RCL FOODS LIMITED

2023 GROUP INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED DECEMBER 2022

FINANCIAL HIGHLIGHTS

REVENUE
R20,2 billion
↑ 17.6%

EBITDA
R1 177,7 million
↓ 8.9%

UNDERLYING* EBITDA
R1 248,2 million
↓ 9.2%

HEADLINE EARNINGS
R502,2 million
↓ 22.2%

HEADLINE EARNINGS PER SHARE
56.4 cents
↓ 22.4%

UNDERLYING* HEADLINE EARNINGS
R553,7 million
↓ 21.4%

UNDERLYING* HEADLINE EARNINGS PER SHARE
62.2 cents
↓ 21.6%

* *The underlying view of the results excludes material once-offs and accounting adjustments related to fair value adjustments on commodity positions in terms of IFRS 9 Financial Instruments (IFRS 9) in the current and prior period, as well as the direct cost impact of the civil unrest in July 2021 and the fire at our Sugar warehouse in Komatipoort in the prior period. 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

- **Volumes and margins under pressure in a high inflationary environment**
- **Load shedding impacts results**
- **Resilient Grocery market shares in a declining market**
- **Good Sugar performance off a high prior-year base**
- **Rainbow turnaround hampered by high feed input costs**
- **Vector impacted by cost pressures**

INTRODUCTION

RCL FOODS delivered a resilient set of results for the six months to December 2022 amidst difficult conditions characterised by high input prices, unprecedented levels of load shedding and rising living costs for consumers.

Despite revenue for the six months to December 2022 increasing 17.6% to R20,2 billion versus December 2021 ("prior period"), earnings before interest, taxes, depreciation, amortisation and impairments (EBITDA) declined by 8.9% to R1 177,7 million due to the challenging trading conditions. With the Rainbow and Vector Logistics separation processes still in progress, and considering the impact of the ongoing external pressures described above on the Group, the directors have resolved not to declare an interim dividend in order to preserve cash while the Group repositions its portfolio.

Focusing on the factors we can control in current conditions, we have sought to deliver a stable Rand profit and grow market share while supporting cash-strapped consumers as far as possible, both through value innovations and responsibly-managed price increases. In so doing, our concern has been to balance the need for margin protection with the pressure on consumers' pockets. We continue to actively invest in securing our future in line with our strategic growth agenda, guided by our unfolding Purpose and Sustainability journey.

The positive initiatives mentioned above took place against an exceptionally challenging background. Consumer price inflation for food and non-alcoholic beverages reached a year-on-year high of 12.5% in November 2022, trailing a 16.4% peak in food production costs in September 2022 amidst ongoing rallies in global agricultural commodity and energy prices combined with a weaker Rand. Higher pricing has negatively impacted on consumer demand and hence sales volumes, which combined with margin pressure as a result of the significant cost push presented challenges for all food producers. In addition to these adverse market conditions, the increased regularity and extent of load shedding has weighed on our performance in terms of production impacts and added direct costs amounting to R96,0 million during the period. Alongside this our Groceries and Baking business units service levels were affected by industrial action. We are acutely aware of the pressure our employees are under as consumers themselves, and the resolutions achieved in respect of the industrial action reflect a careful balance between our commitment to employees' welfare and a desire to limit potential food price increases.

COMMENTARY CONTINUED

STRATEGIC PROGRESS UPDATE

A business in transition with a clear destination

In order to generate more consistent and sustainable value for its stakeholders, RCL FOODS is on a journey to reshape its portfolio with a focus on driving growth in its value-added businesses. This has seen two key strategic processes unfold over the last 12 to 18 months: the internal separation of the Rainbow and Vector Logistics businesses from RCL FOODS' core Value-Added Business; and positioning the Value-Added Business for growth.

PROGRESS WITH MANAGED SEPARATION OF RAINBOW

We have taken significant steps to prepare Rainbow for a full separation from the RCL FOODS Value-Added Business when appropriate to do so. Rainbow continues to focus on improving its underlying performance in line with its turnaround strategy which focuses on increasing competitiveness and driving growth. Concerted efforts are under way to boost agricultural performance, improve efficiencies and invest for growth to achieve economies of scale. We look forward to seeing the benefit of the new breed rollout from the 2024 financial year onwards, at which time we also expect the second shift at the Hammarsdale processing facility to be reinstated, creating additional fresh capacity in KwaZulu-Natal.

DISPOSAL OF VECTOR LOGISTICS

We remain committed to the process of separating Vector Logistics from RCL FOODS, as noted in the results announcement published on 5 September 2022. Engagements with a potential acquiror for the Vector Logistics business have progressed well in the current period and we will update the market when more certainty exists on the outcome of a transaction.

GROWING THE RCL FOODS VALUE-ADDED BUSINESS

Despite difficult market conditions, we have pressed forward with purposeful growth efforts in key categories within our value-added portfolio, in line with our strategy. The acquisition of Sunshine Bakery Holdings Proprietary Limited ("Sunshine") was completed in February 2023, effective 1 March 2023, and will enable us to expand our Baking business unit's reach into the strategically important KwaZulu-Natal region. While remaining open to other "right fit" acquisition opportunities that may arise, we are currently focusing on accelerating internal growth by leveraging our brands and capabilities to introduce new value offerings and innovate into adjacent categories. Net Revenue Management and Best-in-Class efficiency initiatives are a key focus to help fund growth through improved competitiveness and margin enhancements.

EMBEDDING PURPOSE AND SUSTAINABILITY IN OUR STRATEGY

As mentioned in our annual results announcement in September 2022, we are currently in the process of distilling our core Purpose and crafting a new Sustainability Strategy to ensure our business remains relevant and sustainable into the future. These are complementary to each other and integral to our overall strategy, which aims to create long-term value for all the stakeholders we impact. We have made good progress with both initiatives, through gaining a clear understanding of our operating context, consultation with a wide range of stakeholders, and a commitment to embedding our Purpose and Sustainability Strategy in our strategic planning and business operations. We look forward to bringing the various elements of our strategy together over the next few months and will share more information at the end of the 2023 financial year.

