

**20 | UNAUDITED**  
**24 | INTERIM RESULTS**

for the six months ended 31 March 2024

Astral Foods Limited  
Incorporated in the Republic of South Africa  
Registration no 1978/003194/06  
Share code ARL  
ISIN ZAE000029757



## Highlights

### Revenue

▲ 4%

### Operating profit

▲ 461%

### Earnings per share

▲ 471%

### Headline earnings per share

▲ 441%

### Gearing improved to

10%



# Commentary

## Financial overview

Group revenue for the six months ended 31 March 2024 increased by 4.0 % to R10.4 billion compared to the R10.0 billion reported for the comparable period mainly due to higher sales volumes and an improvement in sales realisations reported by the Poultry Division.

The Group's operating profit margin at 5.3 % showed a marked improvement following the poor interim financial results for the period ended 31 March 2023, which reflected a cost to the Group of R740 million due to the impact of load shedding. The Group reported an operating profit increase of 461.2 % to R550 million (March 2023: R98 million) attributable to the Poultry Division reporting an operating profit against a loss of R283 million in the comparable period.

Group cash generation was strong with cash operating profit amounting to R806 million. Working capital requirements increased slightly as parent stock numbers were repopulated following the devastating impact of bird flu in the 2023 financial year (F2023). Capital expenditure was limited to necessary replacement items and load shedding and water-related expansion projects. During the period under review, the Group disposed of its 9.8 % investment in Quantum Foods Holdings Limited for cash proceeds of R141 million.

The Group repaid R200 million against the short-term working capital funding accessed during F2023, with the balance of that loan now amounting to R400 million at 31 March 2024. Overall the gearing for the Group improved to 10.1 % with total debt on the balance sheet amounting to R444 million, compared to R1 031 million at 30 September 2023 and gearing of 25.6 %.

The Group's banking facilities remain in good standing with no covenants, and remain unsecured.

## Operational overview

### Poultry Division

Revenue for the Poultry Division increased by 6.7 % to R8.7 billion (March 2023: R8.2 billion), supported by higher sales volumes over the comparable period, where the demand for Astral's poultry products slowed on a change in the product basket given the impact of load shedding disrupting the poultry processing and sales mix at the time. Selling prices improved for the period under review, as an effort was made to recover input costs, following an extended period which saw Astral "subsidising" the cost of producing chicken and posting substantial losses in F2023.

Broiler sales volumes increased by 4.2 % (10 106 tons), despite broiler bird numbers being cutback for the period under review from an average of 5.8 million birds per week in September 2023 to 5.4 million birds per week for the six months ended 31 March 2024. This was an effort to balance supply with demand as the market witnessed weak consumer spending and Astral avoided the over-production of finished goods, whilst selling out of stock and easing working capital requirements.

Broiler performances improved significantly following the normalisation of bird age and live weight in June 2023 as the backlog in the slaughter programme following the load shedding crisis was cleared, with efficiencies for the six months ended 31 March 2024 surpassing historical levels. Together with lower feed prices on better raw material input costs over the comparable period, broiler live cost improved for the period under review. The broiler feed price decreased by 9.1 % over the comparable period.

A significant reduction in the total feed bill and factory overtime costs were reported for the period under review, as a result of the bulk of the expenses relating to the high load shedding stages and "big bird era" in 1H2023 not being repeated (March 2024: diesel generator costs at R101 million). Together with an effort to recover higher input costs in diesel and other inflationary overhead expenses, broiler margins improved for the period under review to 2.4 % (March 2023: -4.4 %). Margins remain extremely thin in the Poultry Division, and an operating profit of R284 million representing an increase of 200.4 % was reported (March 2023: a loss of R283 million).

Total poultry imports for the period under review averaged 32 544 tons representing a slight decrease from 34 072 tons over the comparable period.

