



RAINBOW CHICKEN LIMITED **INTERIM FINANCIAL RESULTS**

for the six months ended December 2024

SALIENT FEATURES

Rainbow's "Brilliant Basics" turnaround strategy continues to drive improved profitability.

Turnaround momentum continues

REVENUE

R7,9 billion

↑ 8.9%

EBITDA*

R581,1 million

↑ 119.0%

EARNINGS

R317,0 million

↑ 1 407.1%

EARNINGS PER SHARE¹

35.58 cents

↑ 1 407.6%

HEADLINE EARNINGS

R317,6 million

↑ 1 348.8%

HEADLINE EARNINGS PER SHARE¹

35.64 cents

↑ 1 348.8%

RETURN ON INVESTED CAPITAL

12.6%

December 2023: 0.5%

CASH GENERATED FROM OPERATING ACTIVITIES

R755,1 million

↑ 49.2%

* Operating profit before interest, taxes, depreciation, amortisation and impairments ("EBITDA").

¹ The weighted average number of shares used to calculate the earnings per share ("EPS") and headline earnings per share ("HEPS") for the comparative period have been retrospectively determined in line with IAS 33 paragraph 64 ("retrospective adjustments").

COMMENTARY

KEY FEATURES

- Rainbow listed on the Main Board of the JSE Limited (“JSE”) on 26 June 2024
- Turnaround momentum maintained delivering a pleasing result and improvement from previous period
- Full impact of genetic changes impacting agricultural performance positively
- Lower commodity prices relative to previous period
- Consumer remains under pressure resulting in negative impact on pricing
- Solid performance of Animal Feed Division delivering margin growth
- Robust focus on cash management delivering a strong cash position

INTRODUCTION

As one of South Africa’s largest processors and marketers of chicken, Rainbow Chicken Limited (“Rainbow” or “the Company” or “the Group”) remains firmly focused on its purpose of *nourishing the nation*.

Rainbow is a fully integrated broiler producer that plays a major role in the national supply of chicken, overseeing every stage of production from farm to fork. It processes, distributes and markets fresh, frozen, value-added, and further-processed chicken of superior quality, while also producing industry-leading animal feed.

Rainbow’s Chicken Division produces and markets products under the well-known Rainbow, Simply Chicken, and Farmer Brown brands. Key to its long-term sustainability and competitive positioning, chicken sales and distribution are balanced across three major channels, namely retail and wholesale (“R&W”); hotels, restaurants and catering (“HORECA”); and quick service restaurants (“QSR”).

The Animal Feed Division produces and markets a range of animal feeds under the Epol and Driehoek Feeds brands, primarily for internal use in the Chicken Division’s poultry operations, as well as for the external animal feed market, with a core focus on product quality and feed performance.

Further, Rainbow owns a 50% shareholding in Matzonox Proprietary Limited (“Matzonox”), which houses the Waste-to-Value (“W2V”) Division. Based at its Worcester and Rustenburg chicken processing sites, Matzonox is focused on processing effluent water and other waste products to generate electricity and heat, as well as recycling water.

Rainbow listed on the Main Board of the JSE on 26 June 2024 and unbundled from RCL FOODS Limited (“RCL FOODS”) on 1 July 2024. These results are Rainbow’s first set of interim results released as a separately listed entity post the unbundling. Rainbow’s comparable interim results for the six months ended 31 December 2023 formed part of RCL FOODS’ interim financial results information package, released on the Stock Exchange News Services on 4 March 2024.



FINANCIAL REVIEW

GROUP RESULTS

INCOME STATEMENT

The positive momentum of Rainbow's turnaround strategy and improved profitability has continued in the first half of the financial year. Revenue for the six months ended December 2024 ("current period") increased by 8.9% to R7,9 billion (December 2023: R7,2 billion), largely attributable to the increased sales in the Chicken Division.

EBITDA increased by R315,7 million to R581,1 million (December 2023: R265,4 million) at a significantly increased margin of 7.4% (December 2023: 3.7%).

	Unaudited December 2024 R'000	Unaudited December 2023 R'000	Movement %	Audited June 2024 R'000
Revenue	7 894 686	7 249 374	8.9	14 527 425
EBITDA	581 131	265 400	119.0	637 174
EBITDA margin	7.4%	3.7%	3.7 ppts	4.4%
Operating profit	415 813	112 215	270.6	335 676
Operating profit margin	5.3%	1.5%	3.8 ppts	2.3%

Included within the earnings are fair value adjustments on the Group's commodity raw material derivative positions, reflecting a gain of R47,1 million (December 2023: R16,2 million loss). The year-on-year positive movement of R63,3 million is largely attributable to higher maize prices and the weakening of the Rand, specifically against the US Dollar, resulting in an increase in unrealised positive mark-to-market adjustments on the Group's open long maize and currency derivative positions.

Due to the improvement in results, short-term and long-term incentives have been accrued for accordingly.

