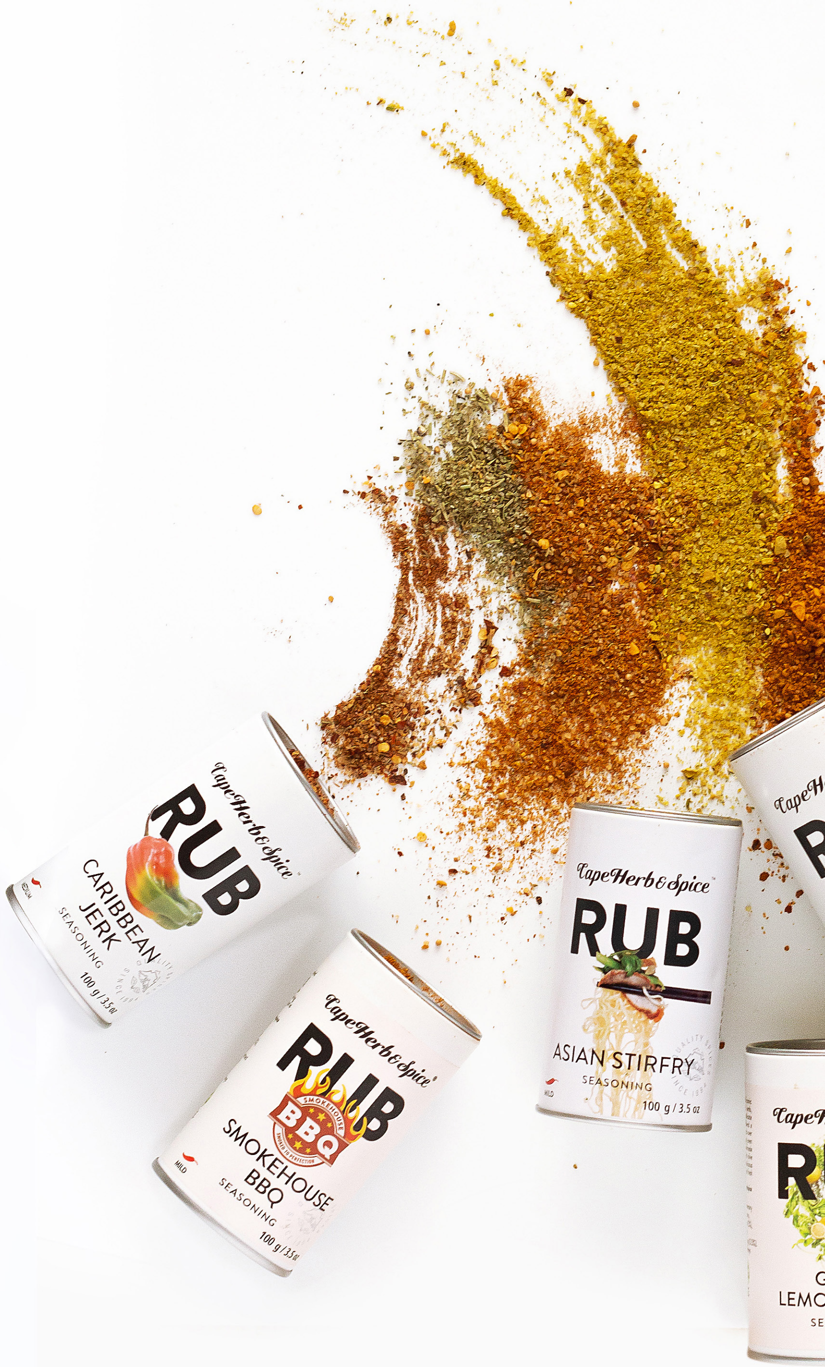
LIBSTAR

QUALITY
BRANDS

GREAT
FOOD

SPECIAL
MOMENTS



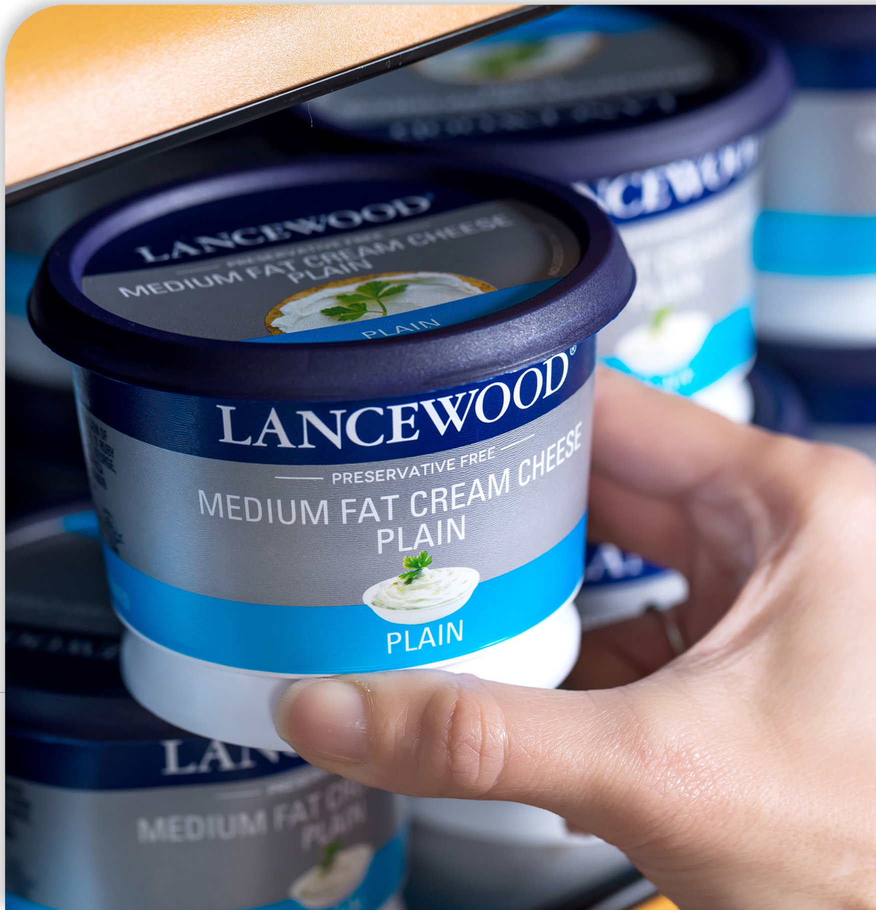
Consolidated Annual Financial Statements

for the year ended 31 December 2023

The consolidated annual financial statements of Libstar Holdings Ltd have been audited in compliance with section 30 of the Companies Act No 71 of 2008, as amended, and have been prepared under the supervision of Terri Lee Ladbrooke CA(SA), the Libstar Group Chief Financial Officer. These consolidated annual financial statements for the year ended 31 December 2023 were published on 15 March 2024.

CONTENTS

> Libstar provides innovative category management solutions as trusted partners of customers in the retail and wholesale, food service, export, and contract manufacturing channels.



DIRECTORS' RESPONSIBILITY

for the year ended 31 December 2023

The board of directors ("the Board") is responsible for the preparation and integrity of the consolidated annual financial statements which conform with International Financial Reporting Standards ("IFRS") and which fairly present the state of affairs of Libstar Holdings Limited and its subsidiaries ("the Group") as at 31 December 2023, the results of its operations and cash flows for the year then ended, the notes to the consolidated annual financial statements, which include a summary of significant accounting policies and other explanatory notes. In addition, the Board is responsible for the preparation of the directors' report and the report of the audit and risk committee.

The Board's responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these consolidated annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Board's responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Board has a reasonable expectation that the Group has adequate resources to continue operating in the foreseeable future and continue to adopt the going concern basis in preparing the consolidated annual financial statements.

It is the responsibility of the independent external auditor to report on the fair presentation of the consolidated annual financial statements.

Responsibility statement

Each of the directors, whose names are stated below, hereby confirm that:

(a) The consolidated annual financial statements of the Group as set out on pages 7 to 74, fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS;

(b) To the best of their knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated annual financial statements false or misleading;

(c) Internal financial controls have been put in place to ensure that material information relating to Libstar Holdings Limited and its consolidated subsidiaries have been provided to effectively prepare the consolidated annual financial statements;

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the consolidated annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

(f) We are not aware of any fraud involving directors.

The above responsibility statements include the statement required by the JSE Listing requirements 3.84(k).

