
BASIS OF PREPARATION AND REPORTING ON AND THE CONDENSED CONSOLIDATED INTERIM HISTORICAL FINANCIAL INFORMATION OF RAINBOWCO FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

The definitions and interpretations commencing on page 10 of this Pre-Listing Statement apply through this Annexure 3A, except where the context indicates a contrary intention and except where terms are explicitly defined herein.

1. BASIS OF PREPARATION

The condensed consolidated interim historical financial information comprises of the interim condensed consolidated statement of profit and loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and the interim condensed consolidated statement of changes in equity for the six months ended 31 December 2023 and interim condensed consolidated statement of financial position as at 31 December 2023, and the notes thereto (“**Condensed Consolidated Interim Historical Financial Information of RainbowCo**”)

The Condensed Consolidated Interim Historical Financial Information of RainbowCo were prepared in accordance with Section 8.7 of the JSE Listings Requirements. The JSE Listings Requirements require the Condensed Consolidated Interim Historical Financial Information to be prepared using the IFRS® Accounting Standards as issued by the International Accounting Standards Board IAS 34: Interim Financial Reporting (but excluding comparatives) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The Condensed Consolidated Interim Historical Financial Information of RainbowCo were prepared by applying the same accounting policies as RCL Foods Limited.

The Condensed Consolidated Interim Historical Financial Information of RainbowCo was prepared for the purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements.

The additional disclosure required in terms of paragraphs 8.11 and 8.12 of the JSE Listings Requirements has been included in the Condensed Consolidated Interim Historical Financial Information of RainbowCo.

Ernst & Young Inc. is the independent Auditor to RainbowCo and has issued an Independent Auditor's review report on this Condensed Consolidated Interim Historical Financial Information of RainbowCo which is included as Annexure 3B to this Pre-Listing Statement.

The directors of Rainbow Chicken Limited (formerly Rainbow Chicken Proprietary Limited) are responsible for the Condensed Consolidated Interim Historical Financial Information of RainbowCo included in this Pre-Listing Statement.

2. DIRECTORS' COMMENTARY

The above has been prepared for RainbowCo on a consolidated basis for the six months ended 31 December 2023. RainbowCo is 100% owned by ListCo at the date of the unbundling, these condensed six-month results have been prepared for purposes of providing the most recent historic financial information for the asset perimeter being unbundled.

As the condensed consolidated interim historical financial information has been prepared on a historic basis, it may not be indicative of the financial results in future periods.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SIX-MONTH PERIOD
ENDED 31 DECEMBER 2023**

	Reviewed 31 December 2023 R'000
Figures in Rand thousand	
Revenue from contracts with customers ¹	7,249,374
Operating profit before depreciation, amortisation, and impairment (EBITDA)	265,400
Depreciation, amortisation, and impairments	(153,185)
Operating profit	112,215
Finance costs	(107,847)
Finance income	13,472
Profit before tax	17,840
Income tax expense	(4,897)
Profit after tax from continuing operations	12,943
Profit for the period	12,943
Attributable to:	
Equity holders of the Company	20,782
Non-controlling interests	(7,839)
Headline earnings	
Profit for the period attributable to equity holders of the Company	20,782
Profit on disposal of property, plant and equipment and assets held for sale	(851)
Loss on disposal of property, plant and equipment and assets held for sale	48
Insurance proceeds	(213)
Impairments of fixed assets and intangibles	1,904
Headline earnings from continuing operations	21,670
Earnings per share attributable to equity holders of the Company (Rands)	
Basic earnings per share	347.4
Headline earnings per share	362.3

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

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

	Reviewed 31 December 2023 R'000
Figures in Rand thousand	
Profit for the period	12,943
Other comprehensive income	–
Total comprehensive income for the period	12,943
Total comprehensive income for the period attributable to:	
Equity holders of the Company	20,782
Non-controlling interests	(7,839)
	12,943

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Reviewed 31 December 2023 R'000
Figures in Rand thousand	
ASSETS	
Non-current assets	
Property, plant, and equipment	1,877,479
Right-of-use assets	127,740
Intangible assets	50,661
Investment property	13,401
Deferred income tax asset	47,289
	2,116,570
Current assets	
Inventories	1,017,848
Biological assets	894,941
Trade and other receivables	2,612,456
Derivative financial instruments	14,555
Tax receivable	3,331
Cash and cash equivalents	49,901
	4,593,032
Total assets	6,709,602
EQUITY	
Stated capital	1,249,964
Share-based payments reserve	207,086
Common control reserve	(937,090)
Retained earnings	180,486
Non-controlling interests	23,341
Total equity	723,787
LIABILITIES	
Non-current liabilities	
Interest-bearing liabilities	124,372
Lease liabilities	79,235
Deferred income tax liabilities	234,015
Share scheme liability	34,823
Retirement benefit obligations	18,703
	491,148
Current liabilities	
Trade and other payables	2,119,193
Loans from RCL Foods Group companies	3,163,210
Interest-bearing liabilities	133,017
Lease liabilities	55,238
Derivative financial instruments	24,009
	5,494,667
Total liabilities	5,985,815
Total equity and liabilities	6,709,602