FINANCIAL REVIEW

INCOME STATEMENT

RCL FOODS' revenue for the current period increased 17.6% to R20,2 billion (December 2021: R17,1 billion). The increase was largely due to higher pricing across all business units, combined with higher volumes in Sugar and Rainbow and a volume recovery in Vector Logistics.

EBITDA declined by R115,0 million (8.9%) to R1 177,7 million (December 2021: R1 292,7 million). The EBITDA by business unit is reflected in the table below:

Rm	December 2022	Margin %	December 2021	Margin %	% change	Margin change (ppts)
EBITDA	**1 177,7**	**5.8**	1 292,7	7.5	(8.9)	(1.7)
RCL FOODS Value-Added Business	**978,3**	**8.0**	1 025,3	9.8	(4.6)	(1.8)
Groceries	**325,8**	**9.6**	334,1	10.9	(2.5)	(1.3)
Baking	**162,5**	**4.7**	243,8	8.2	(33.3)	(3.5)
Sugar	**490,0**	**9.1**	447,4	10.1	9.5	(1.0)
Rainbow	**(6,1)**	**(0.1)**	58,3	1.1	(110.5)	(1.2)
Vector Logistics	**165,6**	**7.7**	182,1	10.0	(9.1)	(2.3)
Group	**57,0**		38,3		49.2	
Unallocated restructuring costs	**(17,1)**		(11,3)		(51.1)	

The current and prior period EBITDA results 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 R70,5 million (December 2021: R2,7 million positive adjustment). The R73,2 million year-on-year movement relates mainly to the strengthening of the Rand and improved SAFEX maize pricing, at the end of December 2022 relative to our positions;
- Direct costs of R44,7 million, incurred in relation to the civil unrest in KwaZulu-Natal and Gauteng in the prior period; and
- A net loss of R39,6 million arising from fire damage at our Komatipoort sugar warehouse in the prior period.

Refer to the "Reconciliation between unadjusted and underlying results" section provided on page 13 of this announcement for further details.

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

Rm	December 2022	Margin %	December 2021	Margin %	% change	Margin change (ppts)
EBITDA	**1 248,2**	**6.2**	1 374,3	8.0	(9.2)	(1.8)
RCL FOODS Value-Added Business	**981,0**	**8.0**	1 047,9	10.0	(6.4)	(2.0)
Groceries	**309,3**	**9.1**	308,5	10.0	0.3	(0.9)
Baking	**181,7**	**5.2**	242,7	8.1	(25.1)	(2.9)
Sugar	**490,0**	**9.1**	496,7	11.2	(1.4)	(2.1)
Rainbow	**61,7**	**0.9**	117,3	2.1	(47.4)	(1.2)
Vector Logistics	**165,6**	**7.7**	182,1	10.0	(9.1)	(2.3)
Group	**57,0**		38,3		49.2	
Unallocated restructuring costs	**(17,1)**		(11,3)		(51.1)	

The Group's underlying EBITDA declined R126,1 million (9.2%), driven mainly by the declines in Baking (R61,0 million) and Rainbow (R55,6 million).

TAXATION

The Group's effective tax rate for the period (excluding joint ventures and associates) was 39.9% (December 2021: 27.5%). The current period's effective tax rate was largely impacted by deferred tax assets not recognised in our 50% owned sugar cane-grower companies (R54,9 million tax impact), excluding which, the effective tax rate was 28.4%. The impact of the unrecognised deferred tax assets was more pervasive in the current period due to a significant increase in the losses within these companies compared to the prior period.

NET FINANCE COSTS

Net finance costs for the period increased by R32,6 million (23.6%) largely due to higher interest rates in the current period compared to the prior period following the interest rate hikes over the 2022 calendar year, and a higher net debt balance over the six months to December 2022 compared to the prior period resulting from a higher investment in net working capital. Net finance costs paid for the period of R133,4 million are R37,0 million lower than net finance costs expensed in the income statement due to the non-cash IFRS 16 leases interest charge.

LOSS FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

The share of losses attributable to non-controlling interests increased by R64,4 million (149.7%) to R107,4 million in the current period (December 2021: R43,0 million). The result was driven by losses in the Group's 50% owned cane-grower companies largely resulting from higher fertiliser and energy costs, combined with the impact of load shedding on cane yields due to an inability to irrigate fully.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment increased R295,1 million from June 2022, largely driven by capital expenditure of R694,8 million, partially offset by depreciation of R384,1 million.

Capital expenditure including intangibles for the six months to December 2022 was R703,2 million (December 2021: R492,8 million). Major spend items included:

- the reinstatement of the second shift at the Rainbow Hammarsdale P2 processing facility to build capacity (R92,3 million);
- the expansion of Vector Logistics' fleet (R87,9 million); and
- expansion of the Bread, Buns & Rolls production lines (R48,1 million).

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

An amount of R892,2 million (December 2021: R618,4 million) has been contracted and committed, but not spent, whilst a further R333,8 million (December 2021: R707,6 million) has been approved but not contracted. Major items included in these amounts relate to:

- replacements related to the fire at the Komatipoort warehouse (R156,8 million), with the majority expected to be funded by insurance proceeds to be received as the build progresses;
- expansion of production lines within Bread, Buns & Rolls (R118,0 million);
- further spend related to the reinstatement of the second shift at the Rainbow Hammarsdale P2 processing facility (R43,1 million); and
- replacements within the Vector Logistics fleet (R22,4 million).

FINANCIAL REVIEW CONTINUED

Right-of-use assets capitalised under IFRS 16 Leases decreased by R27,3 million from June 2022, mainly driven by depreciation of R94,6 million, partially offset by new leases capitalised of R59,0 million.

Investment in associates increased by R100,3 million from June 2022 driven mainly by profits capitalised from The Royal Eswatini Sugar Corporation (RES) of R109,6 million partially offset by dividends received from RES of R15,0 million.