Net finance costs decreased by R118,7 million, primarily due to the reduction in gearing following the debt-to-equity loan conversion from RCL FOODS executed during February and May 2024. Additionally, a stronger cash position, resulting from enhanced profitability, contributed to the reduction in finance costs.

Rainbow's effective tax rate was 28.0% (December 2023: 24.6%), which was impacted by non-tax-deductible listing company expenses incurred during the current period.

Non-controlling interests pertain primarily to the share of profits allocated to outside shareholders in Rainbow's W2V Division, Matzonox. 50% of the profit after tax is distributed to outside shareholders through the non-controlling interest line in the income statement. Losses allocated to non-controlling interests in the current period decreased by R7,5 million in comparison to December 2023. This improvement is primarily attributed to improved operational performance.

STATEMENT OF FINANCIAL POSITION

Property, plant, equipment and right-of-use assets increased by R60,0 million from June 2024, reaching R2,1 billion. This increase is primarily attributed to investments of R224,5 million which was offset by depreciation, amounting to R162,1 million and other movements of R2,4 million.

These investments were strategically allocated to several capital projects aimed at enhancing operational efficiency and mitigating risks. Replacement and expansion capital expenditure for the six-month period ending December 2024 amounted to R196,3 million and R17,3 million respectively. The majority of the replacement capital expenditure relates to the maintenance of the existing asset base.

An amount of R113,0 million (December 2023: R152,4 million) has been contracted and committed, but not spent, while a further R129,5 million (December 2023: R51,8 million) has been approved but not contracted. Notably, a significant portion of the approved but not yet contracted amount pertains to costs associated with the IT separation project. This project is critical for ensuring the seamless transition from RCL FOODS and independence of the Company's IT infrastructure.

Rainbow continues to manage its working capital investment efficiently. Net working capital was 27.0% (December 2023: 33.2%) of revenue for the current period.

When adjusting for cut-off movements for both trade and other receivables and trade and other payables in reporting periods, net working capital as a percentage of revenue improves to 19.6% (December 2023: 25.4%).

Historically, Rainbow executives participated in the RCL FOODS' legacy long-term incentive scheme, specifically the Share Appreciation Rights scheme ("SARs").

Following the unbundling from RCL FOODS, all existing SARs were converted to Rainbow SARs at a similar value on 02 September 2024. This conversion was based on Rainbow's share price with accelerated vesting and replicates the original RCL FOODS SAR's rules. Upon conversion, Rainbow recognised the scheme as equity settled and derecognised the existing liability in the current financial period.

The Group's total debt has decreased by R3,2 billion compared to December 2023. This reduction is mainly due to the debt-to-equity loan recapitalisations effected in February and May 2024. This impact had a corresponding increase in the share capital balance.

FINANCIAL REVIEW CONTINUED

CASH FLOW

Cash flow generated from operating activities increased by R249,2 million primarily attributed to the increased profitability, higher net interest received due to a stronger cash position, and the impact of the debt-to-equity loan conversion in comparison to December 2023. These positive factors were partially offset by negative working capital movements which were influenced by higher inventory and bird volumes offset by lower feed prices, and the increase in trade and other receivables due to the higher sales. Additionally, this adverse movement was mitigated by a decrease in creditors' payments due to the timing of reporting periods compared to June 2024.

The higher outflow from investing activities compared to December 2023 was driven by the higher investment in capital expenditure. In the prior year, the proceeds from the disposal of the investment in associate HMH were received.

The positive movement in financing activities for the current period was attributable to the receipt on the outstanding loan to RCL FOODS as of June 2024. This was partially offset by the repayment of loans to Verdure and IFRS 16 leases.

RETURN ON INVESTED CAPITAL ("ROIC")

December 2024 ROIC %	December 2023 ROIC %
12.6	0.5

ROIC is a key metric used by Rainbow to measure its efficiency and effectiveness of capital allocation. ROIC is calculated using a rolling 12-month net operating profit after tax divided by invested capital.

Enhanced profitability during the current period led to an improved return on invested capital.

DIVIDEND UPDATE

The Board recognises the importance of maintaining a consistent dividend policy and any dividend proposed by the Board in respect of any financial period will be dependent on and influenced by, among other considerations, the Company's operating results, financial position, investment strategy, capital requirements and strategic initiatives. While Rainbow continues to make significant strides in implementing its strategy of becoming a market-leading, low-cost producer in South Africa, available free cash flows are currently being used to invest and grow the Company's infrastructure platform. No interim dividend was therefore declared.

SEGMENTAL REVIEW

The operational improvements in both the Chicken and Animal Feed Divisions are advancing satisfactorily, positioning Rainbow as a leader in both sectors.

This momentum is being driven by the Company's "Brilliant Basics" strategy, to ensure better feed, better farming practices and better processing, all intended to drive lower cost outcomes.

The overall gain in the current period versus the comparable period can be ascribed to the effective management of controllable issues, such as the evolving integrated value chain approach, higher processing yield, and effective cost management.

