2023 | AUDITED SUMMARISED CONSOLIDATED RESULTS

for the year ended 30 September 2023

Astral

Highlights

Revenue

(0.4%)

Operating profit

(143%)

Earnings per share

(148%)

No dividend declared

Commentary

Financial overview

Revenue reported for the year ended 30 September 2023 (FY2023) was R19.3 billion in line with that achieved in the prior financial year (FY2022). Although revenue in the Feed Division increased slightly year-on-year, revenue in the Poultry Division (which contributed 82 % towards total external revenue) was down, driven by a decline in sales volumes of 9.6 %.

The operating profit margin decreased to -3.2 % (2022: 7.4 %) as the Group reported a full year loss before interest and tax of R621 million (2022: profit R1.4 billion). The Group's earnings were significantly impacted by costs associated with load shedding and the outbreak of Highly Pathogenic Avian Influenza (bird flu).

A significant cash outflow is reported, as a result of load shedding and bird flu costs, as well as poor market trading conditions through the year. Total capital expenditure of R398 million included capital spent on emergency diesel generators and additional water storage at R168 million.

The Group is geared at 25.6 %, with an overdraft at the end of the financial reporting period of R1.0 billion. This after drawing an additional R600 million on the General Banking Facilities to maintain healthy levels of liquidity, as working capital requirements increased materially and the Group incurred its first financial loss over its 23-year history.

OPERATIONAL OVERVIEW

Poultry Division

Revenue decreased by 0.8 % to R15.8 billion (2022: R16 billion), on a decrease in broiler sales volumes and a less than ideal product mix. The product basket was negatively impacted by heavier birds as a result of downtime in the processing plants on the back of load shedding. The downtime resulted in a backlog in the slaughter programme, with broilers remaining on farm longer, resulting in older bird ages and heavier live weights.

Broiler slaughter numbers decreased by 15.3 % as production cutbacks were implemented in an effort to clear the backlog in processing volumes. Live weight slaughtered reduced by only 4.1 %, despite broiler numbers processed reducing from an average of 5.8 million birds per week in FY2022 to 4.9 million birds per week in FY2023. Sales volumes decreased by 9.6 % for the year under review (down 50 072 tons), negatively impacted by the product offering on heavier birds and a weak trading environment. Frozen poultry stock levels at 30 September 2023 were higher than at the end of the comparable reporting period.

Broiler sales realisations increased by 8.2 %, well below levels that were required to recover higher input costs and extraordinary expenses due to load shedding and generator operational expenses. The broiler net margin realised for the year was negative at -9.7 % (2022: 3.5 %).

Broiler feed prices increased by 15.4 % versus the prior year due to higher raw material costs. Feed cost remains the key driver of profitability, representing approximately 70 % of the live cost of a broiler.

On-farm broiler performances decreased markedly, as the impact of load shedding resulted in older and heavier birds, thereby negatively impacting the feed conversion efficiency ratio. Broiler performances returned to normalised levels in 4Q2023, as the backlog in the slaughter programme was cleared.

Operating profit for the Poultry Division decreased by 272 % to a loss of R1 380 million (2022: profit R802 million). The operating profit margin declined significantly to -8.7 % (2022: 5.0 %). Expenses in the division increased year-on-year, negatively impacted by the direct cost of load shedding (R1 622 million), water supply interruptions (R31 million), as well the outbreak of bird flu (R400 million).

Tiger Chicks in Zambia reported a consistent and good set of results.

Commentary (continued)

for the year ended 30 September 2023

Feed Division

Revenue increased by 11.9% to R11.6 billion (2022: R10.4 billion) as a direct result of higher feed selling prices on the back of an increase in raw material costs. SAFEX yellow maize prices increased to an average of R4 205 per ton (2022: R4 112 per ton) for the year under review, somewhat masking the record levels traded at close to R5 200 per ton on SAFEX in November and December 2022.

Feed sales volumes increased by 1.1%, as the internal requirement for broiler feed increased by 9.2% (up 80 838 tons) due to high feed consumption in the older and heavier broilers as a result of the load shedding broiler slaughter backlog. External feed sales volumes decreased by 10.9% (down 64 582 tons) as the pig and table egg sectors came under tremendous pressure on higher feed costs and lower selling prices.

