QUANTUM FOODS

Unaudited condensed consolidated interim financial statements

for the six months ended 31 March

2025

Quantum Foods Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 2013/208598/06
Share code: QFH
ISIN: ZAE000193686
(***"Quantum Foods"*** or ***"the Group"*** or ***"the Company"***)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 March 2025

Salient features

	2025	2024	% change*
Revenue	**R3 601 million**	R3 010 million	20
Operating profit (before items of a capital nature)**	**R205 million**	R61 million	234
Operating profit	**R205 million**	R62 million	228
Headline earnings	**R151 million**	R43 million	247
Earnings per share	**74.5 cents**	22.1 cents	237
Headline earnings per share (**"HEPS"**)	**74.8 cents**	21.7 cents	244
Interim dividend per share	**Nil cents**	Nil cents	–

* *Rounding of figures may result in computational discrepancies.*

** *Income or expenditure of a capital nature in the statement of comprehensive income, i.e. all profit or loss items that are excluded in the calculation of HEPS. The principal item excluded under this measurement is the profit or loss on disposal of property, plant and equipment.*

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COMMENTARY

Operating environment

Trading conditions during the six months ended 31 March 2025 (**"current reporting period"**) improved significantly compared to the six months ended 31 March 2024 (**"previous reporting period"** or **"HY2024"**).

In the previous reporting period, the Company reported further outbreaks of highly pathogenic avian influenza (**"HPAI"**) in South Africa, impacting birds to the value of approximately R37 million. The HPAI outbreaks in 2023 and 2024 negatively affected earnings in the previous reporting period and resulted in reduced volumes of livestock, hatching eggs and table eggs, as well as the incurrence of significant cleaning and disinfecting costs in preparation of the affected farms for future placement. Additionally, a substantial number of load shedding hours contributed negatively to earnings in the previous reporting period.

In the current reporting period, the Company benefitted from improved throughput as a result of a recovery in its layer flock, minimal load shedding in South Africa, relatively high egg selling prices and no HPAI outbreaks. Feed costs for the current reporting period were relatively stable compared to the previous reporting period.

During the current reporting period:

- The average price of yellow maize on the South African Futures Exchange (**"SAFEX"**) increased by 28.1% compared to the previous reporting period. This followed the lower South African crop for the 2024 harvest season and resulted in the Company making use of imported maize at its coastal mills to lower cost; and
- The average landed price (Cape Town harbour) of soya meal decreased by 16.8%, primarily as a result of a significant reduction in international soya meal prices coupled with a 3.4% strengthening of the average South African rand (**"Rand"**) to US dollar exchange rate, compared to the previous reporting period.

The weighted average cost of layer and broiler feed decreased by 2.2% and 3.3%, respectively, compared to the previous reporting period.

The reduction in load shedding hours during the current reporting period resulted in lower generator fuel costs and fewer disruptions in the supply of feed raw material items compared to the previous reporting period. Consequently, planned raw materials were not required to be replaced with more expensive ingredients as frequently as during the previous reporting period, where interruptions were more common.

COMMENTARY (continued)

Eggs

The Company's egg supply was approximately 78% higher in the current reporting period compared to the previous reporting period. This increase in egg supply allowed the Company to resume operations at the Pinetown egg packing station, which was mothballed in the previous reporting period due to restricted egg supply. The positive margin contribution from higher egg volumes, high operational efficiency at the egg packing stations, effective cost management and improved overhead cost recovery outweighed the negative effect of a 14.1% decline in average egg selling prices when comparing the current reporting period to the previous reporting period.

Farming

Layer farming

The Company continued to rebuild its layer flock in the current reporting period. This was made possible due to the improved availability of replacement birds as the layer breeding and layer rearing facilities recovered from the 2023 and 2024 HPAI outbreaks. The higher volumes resulting from higher layer flock numbers contributed to improved farming efficiencies and cost recovery, and coupled with strong demand from external customers, saw increased earnings in the current reporting period.

These factors resulted in much improved earnings from the layer farming business for the current reporting period compared to the previous reporting period.

