result, and intercompany elimination entries have been processed to reflect a view of the statement of financial position as if the Vector Logistics segment were classified as held for sale for the year ended June 2022. These adjustments to the June 2022 unadjusted statement of financial position have been extracted from the Group's accounting records for the year ended June 2022.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2 July 2023 R'000	Pro Forma 3 July 2022 R'000	Vector Logistics 3 July 2022 R'000	Adjustments 3 July 2022 R'000	Unadjusted 3 July 2022 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	**5 944 523**	5 543 087	818 953		6 362 040
Right-of-use assets	**404 680**	220 392	304 191		524 583
Intangible assets	**1 621 858**	1 581 631	20 950		1 602 581
Investment in joint ventures	**211 240**	186 295	120 840		307 135
Investment in associates	**942 333**	822 991			822 991
Deferred income tax asset	**42 289**	17 417	28 018		45 435
Loans receivable	**12 000**	31 095			31 095
Trade and other receivables		5 000	21 289		26 289
Investment in financial asset	**149 936**	241 976			241 976
Goodwill	**1 950 551**	1 831 766	53 824		1 885 590
	11 279 410	10 481 650	1 368 065		11 849 715
Current assets					
Inventories	**3 722 105**	3 063 576	83 601		3 147 177
Biological assets	**1 317 386**	1 231 829			1 231 829
Trade and other receivables	**2 157 318**	2 023 280	4 273 558	(197 261)[1]	6 099 577
Derivative financial instruments	**28 144**	4 469	128		4 597
Tax receivable	**14 761**	18 489	508		18 997
Loan receivable	**59 233**		972 827	(972 827)[2]	
Cash and cash equivalents	**224 373**	1 503 043	87 224		1 590 267
	7 523 320	7 844 686	5 417 846	(1 170 088)	12 092 444
Assets of disposal group classified as held for sale	**6 498 631**	5 648 958	9 808	(5 625 631)[3]	33 135
Total assets	**25 301 361**	23 975 294	6 795 719	(6 795 719)	23 975 294
EQUITY					
Capital and reserves	**11 721 305**	11 389 332			11 389 332
LIABILITIES					
Non-current liabilities					
Deferred income	**3 277**	4 474			4 474
Interest-bearing liabilities	**371 066**	1 538 829			1 538 829
Lease liabilities	**436 134**	314 494	415 988		730 482
Deferred income tax liabilities	**1 006 332**	1 040 157			1 040 157
Retirement benefit obligations	**65 974**	72 918	42 807		115 725
Trade and other payables	**10 858**				
	1 893 641	2 970 872	458 795		3 429 667
Current liabilities					
Trade and other payables	**4 594 257**	4 617 389	5 380 984	(2 197 574)[4]	7 800 799
Deferred income	**2 211**	2 768			2 768
Interest-bearing liabilities	**1 963 037**	1 111 475			1 111 475
Lease liabilities	**160 255**	106 485	48 645		155 130
Derivative financial instruments	**3 670**	2 018			2 018
Current income tax liabilities	**100 894**	57 586	1 043		58 629
Loan payable to RCL FOODS			539 155	(539 155)[5]	
Bank overdraft	**865 000**	7 741	16 718		24 459
	7 689 324	5 905 462	5 986 545	(2 736 729)	9 155 278
Liabilities of disposal group classified as held for sale	**3 997 091**	3 709 628		(3 708 611)[6]	1 017
Total liabilities	**13 580 056**	12 585 962	6 445 340	(6 445 340)	12 585 962
Total equity and liabilities	**25 301 361**	23 975 294	6 445 340	(6 445 340)	23 975 294

PRO FORMA FINANCIAL INFORMATION CONTINUED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

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

1. Intergroup trade and other receivables balances owing to Vector Logistics by the balance of the Group. Previously eliminated in preparing the 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. Intergroup trade and other payables balances owing by Vector Logistics to the balance of the Group. Previously eliminated in preparing the 2022 consolidated statement of financial position.
5. 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.
6. Transfer of the net carrying value of Vector Logistics' liabilities, post intergroup elimination entries to the disposal group held for sale.