The operating profit for this division increased by 21.5% to R759 million (2022: R625 million), with an increase in the operating profit margin to 6.5% (2022: 6.0%). Net Rand per ton margins increased by 9.5% year-on-year with the division benefiting from good expense control (excluding the raw material cost impact), as well as effective recovery of the higher raw material costs in the selling price for feed. The direct cost of load shedding to the Feed Division for FY2023 was R31 million.

Tiger Animal Feeds in Zambia reported higher sales volumes up 5.7%, and this together with improved feed margins saw profitability increase year-on-year.

Outlook

The following factors are considered by management to have an impact on the near future business and poultry sector prospects:

- Astral will focus on rebuilding the balance sheet through F2024, which is key to providing resilience through the cyclical nature of the poultry sector in South Africa.
- Embedded diesel cost as load shedding in South Africa continues unabated, although at a lower level for the past few months.
- Bird flu remains a major risk to the local poultry industry, however progress is being made towards approvals for voluntary vaccination of broiler breeding stock.
- El Niño weather patterns could provide some risk to the local crop later in the 2023/24 growing season.
- Weak economic growth and depressed consumer spending will be a key influence on market conditions, as well as Astral's production planning in the immediate future.
- Astral's *Re-Set*, *Re-focus* and *Re-start* campaign (Project 3R) centres around various initiatives to normalise the business post the load shedding disaster.
- Improved biological efficiencies following the load shedding "big bird era" have improved dramatically, which go a long way to improving broiler live cost.
- Product mix has normalised, and all product from the "big bird era" has been cleared.
- An effort to correct poultry selling prices has been implemented in the market, to reverse the unsustainable negative returns and previously "subsidised" pricing.
- Global maize prices have eased, and together with another large local maize crop and surplus carry out, SAFEX maize prices are trending lower.

Independent Auditor's Report on the Summary Consolidated Financial Statements

To the shareholders of Astral Foods Limited

Opinion

The summarised consolidated financial statements of Astral Foods Limited, set out on pages 4 to11, which comprise the summarised consolidated balance sheet as at 30 September 2023, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Astral Foods Limited for the year ended 30 September 2023.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, as set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 17 November 2023. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
Director: EJ Gerryts
Registered Auditor
Johannesburg, South Africa

17 November 2023

Summarised Consolidated Statement of Comprehensive Income

for the year ended 30 September 2023

	Audited 12 months ended 30 September 2023 R'000	% change	Audited 12 months ended 30 September 2022 R'000
Revenue	**19 250 955**	(0.4%)	19 333 850
Cost of sales	**(17 385 151)**		(15 310 513)
Gross profit	**1 865 804**		4 023 337
Administrative expenses	**(753 884)**		(944 950)
Distribution costs	**(1 547 573)**		(1 412 646)
Marketing expenditure	**(327 522)**		(292 252)
Other income	**136 284**		49 457
Other gains/(losses)	**6 016**		16 832
(Loss)/profit before interest and tax (note 4)	**(620 875)**	(143%)	1 439 778
Finance costs – net	**(76 238)**		(14 706)
Finance income	**32 524**		29 412
Finance costs	**(108 762)**		(44 118)
(Loss)/profit before tax	**(697 113)**	(149%)	1 425 072
Tax expense	**184 913**		(370 456)
(Loss)/profit for the year from continuing operations	**(512 200)**	(149%)	1 054 616
(Loss)/profit for the year from discontinued operations (note 9)	**–**	(100%)	15 960
(Loss)/profit for the year	**(512 200)**	(148%)	1 070 576
Other comprehensive income	**(27 264)**		36 315
Items that may be subsequently reclassified to profit or loss			
Foreign currency (loss)/gain on investment loans to foreign subsidiaries	**(868)**		878
Foreign currency translation adjustments	**(38 455)**		43 254
Items that will not be reclassified to profit or loss			
Transaction with minorities	**–**		(1 480)
Remeasurement of post-employment benefit obligations (net of deferred tax)	**5 299**		4 807
Changes in fair value of equity instruments	**6 760**		(11 144)
Total comprehensive (loss)/income for the period	**(539 464)**	(149%)	1 106 891
(Loss)/profit attributable to:			
Equity holders of the holding company	**(512 200)**	(148%)	1 068 397
Arising from			
– Continuing operations	**(512 200)**		1 054 616
– Discontinued operations	**–**		13 781
Non-controlling interests	**–**	(100%)	2 179
	(512 200)	(148%)	1 070 576
Comprehensive (loss)/income attributable to:			
Equity holders of the holding company	**(539 464)**	(149%)	1 104 712
Arising from			
– Continuing operations	**(539 464)**		1 090 931
– Discontinued operations	**–**		13 781
Non-controlling interests	**–**	(100%)	2 179
	(539 464)	(149%)	1 106 891
Earnings per share – cents per share			
– basic	**(1 333)**	(148%)	2 781
– From continuing operations	**(1 333)**		2 745
– From discontinued operations	**–**		36
– diluted (anti-dilutionary impact was ignored in terms of IFRS – refer note 8)	**(1 333)**	(148%)	2 751
– From continuing operations	**(1 333)**		2 716
– From discontinued operations	**–**		35