## Commentary (continued)

### Feed Division

Revenue for the Feed Division decreased by 24.4 % to R4.9 billion (March 2023: R6.4 billion) as a direct result of lower sales volumes as the internal requirement for feed reduced, together with a decrease in selling prices on the back of lower raw material costs. SAFEX yellow maize decreased to an average of R3 910 per ton for the period under review (March 2023: R4 679 per ton).

Sales volumes decreased by 18.7 % (163 527 tons) on the lower internal feed requirements in the Poultry Division. This is due to the lower levels of feed consumed over the comparable period, which was characterised by older and heavier birds on farm as a result of excessive load shedding experienced. External feed sales decreased by 2.3 % due to lower commercial layer feed volumes following the bird flu outbreak in the industry during the latter part of 2023.

The operating profit for the division was down by 30.1 % over the comparable period to R266 million (March 2022: R295 million and March 2023: R381 million), with a decrease in the operating profit margin to 5.5 % (March 2023: 5.9 %). This was due to the significant drop in feed volumes on the back of the markedly lower internal poultry feed requirements. Operating expenses in the division were well controlled despite the lower sales volumes for the period under review.

### Outlook

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

- Embedded diesel cost due to ongoing load shedding, although at lower levels for the past few months.
- Bird flu remains a major risk to the local poultry industry, with slow progress being made towards approval for the vaccination of broiler breeding stock.
- El Niño weather patterns have had an impact on the local grain crops due to dry weather in a critical period of the growing season, leading to a smaller crop and higher SAFEX prices.
- Weak economic growth and depressed consumer spending a key influence on market conditions, determining the supply and demand dynamics going forward.
- Uncertain political landscape with the upcoming national elections, with a key risk in the weakening of the ZAR against major international currencies.
- Biological efficiencies following the load shedding “big bird era” have improved dramatically, now surpassing previously set performances and going a long way to improving the broiler live cost.
- El Niño weather conditions are weakening, with prospects of a La Niña developing which could see improved conditions for the local planting season later in the year.
- Maize imports into the Cape feed mills from April, offering a ceiling to the local SAFEX yellow maize price currently trading around import parity.
- Further reducing debt levels remains a key focus point, which will assist in strengthening the balance sheet.
- Project 3R (Reset, Refocus & Restart) has proven successful to date, with continued focus on initiatives to reinforce Astral’s best cost producer position and improve profitability.

On behalf of the Board

**T Eloff**  
*Chairman*

**CE Schutte**  
*Chief Executive Officer*

Pretoria

20 May 2024

# Condensed Consolidated Statement of Comprehensive Income

for the six months ended 31 March 2024

	Unaudited six months ended 31 March 2024 R'000	% change	Unaudited six months ended 31 March 2023 Restated* R'000	Audited 12 months ended 30 September 2023 R'000
<b>Revenue</b>	<b>10 361 944</b>	4.0	9 963 795	19 250 955
Cost of sales	(8 275 373)		(8 577 872)	(17 385 151)
<b>Gross profit</b>	<b>2 086 571</b>	51	1 385 923	1 865 804
Administrative expenses	(610 259)		(409 931)	(753 884)
Distribution costs	(798 845)		(762 555)	(1 547 573)
Marketing expenditure	(200 850)		(150 991)	(327 522)
Other income*	24 382		1 602*	136 284
Other net gains and losses*	48 851		33 999*	6 016
<b>Operating profit/(loss) (note 4)</b>	<b>549 850</b>	461	98 047	(620 875)
Net finance costs	(68 781)		(14 473)	(76 238)
Finance income	22 050		5 422	32 524
Finance costs	(90 831)		(19 895)	(108 762)
<b>Profit/(loss) before tax</b>	<b>481 069</b>	476	83 574	(697 113)
Tax expense	(126 090)		(21 537)	184 913
<b>Profit/(loss) for the period</b>	<b>354 979</b>	472	62 037	(512 200)
<b>Other comprehensive income for the period, net of tax</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency loss on investment loans to foreign subsidiaries	(2 353)		(159)	(868)
Foreign currency translation loss	(28 543)		(50 492)	(38 455)
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement of post-employment benefit obligations	–		–	5 299
Changes in the fair value of equity instruments (note 9)	43 416		(6 256)	6 760
<b>Total comprehensive income/(loss) for the period</b>	<b>367 499</b>	7 063.7	5 130	(539 464)
<b>Profit/(loss) attributable to:</b>				
Equity holders of the holding company	354 979	472.2	62 037	(512 200)
<b>Profit/(loss) for the period</b>	<b>354 979</b>	472.2	62 037	(512 200)
<b>Comprehensive income/(loss) attributable to:</b>				
Equity holders of the holding company	367 499	7 063.7	5 130	(539 464)
<b>Earnings/(loss) per share (cents)</b>				
Basic	923	471.1	162	(1 333)
Diluted	914	472.2	160	(1 319)
<b>Headline earnings/(loss) per share (cents) (a non-IFRS remeasurement)</b>				
Basic	884	440.8	163	(1 324)
Diluted	875	441.9	162	(1 309)