For and on behalf of the Board

JJ Durand
Non-executive Chairman

PD Cruickshank
Chief Executive Officer

Durban
4 September 2023

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 Field[1], G Dingaan[2], CJ Hess[3], GCJ Tielenius Kruythoff[4], PR Louw, NP Mageza, PM Moumakwa, DTV Msibi, PJ Neethling[5], GM Steyn and GC Zondi.

[1]Executive directors; [2]Appointed 9 November 2022; [3]Retired by rotation 9 November 2022; [4]Dutch; [5]Alternate 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: PricewaterhouseCoopers Inc.

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

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

Website: www.rclfoods.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2 July 2023 R'000	3 July 2022 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**5 944 523**	6 362 040
Right-of-use assets	**404 680**	524 583
Intangible assets	**1 621 858**	1 602 581
Investment in joint ventures	**211 240**	307 135
Investment in associates	**942 333**	822 991
Deferred income tax asset	**42 289**	45 435
Loans receivable	**12 000**	31 095
Trade and other receivables		26 289
Investment in financial asset	**149 936**	241 976
Goodwill	**1 950 551**	1 885 590
	11 279 410	11 849 715
Current assets		
Inventories	**3 722 105**	3 147 177
Biological assets	**1 317 386**	1 231 829
Trade and other receivables	**2 157 318**	6 099 577
Derivative financial instruments	**28 144**	4 597
Tax receivable	**14 761**	18 997
Loans receivable	**59 233**	
Cash and cash equivalents	**224 373**	1 590 267
	7 523 320	12 092 444
Assets of disposal group classified as held for sale	**6 498 631**	33 135
Total assets	**25 301 361**	23 975 294
EQUITY		
Capital and reserves	**11 721 305**	11 389 332
LIABILITIES		
Non-current liabilities		
Deferred income	**3 277**	4 474
Interest-bearing liabilities	**371 066**	1 538 829
Lease liabilities	**436 134**	730 482
Deferred income tax liabilities	**1 006 332**	1 040 157
Retirement benefit obligations	**65 974**	115 725
Trade and other payables	**10 858**	
	1 893 641	3 429 667
Current liabilities		
Trade and other payables	**4 594 257**	7 800 799
Deferred income	**2 211**	2 768
Interest-bearing liabilities	**1 963 037**	1 111 475
Lease liabilities	**160 255**	155 130
Derivative financial instruments	**3 670**	2 018
Current income tax liabilities	**100 894**	58 629
Bank overdraft	**865 000**	24 459
	7 689 324	9 155 278
Liabilities of disposal group classified as held for sale	**3 997 091**	1 017
Total liabilities	**13 580 056**	12 585 962
Total equity and liabilities	**25 301 361**	23 975 294

CONSOLIDATED INCOME STATEMENT

	Year ended June 2023 R'000	*Restated Year ended June 2022 R'000
Continuing Operations		
Revenue from contracts with customers	**37 782 948**	32 200 777
Operating profit before depreciation, amortisation and impairments (EBITDA)**	**1 711 457**	2 265 370
Depreciation, amortisation and impairments**	**(924 725)**	(798 853)
Operating Profit	**786 732**	1 466 517
Finance costs	**(376 069)**	(241 019)
Finance income	**38 726**	39 475
Share of profits of joint ventures	**36 185**	26 113
Share of profits of associates	**193 360**	17 752
Profit before tax	**678 934**	1 308 838
Income tax expense	**(242 325)**	(394 904)
Profit for the period from continuing operations	**436 609**	913 934
Profit for the period from discontinued operation	**76 299**	63 750
Profit for the period	**512 908**	977 684
Attributable to:		
Equity holders of the Company	**616 237**	1 013 361
– from continuing operations	**542 788**	951 066
– from discontinued operation	**73 449**	62 295
Non-controlling interests	**(103 329)**	(35 677)
– from continuing operations	**(106 179)**	(37 132)
– from discontinued operation	**2 850**	1 455
HEADLINE EARNINGS		
Continuing operations		
Profit for the period attributable to equity holders of the Company	**542 788**	951 066
Profit on disposal of property, plant and equipment and assets held for sale	**(25 975)**	(9 614)
Loss on disposal of property, plant and equipment and assets held for sale	**24 447**	10 260
Insurance proceeds	**(29 634)**	(597)
Impairments of fixed assets and intangibles	**35 842**	41 971
Change in ownership of associate		(2 768)
(Profit)/loss on disposal of property, plant and equipment included in equity-accounted earnings of associates	**(201)**	927
Foreign currency translation reserve recycled into profit and loss	**(9 654)**	
Loss on disposal of associate	**1 955**	
Headline earnings from continuing operations	**539 568**	991 245