Broiler farming

The operational and financial performance of the broiler farming business during the current reporting period was satisfactory compared to the previous reporting period. The genetic performance of the Ross 308 birds improved at both breeder and broiler level, and cost management was well executed.

Day-old broiler chick volumes produced at the Hartbeespoort hatchery increased and benefitted from full production activities at the Hartbeespoort breeder farm, which was not in production during the previous reporting period due to an earlier HPAI outbreak.

The Company commenced projects to convert a broiler farm and a layer rearing farm in Gauteng into broiler breeder farms. These projects, once completed, together with the breeder birds in production, will increase hatching egg production volumes in the vicinity of the Hartbeespoort hatchery and, therefore, reduce the number of hatching eggs required to be transferred to this facility from the Western Cape. This will result in reduced logistical costs and is expected to improve efficiencies, especially hatchability, which is negatively impacted by the current long-distance transfer process.

Total day-old chick production increased by 4.5% compared to the previous reporting period. Live broiler volumes supplied during the current reporting period decreased by approximately 0.9% due to a slight reduction in the average weight of broilers supplied.

Overhead costs remained under control, contributing to satisfactory performance of the broiler farming business for the current reporting period.

Animal feeds

The feed business delivered a satisfactory operational and financial performance for the current reporting period, supported by a recovery of volumes, particularly from the Pretoria feed mill where both volumes supplied to the external market and the Company's own farming operations were lower in the previous reporting period due to the 2023 and 2024 HPAI outbreaks. Total feed volumes supplied in the current reporting period increased by 15.1% compared to the previous reporting period. The benefit of improved volumes and well-executed cost and margin management offset the increased costs incurred in the current reporting period with respect to the intake of raw materials at the Malmesbury feed mill. Repairs to the Malmesbury feed mill intake area, which was damaged during the explosion on 10 June 2024, were completed during December 2024.

The project to expand production capacity at the Malmesbury feed mill is progressing well. It remains on track, with production scheduled to commence in the second quarter of the financial year ending 30 September 2026.

COMMENTARY (continued)

Other African operations

Zambia

Trading conditions in Zambia remained challenging as the impact of drought conditions continued. Higher feed raw material costs were experienced in the current reporting period as a result of the lower 2024 grain harvest and increased load shedding hours due to lower hydroelectric generation capacity. While the demand for eggs remained strong and the *Mega* eggs business continued to perform well, the demand for day-old chicks and feed remained muted.

Layer hen production and Ross 308 breeder efficiencies improved compared to the previous reporting period, contributing positively. Overall, Rand earnings were lower in the current reporting period compared to the previous reporting period, partly as a result of the Zambian kwacha (**"Kwacha"**) depreciating against the Rand.

Uganda

Trading conditions in Uganda remained favourable in the current reporting period. Feed cost remained relatively low, consistent with the previous reporting period, supporting the demand for day-old chicks and margins from the Masindi egg business. Ross 308 breeder efficiencies improved significantly from the previous reporting period, as did efficiencies on the Masindi layer farm, contributing positively to improved earnings during the current reporting period.

Mozambique

Operations in Mozambique were sporadically impacted by protest action following the Mozambican general election held on 9 October 2024. The financial impact was relatively minor, and the egg business continued to perform well, with selling prices supported by lower availability of eggs in the market, satisfactory efficiencies and cost management. On 26 December 2024, a crowd forcibly entered the layer farm and looted approximately 16% of the layer birds. Fortunately, no injuries to staff members occurred, and operations were able to resume soon after the incident. However, the hens looted and resultant lower egg production, further impacted by a disruption in planned vaccinations, contributed to lower earnings from this business in the current reporting period.

Overall, the Group's other African operations performed and contributed satisfactorily to the Company's financial performance for the current reporting period.

Financial overview

Group revenue increased by 19.6% to R3.6 billion (HY2024: R3.0 billion), with a 20.1% increase (R560 million) in the South African operations' revenue and a 13.8% increase (R31 million) in the other African operations' revenue. Revenue from the other African operations contributed 7.0% of the Group's revenue for the current reporting period (HY2024: 7.4%).