Rainbow is also dealing effectively with external factors, such as the elevated primary commodity input costs, particularly maize and soyabean meal, both of which are subject to commodity pricing dynamics and exchange rate fluctuations. This in turn impacts the cost of feed, which contributes to approximately 70% of broiler production costs. Although commodity input costs are lower relative to the comparative period, these remain at elevated levels when compared to historical norms.

The integrated value chain is in essence a two-year pipeline, requiring precise planning in terms of the breed, and volumes required for optimal efficiency, lowest cost, facility capacities and customer demand.

Rainbow's resilient performance, supported by a sound planning strategy, leading brands and product innovation demonstrates an ability to focus on its vision – to be best-in-class in the animal feed and chicken sectors – despite these challenging conditions.

CHICKEN DIVISION

Revenue increased by 8.0% relative to the prior period. The improved sales were largely attributable to an improved sales channel mix, focus on product mix management and higher volumes.

	Unaudited December 2024 R'000	Unaudited December 2023 R'000	Movement %	Audited June 2024 R'000
Revenue	6 955 815	6 438 361	8.0	12 746 473
EBITDA	362 419	110 588	227.7	337 923
EBITDA margin	5.2%	1.7%	3.5 ppts	2.7%
Operating profit	235 900	(5 560)	(4 342.8)	109 953
Operating profit margin	3.4%	(0.1%)	3.5 ppts	0.9%

The strong financial improvement was driven by consistent operational improvements, improved agricultural performance, enhanced efficiencies and a disciplined focus on cost management, together with lower commodity pricing relative to the comparative period. Further, the reduction in costs related to energy loadshedding and Avian Influenza ("AI") delivered a combined positive benefit to the business in the current period.

The two-year transition to a new breed has been completed and, along with the benefits of improved husbandry practices and a less dense energy feed, are expected to continue to positively impact on the agricultural key performance indicators and cost build-up.

The enhanced capacity at the Hammarsdale processing plant, which was completed in the previous reporting period, continues to deliver benefits to the business through increased volumes and a more profitable product mix.

AI remains a risk to the business, and the Company has taken notable steps to manage this. Besides the culling of a substantial number of breeder birds in the

previous year, Rainbow extended the breeder flocks and imported eggs to successfully mitigate the risk of chicken shortages in the market. Additionally, the Company relocated its Midrand breeding facility in record time to a less densely populated (lower risk) region closer to Rustenburg. The geographical separation of the facilities has helped to reduce the AI risk to the business, along with best practice bio-security enhancements to reduce the probability of disease outbreaks, especially in breeding flocks. While the Government has provided a protocol for AI vaccination, the cost and conditions are prohibitive for both the table egg and chicken industries and requires urgent reconsideration by the State.

Understanding the customer, developing the most appropriate product mix and innovating to expand the market all remain critical to ensuring the growth and sustainability of the business. Maintaining brand relevance and affinity is central to the "Future Perfect Rainbow Chicken" strategy and is given effect through the Company's strong market-facing capabilities. This allows the business to anticipate shifting market trends and ensures production agility to respond to changes in the value chain and the challenges that are inherent to the poultry industry.

Rainbow continues to invest in its existing brands with product launches of multiple Simply Chicken, Farmer Brown and Rainbow products growing their respective market shares.

Rainbow is well positioned to meet the rising consumer demand and optimise the sales channel mix across R&W, HORECA, and QSR. An improved diverse channel and product mix have significantly contributed to Rainbow's strong market position.

Additionally, the Company has experienced robust demand for further-processed value products in the past six months. Looking ahead for the next six months of our 2025 financial year, the primary focus is on innovation to seize future growth prospects in this category. Developing and implementing innovative strategies will be critical to ensure that Rainbow continues to thrive and deliver on new opportunities.

The ongoing infrastructure investment programme continues to unlock performance and financial benefits. These strategic investments, mostly funded from operational cash flows and the proceeds of the pre-unbundling recapitalisation, include both upgrades to existing facilities and the addition of new infrastructure. This significant capital expenditure on key projects to improve the performance, resilience and agility of the Company is closely aligned to its strategic vision, which is ultimately to position Rainbow as the best-in-class, lowest-cost producer in the sector.

SEGMENTAL REVIEW CONTINUED

ANIMAL FEED DIVISION

Whilst sales volumes increased by 6.0% from the prior period, driven by both internal and external channels, overall revenue only increased by 2.4% as a result of lower sales prices due to a reduction in commodity input costs. Continued focus on improved operational efficiencies and cost control through the full supply chain had a positive impact resulting in an EBITDA margin of 5.8%.

	Unaudited December 2024 R'000	Unaudited December 2023 R'000	Movement %	Audited June 2024 R'000
Revenue	3 626 808	3 541 940	2.4	7 186 161
EBITDA	211 764	138 760	52.6	253 150
EBITDA margin	5.8%	3.9%	1.9 ppts	3.5%
Operating profit	189 292	117 869	60.6	211 587
Operating profit margin	5.2%	3.3%	1.9 ppts	2.9%

Rainbow's growth aspirations for its Animal Feed Division are primarily focused on sustainable growth. While the majority of feed volume is consumed by the internal feed requirements of the Chicken Division, there is sufficient spare capacity in the feed mills to enable future growth of the internal as well as external feed business.