* *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.*

CONSOLIDATED INCOME STATEMENT CONTINUED

	Year ended June 2023 R'000	*Restated Year ended June 2022 R'000
HEADLINE EARNINGS		
Discontinued operation		
Profit for the period attributable to equity holders of the Company	**73 449**	62 295
Profit on disposal of property, plant and equipment and assets held for sale	**(6 332)**	(10 336)
Loss on disposal of property, plant and equipment and assets held for sale	**1 493**	6 447
Insurance proceeds		(65)
Impairments of fixed assets and intangibles		4 386
Headline earnings from discontinued operation	**68 610**	62 727
Headline earnings from total operations	**608 178**	1 053 972

	Cents	Cents
Earnings per share from continuing and discontinued operations attributable to equity holders of the Company		
Basic earnings per share	**69.3**	114.0
– from continuing operations	**61.0**	107.0
– from discontinued operation	**8.3**	7.0
Basic earnings per share – diluted	**68.7**	113.1
– from continuing operations	**60.5**	106.1
– from discontinued operation	**8.2**	7.0
Headline earnings per share	**68.3**	118.6
– from continuing operations	**60.6**	111.5
– from discontinued operation	**7.7**	7.1
Headline earnings per share – diluted	**67.8**	117.6
– from continuing operations	**60.2**	110.6
– from discontinued operation	**7.6**	7.0

* *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

	Year ended June 2023 R'000	*Restated Year ended June 2022 R'000
Profit for the period from continuing operations	**436 609**	913 934
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurement of retirement medical obligations – net of tax	**8 575**	(1 246)
Share of associates other comprehensive income	**229**	1 354
Items that may subsequently be reclassified to profit and loss		
Currency translation differences	**7 102**	1 674
Foreign currency translation reserve recycled into profit and loss	**(9 654)**	(182)
Other comprehensive income for the period – net of tax	**6 252**	1 600
Total comprehensive income for the period – continuing operations	**442 861**	915 534
Total comprehensive income for the period attributable to:		
Equity holders of the Company – Continuing Operations	**549 040**	952 666
Non-controlling interests – Continuing Operations	**(106 179)**	(37 132)
	442 861	915 534
Profit for the period from discontinued operation	**76 299**	63 750
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurement of retirement medical obligations – net of tax	**1 738**	(398)
Items that may subsequently be reclassified to profit and loss		
Currency translation differences	**3 059**	954
Other comprehensive income for the period – net of tax	**4 797**	556
Total comprehensive income for the period – discontinued operation	**81 096**	64 306
Total comprehensive income for the period attributable to:		
Equity holders of the Company - Discontinued Operation	**77 938**	63 459
Non-controlling interests – Discontinued Operation	**3 158**	847
	81 096	64 306