External revenue from South African operations in:

- The animal feeds segment increased by 14.1% (R212 million) from the previous reporting period, primarily driven by a 11.3% increase in external volumes sold.
- The farming segment increased by 15.5% (R137 million) from the previous reporting period, mainly as a result of higher volumes of layer livestock sold.
- The egg segment increased by 52.4% (R212 million) from the previous reporting period, with the 14.1% average egg selling price decrease being offset by the increase in sales volumes of 78.4%.

Revenue from the other African operations increased, primarily due to the increased volumes of eggs sold at higher selling prices in Zambia and increased volumes of feed sold in both Uganda and Zambia.

The Group's cost of sales increased by 18.2% to R2.9 billion (HY2024: R2.4 billion). The Group's cost of sales includes the fair value adjustments of biological assets (livestock) and agricultural produce (eggs) that were realised and included in other gains and losses in the statement of comprehensive income. The fair value adjustments for the current reporting period amounted to a profit of R113 million (HY2024: R41 million), which included biological asset write-offs due to birds being infected with HPAI in the previous reporting period of approximately R37 million. Excluding the fair value adjustments, gross profit increased by R218 million to R826 million (HY2024: R608 million) at a margin of 22.9% (HY2024: 20.2%).

Aggregate cash operating expenses during the current reporting period increased by 10.5% compared to the previous reporting period. This increase is mainly attributable to (i) an increase in sales and distribution costs due to higher volumes sold; (ii) elevated manpower expenses incurred as a result of a greater number of units being operational; and (iii) increased expenses incurred on corporate matters. These factors were partially offset by a reduction in generator fuel expenses, due to fewer load shedding hours.

COMMENTARY (continued)

Operating profit before items of a capital nature increased by 233.9% to R205 million (HY2024: R61 million). Operating profit from the South African operations was R206 million (HY2024: R45 million) at a margin of 6.2% (HY2024: 1.6%). Profit from the animal feeds segment remained flat. Increased volumes available for sale in South Africa mainly contributed to the eggs segment's profit increasing by R15 million compared to the previous reporting period. The farming segment reported a profit of R80 million compared to a loss of R67 million in the previous reporting period. Earnings from broiler farming were stable compared to the previous reporting period, but improved significantly for layer farming due to the benefit of improved throughput, much improved efficiencies and no HPAI outbreaks occurring in the current reporting period. In the previous reporting period, approximately R37 million of livestock was written off due to HPAI, extra feed costs were incurred while birds were being culled, and significant overhead costs under recovery resulted from the lower volumes produced. The other African operations recorded a profit of R14 million (HY2024: R24 million), representing a decrease in profit of R10 million. Earnings were lower in Zambia and Mozambique but increased in Uganda.

Head office costs increased from R7 million in the previous reporting period to R15 million due to increased expenditure on corporate and legal matters.

HEPS increased to 74.8 cents, up from 21.7 cents reported in the previous reporting period.

Cash flow from operating activities amounted to an inflow of R231 million (HY2024: R102 million). This includes an increased investment in working capital of R53 million (HY2024: R61 million), with an increased investment in inventory due to higher raw material costs and stock on hand, partially offset by an increase in trade and other payables. The increased working capital investment also includes an outflow from hedging activities of R26.7 million arising from SAFEX maize future market movements.

Cash flow from investing activities amounted to R143 million (HY2024: R58 million). This includes capital expenditure on property, plant and equipment amounting to R152 million (HY2024: R65 million), with the main projects (in addition to maintenance capital) being the project to build an additional feed mill in Malmesbury and the conversion of two farms (a commercial broiler farm and a layer rearing farm) in Gauteng to broiler breeder farms.

Cash flow from financing activities amounted to an outflow of R25 million (HY2024: inflow of R77 million). This includes the first repayment of R10 million on the R100 million term loan facility drawn down in the previous reporting period.

Cash and cash equivalents improved from R246 million as at 30 September 2024 to R312 million at the end of the current reporting period, with the Company also having borrowings of R89 million as at 31 March 2025.