Approval of the consolidated annual financial statements

The consolidated annual financial statements which appear on pages 7 to 74 were approved by the board of directors on 15 March 2024 and are signed on behalf of the Board by:

CB de Villiers
Chief Executive Officer

TL Ladbrooke
Group Chief Financial Officer

COMPANY SECRETARY'S CERTIFICATE

In accordance with section 88(2)(e) of the Companies Act, No 71 of 2008, for the year ended 31 December 2023, it is hereby certified that Libstar Holdings Limited and its subsidiaries have lodged with the Companies and Intellectual Property Commission (CIPC) all returns as required by a public company and all such returns are true, correct and up to date.

Ntokozo Makomba
Company Secretary

15 March 2024

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Libstar Holdings Limited

Report on the Audit of the Consolidated Annual Financial Statements

Opinion

We have audited the consolidated financial statements of Libstar Holdings Limited and its subsidiaries ("the Group") set out on pages 10 to 74, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Libstar Holdings Limited and its subsidiaries as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Annual impairment of Goodwill and Brands – Refer to Notes 11 and 12 Goodwill and brands with an indefinite useful life comprise 25% of the total assets of the Group in the consolidated statement of financial position. As required by IAS 36 – Impairment of Assets, the directors conduct annual impairment assessments to test the recoverability of carrying amounts of goodwill and brands, which are allocated to cash-generating units for the purpose of assessing impairment. During this assessment, the directors identified an impairment of R89.7 million. Impairment assessments of goodwill and brands are performed using a discounted cash flow model. As disclosed in Note 12, there are a number of key judgements made in determining the inputs into the discounted cash flow model which include: ▪ Revenue growth (including forecast profits of the cash-generating units and forecast sales); ▪ Forecast profit and profit growth before interest, tax, depreciation and amortisation; ▪ Perpetuity growth rates; and ▪ The discount rates applied to the projected future cash flows. Given the significance of the goodwill and brands to the consolidated financial statements and of the judgements involved in assessing any potential impairment, the impairment assessment of goodwill and brands was considered to be a key audit matter.	We focused our testing of the directors' annual assessment of the impairment of goodwill and brands on the model used and the key assumptions applied. Our audit procedures included: ▪ Critically evaluating whether the discounted cash flow model used by the directors to calculate the value in use of the individual cash-generating units complies with the requirements of IAS 36 ▪ Challenging the assumptions used by the directors in the calculations for each cash generating unit by: – involving our internal valuation specialists, as part of our audit team, to evaluate and re-calculate the discount rates and evaluate the perpetuity growth rates in relation to external market data, and – assessing the reasonableness of assumptions relating to revenue growth and profit growth in relation to our knowledge of the Group and the industries in which it operates, and through performing the procedures on the projected cash flows as described below. ▪ Analysing the future projected cash flows for the individual cash-generating units to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of each cash generating unit. ▪ Comparing the projected cash flows, including the assumptions relating to revenue growth rates, profit growth and perpetuity growth rates, against historical performance to test the accuracy of the directors' projections. ▪ Subjecting the key assumptions to sensitivity analyses. ▪ Evaluating the adequacy of the financial statement disclosures, including the disclosure of key assumptions made by the directors.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, Company Secretary's Certificate and the Report of the Audit and Risk Committee as required by the Companies Act of South Africa, supplementary information set out on page 75, the shareholder analysis, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report continued

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Moore Cape Town Inc. has been the auditor of Libstar Holdings Limited for 10 years.

Moore Cape Town Inc.

Moore Cape Town Inc.
Chartered Accountants (SA)
Registered Auditor

Per: Adele Smit
Director
Chartered Accountant (SA)
Registered Auditor

15 March 2024

2nd Floor Block 2
Northgate Park
Paarden Eiland,
7406

DIRECTORS' REPORT

for the year ended 31 December 2023

1. Nature of activities

Libstar Holdings Ltd and its subsidiaries ("the Group") is a leading producer and distributor of quality products and Brands for the consumer-packaged goods industry in South Africa and internationally. The Group operates principally in South Africa.

The Group currently operates across a number of business units, each of which has its own infrastructure, employees and products. Although the Group operates a decentralised business model, with each business unit being responsible for its own procurement, production, distribution, logistics and customer relationships, Libstar continues to implement strategic simplifications of the Group's operating model. Key business integrations and consolidations are planned for the 2024 financial year. Libstar demonstrates a strong management drive and provides a platform for these business units to grow through provision of working capital and investment in infrastructure that builds manufacturing capability and capacity.

The operating results and state of affairs of the Group are fully set out in the attached consolidated annual financial statements and do not in our opinion require any further comment.

2. Going concern

The directors believe that the Group has adequate financial resources to continue to operate for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis.

3. Dividends

The Board has approved and declared a final cash dividend (inclusive of treasury shares) of 15 cents per ordinary share in respect of the year ended 31 December 2023 totalling R102m "the dividend". The dividend is payable on 15 April 2024 to shareholders recorded as such in the share register of the Company on 12 April 2024 (the record date). The last date of trading cum dividend will be 9 April 2024.

The Board paid a final cash dividend (inclusive of treasury shares) of 22 cents per ordinary share on 11 April 2023 in respect of the year ended 31 December 2022 totalling R150m.

4. Events after the reporting period

Refer to section 3 above for more information of the dividend declared after year-end.

The directors are not aware of any events after the reporting date which significantly impacts the financial position of the Group or the results of its operations.

5. Authorised and issued share capital

Authorised share capital remained unchanged during the current and prior year. Refer to Note 19 for further information.

6. Directors

The directors of the holding company, Libstar Holdings Ltd, are responsible for the activities and reports related to the Group.

Full details of the directors appear in the integrated report.

Refer to Annexure 1 of the consolidated annual financial statements for the directors' shareholdings. Refer to Note 22 for details related to the share-based payment schemes.

7. Company Secretary

The group company secretary's responsibilities are fulfilled by Ntokozo Makomba. The board is satisfied that the company secretarial role is carried out by a person who has the necessary competence, qualifications and experience, and that there is an arm's-length relationship between the company secretarial function and the board members as required by JSE Listings Requirement 3.84(h).

8. Auditors

Moore Cape Town Inc. continued in office as auditor for the current year under review.

At the annual general meeting of the Group held on 1 June 2023, Ernst & Young Inc. was appointed as external auditor from 1 January 2024.

9. Preparation of consolidated annual financial statements

These consolidated annual financial statements have been prepared under the supervision of TL Ladbrooke CA(SA), Chief Financial Officer.

10. Confirmation of compliance with Companies Act

The directors confirm that Libstar Holdings Ltd is:

(a) in compliance with the provisions of the Companies Act and the relevant laws applicable to its establishment, specifically relating to its incorporation; and

(b) operating in conformity with its memorandum of incorporation.

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 December 2023

The audit and risk committee ("the committee") is pleased to present its report in terms of section 94(7)(f) of the Companies Act, No 71 of 2008, as amended from time to time ("the Companies Act") and the King IV Report on Corporate Governance for South Africa 2016 ("King IV"). This report sets out how the committee discharged its statutory and Board assigned duties in respect of the financial year ended 31 December 2023.

Members of the audit and risk committee

The committee has four members, all of whom are independent, non-executive directors. The committee is chaired by an independent non-executive director. Each of the committee members is required to act objectively and independently. The committee members are considered to be suitably skilled directors having extensive and relevant financial experience.

Refer to Note 8 of the consolidated annual financial statements for the fees paid to the committee members.

Meeting attendance

During the year, four meetings were held. Committee meetings and attendance for the year are summarised as follows:

Name	Designation	Qualification	10 March 2023	21 June 2023	06 September 2023	21 November 2023
A Andrews	Committee Chair	CA (SA)	Present	Present	Present	Present
JP Landman	Committee member	BA.LLB, Mphil	Present	Present	Present	Present
S Khanna	Committee member	Chartered Global Management Accountant	Present	Present	Present	Present
S Masinga	Committee member	BCom	Present	Present	Present	Present
W Luhabe	Invitee	BCom, Management Advancement Programme – Wits Business School	Present	Present	Not present	Present
CB de Villiers	Invitee	CA (SA)	Present	Present	Present	Present
TL Ladbrooke	Invitee	CA (SA)	Present	Present	Present	Present
C Lodewyks	Invitee	BCom Management	Not present	Not present	Present	Present

The external auditors, internal auditors and management representatives attend committee meetings as standing invitees with no voting rights.