With a stable feed manufacturing infrastructure, the Animal Feed Division saw a positive impact on profitability due to a disciplined focus on margin recovery and production growth. Rainbow's focus remains on achieving growth by selling feed at acceptable margins, while delivering benefits to customers with excellent feed performance, great service, and a competitive feed price.

WASTE-TO-VALUE DIVISION

Revenue increased by 16.5% relative to the comparative period, mainly due to operational improvements at the Rustenburg plant.

	Unaudited December 2024 R'000	Unaudited December 2023 R'000	Movement %	Audited June 2024 R'000
Revenue	56 641	48 634	16.5	96 484
EBITDA	22 962	16 183	41.9	31 959
EBITDA margin	40.5%	33.3%	7.2 ppts	33.1%
Operating profit	6 635	37	17 832.4	(6)
Operating profit margin	11.7%	0.1%	11.6ppts	0.0%

Water and energy security continue to be key focus areas for the business. Although the reduction in energy loadshedding has brought relief to operational costs and efficiencies, the Group's operations remain heavily dependent on water and electricity. Any disruptions to the supply of quality clean water and electricity to the operations could impact the quality of its products, increase operating costs and ultimately impact its profitability. Among many mitigating initiatives, Rainbow is investigating additional borehole water supplies and the installation of alternative water supply lines.

The W2V plants are key components of Rainbow's sustainability initiatives. Despite facing several operational challenges at the Rustenburg plant, both plants have continued to make significant contributions to the Company's

renewable energy and waste management goals. In the first half of the year, 6.3 Gigawatt hours of renewable electricity was generated from poultry farming and processing waste streams, marking a 10.9% increase compared to the same period in the previous financial year. This represents 16.6% (December 2023: 14.7%) of the total electricity consumed at the Rustenburg and Worcester plants for the period to date.

While the Worcester plant has been successfully managing higher-than-expected effluent water volumes and variability in chemical oxygen demand from the poultry processing facility, the Rustenburg plant has been working diligently to address significant challenges related to the feedstock supply and accumulated poultry bedding in the digester, which is causing blockages and reducing biogas production efficiency. Efforts to remove the wood bedding and introduce supplementary feedstocks have shown some improvement, and the reverse osmosis plant is working towards achieving a consistent, treated water supply. The above operational issues at the Rustenburg plant, together with the non-renewal of the green gas certificates is having a significant impact on profitability of the Division and is being closely monitored.

POULTRY INDUSTRY MATTERS

Rainbow supports the initiative by the South African Government to include new protein products to the existing basket of products not attracting Value Added Tax ("VAT"). Chicken is recognised as an affordable and nutritious source of protein and this proposal has garnered widespread public support. The outcome of the application by the industry-leading South African Poultry Association ("SAPA") is awaited.

One of the five key pillars of South Africa's Poultry Master Plan – developed in close partnership with Government and several industry stakeholders, and signed in November 2019 – is to expand the market and support exports. However, there has been little progress in this regard and the industry requires greater and more urgent support from the Government to access export markets, particularly the more lucrative breast fillet market.

Imported chicken from various parts of the world, largely Brazil, the USA and certain European Union countries (dependent on their AI status), continue to disrupt the South African market. Although imports of bone-in portions have declined in recent years, imported products continue to compete for share of market, representing as much as 20% of local consumption.

SEGMENTAL REVIEW CONTINUED

In 2024, the International Trade Administration Commission of South Africa (“ITAC”) implemented temporary rebate provisions on imported chicken to account for the anticipated local market shortages due to the impact of AI. SAPA subsequently made representation to ITAC, demonstrating that the anticipated AI related shortages never materialised, the result of the various mitigating measures implemented by the industry, and the rebate provisions were, therefore, not required. Assurances have been provided by ITAC that no further rebates will be implemented without industry engagement.

The inefficiency of South Africa’s rail system remains a major impediment to lower cost distribution of raw materials such as maize. The work conducted by the Business/Government partnership to improve the country’s freight logistics network must be prioritised and driven at the highest levels to ensure the reform needed for South Africa to have a competitive supply chain.

OUTLOOK

With a strong balance sheet and improved farming production practices, Rainbow’s focus remains on advancing the “Brilliant Basics” strategy for the second half of the financial year. This approach will help the Company deliver on its ambition towards becoming a market-leading, low-cost chicken producer in the South African environment and deliver on its sustainability goals, thereby ensuring that Rainbow is best placed to fulfil its purpose of *nourishing the nation*.

While the high cost of living for consumers continues to be a concern, there are encouraging green shoots emerging in South Africa. The gradual reduction in interest rates over the past few months and a level of political stability provide some prospect for economic growth as well as reduced pressure on consumer spending. These developments bode well for sales in the second half of the year.