* *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

	June 2023 R'000	*Restated June 2022 R'000
OPERATING PROFIT	**786 732**	1 466 517
Non-cash items	**762 646**	494 405
OPERATING PROFIT BEFORE WORKING CAPITAL REQUIREMENTS	**1 549 378**	1 960 922
Working capital requirements		
Movement in inventories	**(649 529)**	85 099
Movement in biological assets	**247 719**	83 468
Movement in trade and other receivables	**(33 576)**	(30 472)
Movement in trade and other payables	**(52 716)**	964 453
CASH GENERATED BY OPERATIONS	**1 061 276**	3 063 470
Net finance cost	**(298 730)**	(202 427)
Tax paid	**(292 344)**	(337 951)
CASH AVAILABLE FROM OPERATING ACTIVITIES	**470 202**	2 523 092
Dividend received	**40 876**	66 392
Dividends paid	**(268 939)**	(402 876)
Net cash inflow from operating activities – continuing operations	**242 139**	2 186 608
Net cash (outflow)/inflow from operating activities – discontinued operation	**(197 158)**	343 990
Net cash inflow from operating activities	**44 981**	2 530 598
Cash flows from investing activities		
Replacement property, plant and equipment	**(828 487)**	(657 909)
Expansion property, plant and equipment	**(306 864)**	(448 150)
Intangible asset additions	**(25 174)**	(25 662)
Acquisition of business	**(214 892)**	(7 024)
Receipts from loans receivable	**6 000**	13 277
Advances of interest-bearing loans	**(76 370)**	(2 998)
Proceeds on disposal of property, plant and equipment and intangible assets	**19 483**	21 380
Net cash outflow from investing activities – continuing operations	**(1 426 304)**	(1 107 086)
Net cash outflow from investing activities – discontinued operation	**(178 591)**	(148 967)
Net cash outflow from investing activities	**(1 604 895)**	(1 256 053)
Cash flows from financing activities		
Repayments of interest-bearing liabilities	**(554 027)**	(607 978)
Advances of interest-bearing liabilities (including bank overdraft in the current year)	**940 941**	152 609
Additional capital contribution by non-controlling interest	**8 692**	
Repurchase of shares	**(2 204)**	
Net cash inflow/(outflow) from financing activities – continuing operations	**393 402**	(455 369)
Net cash outflow from financing activities – discontinued operation	**(125 553)**	(150 487)
Net cash inflow/(outflow) from financing activities	**267 849**	(605 856)
Net movement in cash and cash equivalents	**(1 292 065)**	668 689
Cash and cash equivalents at the beginning of the period	**1 565 808**	896 969
Exchange rate translation from discontinued operation	**1 874**	150
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD[1]	**275 617**	1 565 808

* *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 a financing activity in the current financial year. The cash and cash equivalents at the end of the period of R275,6 million consists of R224,4 million as reported on the Statement of Financial Position and R51,2 million related to the Vector Logistics segment which has been classified as a disposal group held for sale at year-end.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	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	Total R'000
Balance at 4 July 2021	10 318 079	776 223	(1 059)	(1 919 832)	1 556 095	10 729 506	(35 839)	10 693 667
Profit for the period								
– from continuing operations					951 066	951 066	(37 132)	913 934
– from discontinued operation					62 295	62 295	1 455	63 750
Other comprehensive income for the period								
– from continuing operations			1 492		108	1 600		1 600
– from discontinued operation			1 562		(398)	1 164	(608)	556
BEE share-based payments charge		9 694				9 694		9 694
Employee share option scheme:								
Value of employee services		93 653				93 653		93 653
Equity component of tax on share-based payments		231				231		231
Exercise of employee share options	16 057	(16 057)						
Shareholder loans converted to equity							15 123	15 123
Ordinary dividend paid					(399 926)	(399 926)	(2 950)	(402 876)
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					542 788	542 788	(106 179)	436 609
– from discontinued operation					73 449	73 449	2 850	76 299
Other comprehensive income for the period								
– from continuing operations			(2 552)		8 804	6 252		6 252
– from discontinued operation			3 059		1 738	4 797	308	5 105
Shares repurchased	(2 204)					(2 204)		(2 204)
Employee share option scheme:								
Value of employee services		70 390				70 390		70 390
Equity component of tax on share-based payments		(231)				(231)		(231)
Exercise of employee share options	8 833	(8 833)						
Additional capital contribution by non-controlling interest							8 692	8 692
Ordinary dividend paid					(267 039)	(267 039)	(1 900)	(268 939)
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**

SUPPLEMENTARY INFORMATION

		June 2023 R'000	*Restated June 2022 R'000
Capital expenditure contracted and committed – Continuing Operations		**327 375**	879 766
Capital expenditure approved but not contracted – Continuing Operations		**361 640**	278 677
Capital expenditure contracted and committed – Discontinued Operation		**86 458**	142 971
Capital expenditure approved but not contracted – Discontinued Operation		**44 729**	82 834

* *The prior year numbers have been restated to reflect the Vector Logistics segment separately.*

STATISTICS

Statutory ordinary shares in issue (includes BEE shares in the prior year only)	(000's)	**890 097**	953 298
Ordinary shares in issue for accounting purposes	(000's)	**890 097**	889 468
Weighted average ordinary shares in issue	(000's)	**889 990**	888 700
Diluted weighted average ordinary shares in issue	(000's)	**896 873**	896 367
Net asset value per share	(cents)	**1 316.9**	1 280.5
Ordinary dividends per share:			
Interim dividend declared	(cents)		15.0
Final dividend declared	(cents)		30.0
Total dividends	(cents)		45.0

RELATED PARTY TRANSACTIONS

Related party relationships exist between RCL Foods Limited, its subsidiaries, associates, joint ventures and Remgro Limited and its subsidiaries, associates and joint ventures. Remgro Management Services Limited provides treasury services to the Group.