Roles and responsibilities

The committee discharged its responsibilities as set out in its charter in accordance with the provisions of the Companies Act and King IV as follows:

- Reviewed the interim results and year-end financial statements culminating in a recommendation to the Board to adopt them. In the course of its review, the committee:
  - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act and JSE Listings Requirements;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with matters relating to accounting policies, internal audit, the annual financial statements and internal financial controls;
- Reviewed the external audit reports on the annual financial statements;
- Approved the internal audit plan;
- Reviewed the internal audit findings, and where relevant, made recommendations to the Board;
- Considered quarterly ICT reports from a risk and optimal business contribution perspective, including disaster recovery plans and improved business intelligence information;
- Evaluated the effectiveness of risk management, controls and the governance processes;
- Verified the independence of the external auditors and nominated Moore Cape Town Inc. as the auditor for the 2023 financial year;
- Following a tender process as a result of the Mandatory audit firm rotation rule by IRBA, the audit and risk committee nominated EY for appointment as the independent registered auditor of the Company from 1 January 2024 until the next AGM. This was approved at the 2023 AGM. The Mandatory audit firm rotation rule has since been set aside by the Supreme Court of Appeal;
- Approved the audit fees and engagement terms of the external auditor; and
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

In addition, in fulfilling its key responsibilities, the committee placed specific focus on the significant judgements in the 2023 financial year and reviewed the following key aspects:

- Annual impairment testing of intangible assets with indefinite useful lives;
- Measurement of the fair values of foreign exchange contracts;
- Measurement of the fair values of share-based payments;
- Useful lives of intangible assets and property, plant and equipment;
- Valuation of biological assets; and
- Impairment of financial assets

Internal control

Systems of internal control are designed to manage, but not eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against misstatement or loss. No material deficiencies in the design and operational effectiveness of the internal financial controls has come to the attention of the committee that has caused the Board to believe that the Group's system of internal controls is not effective and that the internal financial controls can not be relied upon for the compilation of the consolidated annual financial statements.

Internal audit

The internal audit function is performed internally. The internal audit function facilitates and supports the establishment and maintenance of an effective system of internal control to manage the business risks and evaluation of governance processes. The internal audit function is mandated by the Board. The internal audit charter is reviewed annually by the committee to ensure compliance with King IV. The committee is also responsible for the appointment and removal of the Head of internal audit.

The committee has satisfied itself as to the effectiveness of the internal audit function.

External audit

The committee reviewed the independence, expertise and objectivity of the external auditor, Moore Cape Town Inc. (Moore) and the designated audit partner, Adele Smit, as well as approved the terms of engagement and fees paid to Moore for the 2023 financial year.

The committee reviewed the representation made by the external auditor and satisfied itself that the external auditor is independent of the Group, as set out in section 94(8) of the Companies Act, and complies with the JSE Limited Listings Requirements.

There is a formal policy governing the approval of non-audit services provided by the appointed external auditors. The committee considered the nature and extent of all non-audit services provided by the external auditor and approved all non-audit services in line with the group's non-audit services policy. The committee is satisfied that the non-audit services provided by the external auditors are at a level and of a nature that has not compromised their independence. Refer to Note 3.2 of the consolidated annual financial statements for the breakdown of the audit fees for the year.

In the prior year, pursuant to the mandatory audit firm rotation requirements of the Independent Regulatory Board for Auditors, the committee recommended the appointment of Ernst & Young Inc. as external auditor for the 2024 financial year which was presented and approved at the annual general meeting of the Group held on 1 June 2023. The setting aside of the Mandatory Audit Firm Rotation by the Supreme Court of Appeal on 31 May 2023, did not impact the change in the external auditor. Tina Rookledge was appointed as the audit partner for the 2024 financial year.

Evaluation of the Chief Financial Officer

TL Ladbrooke (Terri) was appointed as CFO and executive director of the Group with effect from 15 March 2023. Terri is a Chartered Accountant who has held various financial and leadership roles within Libstar since joining the Group in 2015, including that of Group Financial Controller and Internal Audit Manager at Libstar Operations as well as Management Accountant and Finance Executive at Rialto. The committee is satisfied that the in-depth expertise and experience of Terri is appropriate to meet the responsibilities of the position. This is based on the qualifications, continuing professional education, in-depth experience and the committee's assessment of the financial knowledge of the Chief Financial Officer.

Going Concern

The committee considered and reviewed management's short to medium term plans, and the Group's associated projections. It has thus satisfied itself of the going concern status of the Group, in alignment with the applicable requirements outlined in the Companies Act. The committee also reviewed the solvency and liquidity test of the Group and is satisfied that there are adequate resources to support the proposed dividend.

Approval of the committee report

The committee confirms that it has functioned in accordance with its terms of reference for the 2023 financial year and that its report to shareholders has been approved by the board.

A Andrews
Non-Executive Audit and Risk Committee Chairman

ACCOUNTING POLICIES

Statement of compliance

These audited consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and comply with the IFRS interpretations issued by the IFRS Interpretations Committee (IFRIC) and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the JSE Listings Requirements and the requirements of the Companies Act, No 71 of 2008.

Basis of preparation

The consolidated annual financial statements have been prepared on a going concern basis and on the historical cost basis except for certain financial instruments and biological assets which are stated at fair value.

The principal accounting policies are set out below.

Functional and presentation currency

The consolidated annual financial statements are presented in South African Rand, which is the Company's functional and the Group's presentation currency. All financial information presented in Rand has been rounded to the nearest thousand (R'000), unless otherwise stated.

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and entities controlled by the Company (its Subsidiaries).

Inter-company transactions, balances and unrealised gains on transactions between the group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Total comprehensive income of Subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the results and equity of Subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

The Group does not have material non-controlling interests in the context of the Group and accordingly detailed non-controlling interest disclosure are not required in terms of IFRS 12 Disclosure of Interests in Other Entities. In determining whether non-controlling interests are material, the Group considered the share of the non-controlling interest in the consolidated net assets of the Group.

Revenue

- **Sale of goods**

The Group predominantly sells consumer packaged goods in five product categories, namely Perishables, Groceries, Snacks & Confectionery, Baking & Baking Aids and Household & Personal Care. These products are sold to customers in the retail and wholesale, food service, industrial and export channels. Revenue is recognised at the point in time when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue is measured based on the transaction price with the customer, net of value-added tax, rebates and discount allowances.

Rebates and discounts are recognised as a reduction in revenue and trade receivables. These rebates and discount allowances are calculated on a monthly basis based on the relevant monthly sales. Contractual trading terms are used to calculate the monthly rebates and discount allowances.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. No significant financing component is deemed present as the credit terms for sales with customers are short periods of time that vary throughout the Group. No material judgement is required to determine the transaction price and the allocation thereof.

Refer to the Segmental Analysis for detailed revenue disclosure.

- **Contract manufacturing revenue**

Revenue from contract manufacturing services is recognised at a point in time when the performance obligation is satisfied by transferring the goods manufactured to the customer. It is measured at the contractually agreed selling prices, net of value-added tax.

Interest received

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

The Group receives grants from the Manufacturing Competitiveness Enhancement Program, Skills Development Program and the Employer Tax Incentive program. These grants are recognised as other income in the same period as the related employee expense.

Foreign currencies

- **Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in other gains/(losses) within profit or loss.

Employee benefits

- **Short-term employee benefits**

Short-term employee benefits are those that are due to be settled within 12 months after the end of the period in which the services have been rendered. The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amounts which the Group has a present obligation to pay as a result of employees' services provided to the Group at the reporting date.

Short-term employee benefits are measured on an undiscounted basis and are recognised as employee benefit expenses within either cost of sales or operating expenses in profit or loss in the period in which the employee renders the related service.

- **Defined benefit plans**

The Group has a post-retirement medical aid contribution liability that is classified as a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The plan creates an obligation on the Group to provide agreed benefits to current and past employees and effectively places actuarial and investment risk on the Group. The gross obligation is determined by estimating the future benefit attributable to employees in return for services rendered to date.

This future benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Independent actuaries perform this calculation annually using the projected unit credit method.

Past service costs are recognised in profit or loss at the earlier of when:

(i) plan amendment or curtailment occurs; or

(ii) the Group recognises the relating restructuring or termination benefits.

To the extent that the benefits are already vested, past service costs are recognised immediately. Improvements to a defined benefit pension plan relating to past service are recognised in profit or loss and expensed on a straight-line basis over the period during which the benefits vest.

The Group recognises actuarial gains and losses in respect of defined benefit obligation in other comprehensive income.

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees. The Group has a Group Share Plan ("GSP") which is classified as an equity settled share-based payment and a Long Term Incentive Plan ("LTIP") which is classified as a cash-settled share-based payment.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amounts payable to employees in respect of the LTIP, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date based on the fair value of the awards. Any changes in the liability are recognised in profit or loss.