Rainbow remains concerned about potential service delivery interruptions with particular reference to water, water quality and electricity. The threat of AI during the winter months is real and Rainbow will continue to manage an extremely focused biosecurity regime. As a country, South Africa is yet to find an optimal response to this threat with specific reference to compensation and vaccination strategy.

Rainbow’s goal remains to deliver exceptional value through innovative products and a product mix that responds to market, brand and customer fundamentals. Reducing costs across Rainbow’s strengthened integrated value chain, where these can be controlled, remains a major focus area.

The Company will continue implementing its strategic vision through a strong and consistent focus on best-in-class farming practices, product quality, cost control and investment in the Group’s infrastructure and asset base.

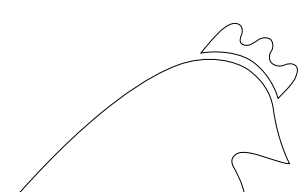
For and on behalf of the Board

PR Louw
Non-executive Chairman

MP Stander
Chief Executive Officer

Centurion
7 March 2025

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



CORPORATE INFORMATION

Directors

Pieter R Louw (Non-executive Chairman)
Cindy J Robertson (Independent Non-executive Director and Lead Independent Director)
Agmat Brinkhuis (Independent Non-executive Director)
Zimkhitha P Zatu Moloji (Independent Non-executive Director)
Stephen M Parsons (Independent Non-executive Director)
Willem O van Wyk (Non-executive Director)
Marthinus P Stander (Chief Executive Officer)
Kerry R van der Merwe (Chief Financial Officer)
Wouter A De Wet (Chief Operating Officer)

Company secretary

FluidRock Co Sec Proprietary Limited

Registration number

2024/200346/06

JSE share code

RBO

ISIN

ZAE000334850

Registered office

Southdowns Ridge Office Park, Suite 12, Cnr John Vorster and Nellmapius Drive, Irene-Centurion, Gauteng, 0157

Transfer secretaries

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

Auditors

Ernst & Young Inc.

Sponsor

RAND MERCHANT BANK (a division of FirstRand Bank Limited)

Bankers

Absa Bank Limited and FirstRand Bank Limited

Website

www.rainbowchickens.co.za

CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

BASIS OF PREPARATION

The condensed consolidated interim financial results have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") and Interpretations as issued by the IFRS Interpretations Committee, 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, Kerry van der Merwe CA(SA). The condensed consolidated interim financial results have been prepared on a reorganisation basis. Prior period results have been disclosed using the principles of predecessor accounting, with all historical financial information presented as if the current Group structure had existed during the comparative periods at historical carrying values. The accounting policies comply with IFRS and are consistent with those applied in the previous year. The interim financial results have not been reviewed or audited by the Group's auditors.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

AS AT 29 DECEMBER 2024

	Unaudited 29 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
ASSETS			
Non-current assets			
Property, plant, equipment and right-of-use assets	2 133 247	2 005 219	2 073 204
Intangible assets	44 597	50 661	46 803
Investment property	13 282	13 401	14 219
Deferred income tax asset	53 768	47 289	52 808
	2 244 894	2 116 570	2 187 034
Current assets			
Inventories	1 076 113	1 017 848	1 042 604
Biological assets	934 139	894 941	929 712
Trade and other receivables	2 735 900	2 612 456	2 466 888
Derivative financial instruments	23 889	14 555	10 881
Current income tax assets	–	3 331	–
Loans receivable	–	–	463 829
Cash and cash equivalents	970 838	49 901	48 438
	5 740 879	4 593 032	4 962 352
Total assets	7 985 773	6 709 602	7 149 386
EQUITY			
Stated capital	4 257 899	1 249 964	4 250 000
Share-based payments reserve	22 679	207 086	–
Common control reserve	(740 842)	(892 970)	(740 842)
Retained earnings	820 491	136 618	503 481
Equity attributable to the equity holders of the Company	4 360 227	700 698	4 012 639
Non-controlling interests	15 349	23 595	15 396
Total equity	4 375 576	724 293	4 028 035
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	130 172	203 607	161 789
Non-interest-bearing liabilities	128 359	–	–
Deferred income tax liabilities	374 714	233 509	275 671
Retirement benefit obligations	18 972	18 703	18 486
Share scheme liability	–	34 823	27 357
Employee benefits	105 513	–	89 688
	757 730	490 642	572 991
Current liabilities			
Trade and other payables	2 611 154	2 119 193	2 265 090
Loans payable	–	3 163 210	–
Interest-bearing liabilities	79 281	188 255	197 804
Derivative financial instruments	7 671	24 009	47 386
Current income tax liabilities	24 473	–	2 236
Bank overdraft	–	–	35 844
Employee benefits	129 888	–	–
	2 852 467	5 494 667	2 548 360
Total liabilities	3 610 197	5 985 309	3 121 351
Total equity and liabilities	7 985 773	6 709 602	7 149 386

* The Group condensed consolidated interim financial results have been prepared as defined in the Basis of Preparation, as if the current Group structure had always been in place.