Summarised Consolidated Balance Sheet

at 30 September 2023

	Audited 30 September 2023 R'000	Audited 30 September 2022 R'000
Assets		
Non-current assets		
Property, plant and equipment	**3 153 235**	3 002 712
Intangible assets	**42 034**	41 947
Right-of-use assets	**251 512**	288 817
Goodwill	**120 536**	120 536
Financial assets at fair value through other comprehensive income	**97 755**	94 431
	3 665 072	3 548 443
Current assets		
Biological assets	**1 047 569**	1 245 888
Inventories	**1 895 247**	1 178 496
Trade and other receivables	**1 789 390**	1 708 292
Current tax asset	**5**	33 840
Cash and cash equivalents	**713 436**	723 350
	5 445 647	4 889 866
Total assets	**9 110 719**	8 438 309
Equity		
Capital and reserves attributable to equity holders of the parent company	**4 019 463**	4 786 007
Issued capital	**90 400**	90 400
Treasury shares	**(262 829)**	(277 464)
Reserves	**4 191 892**	4 973 071
Total equity	**4 019 463**	4 786 007
Liabilities		
Non-current liabilities		
Deferred tax liability	**520 137**	777 830
Employee benefit obligations	**103 397**	127 029
Lease liability	**181 589**	231 302
	805 123	1 136 161
Current liabilities		
Trade and other liabilities	**2 246 001**	1 966 500
Employee benefit obligations	**190 952**	425 840
Current tax liabilities	**11 288**	19 825
Lease liability	**90 453**	78 371
Borrowings	**1 744 089**	22 332
Shareholders for dividend	**3 350**	3 273
	4 286 133	2 516 141
Total liabilities	**5 091 256**	3 652 302
Total equity and liabilities	**9 110 719**	8 438 309

Summarised Consolidated Statement of Cash Flows

for the year ended 30 September 2023

	Audited 12 months ended 30 September 2023 R'000	Audited 12 months ended 30 September 2022 R'000
Cash operating (loss)/profit	**(600 563)**	1 905 735
Changes in working capital	**(323 155)**	(413 382)
Cash generated from operating activities	**(923 718)**	1 492 353
Income tax paid	**(47 119)**	(294 454)
Cash flows from operating activities	**(970 837)**	1 197 899
Cash used in investing activities	**(339 289)**	(179 189)
Purchases of property, plant and equipment	**(368 044)**	(280 271)
Costs incurred on intangibles	**(5 558)**	(564)
Proceeds on disposal of property, plant and equipment	**1 789**	478
Proceeds on disposal of controlling interests in subsidiaries	**–**	69 954
Finance income	**32 524**	29 650
Dividends received	**–**	1 564
Equity instruments acquired	**–**	–
Cash flows to financing activities	**180 864**	(612 817)
Dividends paid	**(225 997)**	(457 747)
Inflows from borrowings	**600 000**	–
Finance expense on borrowings	**(82 233)**	(4 993)
Treasury shares acquired in terms of Forfeitable Share Plan	**(13 279)**	(26 831)
Proceeds from sale of treasury shares	**9 922**	–
Lease payments – principal element	**(82 070)**	(89 661)
Finance cost on lease contracts	**(25 479)**	(32 105)
Transaction with minorities	**–**	(1 480)
Net movement in cash and cash equivalents	**(1 129 262)**	405 893
Effects of exchange rate changes	**(2 409)**	13 998
Cash and cash equivalents at beginning of year – discontinued operations	**–**	3 435
Cash and cash equivalents at beginning of year – continuing operations	**701 018**	277 692
Cash and cash equivalent balances at end of year (note 6)	**(430 653)**	701 018