Leasing

- **The Group as lessee**

The Group leases various offices, warehouses, manufacturing facilities and equipment. Rental contracts are typically made for fixed periods of 6 months to 10 years with fixed escalations, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are depreciated over the lease terms for the majority of the Group's leases, which are shorter compared to the assets' useful lives. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are not revalued by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. There are no low value asset leases.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

When there has been a change or extension to the lease term, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate and a corresponding adjustment is made to the related right-of-use asset. When a lease contract has been modified in this manner, the lease modification is not accounted for as a separate lease and the lease liability is remeasured with the corresponding adjustment made to the right-of-use asset. If the carrying amount of right-of-use asset has been reduced to zero, then the remaining difference is recorded in profit or loss.

- **The Group as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Refer to Note 2 for rental income included in other income.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

- **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

- **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from Goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

- **Current and deferred tax for the period**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Discontinued operations

A discontinued operation is a component of the Group that has been classified as held for sale and that represents a separate major line of business and is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately in the statement of profit or loss. The Glenmor division, which was sold during July 2022, is the only division presented as a discontinued operation in the prior year.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is recognised to write off the cost of an asset over its useful life, using the straight-line method. The estimated useful lives of the assets are re-assessed annually with the effect of any changes accounted for on a prospective basis. The estimated useful lives of the assets are as follows:

- Buildings – 20 years
- Plant, vehicles, machinery and equipment – range from 4 – 12 years

Freehold land is not depreciated.

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within operating expenses in profit or loss.

Goodwill

Goodwill arises from the acquisition of businesses.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as Goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill is not amortised but is tested for impairment at least annually. For the purpose of impairment testing, Goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from the synergies of the combination. CGUs to which Goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The calculation of the recoverable amount requires the use of estimates and assumptions concerning future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors, such as discount rates, could also impact this calculation. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for Goodwill is not reversed in a subsequent period.

Refer to Judgements and key sources of estimation uncertainty and Note 12 for more information on judgements and estimates.

Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination and recognised separately from Goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period and may vary depending on a number of factors, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful lives of intangible assets are as follows:

Brands – indefinite

Computer software and website costs – range from 3 – 6 years

Customer relationships – range from 5 – 20 years

Brands acquired in a business combination are assessed as having indefinite useful lives and are not amortised, but tested for impairment annually.

Impairment of tangible and intangible assets excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately within operating expenses in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial assets

Financial assets are classified as financial assets 'at amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Refer to the policy for Derivative financial instruments for further information on the accounting policy applicable to hedging instruments.

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Transaction costs on the financial instruments measured at fair value through profit or loss are immediately recognised in profit or loss.

- **Recognition of financial assets**

The Group initially recognises a financial asset only when it becomes party to the contractual provisions of the instrument.

- **Financial assets at amortised cost**

Trade and other receivables, loans and advances receivable and cash and cash equivalents are classified as financial assets at amortised cost if the asset is held in terms of the Group's business model with the objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Financial assets at amortised cost are measured at amortised cost using the effective interest method, less any impairment allowance. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

- **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

- **Impairment of financial assets**

Impairment provisions for trade receivables and other receivables, consisting of sundry debtors, are recognised based on the simplified approach within IFRS 9. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. Sundry debtors have similar credit risk characteristics and ageing profile as trade receivables. A provision matrix for trade receivables and other receivables is used in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the debtors. For debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within operating expenses in profit or loss. On confirmation that the debtors will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other financial assets are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12 month expected credit losses are recognised. There were no significant increases in credit risk in any of the Group's other financial assets.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due and when the debtor is unlikely to pay its credit obligations to the Group in full.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. Financial assets are written off as bad debt where there is no reasonable expectation of recovery. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- The failure of a debtor to engage in a repayment plan with the Group;
- A breach of contract such as a default or being more than 120 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- It is probable that the debtor will enter bankruptcy or other financial reorganisation.

Refer to note 30.6 for further details on impairment of financial assets and the credit risk policy of the Group.

- **Derecognition of financial assets**

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial liabilities

Financial liabilities are classified as financial liabilities at 'amortised cost'. Refer to the policy for Derivative financial instruments for further information on the accounting policy applicable to hedging instruments.

- **Recognition of financial liabilities**

The Group initially recognises a financial liability only when it becomes party to the contractual provisions of the instrument.

- **Financial liabilities at amortised cost**

Financial liabilities at amortised cost, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

- **Derecognition of financial liabilities**

The Group derecognises financial liabilities with any gains or losses arising, recognised in profit or loss when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, through foreign exchange forward contracts.

The Group applies hedge accounting when the Group uses the instruments as a designated hedging instruments. The Group uses designated hedging instruments within the major divisions of the Group.

The Group hedges the majority of its foreign currency exposures. Import-related exposures are hedged to the value of 3 to 9 months' firm commitment imports and export-related exposures are hedged to the value of 9 to 12 months' firm commitment exports, or within 48 hours of receipt of a firm order, whichever date is earlier. Hedging instruments are limited to standard foreign exchange contracts (FEC's), Zero Cost Collars and Discount Collars.

- **Hedge accounting**

The Group designates its derivatives as cash flow hedges. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge. If these cash flow hedges meet the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised within other losses in profit or loss.

Amounts deferred to the hedging reserves are recognised through profit and loss in the same period in which the hedged item affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for firm commitment transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the firm commitment transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Inventories

Inventories are initially measured at cost.

Inventories are subsequently measured at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis.

An allowance is raised to write inventories down to the lower of cost or net realisable value.

Biological assets

Biological assets comprise mushroom production which are measured at fair value less estimated costs to sell, with any resultant gain or loss recognised within cost of sales in profit or loss. Costs to sell includes the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

Share capital

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of shares and share options are recognised as a deduction from equity, net of any tax effects.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a Subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the Subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Judgements and key sources of estimation uncertainty

The preparation of the consolidated annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about key areas of estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated annual financial statements are as follows:

- Impairment of Goodwill and other long-lived assets (Estimate of future cash flows and determination of the discount rate) – refer to Note 12
- Useful lives of property, plant and equipment – refer to Note 9
- Useful lives on intangible assets – refer to Note 12
- Valuation of biological assets – refer to Note 16
- Impairment of financial assets – refer to Note 30.6
- Fair value measurement of foreign exchange contracts – refer to Note 30.2
- Fair value measurement of share-based payments – refer to Note 22

Normalised EBIT and Normalised EBITDA

The Group adopts normalised earnings before interest and tax ("Normalised EBIT"), normalised earnings before interest, tax, depreciation and amortisation ("Normalised EBITDA"), normalised earnings per share ("Normalised EPS") and normalised headline earnings per share ("Normalised HEPS") as financial measures to review, measure and benchmark the operational performance of the individual business units (that consolidate into the Group) as well as for strategic planning and other commercial decision-making purposes relating to each division.

To arrive at the normalised EBIT and normalised EBITDA measures, respectively, the following adjustments are made to EBIT (operating profit as disclosed in the consolidated annual financial statements).

The Group's normalisation policy has been amended to adjust insurance proceeds to facilitates a like-for-like comparison of the Group's trading results.

	Adjustment included in calculation of:			
	Normalised EBIT	Normalised EBITDA	Normalised Earnings	Normalised Headline Earnings
Add back: amortisation of intangible assets in relation to customer relationships and Brands with definitive useful lives	Yes	Yes	Yes	Yes
Add back: amortisation of intangible assets in relation to computer software and website costs	No	Yes	No	No
Add back: depreciation on property, plant and equipment and right-of-use assets	No	Yes	No	No
Add back: impairment losses on property, plant and equipment, Goodwill and intangible assets; and abnormal impairment losses on biological assets and inventory	Yes	Yes	No	Yes
Add back or deduct: unrealised foreign exchange translation gains or losses	Yes	Yes	Yes	Yes
Add back: non-recurring items of an operating nature including government grants, due diligence costs in respect of business acquisitions, strategic advisory fees, retrenchment and settlement costs and restructuring costs including amounts payable in respect of onerous contracts.	Yes	Yes	Yes	Yes
Add back: securities transfer tax paid	Yes	Yes	Yes	Yes
Add back or deduct: gains and losses on disposal of property, plant and equipment, gains and losses on disposals of assets or disposal groups (businesses) held for sale.	Yes	Yes	No	Yes
Deduct: insurance proceeds received as compensation for expenses and losses that were normalised, as well as insurance proceeds received during the year that relate to business interruptions that occurred in prior years and that pertain to assets that will not be reinstated.	Yes	Yes	Yes	Yes
Add back: the cost of the Long-term Incentive Plan (LTIP) and the Group Share Plan (GSP).	Yes	Yes	Yes	Yes

New standards and interpretations

New and amended standards adopted by the Group

Certain new accounting standards and interpretations have been published that are effective for the current year. These standards are not considered to have a material impact on the Group in the current or future consolidated annual financial statements.

Standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group.