The Rand value of the Group's investment in the other African countries segment increased by R19 million from 30 September 2024, primarily due to the devaluation of the Rand against the Ugandan shilling when measured at the reporting dates of 31 March 2025 and 30 September 2024, respectively. This foreign currency translation reserve increase is included in other comprehensive income for the current reporting period.

The Group's borrowings as at 31 March 2025 comprised an interest-bearing term loan facility of R89 million and lease liabilities as accounted for in terms of International Financial Reporting Standards (**"IFRS"**) 16 – Leases.

Dividend

The board of directors (**"Board"**) resolved not to declare an interim dividend for the current reporting period (HY2024: Rnil).

Outlook

Total egg production in South Africa is steadily increasing as the national flock recovers from the 2023 and 2024 HPAI outbreaks. In this regard, and in the absence of any new HPAI outbreaks, the South African Poultry Association has forecasted national egg production to be at pre-2023 HPAI outbreak levels by mid-2025.

Egg selling prices decreased towards the end of the current reporting period and are expected to decrease further in the second half of the financial year ending 30 September 2025 (**"FY2025"**).

The risk of an HPAI outbreak is regarded as very high for the remainder of FY2025, with an increased number of outbreaks reported in recent months in, *inter alia*, the USA, Europe, North Africa and West Africa. The stringent protocols for voluntary vaccination against HPAI published by the South African government remain prohibitive, with, to the best of the Company's knowledge, no producers having been successful in their applications to vaccinate poultry.

In the absence of vaccination, HPAI will remain a key risk factor that will continue to affect poultry businesses going forward, resulting in major uncertainty for the poultry industry, which could severely impact earnings.

In order to mitigate this risk, the Company maintained the strategy introduced in 2024, which involves placing a reduced number of layers in higher-risk geographical areas and sourcing layer hatching eggs from a larger number of geographically diverse breeder farms when compared to the protocol that was in place prior to the 2023 HPAI outbreaks.

COMMENTARY (continued)

Feed raw material prices for the second half of FY2025 are expected to benefit from an improved South African grain harvest. However, this benefit could be offset by any significant movement in the value of the Rand against, mostly, the US Dollar, as well as changes in the international prices of feed raw materials. Geo-political tensions between the USA and many of its trading partners, especially China, are high and could significantly impact normal supply and demand dynamics, *inter alia*, impacting international raw material prices and the value of currencies.

Changes in feed raw material costs directly affect earnings derived from the Group's egg business. Earnings from the feeds and farming businesses are more resilient to changes in feed raw material costs, as changes in input costs generally drive selling price adjustments in these businesses.

Earnings from the feeds and farming businesses are more dependent on volumes, operational efficiencies and cost management, which could be significantly impacted by any HPAI outbreak. These businesses performed well in the current reporting period, and maintaining earnings for the remainder of FY2025 will result in a satisfactory FY2025 financial performance.

The risk of load shedding remains high in South Africa. Indications are that the national grid was under severe pressure for most of the current reporting period, with an expectation of increased demand leading to more load shedding during the winter months, which form the bulk of the second half of FY2025. An increase in load shedding hours will result in increased operational challenges and higher costs, which will negatively impact the Company's earnings.

Trading conditions in Zambia are expected to improve towards the end of FY2025. Maize and soybean harvests should benefit from much improved rainfall, and indications are that prices for these commodities will be lower. The improved rainfall should also benefit electricity generation from the Kariba hydroelectric facility and, together with lower feed input costs, could lead to an overall improvement in trading conditions, stimulate demand for day-old chicks and feed and support improved egg margins. A further factor in Zambia has been the continuous weakening of the Kwacha, which has resulted in cost increases and a reduction in the Rand value of earnings.

With the expectation of lower egg prices in South Africa in the second half of FY2025, egg prices in Mozambique are also expected to decline, leading to reduced egg margins during the second half of FY2025.

Trading conditions in Uganda are expected to remain favourable for the remainder of FY2025. Feed raw material costs are expected to remain relatively low, supporting demand for day-old chicks, feed volumes and egg margins.

