

RCL FOODS LIMITED

(Incorporated in the Republic of South Africa)

ISIN: ZAE000179438

Share Code: RCL

("RCL FOODS" or "the Company" or "the Group")

GROUP FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 2023

- Revenue up 17.3% to R 37,8 billion
- Earnings before depreciation, amortisation and impairment (EBITDA) down 24.5% to R 1 711,5 million
- Underlying* EBITDA down 11.0% to R 1 973,6 million
- Total headline earnings per share (HEPS) down 42.4% to 68.3 cents
- HEPS from continuing operations down 45.7% to 60.6 cents
- Underlying* HEPS from continuing operations down 20.2% to 84.5 cents
- Total earnings per share (EPS) down 39.2% to 69.3 cents
- Total dividend per share declared for the 2023 financial year: Nil (2022: 45.0 cents per share)

The Vector Logistics segment has been classified as a discontinued operation at financial year end. Continuing operations refer to the remaining operations excluding the Vector Logistics segment.

RCL FOODS has weathered a tremendously difficult 12 months, delivering a solid underlying performance in our core Value-Added Business (underlying EBITDA up 10.8%) with the overall Group result negatively impacted by the continued unrecovered cost pressure in Rainbow. Whilst agricultural commodity input costs remain the biggest contributor to margin pressure for RCL FOODS, load-shedding added direct costs to continuing operations of R158,3 million (pre-tax) for the current year and also impacted service levels, especially in our Pet Food operations.

Despite the negative impact of the special levy raised by the South African Sugar Association, the Sugar business unit delivered a strong result, driven by a combination of improved throughput; increased local sales; and continued favourable export pricing. The Baking business unit result was largely in line with the 2022 financial year, despite lower volumes overall and compressed margins in the Bread, Buns & Rolls operating unit. In the Groceries business unit, the Grocery operating unit result was the most impacted by load-shedding which reduced Pet Food production by up to 50% from November 2022 to April 2023.

Within the Rainbow business unit, higher revenue driven by both higher volumes and prices was insufficient to offset the severe impacts of high feed costs, failing municipal infrastructure and load-shedding, resulting in a 74.9% decline in underlying* EBITDA.

Vector Logistics has been disclosed as a disposal group held for sale and a discontinued operation for the year ended June 2023, following the conclusion of a binding agreement in March 2023. All remaining conditions related to the disposal were fulfilled by August 2023, with the transaction being finalised on 28 August 2023. The profit/loss on disposal of the Vector Logistics segment will be recognised in the 2024 financial year.

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

Shareholders are advised that this results announcement represents a summary of the information contained in the summary consolidated financial statements and does not contain full or complete details as published on the RCL FOODS website, www.rclfoods.com/financial-results-and-reports-2023/.

With respect to the consolidated financial statements for the year ended June 2023, the auditors, PricewaterhouseCoopers Inc., have issued an unqualified audit opinion in terms of the International Standards on Auditing. The auditors unqualified audit opinion in terms of International Standards on Auditing, along with their key audit matters and the audited Annual Financial Statements are available upon request by contacting the company secretary at lauren.kelso@rclfoods.com or on +27 31 242 8600.

The summary consolidated financial statements is available for viewing on the JSE link at <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/RCL/04092023.pdf> or on the Group's website set out above.

Any investment decisions by investors and/or shareholders should be based on a consideration of the consolidated financial statements as this results announcement does not provide all the details.

**The underlying view of the results excludes material once-offs and accounting adjustments. Refer to the "Reconciliation between unadjusted and underlying results" section provided as part of the full announcement for further details.*

Durban
4 September 2023

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