CONDENSED CONSOLIDATED INCOME STATEMENT*

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

	Unaudited 29 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Revenue from contracts with customers	7 894 686	7 249 374	14 527 425
Operating profit before interest, taxes, depreciation, amortisation and impairments (EBITDA)	581 131	265 400	637 174
Depreciation, amortisation and impairments	(165 318)	(153 185)	(301 498)
Operating profit	415 813	112 215	335 676
Finance costs	(15 858)	(107 847)	(154 060)
Finance income	40 193	13 472	29 230
Profit before tax	440 148	17 840	210 846
Income tax expense	(123 185)	(4 390)	(46 389)
Profit for the period	316 963	13 450	164 457
Profit/(Loss) for the period attributable to:			
Equity holders of the Company	317 010	21 035	180 241
Non-controlling interests	(47)	(7 585)	(15 784)
	316 963	13 450	164 457
HEADLINE EARNINGS			
Profit for the period attributable to equity holders of the Company	317 010	21 035	180 241
Net impairments	–	1 904	1 904
Insurance proceeds on fixed assets	–	(213)	(439)
Profit on disposal of property, plant and equipment	(8)	(851)	(1 965)
Loss on disposal of property, plant and equipment	602	48	592
Headline earnings	317 604	21 923	180 333
	Cents	Cents	Cents
Earnings per share attributable to equity holders of the Company			
Basic earnings per share	35.58	2.36	20.25
Basic earnings per share – diluted	35.57	2.36	20.25
Headline earnings per share	35.64	2.46	20.26
Headline earnings per share – diluted	35.64	2.46	20.26

* The Group condensed consolidated interim financial results have been prepared as defined in the Basis of Preparation, as if the current Group structure had always been in place.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME*

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

	Unaudited 29 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Profit for the period	316 963	13 450	164 457
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of retirement medical aid obligations – net of tax	–	–	571
Other comprehensive income for the period – net of tax	–	–	571
Total comprehensive income for the period	316 963	13 450	165 028
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company	317 010	21 035	180 812
Non-controlling interests	(47)	(7 585)	(15 784)
	316 963	13 450	165 028

* The Group condensed consolidated interim financial results have been prepared as defined in the Basis of Preparation, as if the current Group structure had always been in place.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

	Attributable to the equity holders of the Company						
	Stated capital R'000	Share-based payments reserve R'000	Common control reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total R'000
Balance at 2 July 2023	1 249 964	207 086	(892 970)	115 583	679 663	31 180	710 843
Profit/(Loss) for the period	-	-	-	21 035	21 035	(7 585)	13 450
Balance at 31 December 2023 (Unaudited)	1 249 964	207 086	(892 970)	136 618	700 698	23 595	724 293
Profit/(Loss) for the period	-	-	-	159 206	159 206	(8 199)	151 007
Other comprehensive income	-	-	-	571	571	-	571
Issue of shares	3 152 164	-	-	-	3 152 164	-	3 152 164
Reallocation to retained earnings	-	(207 086)	-	207 086	-	-	-
Reallocation to common control reserve	(152 128)	-	152 128	-	-	-	-
Balance at 30 June 2024 (Audited)	4 250 000	-	(740 842)	503 481	4 012 639	15 396	4 028 035
Profit/(Loss) for the period	-	-	-	317 010	317 010	(47)	316 963
Employee Share Incentive Scheme:							
Value of employee services	-	30 578	-	-	30 578	-	30 578
Exercise of employee share schemes	7 899	(7 899)	-	-	-	-	-
Balance at 29 December 2024 (Unaudited)	4 257 899	22 679	(740 842)	820 491	4 360 227	15 349	4 375 576

* The Group condensed consolidated interim financial results have been prepared as defined in the Basis of Preparation, as if the current Group structure had always been in place.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

	Unaudited 29 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Operating profit	415 813	112 215	335 676
Non-cash adjustments	236 135	178 000	402 268
Operating profit before working capital requirements	651 948	290 215	737 944
Working capital requirements			
Movement in inventories	(33 509)	90 732	65 976
Movement in biological assets	22 101	126 393	108 608
Movement in trade and other receivables	(259 232)	(392 597)	(248 549)
Movement in trade and other payables	349 741	484 009	612 396
Cash generated by operations	731 049	598 752	1 276 375
Finance income received	38 328	13 472	24 256
Finance costs paid ¹	(11 385)	(101 312)	(128 000)
Tax paid	(2 860)	(4 938)	(4 938)
Net cash inflow from operating activities	755 132	505 974	1 167 693
Cash flows from investing activities			
Replacement property, plant and equipment	(196 178)	(162 047)	(344 318)
Expansion property, plant and equipment	(17 323)	(9 284)	(28 077)
Intangible asset additions	(100)	(117)	(666)
Replacement investment property	–	–	(509)
Proceeds on disposal of property, plant, equipment and intangible assets	28	1 299	3 486
Proceeds on disposal of associate	–	51 479	51 479
Net cash outflow from investing activities	(213 573)	(118 670)	(318 605)
Cash flows from financing activities			
Repayment of interest-bearing liabilities	(42 169)	(31 368)	(76 159)
Advances of interest-bearing liabilities	–	3 800	3 800
Movement in loans from Group Companies	458 854	(337 846)	(2 492 913)
Share issue	–	–	1 700 767
Net cash inflow/(outflow) from financing activities	416 685	(365 414)	(864 505)
Net movement in cash and cash equivalents	958 244	21 890	(15 417)
Cash and cash equivalents at the beginning of the year	12 594	28 011	28 011
Cash and cash equivalents at the end of the period (net of overdrafts)	970 838	49 901	12 594