The following amendments are issued but not yet effective in the current year:

- **Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements**

Improved disclosures about supplier finance arrangements in terms of liquidity risk, cash flow statements, and characteristics of supplier finance arrangements have been added. The disclosures will be prospectively applied. The amendments are effective for annual periods beginning on or after 1 January 2024.

- **Amendments to IAS 1, Classification of Liabilities as Current or Non-current**

The amendments discuss the classification of liabilities as current or non-current and are based solely on the right to defer settlement at the reporting date. The amendment addresses the transfer of equity instruments as being regarded as settlement of a liability, unless it results from the exercise of a conversion option which meets the definition of an equity instrument. The amendments will be retrospectively applied. The amendments are effective for annual periods beginning on or after 1 January 2024.

- **Amendments to IAS 1, Non-current Liabilities with Covenants**

The amendments improve the information provided when the right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments respond to stakeholders' concerns about the classification of such a liability as current or non-current. The amendments will be retrospectively applied. The amendments are effective for annual periods beginning on or after 1 January 2024.

The abovementioned changes are not expected to have a material impact on the Group, but are expected to result in additional disclosure.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
Profit/(loss) for the year			
CONTINUING OPERATIONS			
Revenue	1	**12 382 257**	11 771 605
Cost of sales		**(9 812 273)**	(9 329 548)
Gross profit		**2 569 984**	**2 442 057**
Other income	2	**146 025**	83 185
Other losses	3.1	**(26 356)**	(13 460)
Operating expenses	3.2	**(2 160 391)**	(2 274 687)
Operating profit		**529 262**	**237 095**
Finance income	4	**20 221**	9 767
Finance costs	5	**(240 675)**	(175 824)
Profit before tax		**308 808**	71 038
Income tax expense	6	**(82 443)**	(76 477)
Profit/(loss) for the year from continuing operations		**226 365**	(5 439)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations		–	(1 613)
Total profit /(loss) for the year		**226 365**	**(7 052)**
Other comprehensive (loss)/income for the year, net of tax		**(1 564)**	**21 435**
Items that may be reclassified to profit or loss			
Gains on hedging reserves	30.2	**5 463**	1 856
Hedging (gains)/losses reclassified to profit or loss	30.2	**(6 932)**	18 933
Foreign currency translation reserve adjustments		**(169)**	435
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial gains		**74**	211
Total comprehensive income for the year		**224 801**	**14 383**
Profit/(loss) attributable to:			
Equity holders of the parent		**226 515**	(5 168)
Non-controlling interest		**(150)**	(1 884)
		226 365	**(7 052)**
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		**224 951**	16 267
Non-controlling interest		**(150)**	(1 884)
		224 801	**14 383**
Total comprehensive income/(loss) attributable to equity holders of the parent arises from:			
Continuing operations		**224 951**	17 880
Discontinued operations		–	(1 613)
		224 951	**16 267**
Basic and diluted earnings/(loss) per share (cents)	7.1	**38.0**	(0.9)
From continuing operations	7.1	**38.0**	(0.6)
From discontinued operations	7.1	–	(0.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Notes	2023 R'000	2022 R'000
ASSETS			
Non-current assets		**5 537 526**	**5 882 970**
Property, plant and equipment	9	**1 735 457**	1 738 924
Right-of-use assets	10	**421 065**	521 469
Goodwill	11	**2 053 842**	2 096 842
Intangible assets	12	**1 315 506**	1 513 831
Other financial assets	17	**4 653**	4 971
Deferred tax assets	13	**7 003**	6 933
Current assets		**4 304 978**	**4 038 895**
Inventories	14	**1 807 355**	1 671 138
Trade and other receivables	15	**2 026 856**	1 877 464
Biological assets	16	**26 616**	26 742
Other financial assets	17	**6 540**	5 738
Current tax receivable		**40 359**	8 597
Cash and bank balances	18	**397 252**	449 216
Assets classified as held for sale		**–**	**–**
Total assets		**9 842 504**	**9 921 865**
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent		**5 295 317**	**5 203 064**
Share capital	19	**4 727 314**	4 727 314
Other reserves*	20	**(72 953)**	(68 061)
Retained earnings		**640 956**	543 811
Non-controlling interests		**(845)**	**(695)**
Total equity		**5 294 472**	**5 202 369**
Non-current liabilities		**2 296 463**	**2 625 193**
Other financial liabilities	23	**1 284 958**	1 508 651
Lease liabilities	10	**492 367**	580 411
Deferred tax liabilities	13	**508 865**	516 499
Employee benefits	21	**8 738**	8 618
Share-based payments	22	**1 535**	11 014
Current liabilities		**2 251 569**	**2 094 303**
Trade and other payables	24	**1 695 535**	1 681 067
Other financial liabilities	23	**256 079**	98 397
Lease liabilities	10	**97 965**	114 260
Current tax payable		**1 985**	534
Bank overdraft	18	**200 005**	200 045
Liabilities directly associated with assets classified as held for sale		**–**	**–**
Total liabilities		**4 548 032**	**4 719 496**
Total equity and liabilities		**9 842 504**	**9 921 865**

* Other reserves comprises of reserves separately disclosed in the prior year. Refer to Note 20 for detailed information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital R'000	Other reserves* R'000	Retained earnings R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2022	**4 727 314**	**(86 270)**	**696 712**	**6 171**	**5 343 927**
Total comprehensive income for the year	**–**	**21 435**	**(5 168)**	**(1 884)**	**14 383**
Loss for the year	–	–	(5 168)	(1 884)	(7 052)
Other comprehensive income for the year	–	21 435	–	–	21 435
Transactions with owners of the Company					
Non-controlling interests on acquisition of subsidiary	–	–	–	66	66
Non-controlling interests on disposal of subsidiary	–	–	–	(5 048)	(5 048)
Contributions and distributions	**–**	**–**	**(149 606)**	**–**	**(149 606)**
Dividends declared and paid	–	–	(149 606)	–	(149 606)
Share-based payment expenses	**–**	**(3 226)**	**1 873**	**–**	**(1 353)**
Group share plan expenses	–	628	–	–	628
Payment	–	(1 981)	–	–	(1 981)
2019 Group share plan awards forfeited	–	(1 873)	1 873	–	–
Balance at 31 December 2022	**4 727 314**	**(68 061)**	**543 811**	**(695)**	**5 202 369**
Total comprehensive income for the year	**–**	**(1 564)**	**226 515**	**(150)**	**224 801**
Profit/(loss) for the year	**–**	**–**	**226 515**	**(150)**	**226 365**
Other comprehensive loss for the year	**–**	**(1 564)**	**–**	**–**	**(1 564)**
Transactions with owners of the Company					
Contributions and distributions	**–**	**–**	**(131 653)**	**–**	**(131 653)**
Dividends declared and paid	**–**	**–**	**(131 653)**	**–**	**(131 653)**
Share-based payment expenses	**–**	**(3 328)**	**2 283**	**–**	**(1 045)**
Payment	**–**	**(1 045)**	**–**	**–**	**(1 045)**
2020 Group share plan awards forfeited	**–**	**(2 283)**	**2 283**	**–**	**–**
Balance at 31 December 2023	**4 727 314**	**(72 953)**	**640 956**	**(845)**	**5 294 472**
Notes	**19**	**20**			

* Other reserves comprises of reserves separately disclosed in the prior year. Refer to Note 20 for detailed information.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Notes	2023 R'000	2022 R'000
Net cash flow from operating activities		**414 778**	**528 724**
Cash generated from operations	25	**754 788**	731 027
Finance income received		**20 221**	9 771
Finance costs paid		**(240 675)**	(120 435)
Tax paid	26	**(119 556)**	(91 639)
Net cash flow from investment activities		**(80 399)**	**(387 772)**
Purchase of property, plant and equipment and computer software		**(174 907)**	(298 841)
Proceeds on disposal of property, plant and equipment and computer software		**21 037**	12 204
Proceeds from insurance	2	**73 471**	–
Proceeds on sale of Glenmor, net of cash disposed		–	963
Acquisition of subsidiaries, net of cash acquired		–	(102 098)
Net cash flow from financing activities		**(386 303)**	**(484 383)**
Lease payments	25.2	**(113 643)**	(156 237)
Proceeds from bank loans	25.2	**130 000**	–
Repayment of bank loans and asset based finance	25.2	**(271 007)**	(178 540)
Dividend paid		**(131 653)**	(149 606)
Net decrease in cash and cash equivalents		**(51 924)**	(343 431)
Cash and cash equivalents at the beginning of the year	18	**249 171**	592 602
Cash and cash equivalents at the end of the year		**197 247**	**249 171**
Cash flows of discontinued operation		–	**(1 960)**

The consolidated statement of cash flows represents both continued and discontinued operations combined cash flows.