\* The disclosures on the face of the statement of comprehensive income for H1 F2023 was aligned to the IFRS disclosure requirements as published in the F2023 integrated report.

# Condensed Consolidated Balance Sheet

as at 31 March 2024

	Unaudited six months ended 31 March 2024 R'000	Unaudited six months ended 31 March 2023 R'000	Audited 12 months ended 30 September 2023 R'000
<b>Assets</b>			
<b>Non-current assets</b>	<b>3 528 067</b>	<b>3 571 678</b>	<b>3 665 072</b>
Property, plant and equipment	3 154 934	3 059 134	3 153 235
Intangible assets	38 985	43 842	42 034
Right-of-use assets	213 612	258 401	251 512
Goodwill	120 536	120 536	120 536
Financial assets at fair value through other comprehensive income (note 9)	–	89 765	97 755
<b>Current assets</b>	<b>5 266 760</b>	<b>5 435 312</b>	<b>5 445 647</b>
Biological assets	1 245 815	1 525 943	1 047 569
Inventories	1 609 246	1 851 268	1 895 247
Trade and other receivables	2 013 101	1 821 047	1 789 390
Current tax asset	–	66 208	5
Cash and cash equivalents	398 598	170 846	713 436
<b>Total assets</b>	<b>8 794 827</b>	<b>9 006 990</b>	<b>9 110 719</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the parent company</b>	<b>4 379 106</b>	<b>4 571 825</b>	<b>4 019 463</b>
Issued capital	90 400	90 400	90 400
Treasury shares	(269 544)	(262 830)	(262 829)
Reserves	4 558 250	4 744 255	4 191 892
<b>Total equity</b>	<b>4 379 106</b>	<b>4 571 825</b>	<b>4 019 463</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>899 859</b>	<b>1 113 381</b>	<b>805 123</b>
Deferred tax liability	625 632	806 367	520 137
Employment benefit obligations	157 553	130 772	103 397
Lease liability	116 674	176 242	181 589
<b>Current liabilities</b>	<b>3 515 862</b>	<b>3 321 784</b>	<b>4 286 133</b>
Trade and other liabilities	2 372 275	2 319 544	2 246 001
Employment benefit obligations	184 040	201 172	190 952
Current tax liabilities	1 405	15 041	11 288
Lease liability	112 692	105 618	90 453
Borrowings	842 100	677 052	1 744 089
Shareholders for dividend	3 350	3 357	3 350
<b>Total liabilities</b>	<b>4 415 721</b>	<b>4 435 165</b>	<b>5 091 256</b>
<b>Total equity and liabilities</b>	<b>8 794 827</b>	<b>9 006 990</b>	<b>9 110 719</b>