The ultimate controlling party of the Group is Remgro Limited.

Details of transactions and balances with related parties are disclosed in the consolidated annual financial statements for the year ended June 2023.

WRITE-DOWNS TO NET REALISABLE VALUE

The Group's net realisable value write-down on inventories for the current financial year of R88,6 million (2022: R17,7 million) relates to the Rainbow segment. Due to the fast-moving nature of the products, the Group bases its write-down calculation on actual selling price information available post year-end related to these products which supports the net realisable value of stock on hand. The current year amount includes a write-down on feed stocks driven by lower selling prices for feed post year-end.

SEGMENTAL ANALYSIS

	June 2023 R'000	*Restated June 2022 R'000
Continuing Operations		
Revenue from contracts with customers	**37 782 948**	32 200 777
RCL FOODS Value-Added Business	**24 761 037**	21 155 856
Groceries	**5 034 203**	4 731 888
Baking	**8 625 417**	7 422 627
Sugar	**11 101 417**	9 001 341
Rainbow	**13 463 861**	11 384 801
Group#	**197 910**	189 707
Sales between segments:		
Groceries sales to Baking	**(7 999)**	(7 769)
Groceries sales to Sugar	**(3 064)**	(9 498)
Groceries sales to Rainbow	**(226 648)**	(132 627)
Groceries sales to Group	**(1 925)**	(940)
Baking sales to Groceries	**(79 192)**	(74 024)
Baking sales to Sugar	**(1 813)**	(1 076)
Baking sales to Rainbow	**(152 480)**	(128 640)
Sugar sales to Groceries	**(95 263)**	(83 220)
Sugar sales to Baking	**(34 749)**	(54 133)
Sugar sales to Rainbow	**(6 673)**	(4 843)
Rainbow sales to Groceries	**(22 768)**	(25 747)
Rainbow sales to Sugar	**(7 286)**	(7 070)
Operating profit before depreciation, amortisation and impairments+ (EBITDA)	**1 711 457**	2 265 370
RCL FOODS Value-Added Business	**1 796 602**	1 854 933
Groceries	**389 286**	481 587
Baking	**527 879**	556 384
Sugar	**879 437**	816 962
Rainbow	**34 814**	347 111
Groupz	**(63 847)**	82 762
Unallocated restructuring costs	**(56 112)**	(19 436)
Depreciation, amortisation and impairments+	**(924 725)**	(798 853)

* *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.*

\# *Group revenue relates to management fees earned for shared services performed for Siqalo Foods Proprietary Limited and Livekindly Collective Africa 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 and Livekindly Collective Africa Proprietary Limited.*

SEGMENTAL ANALYSIS CONTINUED

	June 2023 R'000	*Restated June 2022 R'000
Continuing Operations		
Operating profit	**786 732**	1 466 517
RCL FOODS Value-Added Business	**1 177 216**	1 436 936
Groceries	**282 853**	271 342
Baking	**302 065**	348 388
Sugar	**592 298**	817 206
Rainbow	**(235 300)**	89 667
Group[z]	**(99 072)**	25 437
Unallocated restructuring costs	**(56 112)**	(85 523)
Finance costs	**(376 069)**	(241 019)
Finance income	**38 726**	39 475
Share of profits of joint ventures	**36 185**	26 113
Sugar	**36 185**	26 113
Share of profits/(loss) of associates	**193 360**	17 752
Sugar	**186 717**	29 226
Livekindly Collective Africa	**1 741**	(6 745)
Ugandan Operation	**4 902**	(4 729)
Profit before tax	**678 934**	1 308 838

* *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. 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 the Vector Logistics segment as a discontinued operation.*

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 and Livekindly Collective Africa Proprietary Limited.*