CONSOLIDATED SEGMENTAL INFORMATION

for the year ended 31 December 2023

Basis of segmentation

The Group operates over multiple divisions which are aggregated per product category into five reportable segments. The chief operating decision maker, which represents the executive members of the board of directors, has chosen to organise the Group into these five reportable segments and manage the operations in that manner. The information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is based on these five categories.

The following summary describes each segment:

Perishables

Perishable products are products that are refrigerated or frozen.

Groceries

Groceries (also known as “shelf-stable” groceries) is a category of foods that can be stored and preserved at room temperature. The category also includes beverages and specialised food packaging.

Snacks and Confectionery

Premium snacks and confectionery products.

Baking and Baking Aids

Baked goods, specialised gluten free offerings and baking aids.

Household and Personal Care

Detergents and household cleaning products as well as personal care products.

The Glenmor division, which was sold during July 2022, is the only division presented as a discontinued operation in the prior year.

Consolidated segmental information continued

	2023 R'000	2022 R'000
INFORMATION ABOUT REPORTABLE SEGMENTS		
Revenue from contracts with customers		
Perishables	**6 226 112**	5 957 683
Groceries	**3 855 874**	3 605 252
Snacks and Confectionery*	**510 349**	565 254
Baking and Baking Aids	**1 053 226**	924 766
Household and Personal Care	**736 696**	718 650
	12 382 257	**11 771 605**
Revenue comprised as follows:		
Total revenue for reportable segments	**12 481 102**	11 896 611
Elimination of inter segment revenue	**(98 845)**	(125 006)
Perishables	**(6 893)**	(38 358)
Groceries	**(78 356)**	(73 845)
Snacks and Confectionery	**(2 421)**	(3 162)
Baking and Baking Aids	**(11 175)**	(9 431)
Household and Personal Care	**–**	(210)
	12 382 257	**11 771 605**
Operating profit (EBIT)		
Perishables	**269 464**	208 676
Groceries	**217 721**	187 922
Snacks and Confectionery	**50 401**	68 255
Baking and Baking Aids	**59 784**	(52 731)
Household and Personal Care	**19 698**	(56 462)
Corporate	**(87 806)**	(118 565)
	529 262	**237 095**
Reconciliation of operating profit per segment to profit before tax		
Operating profit	**529 262**	237 095
Finance income	**20 221**	9 767
Finance costs	**(240 675)**	(175 824)
Profit before tax	**308 808**	**71 038**

* Revenue from the rendering of contract manufacturing services of Rnil (2022: R65 545) (R'000) is included in Snacks and Confectionery segment revenue. The related contract manufacturing services contract was terminated in the prior year.

The chief operating decision maker reviews the revenue and operating profit, including normalised EBIT and EBITDA, on a regular basis. The chief operating decision maker does not evaluate any of the Group's assets or liabilities on a segmental basis for decision making purposes.

Consolidated segmental information continued

Normalised EBIT and EBITDA	Perishables R'000	Groceries R'000	Snacks and Confectionery R'000	Baking and Baking Aids R'000	Household and Personal Care R'000	Corporate R'000	Group Total R'000
Year ended 31 December 2023							
Operating profit	269 464	217 721	50 401	59 784	19 698	(87 806)	**529 262**
Amortisation of customer relationships	43 610	74 621	4 402	6 870	–	–	**129 503**
Credits relating to share-based payments	–	–	–	–	–	(6 544)	**(6 544)**
Government grants	(1 575)	(1 847)	(150)	(2 191)	–	–	**(5 763)**
Insurance proceeds	(119 954)	(117)	–	–	–	(30)	**(120 101)**
Impairment losses on Goodwill and other assets	100 000	43 000	–	–	–	–	**143 000**
(Gain)/loss on disposal of property, plant and equipment	354	(6 365)	(35)	565	(775)	10	**(6 246)**
Onerous contracts	–	2 900	–	–	–	–	**2 900**
Retrenchment and settlement costs	4 757	1 041	–	10	2 166	500	**8 474**
Strategic advisory fees	–	72	154	–	–	685	**911**
Unrealised (gain)/loss on foreign exchange	(1 665)	4 725	(90)	9	(44)	–	**2 935**
Normalised EBIT	**294 991**	**335 751**	**54 682**	**65 047**	**21 045**	**(93 185)**	**678 331**
Amortisation of software and website costs	2 617	901	2 252	701	198	(882)	**5 787**
Depreciation of property, plant and equipment and right-of-use assets	155 129	86 536	15 137	28 344	26 572	2 315	**314 033**
Normalised EBITDA	**452 737**	**423 188**	**72 071**	**94 092**	**47 815**	**(91 752)**	**998 151**
Less: lease payments and lease modifications	(58 435)	(63 539)	(9 627)	(15 819)	(14 101)	(2 983)	**(164 504)**
Normalised EBITDA (excluding effect of IFRS 16)	**394 302**	**359 649**	**62 444**	**78 273**	**33 714**	**(94 735)**	**833 647**

Consolidated segmental information continued

Normalised EBIT and EBITDA	Perishables R'000	Groceries R'000	Snacks and Confectionery R'000	Baking and Baking Aids R'000	Household and Personal Care R'000	Corporate R'000	Group Total R'000
Year ended 31 December 2022							
Operating profit	208 676	187 922	68 255	(52 731)	(56 462)	(118 565)	237 095
Amortisation of customer relationships	43 610	73 371	4 402	6 870	4 555	393	133 201
Due diligence costs	–	–	–	–	–	1 398	1 398
Expenses relating to share-based payments	–	–	–	–	–	2 080	2 080
Government grants	(78)	(36)	(73)	–	–	–	(187)
Impairment losses on Goodwill and other assets	97 842	76 910	–	90 109	27 327	–	292 188
(Gain)/loss on disposal of property, plant and equipment	(141)	1 284	(498)	(25)	539	14	1 173
Retrenchment and settlement costs	1 587	1 578	(398)	51	3 595	2 567	8 980
Strategic advisory fees	–	370	19	–	–	500	889
Unrealised (gain)/loss on foreign exchange	(2 703)	14 298	1 547	–	10	112	13 264
Normalised EBIT	**348 793**	**355 697**	**73 254**	**44 274**	**(20 436)**	**(111 501)**	**690 081**
Amortisation of software and website costs	4 018	680	2 160	1 103	478	72	8 511
Depreciation of property, plant and equipment and right-of-use assets	146 031	85 153	29 003	37 222	32 403	3 928	333 740
Normalised EBITDA	**498 842**	**441 530**	**104 417**	**82 599**	**12 445**	**(107 501)**	**1 032 332**
Less: lease payments and lease modifications	(55 391)	(71 969)	(20 066)	(15 803)	(14 784)	(2 823)	(180 836)
Normalised EBITDA (excluding effect of IFRS 16)	**443 451**	**369 561**	**84 351**	**66 796**	**(2 339)**	**(110 324)**	**851 496**

Consolidated segmental information continued

	2023 R'000	2022 R'000
Export revenue		
The Group mainly operates in South Africa. Revenue derived from customers domiciled within South Africa is classified as revenue from South Africa. Revenue from customers domiciled outside of South Africa is classified as export revenue.		
Export revenue for the year	**1 287 458**	1 208 073
Revenue from external customers attributed to individual foreign countries material to the Group:		
United States of America	**272 619**	284 450
Namibia	**139 349**	137 784
United Arab Emirates	**108 099**	112 086
Australia	**109 530**	109 368
Botswana	**103 105**	90 685
Japan	**121 711**	75 415
United Kingdom	**67 484**	63 777
Germany	**46 127**	51 435
Total	**968 024**	925 000
Major customers		
During the period under review, revenue from certain customers exceeded 10% of total revenue.		
Customer A	**20%**	20%
Customer B	**17%**	17%
Customer C	**9%**	10%

The above customers trade with the Group across all five segments. The contribution of each customer to total revenue is therefore spread across multiple segments.

