

RCL FOODS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1966/004972/06)

ISIN: ZAE000179438

Share Code: RCL

("RCL FOODS" or "the Group")

TRADING STATEMENT – YEAR ENDING JUNE 2024

In accordance with the JSE Limited Listings Requirements, shareholders of RCL FOODS are advised that it expects its headline earnings per share ("HEPS") from total operations* for the financial year ending June 2024 ("current period") to be at least 75.0% higher than the reported HEPS of 68.3 cents for period ended June 2023 ("prior period"), an increase of at least 51.2 cents per share. The expected improvement in headline earnings is driven largely by Rainbow and Groceries. Earnings per share ("EPS") from total operations for the current period is expected to be at least 125.0% higher than the reported EPS of 69.3 cents for the prior period, an increase of at least 86.6 cents per share.

The difference between HEPS and EPS in the current period largely relates to the profit on disposal of the Vector segment and insurance proceeds in respect of the fire damage at our Komatipoort raw sugar warehouse which occurred during the 2022 financial year. Both of these items are excluded from the calculation of headline earnings.

Value-added Business

Within the Value-added Business division, Groceries results improved mainly due to the restoration of Pet Food volumes following loadshedding induced service level challenges in the

prior period, combined with improved margins. Baking remains under pressure due largely to the performance of the Bread, Buns and Rolls operating unit which continues to operate in a highly competitive trading environment leading to volume and margin pressure. Sugar continues to deliver a strong operational performance as well as benefitting from high international prices.

Rainbow

In light of Rainbow's imminent unbundling and separate listing (shareholders are referred to the announcements released on the Stock Exchange News Service of the JSE ("SENS") on 4 June 2024 and 10 June 2024), this trading statement includes additional commentary on Rainbow's recent trading performance.

At this stage, Rainbow expects EBITDA performance of the underlying business in the second half of the 2024 financial year to be broadly in line with performance for the six months to December 2023. Although seasonality, and the December festive season in particular, typically results in stronger trading in the first half of the financial year, Rainbow experienced a continuation of the positive momentum highlighted in the Group results announcement for the six months ended December 2023 and the impact of Avian Influenza ("AI") was mostly contained to the first half of the year. Several key factors impacted Rainbow's financial performance in the second half of the current period including:

- Agricultural key performance indicators continue to show improvements across feed conversion ratio, mortality and breed performance, all contributing to lower input costs;
- Continued benefits from cost control measures implemented as part of the turnaround strategy;
- Despite weaker consumer demand resulting in a softening of pricing and lower Quick Service Restaurant volumes in more

recent months, retail and wholesale volumes continued to increase;

- Feed costs in the second half of the financial year began to rise on the back of higher local maize prices following concerns of drier weather conditions experienced during key growing periods. Rainbow continued to apply its approved hedging and procurement strategy to manage the impact of commodity price pressures;
- The external feed business benefited from improved external margins, but volumes came under pressure due to AI and strong market competition; and
- The AI outbreak reported on in the RCL FOODS results announcement for the six months ended December 2023 has been largely contained.

*The information provided in this trading statement relates to total operations, being the total of continuing and discontinued operations. Discontinued operations include the Vector segment which was classified as discontinued in the prior period and disposed of in the first half of the current period, and the Rainbow segment which was classified as discontinued in the current period. Continuing operations relates to the remaining RCL FOODS business, post the Vector exit and upcoming Rainbow unbundling. This largely comprises the Value-Added Business division, consisting of the Groceries, Baking and Sugar segments and the shared services division which is housed within the Group segment.

The Group's financial results for the current period are expected to be released on SENS on 2 September 2024. A further trading statement will be issued as soon as the Group has a reasonable degree of certainty as to the expected HEPS and EPS ranges for the current period.

The financial information on which this trading statement is based has not been reviewed and reported on by the Group's external auditors and is the responsibility of the directors.

Durban

24 June 2024

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)