Net working capital increased by R1 263,7 million (38.1%) from December 2021, and as a percentage of revenue increased to 12.1% in the current period (December 2021: 10.0%). The increase was mainly due to a R1 166,5 million increase in inventory balances resulting from higher commodity and other input pricing, the restoration of sugar volumes following the stock losses at the Komatipoort warehouse due to the fire in the prior period and an extended crushing period in the current year, a stockbuild in Rainbow and higher raw material holdings across the Group to mitigate the risk arising from supply chain challenges. Biological assets increased by R201,6 million mainly due to an increase in bird volumes and feed costs in Rainbow.

Trade and other receivables increased by R1 356,7 million, whilst trade and other payables increased by R1 461,2 million. The gross increase in trade and other receivables and trade and other payables was largely attributable to the timing of period-end cut-off, which included a public holiday on the day following period-end cut-off for the current period, with the trade and other payables balance in the current period further impacted by higher stock balances at period-end cut-off.

The term-funded debt package requires that the Group comply with specific financial covenants. For the current period the Group was within the limits of its financial covenants.

Financial covenants	Required	December 2022	December 2021
Senior leverage ratio	**<3.0:1**	**1.4**	0.9
Senior interest cover	**>3.5:1**	**9.5**	10.1

CASH FLOW AND WORKING CAPITAL

Cash generated by operations of negative R686,0 million represents utilisation of R2 226,4 million higher than the prior period mainly driven by working capital requirements increasing by R2 072,0 million. This was largely related to the increase in inventory of R1 178,3 million from June 2022 and a net cash outflow on trade and other receivables and trade and other payables of R696,8 million from June 2022.

Cash outflows from investing activities for the six months to December 2022 of R686,2 million increased by R219,0 million and consists mainly of capital expenditure.

The net cash outflow from financing activities of R490,4 million relates mainly to payments made on the Group's debt package of R337,5 million in line with the terms of the agreement as well as payments on lease liabilities.

RCL FOODS ended the period in a net cash overdraft of R845,5 million. In light of the increased investment in inventory and biological assets being driven predominantly by higher input prices and the payment requirements on the term-funded debt package over the balance of the year, specific attention is being 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 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 2022	December 2021	% change
Group	**6.4**	9.4	(3.0)ppts
Group excluding Rainbow and Vector Logistics	**8.3**	13.7	(5.4)ppts
Rainbow	**0.3**	(4.3)	4.6ppts
Vector Logistics	**25.3**	8.6	16.7ppts

The 3.0% decline in the Group ROIC is largely due to the decline in profitability coupled with a higher investment in inventory and biological assets.

Vector Logistics' improved ROIC is largely attributable to a favourable period-end working capital cut-off position, which by the nature of their business model having material working capital balances, can materially distort their ROIC.

REVIEW OF OPERATIONS

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

Market share gains in a declining market – highest consumer price inflation for food and non-alcoholic beverages since 2009

	December 2022	December 2021	% change
Revenue (Rm)	**12 239,6**	10 490,8	16.7
EBITDA (Rm)	**978,3**	1 025,3	(4.6)
EBITDA margin (%)	**8.0**	9.8	(1.8)ppts
Underlying EBITDA (Rm)	**981,0**	1 047,9	(6.4)
Underlying EBITDA margin (%)	**8.0**	10.0	(2.0)ppts

Our Value-Added Business has delivered a resilient set of results in a declining market. Despite gaining market share in several categories, volumes were down across most of the operations, driven by the impact of higher prices and production challenges related to the strike action and ongoing load shedding.

Despite the tough environment, several strategic milestones were reached during the period, including the launch of exciting new product innovations and extensions to strengthen our brands, and the completion of Speciality's cake facility consolidation project which will deliver efficiency gains. The recent commissioning of the new Polokwane bakery will provide additional capacity for growth going forward.

To accelerate momentum behind our growth agenda, drive synergies and improve collaboration for impact, we revised the configuration of our Value-Added Business from January 2023. The Pies operating unit, which previously formed part of the Groceries business unit, has moved to the Baking business unit. Results for the Pies operating unit will be reported as part of the Baking business unit in future announcements.

GROCERIES (GROCERY, PIES, BEVERAGES)

Innovations deliver value across a tiered portfolio

	December 2022	December 2021	% change
Revenue (Rm)	**3 386,4**	3 078,2	10.0
EBITDA (Rm)	**325,8**	334,1	(2.5)
EBITDA margin (%)	**9.6**	10.9	(1.3)ppts
Underlying EBITDA (Rm)	**309,3**	308,5	0.3
Underlying EBITDA margin (%)	**9.1**	10.0	(0.9)ppts

The Groceries business unit was challenged by stage 6 load shedding during the period which particularly impacted Grocery service levels in the first quarter. Industrial action at both the Grocery and Pies facilities also contributed to higher costs and production downtime. Despite these setbacks, the business has continued to differentiate itself by producing innovative offerings that are relevant in a difficult market cycle. In addition to successful recent product launches, a strong innovation pipeline is being built, with planned releases in the near-term focused on delivering consumer-centric value. With load shedding expected to continue indefinitely, we are reassessing our risk mitigation strategies with the assessment of energy generation investment being accelerated on a prioritised basis.

In the Grocery operating unit, Nola Mayonnaise generated strong share gains in the period and, together with Number 1 Mageu, was voted number 1 in their respective categories in the 2022/2023 Ask Afrika Icon Brands Benchmark Survey. The recently introduced Yum Yum and Nola value offerings – Yum Yum Peanut Spread and Nola Mayo Street Style – are performing well and contributing to increased market share since launch. A new multi-grain instant porridge was also launched in October under the much-loved Yum Yum brand. Ouma Rusks' strong seasonal promotions have driven pleasing market share growth in recent months.