Consolidated segmental information continued

Revenue by channel

	Note	2023 R'000	2022 R'000	Change %
Retail and wholesale		**7 285 609**	6 765 486	7.7
Food service		**2 503 646**	2 303 514	8.7
Exports		**1 287 458**	1 208 073	6.6
Industrial and contract manufacturing		**1 305 544**	1 494 532	(12.6)
Total Group revenue	1	**12 382 257**	**11 771 605**	**5.2**

Contribution to Group revenue

	2023 %	2022 %
Retail and wholesale	**58.9**	57.4
Food service	**20.2**	19.6
Exports	**10.4**	10.3
Industrial and contract manufacturing	**10.5**	12.7
Total Group revenue	**100.0**	**100.0**

Revenue by channel per segment

	Perishables R'000	Groceries R'000	Snacks and Confectionery R'000	Baking and Baking Aids R'000	Household and Personal Care R'000	Total R'000
Year ended 31 December 2023						
Retail and wholesale	**3 508 441**	**1 741 048**	**480 365**	**886 797**	**668 958**	**7 285 609**
Food service	**1 908 390**	**471 276**	**2 605**	**121 375**	**–**	**2 503 646**
Exports	**317 568**	**905 098**	**16 051**	**35 662**	**13 079**	**1 287 458**
Industrial and contract manufacturing	**491 713**	**738 452**	**11 328**	**9 392**	**54 659**	**1 305 544**
	6 226 112	**3 855 874**	**510 349**	**1 053 226**	**736 696**	**12 382 257**
Year ended 31 December 2022						
Retail and wholesale	3 368 561	1 477 622	477 175	791 800	650 328	6 765 486
Food service	1 780 175	417 470	4 527	101 342	–	2 303 514
Exports	319 264	841 775	9 483	24 784	12 767	1 208 073
Industrial and contract manufacturing	489 683	868 385	74 069	6 840	55 555	1 494 532
	5 957 683	**3 605 252**	**565 254**	**924 766**	**718 650**	**11 771 605**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

		Notes	2023 R'000	2022 R'000
1	**Revenue**			
	Revenue from the sale of goods		**12 382 257**	11 706 060
	Revenue from the rendering of contract manufacturing services		**–**	65 545
			12 382 257	**11 771 605**
	Refer to the Segmental Information for detailed revenue disclosure by reportable segment.			
2	**Other income**			
	Insurance proceeds[1]		**120 101**	37 158
	Sundry income[2]		**20 161**	44 098
	Government grants[3]		**5 763**	1 929
			146 025	83 185

1 In the current year, insurance proceeds includes R120.0m due to losses suffered in the prior year as a result of the fire at the Denny Mushrooms' Shongweni facility. The damage gave rise to multiple insurance claims related to buildings (R23.3m), plant and equipment (R50.2m), inventory (R10.3m) and business interruption (R36.2m).

2 The current year's sundry income includes rental income of R8.6m (2022: R0.6m), recovery of VAT previously written off of R6.7m (2022: Rnil) and lease modifications of R0.2m (2022: R25.6m).

3 Income from government grants includes income received under the Manufacturing Competitiveness Enhancement Program, Skills Development and the Employer Tax Incentive program.

		Notes	2023 R'000	2022 R'000
3	**Operating profit**			
	Operating profit from continuing operations is calculated after taking into account the following:			
3.1	Other losses			
	Loss on foreign exchange		**(32 602)**	(12 287)
	Realised (loss)/gain on foreign exchange		**(29 667)**	977
	Unrealised loss on foreign exchange		**(2 935)**	(13 264)
	Gain/(loss) on disposal of property, plant and equipment		**6 246**	(1 173)
			(26 356)	**(13 460)**
3.2	Operating expenses			
	Depreciation of property, plant and equipment		**58 623**	63 202
	Depreciation of right-of-use assets		**50 006**	56 327
	Amortisation of computer software and website costs	12	**5 787**	8 511
	Amortisation of customer relationships	12	**129 503**	133 201
	Employee benefits		**572 191**	564 439
	Salaries and wages		**570 824**	549 073
	Retrenchment and settlement costs		**7 911**	13 286
	(Reversal)/Charges relating to long-term incentive scheme (LTIP scheme)	22.2	**(6 544)**	1 271
	Charges relating to share-based payments (GSP)	22.2	**–**	809
	Strategic advisory fees		**911**	889
	Due diligence costs		**–**	1 398
	Impairment loss on Goodwill	12.3	**43 000**	236 224
	Impairment loss on intangible assets	12.3	**68 660**	55 964
	Impairment loss on property, plant and equipment	12.3	**31 340**	3 837
	Research and development costs expensed as incurred		**947**	535
	Auditor's remuneration*		**10 912**	8 192
	Short-term lease charges		**31 864**	24 736
	Administrative costs		**189 099**	149 892
	Distribution costs		**775 125**	740 042

* Included in auditor's remuneration is R1.4m (2022: R1.7m) related to non-audit fees.

Notes to the consolidated annual financial statements continued

	Notes	2023 R'000	2022 R'000
3 Operating profit continued			
3.3 Nature of operating expenses in cost of sales			
Depreciation of property, plant and equipment		**146 097**	155 365
Depreciation of right-of-use assets		**59 307**	58 846
Biological assets write-off due to fire	16	**–**	8 795
Inventory write-off due to fire	14	**–**	2 550
Employee benefits		**834 878**	830 796
Salaries and wages		**834 315**	810 260
Retrenchment and settlement costs		**563**	20 536
Short-term lease charges		**35 334**	32 236

Refer to Note 14 for the cost of inventories recognised as an expense within cost of sales during the current and prior year.

	2023 R'000	2022 R'000
4 Finance income		
Interest income on financial assets calculated using the effective interest rate method:		
Bank deposits	**19 336**	9 754
Other interest received	**885**	13
	20 221	**9 767**
5 Finance costs		
Interest on lease liabilities	**50 589**	55 389
Interest on bank overdraft, bank loans and asset based finance[1]	**187 608**	119 517
Other interest	**2 010**	827
Interest on late payment of tax	**468**	91
	240 675	**175 824**

1 Included in the interest on bank overdraft, bank loans and asset based finance is interest paid on bank loans amounting to R129.0m (2022: R80.6m).

Notes to the consolidated annual financial statements continued

	2023 R'000	2022 R'000
6 Taxation		
Income tax recognised in statement of profit or loss and other comprehensive income		
Current income tax	**89 245**	122 920
Current year	**110 770**	122 920
Over provision previous years	**(21 525)**	–
Deferred tax	**(6 802)**	(46 286)
Current year from continuing operations	**(19 427)**	(46 443)
Under provision previous years	**12 625**	–
Current year from discontinued operations	**–**	157
Total tax expense for the year	**82 443**	**76 634**
The expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax		
Continuing operations	**308 808**	71 038
Discontinued operations	**–**	(1 456)
Profit before tax from all operations	**308 808**	69 582
Income tax expense calculated at statutory rate of 27% (2022: 28%)	**83 378**	19 483
Non-taxable income[1]	**(4 937)**	(3 679)
Non-deductible expenditure[2]	**1 359**	3 276
Impairment loss on Goodwill	**11 610**	66 143
Tax relating to reserves recognised through other comprehensive income	**–**	8 233
Other	**–**	392
Effect of tax rate differences due to statutory rate change[3]	**–**	(18 642)
Unutilised assessed loss	**(67)**	1 428
Prior period over provision	**(21 525)**	–
Derecognition of previously recognised deductible temporary differences	**12 625**	–
Income tax expense recognised in profit or loss	**82 443**	**76 634**
Income tax expense is attributable to:		
Profit from continuing operations	**82 443**	76 477
Loss from discontinued operations	**–**	157
	82 443	**76 634**

1 Non-taxable income includes employment tax incentive refunds; S12H learnership deductions; DTI refunds; and income which is capital in nature.

2 Non-deductible expenditure includes donations; non-deductible legal and professional fees; fines and penalties; non-deductible restructuring costs; non-deductible subscriptions; and short-term capital expenditure.

3 In February 2022, the government enacted a change in the national income tax rate from 28% to 27%, becoming effective for reporting periods ending on or after 31 March 2023. Management considered the timing of the realisation of temporary differences and recognised a credit to the deferred tax expense in the prior year.

	Note	2023 R'000	2022 R'000
7 Earnings per share			
7.1 Basic and diluted earnings per share			
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:			
Earnings used in the calculation of basic earnings per share		**226 515**	(5 168)
From continuing operations (excluding the non-controlling interest)		**226 515**	(3 555)
From discontinued operations (excluding the non-controlling interest)		**–**	(1 613)
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	19	**595 812**	595 812
Basic earnings/(loss) per share in cents			
From continuing operations		**38.0**	(0.6)
From discontinued operations		**–**	(0.3)
From continuing and discontinued operations		**38.0**	(0.9)
7.2 Diluted earnings per share			
Reconciliation of weighted average number of shares used as the denominator:			
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share ('000)		**595 812**	595 812
Adjustments for calculation of diluted earnings per share:			
Deferred Shares – GSP[1]		**–**	335
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share ('000)		**595 812**	596 147

1 In the current year, all outstanding awards to deferred shares granted to executives under the GSP were forfeited. For the comparative year, awards to deferred shares granted to executives under the GSP, were included in the calculation of diluted earnings per share, assuming all outstanding awards will vest. The deferred shares were not included in the determination of basic earnings per share. Refer to Note 22 for further information related to the GSP.