By order of the Board

WA Hanekom
Chairman

AD van der Merwe
Chief Executive Officer

23 May 2025

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 March 2025 R'000	Unaudited 31 March 2024 R'000	Audited 30 September 2024 R'000
ASSETS			
Non-current assets	**1 537 581**	1 419 323	1 429 050
Property, plant and equipment	**1 486 876**	1 348 038	1 368 237
Right-of-use assets	**27 914**	41 505	36 755
Intangible assets	**7 906**	10 603	9 014
Investment in associate	**12 388**	11 887	11 924
Trade and other receivables	**2 497**	2 705	2 657
Deferred income tax	**–**	4 585	463
Current assets	**1 871 483**	1 577 650	1 786 375
Inventories	**402 800**	415 172	361 857
Biological assets	**454 793**	343 354	460 093
Trade and other receivables	**701 958**	633 143	718 573
Derivative financial instruments	**–**	8	–
Current income tax	**418**	25	24
Cash and cash equivalents	**311 514**	185 948	245 828
Total assets	**3 409 064**	2 996 973	3 215 425

	Unaudited 31 March 2025 R'000	Unaudited 31 March 2024 R'000	Audited 30 September 2024 R'000
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent	**2 252 691**	2 019 019	2 094 715
Share capital	**1 492 396**	1 473 619	1 473 619
Treasury shares	**(429)**	(429)	(429)
Other reserves	**(112 876)**	(74 405)	(114 949)
Retained earnings	**873 600**	620 234	736 474
Total equity	**2 252 691**	2 019 019	2 094 715
Non-current liabilities	**393 798**	369 331	383 203
Borrowings	**69 475**	89 413	79 400
Lease liabilities	**19 031**	32 824	27 261
Deferred income tax	**286 202**	237 732	264 254
Provisions for other liabilities and charges	**19 090**	9 362	12 288
Current liabilities	**762 575**	608 623	737 507
Trade and other payables	**715 308**	579 883	696 531
Derivative financial instruments	**–**	–	487
Current income tax	**10 100**	2 688	2 651
Borrowings	**20 000**	10 000	20 000
Lease liabilities	**15 153**	14 971	15 824
Provisions for other liabilities and charges	**2 014**	1 081	2 014
Total liabilities	**1 156 373**	977 954	1 120 710
Total equity and liabilities	**3 409 064**	2 996 973	3 215 425

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
Revenue	2	**3 600 942**	3 009 936	6 332 075
Cost of sales		**(2 887 463)**	(2 442 455)	(5 107 263)
Gross profit		**713 479**	567 481	1 224 812
Other income		**7 355**	8 871	16 186
Other gains/(losses) – net	3	**92 582**	38 506	185 243
Sales and distribution costs		**(134 883)**	(124 298)	(249 273)
Marketing costs		**(4 754)**	(4 508)	(10 639)
Administrative expenses		**(96 195)**	(78 474)	(183 814)
Net impairment gains/(losses) on trade and other receivables		**(3 307)**	2	(2 068)
Other operating expenses		**(369 767)**	(345 156)	(749 527)
Operating profit		**204 510**	62 424	230 920
Investment income		**8 961**	2 519	8 032
Finance costs		**(7 845)**	(10 184)	(19 818)
Share of profit of associate company		**463**	686	724
Profit before income tax		**206 089**	55 445	219 858
Income tax expense		**(56 009)**	(11 260)	(59 454)
Profit for the period		**150 080**	44 185	160 404

	Notes	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
Other comprehensive income for the period				
Items that may subsequently be reclassified to profit or loss:				
Fair value adjustments to cash flow hedging reserve		**(19 168)**	86	(5 750)
For the period		**(2 244)**	17 030	15 357
Income tax effect		**606**	(4 598)	(4 146)
Realised to profit or loss		**(24 014)**	(16 912)	(23 233)
Income tax effect		**6 484**	4 566	6 272
Movement in foreign currency translation reserve				
Currency translation differences		**19 414**	(46 843)	(89 755)
Total comprehensive income/(loss) for the period		**150 326**	(2 572)	64 899
Profit for the period attributable to owners of the parent		**150 080**	44 185	160 404
Total comprehensive income/(loss) for the period attributable to owners of the parent		**150 326**	(2 572)	64 899
Earnings per ordinary share (cents)	4	**74.5**	22.1	80.0
Diluted earnings per ordinary share (cents)	4	**74.1**	21.8	78.8