* The Group condensed consolidated interim financial results have been prepared as defined in the Basis of Preparation, as if the current Group structure had always been in place.

¹ Finance costs paid exclude finance costs in respect of IFRS 16 Leases of R4,6 million (December 2023: R6,5 million), which have been disclosed as part of lease payments within financing activities. Total finance costs incurred is R15,9 million (December 2023: R107,8 million), which is the sum of finance costs paid from operations and finance cost paid in respect of IFRS 16 Leases. Interest paid under operating activities of R11,4 million (December 2023: R101,3 million) relate to interest incurred and paid on the operational day-to-day activities of the business.

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

	Unaudited 29 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Revenue from contracts with customers¹	7 894 686	7 249 374	14 527 425
Chicken	6 955 815	6 438 361	12 746 473
Animal Feed	3 626 808	3 541 940	7 186 161
Waste-to-Value	56 641	48 634	96 484
Sales between segments:			
Chicken to Animal Feed	(38 161)	(52 608)	(86 914)
Animal Feed to Chicken	(2 660 111)	(2 689 227)	(5 339 705)
Waste-to-Value to Chicken	(46 306)	(37 726)	(75 074)
Operating profit/(loss) before interest, taxes, depreciation, amortisation and impairments (EBITDA)	581 131	265 400	637 174
Chicken	362 419	110 588	337 923
Animal Feed	211 764	138 760	253 150
Waste-to-Value	22 962	16 183	31 959
Group	(16 014)	(131)	14 142
Depreciation, amortisation and impairments	(165 318)	(153 185)	(301 498)
Chicken	(126 519)	(116 148)	(227 970)
Animal Feed	(22 472)	(20 891)	(41 563)
Waste-to-Value	(16 327)	(16 146)	(31 965)
Operating profit/(loss) before interest and taxes (EBIT)	415 813	112 215	335 676
Chicken	235 900	(5 560)	109 953
Animal Feed	189 292	117 869	211 587
Waste-to-Value	6 635	37	(6)
Group	(16 014)	(131)	14 142
Finance costs	(15 858)	(107 847)	(154 060)
Finance income	40 193	13 472	29 230
Profit before tax	440 148	17 840	210 846
Assets			
Chicken	6 927 127	5 742 197	5 747 066
Animal Feed	2 422 149	1 964 369	2 168 022
Waste-to-Value	449 484	463 529	453 128
Group assets	310	–	–
Set-off of inter-segment balances	(1 813 297)	(1 460 493)	(1 218 830)
Total per statement of financial position	7 985 773	6 709 602	7 149 386
Liabilities			
Chicken	3 542 800	5 773 382	2 602 267
Animal Feed	1 383 767	1 149 437	1 223 278
Waste-to-Value	507 135	504 689	510 686
Group liabilities	4 903	16 367	1 821
Set-off of inter-segment balances	(1 828 408)	(1 458 566)	(1 216 701)
Total per statement of financial position	3 610 197	5 985 309	3 121 351

¹ In the current period, within the Chicken segment, Customer A (R1,0 billion) and Customer B (R796,8 million) each contributed more than 10% to the total revenue of Rainbow. The revenue derived by the Group from foreign countries, is not considered to be material.

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

CONTINUED

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

	Unaudited 29 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Additions to property, plant and equipment, investment property and intangible assets			
Chicken	208 008	161 350	369 760
Property, plant and equipment ¹	208 008	161 233	368 931
Investment property	–	–	509
Intangible assets	–	117	320
Animal Feed	13 522	16 040	35 917
Property, plant and equipment ¹	13 422	16 040	35 571
Intangible assets	100	–	346
Waste-to-Value	3 122	1 871	82
Property, plant and equipment	3 122	1 871	82
	224 652	179 261	405 759

¹ Property, plant and equipment additions include the right-of-use assets recognised in accordance with IFRS 16.