Our pet food brands continue to maintain leading market shares, despite lower volumes exacerbated by the supply challenges arising from industrial action and load shedding. In the mainstream retail channel, Canine Cuisine and Feline Cuisine have both increased market share, with Feline Cuisine launching a Wet Range during the period. Market-leading Catmor was recognised for its innovation, winning a prestigious NielsenIQ BASES Breakthrough Innovation Award for its 2-in-1 range. In the vet channel, Ultra Pet continues to grow in double digits. Within the non-grocer channel (co-ops and pet stores) our Optimizor brand continues to grow, with the launch of an exciting new range of extensions in Optimizor Active and Optimizer Elite.

The Pies operating unit continued to achieve market share growth in both the fresh and frozen categories, despite supply challenges arising from the industrial action. Good progress is being made on a number of initiatives to improve efficiencies and plant performance.

Beverages delivered an improved result, driven by significant savings due to lower product returns. This was, however, countered by softer demand. Number 1 Mageu's recently-launched Vitamin C-enriched variant is being well received.

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

Positioning for growth

	December 2022	December 2021	% change
Revenue (Rm)	**3 487,3**	2 980,3	17.0
EBITDA (Rm)	**162,5**	243,7	(33.3)
EBITDA margin (%)	**4.7**	8.2	(3.5)ppts
Underlying EBITDA (Rm)	**181,7**	242,7	(25.1)
Underlying EBITDA margin (%)	**5.2**	8.1	(2.9)ppts

The Baking business unit has experienced a slowdown in demand post the implementation of price increases to counter high wheat and maize prices.

The Bread, Buns & Rolls business unit remained resilient in a highly competitive category, with many cash-strapped consumers trading down amidst an influx of lower-tier bread producers. Sunbake has nevertheless continued to show good market share gains in the Retail channel and successfully launched its Chelsea Buns and Snowballs products to expand the Sunbake brand into confectionery. Profit/volume tradeoffs are being carefully managed in the competitive environment to protect market share. The newly commissioned Polokwane bakery will be integral to our longer-term Baking strategy.

The Milling operating unit's volumes remained muted in light of lower internal and external demand. A price increase during the period assisted in offsetting margin pressure, while best-in-class initiatives are under way to enhance efficiency.

The Speciality operating unit has now completed the consolidation of its cake production lines to a dedicated cake facility at its Centurion plant to improve cost efficiency and output. Price increases to recover increasing raw material costs have, however, contributed to a slowdown in demand.

SUGAR (SUGAR AND MOLASSES-BASED ANIMAL FEED)

Continued strong performance across all sugar drivers

	December 2022	December 2021	% change
Revenue (Rm)	**5 365,9**	4 432,2	21.1
EBITDA (Rm)	**490,0**	447,4	9.5
EBITDA margin (%)	**9.1**	10.1	(1.0)ppts
Underlying EBITDA (Rm)	**490,0**	496,7	(1.4)
Underlying EBITDA margin (%)	**9.1**	11.2	(2.1)ppts

The Sugar business unit produced a good set of results, driven by an increase in local market sales volumes aided by strong growth in the industrial channel, as well as more favourable local and export pricing. These gains were partially offset by soaring energy and fertiliser costs. We are in the fortunate position that our sugar mills are largely self-sufficient in terms of power generation and utilisation. However, irrigation scheduling was impacted by load shedding in the agricultural operations, resulting in increased power usage at peak-hour rates, which together with exceptionally high coal prices, drove a significant increase in energy costs during the period. Despite this, the business unit is making good progress with its underlying agricultural performance and expects a good crop at the end of the season. The business had a good factory performance, crushing its entire crop and extending the season to ensure that farmers had an opportunity to bring all their cane to the mill. The Komatipoort warehouse rebuild is progressing well and is on track to be commissioned by the end of the 2024 financial year.

The molasses-based Molatek Animal Feed business benefited from a substantially improved product mix, having pivoted successfully towards selling more profitable bagged products.

RAINBOW (RAINBOW AND GRAIN-BASED EPOL ANIMAL FEED)

Sustained high commodity input costs hamper turnaround progress

	December 2022	December 2021	% change
Revenue (Rm)	**6 578,8**	5 517,9	19.2
EBITDA (Rm)	**(6,1)**	58,3	(110.5)
EBITDA margin (%)	**(0.1)**	1.1	(1.2)ppts
Underlying EBITDA (Rm)	**61,7**	117,3	(47.4)
Underlying EBITDA margin (%)	**0.9**	2.1	(1.2)ppts

Rainbow's turnaround was hampered during the current reporting period by high commodity input costs, poor agricultural performance and the impact of load shedding. Higher volumes and pricing across all channels as well as an improved mix were insufficient to offset the high commodity input costs. Load shedding impacted the feed conversion rate, diesel cost and overtime with additional shifts having to be worked to process the chicken. Despite the impact of load shedding, service delivery over the peak demand period was well managed, resulting in a more profitable mix.

Simply Chicken recently became the proud recipient of the 2022 NielsenIQ BASES Breakthrough Innovation Award for its Cheese Grillers and Frankfurter ranges, one of only 800 recipients over the past decade globally. Simply Chicken achieved all-time high market shares in the freezer-to-fryer and vienna categories during the period.

The Animal Feed business continued to be challenged by a highly competitive market which led to market share erosion, as well as by cost and operational impacts arising from load shedding and by margin pressure due to high commodity input costs.

VECTOR LOGISTICS

	December 2022	December 2021	% change
Revenue (Rm)	**2 143,9**	1 829,8	17.2
EBITDA (Rm)	**165,6**	182,1	(9.1)
EBITDA margin (%)	**7.7**	10.0	(2.3)ppts
Underlying EBITDA (Rm)	**165,6**	182,1	(9.1)
Underlying EBITDA margin (%)	**7.7**	10.0	(2.3)ppts

Vector Logistics has continued its turnaround journey, driven by the integration of the Imperial Logistics South Africa's cold chain business and Vector Logistics networks. Despite good revenue growth, the business was impacted by cost pressures that dampened EBITDA performance when compared to the prior period. Revenue performance was supported by continued growth in food service volumes which now exceed pre-COVID-19 levels, and by good retail revenue growth despite challenges with stock availability from suppliers.