	June 2023 R'000	June 2022 R'000
Discontinued Operation[1]		
Revenue from contracts with customers[2]	**3 066 587**	2 706 195
Operating profit before depreciation, amortisation and impairments[+] **(EBITDA)**	**315 176**	330 286
Depreciation, amortisation and impairments[+]	**(154 602)**	(190 988)
Operating Profit	**160 574**	139 298
Finance costs	**(111 123)**	(93 041)
Finance income	**31 067**	23 359
Share of profits of joint venture	**12 333**	12 791
Profit before tax	**92 851**	82 407

1 *Relates to the Vector Logistics segment.*

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, right-of-use assets, goodwill and intangible assets.*

SEGMENTAL ANALYSIS CONTINUED

	2 July 2023 R'000	3 July 2022 R'000
ASSETS		
Groceries^	**3 199 393**	3 106 529
Baking^	**5 553 007**	5 078 939
Sugar	**5 216 967**	4 685 752
Rainbow	**6 547 735**	5 804 772
Unallocated Group assets[v]	**612 216**	1 775 249
Livekindly Collective Africa	**151 284**	149 884
Set-off of inter-segment balances	**(2 451 069)**	(2 441 895)
Vector Logistics[1]		5 816 064
Total per statement of financial position – continuing operations	**18 829 533**	23 975 294
Vector Logistics[1] – disposal group held for sale	**6 471 828**	
Total per statement of financial position	**25 301 361**	23 975 294
LIABILITIES		
Groceries^	**1 076 436**	1 018 796
Baking^	**1 649 314**	1 443 986
Sugar	**1 918 098**	2 048 174
Rainbow	**2 322 261**	2 186 383
Unallocated Group liabilities[v]	**2 892 720**	2 433 709
Set-off of inter-segment balances	**(274 847)**	(2 441 895)
Vector Logistics[1]		5 896 809
Total per statement of financial position – continuing operations	**9 583 982**	12 585 962
Vector Logistics[1] – disposal group held for sale	**3 996 074**	
Total per statement of financial position	**13 580 056**	12 585 962

[v] *Includes assets and liabilities of the Group treasury company and consolidation entries.*
[1] *Classified as a disposal group held for sale in the current year.*

REVENUE

	June 2023 R'000	*Restated June 2022 R'000
Continuing Operations		
Disaggregation of revenue from contracts[1] with customers		
REVENUE	**37 782 948**	**32 200 777**
RCL FOODS VALUE-ADDED BUSINESS	**24 761 037**	**21 155 856**
Groceries	**5 034 203**	**4 731 888**
Groceries	**4 275 700**	4 010 469
Sundry sales[z]	**758 503**	721 419
Baking	**8 625 417**	**7 422 627**
Sugar	**11 101 417**	**9 001 341**
RAINBOW	**13 463 861**	**11 384 801**
Chicken	**13 153 186**	11 022 347
Sundry sales[z]	**310 675**	362 454
GROUP[#]	**197 910**	**189 707**
SALES BETWEEN SEGMENTS	**(639 860)**	**(529 587)**
Timing of revenue recognition[2]	**37 782 948**	32 200 777
Point in time	**37 571 761**	31 999 703
Over time	**211 187**	201 074

[z] *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.*

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

* *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. 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 the Vector Logistics segment as a discontinued operation.*

[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.*

FAIR VALUE - INVESTMENT IN FINANCIAL ASSET

The Group's investment in financial asset, which represents a minority shareholding in The LIVEKINDLY Collective, is measured at fair value through profit or loss and is a Level 3 financial instrument under the fair value hierarchy as per IFRS 13 *Fair Value*. Level 3 valuation inputs are not based on observable market data (that is, unobservable inputs).

For the year ended June 2023, the investment in financial asset was valued at R149,9 million (2022: R242,0 million) using recoverable value as the valuation technique. Recoverable value is based on a market-related value per share. A higher price per share would result in a higher fair value of the investment. RCL FOODS holds a 1.58% shareholding in The LIVEKINDLY Collective. As a result of the minority shareholding, access to information is limited. The fair value of the investment has been based on the cost of $1 per share, with no shares being issued recently to use as a reference point. Cost approximates fair value.

A reconciliation of the investment in financial asset is presented below.

	June 2023 R'000	June 2022 R'000
At the beginning of the year	**241 976**	**214 138**
Foreign exchange gains	**35 406**	**27 838**
Fair value adjustments recorded in profit or loss	**(127 446)**	
At the end of the year	**149 936**	241 976

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