REVENUE

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

	Unaudited 29 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Disaggregation of revenue from contracts with customers			
Revenue from contracts with customers	7 894 686	7 249 374	14 527 425
Chicken	6 955 815	6 438 361	12 746 473
Sale of poultry products	6 750 873	6 278 959	12 419 232
Sundry sales ¹	204 942	159 402	327 241
Animal Feed	3 626 808	3 541 940	7 186 161
Waste-to-Value	56 641	48 634	96 484
Sales between segments	(2 744 578)	(2 779 561)	(5 501 693)
Timing of revenue recognition			
Point in time	7 894 686	7 249 374	14 527 425
Major customers			
Revenue from the Group's top five customers is as follows:			
Customer A	1 013 440	842 204	1 861 697
Customer B	796 777	1 081 030	1 931 141
Customer C	711 597	733 701	1 379 197
Customer D	372 097	347 879	697 284
Customer E	348 860	264 165	606 344
The above revenue is included in the segments above.			
Analysis of revenue			
Sale of poultry products	6 917 654	6 385 753	12 659 559
Sale of animal feed	966 697	852 713	1 846 456
Energy recoveries	10 335	10 908	21 410
Total	7 894 686	7 249 374	14 527 425

¹ Sundry sales consist of poultry by-products. The sale of these items arise in the course of the Chicken segment's ordinary activities but are considered cost recoveries as they are by-products of the Chicken segment's core operations.

FINANCIAL RISK MANAGEMENT

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

FAIR VALUE ESTIMATION

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
December 2024 (Unaudited)				
Assets				
Breeding stock – chicken	–	–	581 661	581 661
Broiler stock – chicken	–	–	352 478	352 478
Derivatives	–	23 889	–	23 889
Total assets	–	23 889	934 139	958 028
Liabilities				
Derivatives	–	7 671	–	7 671
Total liabilities	–	7 671	–	7 671
December 2023 (Unaudited)				
Assets				
Breeding stock – chicken	–	–	553 750	553 750
Broiler stock – chicken	–	–	341 191	341 191
Derivatives	–	14 555	–	14 555
Total assets	–	14 555	894 941	909 496
Liabilities				
Derivatives	–	24 009	–	24 009
Total liabilities	–	24 009	–	24 009
June 2024 (Audited)				
Assets				
Breeding stock – chicken	–	–	562 149	562 149
Broiler stock – chicken	–	–	367 563	367 563
Derivatives	–	10 881	–	10 881
Total assets	–	10 881	929 712	940 593
Liabilities				
Derivatives	–	47 386	–	47 386
Total liabilities	–	47 386	–	47 386

RELATED PARTY TRANSACTIONS

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

Related party relationships exist between Rainbow Chicken Limited and its subsidiaries within the Remgro Group. The transactions and balances below relate to total operations.

Remgro Limited is the ultimate holding company of the Group.

	Unaudited 29 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Transactions with subsidiaries of the ultimate holding company			
Sales	15 443	13 052	25 658
Purchases	107 328	162 343	292 689
Rental income and other recoveries	4 348	3 906	8 164
Expense recoveries	2 530	–	–
Merchandising and distribution fee	–	119 687	119 687
Management fees	33 072	51 045	102 597
Interest income	–	12 375	26 550
Interest expense	–	85 665	110 408
Transactions with the ultimate holding company			
Management fees	3 677	–	–
Balances with the ultimate holding company			
Trade and other payables	1 202	–	–
Balances with subsidiaries of the ultimate holding company			
Trade and other payables	50 671	79 034	68 948
Loan payable	–	3 163 210	–
Loan receivable	–	–	463 829
Trade and other receivables	7 785	2 459	3 235
Key management			
	275 608	88 684	252 436
– short-term employee benefits	112 395	75 622	145 702
– post-employment benefits	6 305	6 175	12 563
– other long-term employee benefits	145 712	605	94 981
– termination benefits	76	512	731
– share-based payments settled	7 899	–	–
– share-based payments expense	3 221	5 770	(1 541)

SUPPLEMENTARY INFORMATION

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

		Unaudited 29 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Capital commitments				
Capital expenditure contracted and committed		113 004	152 423	39 928
Capital expenditure approved but not contracted		129 487	51 806	34 589
Statistics¹				
Ordinary shares in issue for accounting purposes	(000's)	892 420	890 296	890 296
Weighted average ordinary shares in issue	(000's)	891 103	890 296	890 296
Diluted weighted average ordinary shares in issue	(000's)	891 140	890 296	890 296
Net asset value per share	(cents)	490.3	81.4	452.4
Ordinary dividends per share ²	(cents)	Nil	Nil	Nil

¹ The number of shares used to calculate the earnings per share ("EPS") and headline earnings per share ("HEPS") for the comparative period have been retrospectively determined in line with IAS33 paragraph 64 ("retrospective adjustments").

² No dividends were declared during the current period (December 2023: nil).

SUBSEQUENT EVENTS

FOR THE SIX MONTHS ENDED 29 DECEMBER 2024

No events took place between the ending of the interim reporting period and the date of issue that would have a material effect on the interim financial results as disclosed.



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