Progress with the final phase of network consolidation realised further cost and scale benefits, however, the business was negatively impacted by the direct cost of load shedding, electricity price hikes, and higher fuel and insurance costs.

L&A Logistics continued to perform well and has contributed to the overall growth in revenue and EBITDA. The result was also aided by a favourable exchange rate movement.

Empty Trips continues to progress as we expand into new channel opportunities.

EQUITY-ACCOUNTED INVESTMENTS

RCL FOODS' share of profits from joint ventures for the current period of R17,9 million was largely in line with the prior period (December 2021: R17,2 million).

RCL FOODS' share of profits from associates for the current period was down by R3,0 million to R111,4 million (December 2021: R114,3 million), largely due to a R9,9 million decline in The Royal Eswatini Sugar Corporation (RES), partially offset by improvements in HMH Rainbow and LIVEKINDLY Collective Africa. Despite higher sugar prices, RES's decrease was largely attributable to a negative fair value adjustment on biological assets.

SUGAR INDUSTRY MASTER PLAN

Progress has been made in some areas of the Sugar Industry Master Plan, such as support for small-scale growers and developing plans for alternative markets and uses for the crop. Regulatory changes remain necessary to secure investment in these projects. The Master Plan was not able to achieve all its objectives due to limitations imposed by COVID-19 lockdowns, the July 2021 civil unrest, as well as the April 2022 floods and is therefore likely to be extended beyond the initial three-year timeframe.

The greater concern relates to the potential ramifications of the Tongaat Hulett Limited business rescue process and their stance of not paying industry levies and redistribution obligations, which may cause significant instability and financial risk in the industry. We continue to monitor how these events unfold and will support the industry where possible. Extended refining into the off-crop period at our Malalane refinery assisted in ensuring that the local market is sufficiently supplied for the present.

POULTRY SECTOR MASTER PLAN

The Poultry Sector Master Plan is progressing slowly, with strengthening support from Government, improved labelling legislation and significant investment in capacity by the industry. A substantial opportunity remains in terms of exports but greater support from Government is required for the industry to access new markets.

PROSPECTS

RCL FOODS has delivered a resilient set of results in an exceptionally tough market. Demand is expected to remain muted in a high-inflation environment, with little relief in sight from a commodity pricing perspective. Given its implications for food security and economic recovery, the ongoing pressure on consumers is a key concern for us.

Our tiered portfolio will remain integral to our resilient participation in the market as consumers increasingly trade down to more affordable brands and options. Delivering on our Value-Added Business growth plans will be of critical focus to lay a secure foundation for the future.

In the Sugar space, the world sugar price is forecast to remain at elevated levels. Recent good rains and warm weather bode well for the next season's crop, however, yields could be negatively impacted by load shedding which affects farmers' ability to irrigate. The future of the local sugar industry remains uncertain and is extremely concerning for us all. In February 2023, the Nkomazi region experienced significant rainfall which resulted in widespread flooding. Whilst efforts were made to secure irrigation infrastructure, there was extensive damage to roads, low lying bridges, and certain pumps and pump stations which could not be accessed. The extent of the damage is yet to be fully determined due to continuing high water levels.

Rainbow remains confident of delivering on its turnaround plan. While progress is being made in establishing the building blocks for future growth, many of the elements have multi-year timelines which will require agile navigation as the high commodity input costs are expected to continue for the foreseeable future. The continued focus on agriculture management, combined with the roll-out of new genetics, is expected to yield positive results in the next financial year.

With Vector Logistics' network consolidation now complete, it is on track to deliver on its turnaround strategy of delivering a sustainable business into the future. The impact of load shedding on its principals will continue to negatively impact on volumes through the Vector Logistics network.

The continued high levels of load shedding have forced the RCL FOODS Group to consider further investing in energy self-sufficiency, which is expected to come at a significant cost.

Against a backdrop of load shedding, municipal infrastructure failures and community challenges, RCL FOODS is committed to maintaining a relentless focus on the factors within our control.

BOARD AND COMMITTEE CHANGES

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

- Gugu Dingaan was appointed as an independent non-executive director of the Company, with effect from 9 November 2022. She will also serve as chairperson of the Audit Committee; and a member of the Risk Committee and Social and Ethics Committee;
- Cindy Hess retired by rotation at the Company's 2022 Annual General Meeting, with effect from 9 November 2022, and accordingly stepped down as a non-executive director of the Company, and as member and chairperson of the Audit Committee and member of the Risk Committee; and
- Robert Field will no longer serve on the Company's Social and Ethics Committee, with effect from 2 September 2022, but will continue to attend meetings as an invitee.

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 are considered *pro forma* financial information in terms of the JSE Listings Requirements and have 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.

December 2022 (Rm)	Unadjusted	IFRS 9 Fair value adjustments	Underlying
EBITDA	1 177,7	**70,5**	1 248,2
RCL FOODS Value-Added Business	978,3	**2,7**	981,0
Groceries	325,8	**(16,6)**	309,2
Baking	162,5	**19,3**	181,8
Sugar	490,0		490,0
Rainbow	(6,1)	**67,8**	61,7
Vector Logistics	165,6		165,6
Group	57,0		57,0
Unallocated restructuring costs	(17,1)		(17,1)
Profit for the period attributable to equity holders of the Company	512,2	**51,5**	563,7
EPS (cents)	57.6	**5.8**	63.4
Headline earnings	502,2	**51,5**	553,7
HEPS (cents)	56.4	**5.8**	62.2