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD
ENDED 31 DECEMBER 2023**

Reviewed

Figures in Rand thousand	Stated capital R'000	Share-based payments reserve R'000	Common control reserve R'000	Retained earnings R'000	Total attributable to equity holders of the Company R'000	Non- controlling interests R'000	Total equity R'000
Balance at 2 July 2023	1,249,964	207,086	(937,090)	159,704	679,664	31,180	710,844
Profit for the period			–	20,782	20,782	(7,839)	12,943
Balance at 31 December 2023	1,249,964	207,086	(937,090)	180,486	700,446	23,341	723,787

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED
31 DECEMBER 2023**

	Reviewed 31 December 2023 R'000
Figures in Rand thousand	
Operating profit	112,215
Non-cash items	178,001
Operating profit before working capital requirements	290,216
Working capital requirements	360,016
Movement in inventories	90,732
Movement in biological assets	126,393
Movement in trade and other receivables	(341,118)
Movement in trade and other payables	484,009
Cash generated by operations	650,232
Net finance cost	(87,840)
Finance income received	13,472
Finance costs paid	(101,312)
Tax paid	(4,939)
Net cash inflow from operating activities	557,453
Cash flows from investing activities	
Replacement property, plant and equipment	(162,047)
Expansion property, plant and equipment	(9,284)
Intangible asset additions	(117)
Proceeds on disposal of property, plant and equipment and intangible assets	1,299
Net cash outflow from investing activities	(170,149)
Cash flows from financing activities	
Net repayment of interest-bearing liabilities	(27,568)
Net repayment of loans from Group companies	(337,846)
Net cash outflow from financing activities	(365,414)
Net movement in cash and cash equivalents	21,890
Cash and cash equivalents at the beginning of the year	28,011
Cash and cash equivalents at the end of the year (net of overdrafts)	49,901

SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2023

1. CAPITAL COMMITMENTS

	Reviewed 31 December 2023 R'000
Figures in Rand thousand	
Capital expenditure contracted and committed – Continuing Operations	152,423
Capital expenditure approved but not contracted – Continuing Operations	51,806

2. STATISTICS

	Reviewed 31 December 2023 #
Statutory ordinary shares in issue (includes BEE shares in the prior year only)	59,813
Ordinary shares in issue for accounting purposes	59,813
Weighted average ordinary shares in issue	59,813
Net asset value per share (Rands)	12,101

3. OPERATING SEGMENTS

	Reviewed 31 December 2023 R'000
Figures in Rand thousand	
Revenue from contracts with customers	7,249,374
Chicken	6,438,361
Feed	3,541,940
Waste-to-Value	48,634
Sales between segments:	
– Chicken to Feed	(52,608)
– Feed to Chicken	(2,689,227)
– Waste-to-Value to Chicken	(37,726)
Operating profit before depreciation, amortisation and impairments (EBITDA)	265,400
Chicken	110,588
Feed	138,760
Waste-to-Value	16,183
Group	(131)
Depreciation, amortisation and impairments	(153,185)
Chicken	(116,148)
Epol Animal Feed	(20,891)
Waste-to-Value	(16,146)
Operating profit	112,215
Chicken	(5,560)
Feed	117,869
Waste-to-Value	37
Group	(131)
Finance costs	(107,847)
Finance income	13,472
Profit before tax	17,840

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Reviewed 31 December 2023 R'000
Figures in Rand thousand	
Disaggregation of revenue from contracts with customers:	
Revenue from contracts with customers¹	7,249,374
Chicken	6,438,361
Sale of poultry products	6,278,959
Sundry sales ²	159,402
Feed (sale of animal feed)	3,541,940
Energy recoveries	48,634
Sales between segments	(2,779,561)
Timing of revenue recognition³:	
Point in time ³	7,249,374

5. SUBSEQUENT EVENTS

In preparation for the unbundling and normalisation of RainbowCo's capital structure R2,851 million in loans from RCL Foods Limited (R1,451 million non-interest-bearing) and RCL Foods Treasury Proprietary Limited (R1,400 million interest bearing) were converted to equity on 23 February 2024. The conversion resulted in RainbowCo issuing 2 057 920 shares to RCL Foods Limited.

RCL Foods has provided a further equity injection of R300.8 million on 24 May 2024 as part of the normalisation of RainbowCo's capital structure prior to unbundling. 156,745 shares in RainbowCo were issued to RCL Foods based on the market value of RainbowCo at the date of the share issue.

On 27 May 2024, ListCo issued 890,296,305 shares to RCL Foods Limited for a total consideration of R4,250 million in exchange for acquiring a 100% shareholding in RainbowCo.

6. DERIVATIVE ASSETS AND LIABILITIES

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 fair value of financial instruments and non-financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. RainbowCo uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair value of forward exchange contracts is determined using forward exchange market rates at the statement of financial position date thus constituting level 2 fair values as defined.

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, eggs and depleted birds. The sale of these items arise in the course of ordinary activities

3 Revenue recognised at a point in time relates to the sale of goods whilst revenue recognised over time relates to the sale of services.