Summarised Consolidated Statement of Changes in Equity

for the year ended 30 September 2023

	Audited 12 months ended 30 September 2023 R'000	Audited 12 months ended 30 September 2022 R'000
Balance beginning of year	**4 786 007**	4 161 191
Profit for the period		
– Continuing operations	**(512 200)**	1 054 616
– Discontinued operations	**–**	15 960
Dividends to shareholders	**(226 074)**	(457 974)
Other comprehensive loss for the period, net of tax	**(27 264)**	22 877
Increase in share based payment reserve	**12 273**	16 168
Treasury shares acquired in terms of Forfeitable Share Plan	**(13 279)**	(26 831)
Balance at end of period	**4 019 463**	4 786 007

Summarised Consolidated Segmental Analysis

for the year ended 30 September 2023

	Audited 12 months ended 30 September 2023 R'000	% change	Audited restated 12 months ended 30 September 2022 R'000
Revenue			
Poultry	**15 833 276**	(1 %)	15 963 172
Feed	**11 588 911**	12 %	10 362 081
Inter-group	**(8 171 232)**		(6 991 403)
From continuing operations	**19 250 955**		19 333 850
From discontinued operations	**–**		125 795
	19 250 955	(1 %)	19 459 645
Operating (loss)/profit			
Poultry	**(1 379 808)**	(272 %)	801 687
Feed	**758 933**	21 %	624 782
Impairment of goodwill	**–**		(15 599)
Net gain on disposal of controlling interest in subsidiaries	**–**		28 908
From continuing operations	**(620 875)**	(143 %)	1 439 778
From discontinued operations	**–**		17 743
	(620 875)	(143 %)	1 457 521
Depreciation, amortisation and impairment			
Poultry	**253 723**	4 %	244 627
Feed	**56 120**	(7 %)	60 027
Corporate	**391**	(81 %)	2 107
– From continuing operations	**310 234**		306 761
– From discontinued operations	**–**		1 701
	310 234		308 462

Notes

for the year ended 30 September 2023

1. Nature of business

Astral is a leading South African integrated poultry producer. Key activities consist of manufacturing of animal feeds, broiler genetics, production and sale of day-old chicks and hatching eggs, integrated breeder and broiler production operations, abattoirs and sale and distribution of various key poultry brands.

2. Basis of preparation

The Summarised Consolidated Financial Statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for Summary Consolidated Financial Statements, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require Summary Consolidated Financial Statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*.

The Summarised Consolidated Financial Statements have been prepared under the supervision of the Chief Financial Officer, Dries Ferreira CA(SA), and were approved by the board on 15 November 2023.

3. Accounting policies

The accounting policies applied in these Summarised Condensed Financial Statements comply with IFRS and are consistent with those applied in the preparation of the Group's annual financial statements for the year ended 30 September 2022.

	Audited 12 months ended 30 September 2023 R'000	Audited 12 months ended 30 September 2022 R'000
4. (Loss)/profit before interest and tax		
The following items have been accounted for in the profit before interest and tax:		
Biological asset write-downs due to Highly Pathogenic Avian Influenza	**400 478**	5 163
Additional feed costs incurred during loadshedding disruptions	**1 058 824**	–
Costs incurred due to down placements during loadshedding disruptions	**169 986**	–
Diesel generator related and other costs incurred directly related to loadshedding disruptions	**424 544**	137 705
(Increase)/decrease in fair value adjustment to biological assets	**(1 683)**	(3 306)
Amortisation of intangible assets	**5 235**	5 740
Depreciation on property, plant and equipment and intangibles	**224 067**	205 283
Amortisation of right-of-use assets	**86 167**	95 738
Loss/(profit) on sale of property, plant and equipment and intangibles	**(364)**	2 719
Foreign exchange losses	**–**	9 547
Dividend received from investments	**–**	(1 564)
Insurance recoveries	**(127 072)**	(38 965)
Assets scrapped	**5 022**	2 927
5. Reconciliation to headline earnings		
Net (loss)/profit attributable to shareholders	**(512 200)**	1 068 397
Loss/(profit) on sale of property, plant and equipment (net of tax)	**(150)**	1 957
Impairment of goodwill	**–**	15 599
Net gain on disposal of controlling interests in subsidiaries	**–**	(26 941)
Loss on assets scrapped (net of tax)	**3 859**	2 281
Headline earnings for the year	**(508 491)**	1 061 293