December 2021 (Rm)	Unadjusted	IFRS 9 Fair value adjustments	Civil unrest	Komati fire	Underlying
EBITDA	**1 292,7**	**(2,7)**	**44,7**	**39,6**	1 374,3
RCL FOODS Value-Added Business	**1 025,3**	**(27,7)**	**10,7**	**39,6**	1 047,9
Groceries	**334,1**	**(26,4)**	**0,8**		308,5
Baking	**243,8**	**(1,3)**	**0,2**		242,7
Sugar	**447,4**		**9,7**	**39,6**	496,7
Rainbow	**58,3**	**25,0**	**34,0**		117,3
Vector Logistics	**182,1**				182,1
Group	**38,3**				38,3
Unallocated restructuring costs	**(11,3)**				(11,3)
Profit for the period attributable to equity holders of the Company	**655,1**	**(2,0)**	**32,2**	**28,5**	713,9
EPS (cents)	**73.8**	**(0.2)**	**3.6**	**3.2**	80.4
Headline earnings	**645,6**	**(2,0)**	**32,2**	**28,5**	704,3
HEPS (cents)	**72.7**	**(0.2)**	**3.6**	**3.2**	79.3

RECONCILIATION BETWEEN UNADJUSTED AND UNDERLYING RESULTS CONTINUED

- 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.
- Civil unrest relates to the negative impact arising from direct costs incurred as a result of the civil unrest, which included looting and vandalism of property during July 2021 in KwaZulu-Natal and Gauteng and excludes any revenue impact.
- Komati fire relates to losses incurred in respect of the fire at the Sugar warehouse in Komatipoort, net of insurance accruals for claims instituted.

For and on behalf of the Board

JJ Durand
Non-executive Chairman

PD Cruickshank
Chief Executive Officer

Durban

6 March 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

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF RCL FOODS LIMITED

We have reviewed the condensed consolidated interim financial statements of RCL Foods Limited in the accompanying interim results, set out on pages 17 to 26, which comprise the condensed consolidated statement of financial position as at 1 January 2023 and the related condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flow information for the six months then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa and the Listings Requirements of the JSE Limited, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of RCL Foods Limited for the six months ended 1 January 2023 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa and the Listings Requirements of the JSE Limited.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: Rodney Klute
Registered Auditor

Durban, South Africa

6 March 2023

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.

The consolidated interim financial statements for the six months ended December 2022 were reviewed by PricewaterhouseCoopers Inc., who expressed an unqualified opinion thereon. 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 1 January 2023 R'000	Unaudited 2 January 2022 R'000	Audited 3 July 2022 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**6 657 125**	5 689 644	6 362 040
Right-of-use asset	**497 248**	772 754	524 583
Intangible assets	**1 566 877**	1 623 760	1 602 581
Investment in joint ventures	**325 025**	305 024	307 135
Investment in associates	**923 262**	939 166	822 991
Deferred income tax asset	**55 644**	116 223	45 435
Loans receivable	**45 061**	48 216	31 095
Trade and other receivables	**27 026**	25 437	26 289
Investment in financial asset	**241 976**	235 390	241 976
Goodwill	**1 885 590**	1 992 947	1 885 590
	12 224 834	11 748 561	11 849 715
Current assets			
Inventories	**4 450 443**	3 283 923	3 147 177
Biological assets	**1 136 606**	934 997	1 231 829
Trade and other receivables	**7 375 471**	6 018 753	6 099 577
Derivative financial instruments	**19 156**	210	4 597
Tax receivable	**6 818**	66 270	18 997
Cash and cash equivalents	**754 458**	1 191 275	1 590 267
	13 742 952	11 495 428	12 092 444
Assets of disposal group classified as held for sale	**19 875**	15 785	33 135
Total assets	**25 987 661**	23 259 774	23 975 294
EQUITY			
Capital and reserves	**11 575 880**	11 118 953	11 389 332
LIABILITIES			
Non-current liabilities			
Deferred income	**3 949**		4 474
Interest-bearing liabilities	**291 916**	1 987 558	1 538 829
Lease liabilities	**681 808**	897 930	730 482
Deferred income tax liabilities	**1 003 876**	1 016 936	1 040 157
Retirement benefit obligations	**120 982**	111 822	115 725
Trade and other payables	**9 853**		
	2 112 384	4 014 246	3 429 667
Current liabilities			
Trade and other payables	**8 379 972**	6 918 783	7 800 799
Deferred income	**4 058**	1 773	2 768
Interest-bearing liabilities	**2 010 247**	867 776	1 111 475
Lease liabilities	**166 734**	165 286	155 130
Derivative financial instruments	**1 952**	19 389	2 018
Current income tax liabilities	**135 417**	109 789	58 629
Bank overdraft	**1 600 000**	43 779	24 459
	12 298 380	8 126 575	9 155 278
Liabilities of disposal group classified as held for sale	**1 017**		1 017
Total liabilities	**14 411 781**	12 140 821	12 585 962
Total equity and liabilities	**25 987 661**	23 259 774	23 975 294