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
Share capital and treasury shares	**1 491 967**	1 473 190	1 473 190
Opening balance	**1 473 190**	1 464 640	1 464 640
Ordinary shares issued/transferred – share appreciation rights	**18 777**	8 550	8 550
Other reserves	**(112 876)**	(74 405)	(114 949)
Opening balance	**(114 949)**	(29 676)	(29 676)
Other comprehensive income/(loss) for the period	**246**	(46 757)	(95 505)
Recognition of share-based payments	**7 650**	5 655	13 880
Ordinary shares transferred – share appreciation rights	**(5 823)**	(3 627)	(3 648)
Retained earnings	**873 600**	620 234	736 474
Opening balance	**736 474**	580 972	580 972
Profit for the period	**150 080**	44 185	160 404
Ordinary shares transferred – share appreciation rights	**(12 954)**	(4 923)	(4 902)
Total equity	**2 252 691**	2 019 019	2 094 715

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
Cash flow from operating activities		**230 766**	102 041	264 268
Cash profit from operating activities		**298 181**	165 564	384 934
Working capital changes	5	**(52 988)**	(61 468)	(110 149)
Cash effect of hedging activities		**–**	117	–
Cash generated from operations		**245 193**	104 213	274 785
Income tax paid		**(14 427)**	(2 172)	(10 517)
Cash flow from investing activities		**(142 516)**	(58 140)	(140 457)
Additions to property, plant and equipment		**(151 492)**	(65 263)	(153 354)
Additions to intangible assets		**(497)**	–	(58)
Proceeds on disposal of property, plant and equipment		**353**	4 570	4 720
Repayment of loan included in other debtors		**336**	248	708
Interest received		**8 784**	2 305	7 527
Cash surplus		**88 250**	43 901	123 811
Cash flow from financing activities		**(25 164)**	77 481	60 924
Principal elements of lease payments		**(7 791)**	(11 823)	(19 919)
Borrowings (repaid)/raised		**(10 000)**	100 000	100 000
Shares issued		**18 777**	8 550	8 550
Treasury shares acquired by subsidiary		**(18 777)**	(8 550)	(8 550)
Interest paid		**(7 369)**	(10 694)	(19 148)
Dividends paid to ordinary shareholders		**(4)**	(2)	(9)
Increase in cash and cash equivalents		**63 086**	121 382	184 735
Effects of exchange rate changes		**2 600**	(6 799)	(10 272)
Cash and cash equivalents at beginning of period		**245 828**	71 365	71 365
Cash and cash equivalents at end of period		**311 514**	185 948	245 828

SEGMENTAL ANALYSIS

	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
Segment revenue	**3 605 237**	3 012 111	6 341 212
Eggs	**615 476**	403 957	858 979
Farming	**1 025 534**	886 292	1 875 537
Animal feeds	**1 711 658**	1 499 988	3 138 813
Other African countries	**252 569**	221 874	467 883
Less: Internal revenue	**(4 295)**	(2 175)	(9 137)
Farming	**(4 295)**	(2 175)	(9 137)
External revenue	**3 600 942**	3 009 936	6 332 075
Eggs	**615 476**	403 957	858 979
Farming	**1 021 239**	884 117	1 866 400
Animal feeds	**1 711 658**	1 499 988	3 138 813
Other African countries	**252 569**	221 874	467 883
Segment results (operating profit) – excluding items of a capital nature	**205 269**	61 471	232 243
Eggs	**71 898**	56 978	140 108
Farming	**79 849**	(66 731)	(10 636)
Animal feeds	**54 458**	54 513	94 231
Other African countries	**14 101**	24 128	45 448
Head office costs	**(15 037)**	(7 417)	(36 908)
Items of a capital nature per segment included in other gains/(losses) – net			
(Loss)/profit on disposal of property, plant and equipment before income tax	**(759)**	953	(1 323)
Eggs	**–**	1 390	1 391
Farming	**(820)**	(437)	(2 567)
Animal feeds	**(16)**	–	(297)
Other African countries	**77**	–	150