Notes (continued)

for the year ended 30 September 2023

		Audited 12 months ended 30 September 2023 R'000	% change	Audited 12 months ended 30 September 2022 R'000
6.	**Cash and cash equivalents per cash flow statement**			
	Bank overdrafts (included in current borrowings)	**(1 744 089)**		(22 332)
	Cash at bank and in hand	**713 436**		723 350
	Less: General Banking Facilities raised to fund day-to-day cash flows, disclosed separately	**600 000**		–
	Cash and cash equivalents per cash flow statement	**(430 653)**		701 018
7.	**Commitments**			
	Capital expenditure approved not contracted	**483 836**		590 589
	Capital expenditure contracted not recognised in the balance sheet	**109 696**		146 782
	Raw material contracted amounts not recognised in the balance sheet	**2 749 006**		2 079 376
8.	**Additional information**			
	Headline (loss)/earnings per share – cents per share			
	Basic:	**(1 324)**	(148%)	2 762
	– From continuing operations	**(1 324)**		2 726
	– From discontinued operations	**–**		36
	Diluted:	**(1 324)**	(148%)	2 733
	– From continuing operations	**(1 324)**		2 697
	– From discontinued operations	**–**		36
	Dividends (cents per share) – declared out of earnings for the period:	**–**	(100%)	1 380
	– Interim dividend	**–**		790
	– Final dividend	**–**		590
	Number of ordinary shares			
	– Issued net of treasury shares	**38 463 575**		38 396 563
	– Weighted-average	**38 419 016**		38 420 537
	– Diluted weighted-average	**38 833 658**		38 833 658

Diluted earnings per share for the current year is based on the number of shares, currently held as treasury shares which, will per the forfeitable share incentive scheme, either vest depending on the meeting of certain performance criteria, or will be sold back into the market in the event the performance conditions have not been met. However, in the current financial year the potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share. The calculation of diluted earnings per share therefore does not assume conversion, exercise, or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

Notes (continued)

for the year ended 30 September 2023

9. Discontinued operations

Description

As reported in the prior year, the Group entered into three agreements whereby its interests in National Chicks Swaziland, Meadow Mozambique and Moz Pintos (Mozambique) were disposed. These transactions were concluded during the prior year. These operations were reported in the financial statements for the year ending 30 September 2022 as discontinued operations.

National Chicks Swaziland Pty Ltd

The Swaziland subsidiary sale became unconditional with effect from 1 March 2022.

Meadow Mozambique Limitada and Mozpinto Limitada

Meadow Mozambique and Mozpinto sale of going concern assets became unconditional on 31 July 2022.

The legal companies has subsequent to the disposal of its going concern assets ceased its trading activities and will become dormant subsidiaries of the Group.

	Audited 12 months ended 30 September 2023 R'000	Audited 12 months ended 30 September 2022 R'000
Total disposal consideration received in cash (gross of cash disposed of)	–	75 970
Carrying amount of consolidated net assets sold	–	47 062
Gain on disposal before income tax	–	28 908
Income tax expense on gain	–	(2 581)
Net gain on disposal after income tax	–	26 327

10. Related party disclosures

Directors' and key management remuneration		
Fees for services as directors (non-executive directors)	**4 987**	4 294
Executive directors' remuneration	**40 972**	54 596
Total directors' fees and remuneration	**45 959**	58 890
Key management		
Prescribed officers' remuneration	**22 286**	39 159
Total directors and prescribed officers remuneration	**68 245**	98 049

Related party disclosures for the consolidated Group involve the fees and remuneration paid to directors and key management (prescribed officers). All other related party transactions are eliminated upon consolidation.

CE Schutte
Chief Executive Officer

JAI Ferreira
Chief Financial Officer

Corporate Information

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DJ Fouché
S Mayet
WF Potgieter
TM Shabangu
AD Cupido
* *Executive director*

Company Secretary
L Marupen

Sponsor
Nedbank Corporate and Investing Banking, a division of Nedbank Limited.

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