# Condensed Consolidated Statement of Cash Flows

for the six months ended 31 March 2024

	Unaudited six months ended 31 March 2024 R'000	Unaudited six months ended 31 March 2023 R'000	Audited 12 months ended 30 September 2023 R'000
<b>Cash operating profit/(loss)</b>	<b>805 864</b>	33 521	(600 563)
Changes in working capital	(73 751)	(704 561)	(323 155)
<b>Cash generated/(utilised) from operations</b>	<b>732 113</b>	(671 040)	(923 718)
Income tax paid	(28 537)	(26 854)	(47 119)
<b>Cash generated/(utilised) from operating activities</b>	<b>703 576</b>	(697 894)	(970 837)
<b>Cash inflows/(outflows) from investing activities</b>	<b>42 330</b>	(184 335)	(339 289)
Purchases of property, plant and equipment	(141 677)	(185 203)	(368 044)
Costs incurred on intangibles	(1 170)	(4 569)	(5 558)
Proceeds on disposal of property, plant and equipment	21 956	15	1 789
Finance income	22 050	5 422	32 524
Net proceeds from disposal of equity interest (note 9)	141 171	–	–
<b>Cash (outflows)/inflows from financing activities</b>	<b>(345 785)</b>	(285 574)	180 864
Dividends paid to the Company's shareholders	–	(229 034)	(225 997)
Dividends paid to non-controlling shareholders	–	–	–
(Repayment of)/inflows from borrowings	(200 000)	–	600 000
Finance expense	(77 015)	(2 196)	(82 233)
Treasury shares acquired in terms of forfeitable share plan	(28 390)	(13 279)	(13 279)
Proceeds on sale of shares forfeited in terms of the forfeitable share plan	15 966	11 744	9 922
Lease payments – principal element	(44 896)	(39 542)	(82 070)
Finance cost on lease contracts	(11 450)	(13 267)	(25 479)
<b>Net movement in cash and cash equivalents</b>	<b>400 121</b>	(1 167 803)	(1 129 262)
Effects of exchange rate changes	(12 970)	(39 421)	(2 409)
Cash and cash equivalent balances at beginning of year (including disclosed as assets held-for-sale)	(430 653)	701 018	701 018
<b>Cash and cash equivalent balances at end of period (note 6)</b>	<b>(43 502)</b>	(506 206)	(430 653)

# Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 March 2024

	Unaudited six months ended 31 March 2024 R'000	Unaudited six months ended 31 March 2023 R'000	Audited 12 months ended 30 September 2023 R'000
Balance beginning of year	4 019 463	4 786 007	4 786 007
Profit for the period	354 979	62 037	(512 200)
Dividends to shareholders	–	(226 074)	(226 074)
Other comprehensive income/(loss) for the period, net of tax	12 520	(56 907)	(27 264)
Decrease in share-based payment reserve	(1 141)	(7 872)	(15 640)
Disposal of restricted shares at cost in terms of forfeitable share incentive scheme	21 675	27 913	27 913
Restricted shares acquired in terms of forfeitable share incentive scheme	(28 390)	(13 279)	(13 279)
Balance at end of period	4 379 106	4 571 825	4 019 463

The Condensed Consolidated Statement of Changes in Equity displays the total column of the same statement published in the full set of Annual Financial Statements included in the Integrated Report for 30 September 2023.