CONSOLIDATED INCOME STATEMENT

	Reviewed Six months December 2022 R'000	Unaudited Six months December 2021 R'000	Audited Year ended June 2022 R'000
Revenue from contracts with customers	**20 157 069**	17 146 793	34 906 972
Operating profit before depreciation, amortisation and impairments[1] (EBITDA)	**1 177 714**	1 292 685	2 595 656
Depreciation, amortisation and impairments[1]	**(529 974)**	(475 586)	(989 841)
Operating Profit	**647 740**	817 099	1 605 815
Finance costs	**(185 313)**	(156 366)	(311 622)
Finance income	**14 931**	18 534	40 396
Share of profits of joint ventures	**17 890**	17 196	38 904
Share of profits of associates	**111 365**	114 347	17 752
Profit before tax	**606 613**	810 810	1 391 245
Income tax expense	**(201 819)**	(198 701)	(413 561)
Profit for the period	**404 794**	612 109	977 684
Attributable to:			
Equity holders of the Company	**512 206**	655 131	1 013 361
Non-controlling interests	**(107 412)**	(43 022)	(35 677)
HEADLINE EARNINGS			
Profit for the period attributable to equity holders of the Company	**512 206**	655 131	1 013 361
Profit on disposal of property, plant and equipment and assets held for sale	**(4 810)**	(6 637)	(3 243)
Insurance proceeds	**(6 206)**	(198)	(662)
Impairments of fixed assets and intangibles	**1 034**		46 357
Change in ownership of associate		(2 768)	(2 768)
Loss on disposal of property, plant and equipment included in equity accounted earnings of associates	**17**	24	927
Headline earnings	**502 241**	645 552	1 053 972
	Cents	Cents	Cents
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	**57.6**	73.8	114.0
Basic earnings per share – diluted	**57.2**	73.5	113.1
Headline earnings per share	**56.4**	72.7	118.6
Headline earnings per share – diluted	**56.1**	72.4	117.6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed Six months December 2022 R'000	Unaudited Six months December 2021 R'000	Audited Year ended June 2022 R'000
Profit for the period	**404 794**	612 109	977 684
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of retirement medical obligations - net of tax			(1 644)
Share of associates other comprehensive income			1 354
Items that may subsequently be reclassified to profit and loss			
Currency translation differences	**19 042**	12 475	2 446
Other comprehensive income for the period - net of tax	**19 042**	12 475	2 156
Total comprehensive income for the period	**423 836**	624 584	979 840
Total comprehensive income for the period attributable to:			
Equity holders of the Company	**533 512**	667 606	1 016 125
Non-controlling interests	**(109 676)**	(43 022)	(36 285)
	423 836	624 584	979 840

CONSOLIDATED CASH FLOW INFORMATION

	Reviewed December 2022 R'000	Unaudited December 2021 R'000	Audited June 2022 R'000
Operating profit	**647 740**	817 099	1 605 815
Non-cash items	**382 882**	367 907	667 323
Operating profit before working capital requirements	**1 030 622**	1 185 006	2 273 138
Working capital requirements			
Movement in inventories	**(1 278 451)**	(100 183)	30 185
Movement in biological assets	**258 578**	217 298	83 468
Movement in trade and other receivables	**(1 255 777)**	(580 950)	(669 384)
Movement in trade and other payables	**559 009**	819 172	1 710 504
Cash generated by operations	**(686 019)**	1 540 343	3 427 911
Net finance cost	**(133 419)**	(111 816)	(217 788)
Tax paid	**(159 331)**	(218 426)	(347 070)
Cash available from operating activities	**(978 769)**	1 210 101	2 863 053
Dividend received	**15 043**	35 148	70 421
Dividends paid	**(268 939)**	(269 485)	(402 876)
Cash outflows from investing activities			
Replacement property, plant and equipment	**(327 897)**	(239 368)	(686 045)
Expansion property, plant and equipment	**(366 901)**	(250 726)	(587 398)
Intangible asset additions	**(8 417)**	(2 746)	(27 240)
Acquisition of businesses			(7 024)
Advances of interest-bearing loans	**(13 966)**		(2 998)
Advances of non-interest-bearing loans		(4 223)	
Receipts from loans		4 470	13 277
Proceeds on disposal of non-current assets held for sale	**19 754**		12 455
Proceeds on disposal of property, plant and equipment and intangible assets	**11 221**	25 429	28 920
Net cash outflow from investing activities	**(686 206)**	(467 164)	(1 256 053)
Cash outflows from financing activities			
Repayment of interest-bearing liabilities	**(499 371)**	(358 767)	(758 465)
Advances of interest-bearing liabilities	**8 984**	99 850	152 609
Net cash outflow from financing activities	**(490 387)**	(258 917)	(605 856)
Net movement in cash and cash equivalents	**(2 409 258)**	249 683	668 689
Cash and cash equivalents at the beginning of the period	**1 565 808**	896 969	896 969
Exchange rate translation	**(2 092)**	844	150
Cash and cash equivalents at the end of the period	**(845 542)**	1 147 496	1 565 808

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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					655 131	655 131	(43 022)	612 109
Other comprehensive income for the period			12 475			12 475	(1 152)	11 323
BEE share-based payments charge		8 800				8 800		8 800
Employee share option scheme:								
Value of employee services		49 662				49 662		49 662
Equity component of tax on share-based payments		5 419				5 419		5 419
Exercise of employee share options	2 212	(2 212)						
Shareholder loans converted to equity							7 458	7 458
Ordinary dividend paid					(266 535)	(266 535)	(2 950)	(269 485)
Balance at 2 January 2022	10 320 291	837 892	11 416	(1 919 832)	1 944 691	11 194 458	(75 505)	11 118 953
Profit for the period					358 230	358 230	7 345	365 575
Other comprehensive income for the period			(9 421)		(290)	(9 711)	544	(9 167)
BEE share-based payments charge		894				894		894
Employee share option scheme:								
Value of employee services		43 991				43 991		43 991
Equity component of tax on share-based payments		(5 188)				(5 188)		(5 188)
Exercise of employee share options	13 845	(13 845)						
Shareholder loans converted to equity							7 665	7 665
Ordinary dividend paid					(133 391)	(133 391)		(133 391)
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					**512 206**	**512 206**	**(107 412)**	**404 794**
Other comprehensive income for the period			**21 306**			**21 306**	**(2 264)**	**19 042**
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**

SUPPLEMENTARY INFORMATION

		Reviewed December 2022 R'000	Unaudited December 2021 R'000	Audited June 2022 R'000
Capital expenditure contracted and committed		**892 224**	618 363	1 022 737
Capital expenditure approved but not contracted		**333 836**	707 637	361 511
STATISTICS				
Statutory ordinary shares in issue (includes BEE shares)	(000's)	**953 969**	952 257	953 298
Ordinary shares in issue for accounting purposes	(000's)	**890 139**	888 427	889 468
Weighted average ordinary shares in issue	(000's)	**889 871**	888 310	888 700
Diluted weighted average ordinary shares in issue	(000's)	**895 260**	891 128	896 367
Net asset value per share	(cents)	**1 300.5**	1 251.5	1 280.5
Ordinary dividends per share:				
Interim dividend declared	(cents)		15.0	15.0
Final dividend declared	(cents)			30.0
Total dividends	(cents)		15.0	45.0