	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
Segment results (operating profit)	**204 510**	62 424	230 920
Eggs	**71 898**	58 368	141 499
Farming	**79 029**	(67 168)	(13 203)
Animal feeds	**54 442**	54 513	93 934
Other African countries	**14 178**	24 128	45 598
Head office costs	**(15 037)**	(7 417)	(36 908)
A reconciliation of the segment results (operating profit) to profit before income tax is provided below:			
Segment results	**204 510**	62 424	230 920
Adjusted for:			
Investment income	**8 961**	2 519	8 032
Finance costs	**(7 845)**	(10 184)	(19 818)
Share of profit of associate company	**463**	686	724
Profit before income tax per statement of comprehensive income	**206 089**	55 445	219 858

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements are prepared in accordance with and containing the information required by IAS 34 – Interim Financial Reporting as well as the IFRS Accounting Standards as issued by the International Accounting Standards Board, the JSE Limited Listings Requirements, the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, No. 71 of 2008, as amended.

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

These results or any comments relating to the prospects of the Group have not been audited or reviewed by the Company's external auditors. The condensed consolidated interim financial statements have been prepared under the supervision of AH Muller, CA(SA), the chief financial officer of the Company.

The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS Accounting Standards and are consistent with those applied in the previous consolidated annual financial statements for the year ended 30 September 2024. A number of amendments to existing standards became applicable for the current reporting period, the adoption of which did not have a material impact on the financial results of the Group. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments:

- *Amendment to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current; Non-current liabilities with covenants (effective 1 January 2024)*
- *Amendment to IAS 7 – Cash flow statements – and IFRS 7 – Financial instruments: Disclosures – Supplier finance (effective 1 January 2024)*
- *Amendment to IFRS 16 – Leases – Lease Liability in a Sale and Leaseback (effective 1 January 2024)*

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 30 September 2024.

2. Revenue

	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
Disaggregation of revenue from contracts with customers:			
Eggs	**780 784**	556 668	1 174 064
– included in eggs segment	**615 476**	403 957	858 980
– included in other African countries segment	**165 308**	152 711	315 084
Layer farming*	**187 790**	67 515	213 503
– included in farming segment	**165 190**	44 093	167 665
– included in other African countries segment	**22 600**	23 422	45 838
Broiler farming**	**888 552**	874 142	1 773 068
– included in farming segment	**856 049**	840 024	1 698 734
– included in other African countries segment	**32 503**	34 118	74 334
Animal feeds	**1 743 816**	1 511 611	3 171 440
– included in animal feeds segment	**1 711 658**	1 499 988	3 138 813
– included in other African countries segment	**32 158**	11 623	32 627
	3 600 942	3 009 936	6 332 075

* *Layer farming sales includes the sale of day-old pullets and point-of-lay hens.*

** *Broiler farming sales includes the sales of day-old broilers and live birds.*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

3. Other gains/(losses) – net

	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
Biological assets fair value adjustment	**51 691**	(27 760)	31 931
Unrealised – reflected in carrying amount of biological assets	**(14 821)**	(5 487)	8 194
Realised – reflected in cost of goods sold	**66 512**	(22 273)	23 737
Agricultural produce fair value adjustment	**43 621**	63 352	150 684
Unrealised – reflected in carrying amount of inventory	**(2 659)**	500	2 790
Realised – reflected in cost of goods sold	**46 280**	62 852	147 894
Foreign exchange differences	**(1 454)**	(1 088)	(3 071)
Foreign exchange contract cash flow hedging ineffective loss	**(41)**	(234)	(475)
Futures contract cash flow hedging ineffective (loss)/gain	**(476)**	3 283	7 497
(Loss)/profit on disposal of property, plant and equipment	**(759)**	953	(1 323)
	92 582	38 506	185 243

Biological assets fair value adjustment

The adjustment of biological assets from cost to fair value includes a realised and unrealised component. The unrealised portion is reflected in the carrying amount of biological assets in the statement of financial position, and the realised portion is reflected in cost of goods sold in profit and loss.