# Condensed Consolidated Segmental Analysis

for the six months ended 31 March 2024

	Unaudited six months ended 31 March 2024 R'000	% change	Unaudited six months ended 31 March 2023 Restated R'000	Audited 12 months ended 30 September 2023 R'000
<b>Revenue</b>				
Poultry	8 707 539	6.7	8 160 755	15 833 276
Feed	4 855 860	(24.4)	6 425 349	11 588 911
Inter-group	(3 201 455)		(4 622 309)	(8 171 232)
Group	10 361 944	4.0	9 963 795	19 250 955
<b>Operating profit/(loss)</b>				
Poultry	283 695	200	(282 665)	(1 379 808)
Feed	266 155	(30.1)	380 712	758 933
Group	549 850	461	98 047	(620 875)
<b>Depreciation, amortisation and impairment (excluding RoU assets)</b>				
Poultry	115 909	25.0	92 706	253 723
Feed	15 223	13.7	13 388	56 120
Corporate	236		189	391
Group	131 368	23.6	106 283	310 234
<b>Amortisation and impairment (RoU assets)</b>				
Poultry	30 759	10.2	27 918	57 352
Feed	14 143	(2.3)	14 479	28 815
Group	44 902	5.9	42 397	86 167
<b>Isolated large costs incurred by segments (load shedding and HPAI-related net of unrealised profit adjustment)</b>				
Poultry	53 204	(92.7)	728 072	1 983 356
Feed	5 941	(68.2)	18 709	31 476
Group	59 145	(92.1)	746 781	2 014 832
<b>Capital expenditure on property, plant and equipment</b>				
Poultry	77 193	(51.0)	157 478	282 393
Feed	59 887	164	22 701	109 571
Corporate	29		24	442
Group	137 109	(23.9)	180 203	392 406
<b>Right-of-use assets capitalised</b>				
Poultry	1 820	(87.3)	14 373	29 437
Feed	14 637	100	–	34 850
Group	16 457	14.5	14 373	64 287

## Condensed Consolidated Segmental Analysis (continued)

for the six months ended 31 March 2024

	Unaudited six months ended 31 March 2024 R'000	% change	Unaudited six months ended 31 March 2023 Restated R'000	Audited 12 months ended 30 September 2023 R'000
<b>Inventory</b>				
Poultry	1 179 277	(2.6)	1 210 318	1 425 566
Feed	429 969	(32.9)	640 950	469 681
Group	1 609 246	(13.1)	1 851 268	1 895 247
<b>Trade receivables</b>				
Poultry	1 492 419	19.8	1 245 611	1 228 640
Feed	330 366	7.2	308 035	396 645
Corporate	185 051		267 401	158 840
Group	2 007 836	10.3	1 821 047	1 784 125

### Restatement of segment report

The content of the segment report was aligned to that published in the annual financial statements included in the integrated report for 30 September 2023.

# Notes

for the six months ended 31 March 2024

## 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 condensed consolidated interim financial statements for the six months ended 31 March 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34: *Interim Financial Reporting*, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited and the South African Companies Act (2008). These condensed consolidated interim financial statements have been prepared under the supervision of the Financial Director, JAI Ferreira CA(SA).

The condensed consolidated interim financial statements have not been reviewed or audited by the Group's auditors.

## 3. Accounting policies

The accounting policies applied in these condensed consolidated interim 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 2023.

	Unaudited six months ended 31 March 2024 R'000	Unaudited six months ended 31 March 2023 Restated R'000	Audited 12 months ended 30 September 2023 R'000
<b>4. Profit before interest and tax</b>			
The following items have been accounted for in profit before interest and tax:			
Biological assets – fair value (gain)/loss, including HPAI-related costs net of unrealised profit adjustment	(42 339)	6 709	361 478
Additional feed costs incurred during load shedding disruptions	–	412 500	1 058 824
Costs incurred due to down placements during load shedding disruptions	–	96 384	169 986
Diesel generator related and other costs incurred directly related to load shedding disruptions	101 646	231 697	424 544
Amortisation of intangible assets	4 066	2 485	5 235
Depreciation on property, plant and equipment	111 843	103 798	224 067
Amortisation of right-of-use asset	44 902	42 397	86 167
Assets scrapped	–	–	5 022
Loss on sale of property, plant and equipment	1 254	933	–
Profit on disposal of property, plant and equipment	(21 930)*	–	(364)
Foreign exchange gains	(1 409)	(14 421)	–
Insurance recoveries	(22 672)	(486)	(127 072)

\* Profit on disposal here relate to insurance recoveries against assets, written off in prior reporting period.