SEGMENTAL ANALYSIS

	Reviewed December 2022 R'000	Unaudited December 2021 R'000	Audited June 2022 R'000
Revenue from contracts with customers	**20 157 069**	17 146 793	34 906 972
RCL Foods Value-Added Business	**12 239 598**	10 490 806	21 221 726
Groceries	**3 386 439**	3 078 214	6 005 897
Baking	**3 487 288**	2 980 344	6 214 488
Sugar	**5 365 871**	4 432 248	9 001 341
Rainbow	**6 578 849**	5 517 931	11 384 801
Vector Logistics	**2 143 871**	1 829 790	3 691 934
Group[1]	**106 528**	93 547	189 707
Sales between segments:			
Groceries sales to Baking	**(1 782)**	(368)	(1 464)
Groceries sales to Sugar	**(1 893)**	(8 346)	(9 498)
Groceries sales to Rainbow	**(98 676)**	(68 959)	(132 627)
Groceries sales to Group	**(921)**	(50)	(940)
Baking sales to Groceries	**(79 136)**	(69 738)	(146 198)
Baking sales to Sugar	**(764)**	(559)	(1 076)
Baking sales to Rainbow	**(84 140)**	(62 031)	(128 640)
Sugar sales to Groceries	**(51 602)**	(45 325)	(84 221)
Sugar sales to Baking	**(14 602)**	(29 799)	(53 132)
Sugar sales to Rainbow	**(3 111)**	(1 307)	(4 843)
Sugar sales to Vector Logistics	**(1 711)**		(209)
Rainbow sales to Groceries	**(10 117)**	(8 131)	(25 747)
Rainbow sales to Sugar	**(3 558)**		(7 070)
Vector Logistics sales to Groceries	**(145 466)**	(130 211)	(262 415)
Vector Logistics sales to Baking	**(12 208)**	(11 576)	(24 374)
Vector Logistics sales to Sugar	**(17 634)**	(15 786)	(32 255)
Vector Logistics sales to Rainbow	**(384 456)**	(333 095)	(666 487)
Operating profit before depreciation, amortisation and impairments[2] (EBITDA)	**1 177 714**	1 292 685	2 595 656
RCL Foods Value-Added Business	**978 285**	1 025 285	1 854 933
Groceries	**325 833**	334 107	550 104
Baking	**162 486**	243 746	487 867
Sugar	**489 966**	447 432	816 962
Rainbow	**(6 144)**	58 300	347 111
Vector Logistics	**165 579**	182 147	334 684
Group[3]	**57 088**	38 266	78 364
Unallocated restructuring costs[4]	**(17 094)**	(11 313)	(19 436)
Depreciation, amortisation and impairments[2]	**(529 974)**	(475 586)	(989 841)

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

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

[3] *Includes the operating costs of RCL Foods Limited and RCL Group Services Proprietary Limited (shared services component), 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.*

[4] *Unallocated costs recognised as a result of the managed separation of the Rainbow business, due to the internal restructure.*

SEGMENTAL ANALYSIS CONTINUED

	Reviewed December 2022 R'000	Unaudited December 2021 R'000	Audited June 2022 R'000
Operating profit	**647 740**	817 099	1 605 815
RCL Foods Value-Added Business	**703 557**	793 031	1 436 936
Groceries	**254 964**	266 478	304 289
Baking	**74 617**	158 894	315 441
Sugar	**373 976**	367 659	817 206
Rainbow	**(144 293)**	(61 226)	89 667
Vector Logistics	**65 612**	87 620	143 696
Group[1]	**39 958**	8 987	21 039
Unallocated restructuring costs[2]	**(17 094)**	(11 313)	(85 523)
Finance costs	**(185 313)**	(156 366)	(311 622)
Finance income	**14 931**	18 534	40 396
Share of profits of joint ventures	**17 890**	17 196	38 904
Sugar	**10 044**	11 464	26 113
Vector Logistics	**7 846**	5 732	12 791
Share of profits of associates	**111 365**	114 347	17 752
Sugar	**109 609**	119 541	29 226
Livekindly Collective Africa	**1 111**	(2 193)	(6 745)
Ugandan Operation	**645**	(3 001)	(4 729)
Profit before tax	**606 613**	810 810	1 391 245

1 *Includes the operating costs of RCL Foods Limited and RCL Group Services Proprietary Limited (shared services component), 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.*

2 *Unallocated costs recognised as a result of the managed separation of the Rainbow business, due to the internal restructure.*

REVENUE

	Reviewed December 2022 R'000	Unaudited December 2021 R'000	Audited June 2022 R'000
Disaggregation of revenue from contracts[1] with customers			
Revenue	**20 157 069**	17 146 793	34 906 972
RCL Foods Value-Added Business	**12 239 598**	10 490 806	21 221 726
Groceries	**3 386 439**	3 078 214	6 005 897
Groceries	**2 957 924**	2 703 035	5 284 478
Sundry sales[2]	**428 515**	375 179	721 419
Baking	**3 487 288**	2 980 344	6 214 488
Sugar	**5 365 871**	4 432 248	9 001 341
Rainbow	**6 578 849**	5 517 931	11 384 801
Rainbow	**6 353 217**	5 345 791	11 022 347
Sundry sales[2]	**225 632**	172 140	362 454
Vector Logistics	**2 143 871**	1 829 790	3 691 934
Group[3]	**106 528**	93 547	189 707
Sales between segments	**(911 777)**	(785 281)	(1 581 196)
Timing of revenue recognition[4]	**20 157 069**	17 146 793	34 906 972
Point in time	**18 384 542**	15 714 124	32 605 741
Over time	**1 772 527**	1 432 669	2 301 231

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

2 *Sundry sales consist of poultry by-products 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.*

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

4 *Revenue recognised at a point in time relates to the sale of goods whilst revenue recognised over time relates to the sale of services and certain goods for which consideration is deferred.*

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