4. Earnings per ordinary share

Basic

The calculation of basic earnings per share is based on profit for the period attributable to owners of the parent divided by the weighted average number of ordinary shares (net of treasury shares) in issue during the period:

	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
Profit for the period	**150 080**	44 185	160 404
Weighted average number of ordinary shares in issue ('000)	**201 406**	200 023	200 564

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive contingent ordinary shares.

	Number '000	Number '000	Number '000
Weighted average number of ordinary shares in issue used as the denominator in calculating basic earnings per share	**201 406**	200 023	200 564
Adjustment for calculation of diluted earnings per share – Share appreciation rights	**1 030**	2 992	2 992
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**202 436**	203 015	203 556

Share appreciation rights issued in terms of the share incentive scheme have a potential dilutive effect on earnings per ordinary share.

4. Earnings per ordinary share (continued)

	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
The calculation of diluted earnings per share is based on profit for the period attributable to owners of the parent divided by the diluted weighted average number of ordinary shares (net of treasury shares) in issue during the period:			
Profit for the period	**150 080**	44 185	160 404
Diluted weighted average number of ordinary shares in issue ('000)	**202 436**	203 015	203 556
Headline earnings is calculated in accordance with Circular 1/2023 issued by SAICA.			
Reconciliation between profit for the period attributable to owners of the parent and headline earnings			
Profit for the period	**150 080**	44 185	160 404
Remeasurement of items of a capital nature			
Loss/(profit) on disposal of property, plant and equipment	**563**	(713)	941
Gross	**759**	(953)	1 323
Tax effect	**(196)**	240	(382)
Headline earnings for the period	**150 643**	43 472	161 345
Earnings per ordinary share (cents)	**74.5**	22.1	80.0
Diluted earnings per ordinary share (cents)	**74.1**	21.8	78.8
Headline earnings per ordinary share (cents)	**74.8**	21.7	80.4
Diluted headline earnings per ordinary share (cents)	**74.4**	21.4	79.3

5. Working capital changes

	Unaudited Six months ended 31 March 2025 R'000	Unaudited Six months ended 31 March 2024 R'000	Audited Year ended 30 September 2024 R'000
(Increase)/decrease in inventory	**(48 857)**	(14 829)	21 088
Decrease/(increase) in trade and other receivables	**15 733**	53 244	(37 186)
Increase/(decrease) in trade and other payables	**17 448**	(45 624)	74 829
Increase in current biological assets	**(10 688)**	(53 317)	(160 549)
Changes to derivative financial instruments	**45**	(942)	(858)
Cash effect of hedging activities	**(26 669)**	–	(7 473)
	(52 988)	(61 468)	(110 149)

6. Contingent liabilities and future capital commitments

No litigation matters with potential material consequences exist at the reporting date.

Capital expenditure approved by the Board, and contracted for, amounts to R112.7 million (30 September 2024: R131.0 million). Capital expenditure approved by the Board, but not yet contracted for, amounts to R71.5 million (30 September 2024: R135.8 million).

7. Events after the reporting period

Dividend

The Board has resolved not to declare an interim dividend for the period ended 31 March 2025 (2024: Rnil).

There have been no other events that may have a material effect on the Group that occurred after the end of the reporting period and up to the date of the Board's approval of the condensed consolidated interim financial statements.

CORPORATE INFORMATION

Directors

WA Hanekom (chairman), GG Fortuin (lead independent director)#, LW Riddle#, G Vaughan-Smith, PFT Burger#, AD van der Merwe (chief executive officer)* and AH Muller (chief financial officer)*

*# Independent * Executive*

Company secretary

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