## Notes (continued)

for the six months ended 31 March 2024

	Unaudited six months ended 31 March 2024 R'000	% change	Unaudited six months ended 31 March 2023 Restated R'000	Audited 12 months ended 30 September 2023 R'000
<b>5. Reconciliation to headline earnings</b>				
Net profit/(loss) attributable to shareholders	354 979		62 037	(512 200)
Loss/(profit) on sale of property, plant and equipment (net of tax)	(15 090)		686	(150)
Headline earnings for the period	339 889		62 723	(508 491)
<b>6. Cash and cash equivalents per cash flow statement</b>				
Bank overdrafts (disclosed as part of "cash and cash equivalents")	(842 100)		(677 052)	(1 744 089)
Cash at bank and in hand	398 598		170 846	713 436
<b>Net (overdraft)/cash and cash equivalents per balance sheet</b>	<b>(443 502)</b>		<b>(506 206)</b>	<b>(1 030 653)</b>
Less: General banking facilities (not disclosed as "cash and cash equivalents" in cash flow statement)	400 000		–	600 000
<b>Net (overdraft)/cash and cash equivalents per cash flow statement</b>	<b>(43 502)</b>		<b>(506 206)</b>	<b>(430 653)</b>
<b>7. Commitments</b>				
Capital expenditure approved not contracted	603 733		361 195	483 836
Capital expenditure contracted not recognised in the balance sheet	136 762		240 693	109 696
Raw material contracted amounts not recognised in the balance sheet	1 469 700		2 721 680	2 749 006
<b>8. Additional information</b>				
Headline earnings per share (cents)				
– basic	884	440.8	163	(1 324)
– diluted	875	441.9	162	(1 324)
Dividends per share (cents) – declared out of earnings for the period				
– Interim dividend	–		–	–
– Final dividend				–
– Total dividend				–
Number of ordinary shares				
– Issued net of treasury shares	38 437 285		38 396 563	38 463 575
– Weighted-average	38 448 046		38 374 062	38 419 016
– Diluted weighted-average	38 833 658		38 833 658	38 833 658

## Notes (continued)

for the six months ended 31 March 2024

### 9. Disposal of Quantum Foods Holdings minority interest

#### (a) Description

During the 2020 financial year, the Group acquired a 9.8 % equity interest in Quantum Foods Holdings Limited ("QFH"). At the time when Astral acquired the 9.8 % equity stake in QFH there were unmitigated risks the Group had to manage. These risks centred around securing the supply of live broilers to Astral's County Fair operation in the Western Cape. Necessary actions were taken to mitigate these risks which negated Astral maintaining its equity position in QFH.

Astral was approached to dispose of its 9.8 % equity stake held in QFH at R7.25 per share, an approximate 70 % premium to market value at the time.

Should any risk to these contracted broiler volumes over the medium- to long-term present itself, Astral will timeously implement further mitigating actions.

#### (b) Financial and cash flow information

The financial performance and cash flow information presented reflects the impact of the disposal:

	R'000
Original cost of QFH share purchased during F2020:	
– 19 550 855 QFH shares at average price of R7.94 per share	155 306
Less: Cumulative fair value write-downs up to 30 September 2023 (at R5.00 per share)	(57 551)
Carry value of QFH shares at 30 September 2023	97 755
Fair value uplift to reflect offer price received (R7.25 per share)	43 416
Proceeds on disposal at fair value	141 171

The cash consideration of R141.2 million was received on 5 March 2024.

### 10. Restatement of comparative financial information

The comparative financial information in the segment report has been restated to comply with the requirements of IFRS 8 whereby the content of the report was aligned with that disclosed in the full set of annual financial statements included in the integrated report for F2023. Accordingly, the disclosures in the segment analysis demonstrate the updated financial information of the Group's operating segments and are realigned to the information used by the CODM to manage the Group.

### 11. Events occurring after the reporting period

No events took place between half year-end and the date of issue of these financial statements that would have a material effect on the financial statements as disclosed.

# Corporate Information

## Registered office

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## Directors

Dr T Eloff (Chairman)  
CE Schutte\* (Chief Executive Officer)  
GD Arnold\*  
JAI Ferreira\* (Chief Financial Officer)  
FG van Heerden\*  
DJ Fouche  
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.