The prior year deferred shares were immaterial and did not have a dilutive impact on the earning per share. Therefore diluted earnings per share is not presented in the current and prior year.

Notes to the consolidated annual financial statements continued

7 Earnings per share continued

7.3 Normalised earnings per share (EPS)

To arrive at Normalised EPS, the after-tax earnings from continuing operations is adjusted for the after-tax impact of the following:

	2023 R'000	2022 R'000
Profit/(loss) for the year from continuing operations	**226 515**	(3 555)
Normalised for:	**7 434**	115 270
Amortisation of customer relationships	**94 537**	95 905
Due diligence costs	**–**	1 398
(Credits)/expenses relating to share-based payments	**(4 777)**	1 498
Compensation from third parties for items of property, plant and equipment, intangibles, inventory that were lost or given up and insurance proceeds relating to prior year's business interruptions	**(87 674)**	–
Government grants	**(5 763)**	(187)
Onerous contracts	**2 117**	–
Retrenchment and settlement costs	**6 186**	6 466
Strategic advisory fees	**665**	640
Unrealised loss on foreign exchange	**2 143**	9 550
Normalised earnings	**233 949**	111 715
Weighted average number of ordinary shares ('000)	**595 812**	595 812
Normalised basic earnings per share in cents	**39.3**	**18.8**

7.4 Headline earnings per share

The headline earnings used in the calculation of headline earnings and diluted headline earnings per share are as follows:

	2023		2022	
Continuing operations	Gross	Net of tax	Gross	Net of tax
Basic earnings from continuing operations		**226 515**		(3 555)
Adjustments	**63 283**	**57 807**	293 361	277 363
Impairment of Goodwill	**43 000**	**43 000**	236 224	236 224
Impairment of intangible assets	**68 660**	**50 122**	55 964	40 294
Impairment of property, plant and equipment	**31 340**	**22 878**	3 837	2 763
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	**(73 471)**	**(53 634)**	(3 837)	(2 763)
(Gain)/Loss on disposal of property, plant and equipment	**(6 246)**	**(4 560)**	1 173	845
Headline earnings from continuing operations		**284 322**		**273 808**

7 Earnings per share continued

7.4 Headline earnings per share continued

Discontinued operations	2023 Gross	2023 Net of tax	2022 Gross	2022 Net of tax
Basic earnings from discontinued operations		–		(1 613)
Adjustments – gain on sale of Glenmor	–	–	(3 598)	(3 598)
Headline earnings from discontinued operations		–		**(5 211)**

	2023 R'000	2022 R'000
Headline earnings from continuing and discontinued operations	**284 322**	268 597
Headline earnings/(loss) per share in cents:		
From continuing operations	**47.7**	46.0
From discontinued operations	–	(0.9)
From continuing and discontinued operations	**47.7**	**45.1**
Diluted headline earnings/(loss) per share in cents:		
From continuing operations	**47.7**	45.9
From discontinued operations	–	(0.9)
From continuing and discontinued operations	**47.7**	**45.0**

7.5 Normalised headline earnings per share (HEPS)

To arrive at normalised HEPS, the Normalised EPS is adjusted for the after-tax impact of the below:

	Net 2023	Net 2022
Normalised basic earnings from continuing operations	**233 949**	111 715
Adjustments	**111 440**	277 363
Impairment of Goodwill	**43 000**	236 224
Impairment loss on intangible assets	**50 122**	40 294
Impairment of property, plant and equipment	**22 878**	–
(Gain)/loss on disposal of property, plant and equipment	**(4 560)**	845
Normalised headline earnings	**345 389**	389 078
Normalised headline earnings per share in cents	**58.0**	65.3

Notes to the consolidated annual financial statements continued

8 Directors' remuneration

Name/designation	Basic salary R'000	Retirement benefits* R'000	Bonuses R'000	Share-based payments R'000	Total remuneration and benefits R'000
2023					
CB de Villiers (Executive Director)	**5 102**	–	–	**352**	**5 454**
TL Ladbrooke (Executive Director)	**3 324**	–	**983**	–	**4 307**
C Lodewyks (Executive Director)	**4 127**		**378**	**279**	**4 784**
W Luhabe (Chairman Independent Non-Executive Director)	**1 190**	–	–	–	**1 190**
JP Landman (Lead Independent Non-Executive Director)	**1 084**	–	–	–	**1 084**
S Masinga (Independent Non-Executive Director)	**719**	–	–	–	**719**
S Khanna (Independent Non-Executive Director)	**1 014**	–	–	–	**1 014**
A Andrews (Independent Non-Executive Director)	**684**	–	–	–	**684**
Total	**17 244**	–	**1 361**	**631**	**19 236**
2022					
AV van Rensburg (Executive Director)	6 641	13 282	816	2 207	22 946
CB de Villiers (Executive Director)	4 081	–	494	827	5 402
W Luhabe (Chairman Independent Non-Executive Director)	1 114	–	–	–	1 114
JP Landman (Lead Independent Non-Executive Director)	1 014	–	–	–	1 014
S Masinga (Independent Non-Executive Director)	673	–	–	–	673
S Khanna (Independent Non-Executive Director)	948	–	–	–	948
A Andrews (Independent Non-Executive Director)	584	–	–	–	584
Total	**15 055**	**13 282**	**1 310**	**3 034**	**32 681**

* Mr AV van Rensburg, the former Libstar Chief Executive Officer (CEO), retired with effect from 31 December 2022. Mr AV van Rensburg co-founded Libstar in 2005 with the vision of building a value-added consumer packaged goods business. He led the Group from its humble beginnings to a family of 17 decentralised divisions spanning a diverse portfolio of food products and channels. The termination payment was in full and final settlement of any and all claims Mr AV van Rensburg may have against the Group. The payment included leave pay, notice pay, application of the good leaver provisions of the LTIP and GSP share-based payment schemes (refer to note 22 for the related share-based payments), and a discretionary amount equivalent of two times Annual Total Guaranteed Pay. His employment agreement provided for a 3-month notice period and a 36-month restraint of trade. During the current year a total of R3.9m was paid to Mr AV van Rensburg.

Mr CB de Villiers, the Libstar Chief Financial Officer (CFO) was appointed as the CEO of Libstar with effect from 1 January 2023.

Ms TL Ladbrooke, the Financial and Operations Executive at Rialto, a division of the Group, was appointed as interim CFO of the Group with effect from 1 January 2023, and subsequently appointed as CFO and executive director of the Group with effect from 15 March 2023.

Mr C Lodewyks was appointed as an executive director of Libstar and member of the Board with effect from 1 January 2023.

	Note	2023 R'000	2022 R'000
9 Property, plant and equipment			
Cost		**2 972 364**	2 865 919
Accumulated depreciation and impairment		**(1 236 907)**	(1 126 995)
		1 735 457	1 738 924

	Note	Freehold land and buildings R'000	Plant, vehicles, machinery and equipment* R'000
31 December 2023			
Carrying value			
At 1 January 2023		**159 867**	**1 579 057**
Additions		**13 657**	**230 990**
Transfer from intangible assets		**–**	**1 805**
Transfer between classes		**6**	**(6)**
Scrapping and disposals		**(12)**	**(13 847)**
Depreciation charge		**(12 807)**	**(191 913)**
Impairment	12.3	**–**	**(31 340)**
At 31 December 2023		**160 711**	**1 574 746**
Total carrying value at 31 December 2023			**1 735 457**
31 December 2022			
Carrying value			
At 1 January 2022		**205 868**	**1 251 079**
Additions		**13 248**	**371 156**
Transfer		**(41 702)**	**41 702**
Scrapping and disposals		**(2 540)**	**(10 851)**
Transfer from disposal group held for sale		**–**	**123 118**
Acquisition through business combination		**725**	**10 446**
Reclassified as held for sale and disposed		**–**	**(734)**
Impairment		**(3 837)**	**–**
Depreciation charge from continuing operations		**(11 895)**	**(206 672)**
Depreciation charge from discontinued operations		**–**	**(187)**
At 31 December 2022		**159 867**	**1 579 057**
Total carrying value at 31 December 2022			**1 738 924**

* The majority of the value of plant, vehicles, machinery and equipment comprises of the machinery. The other categories (plant, vehicles and equipment) aggregated into the asset class are deemed immaterial for separate asset class disclosure.

During the prior year, on 9 September 2022, a fire broke out at Denny Mushrooms Shongweni farm in KwaZulu-Natal. Certain assets were destroyed and subsequently impaired or scrapped. Plant and equipment of R261 (R'000) was written off as a scrapping loss and included in operating expenses in the statement of profit or loss and other comprehensive income. Land and buildings of R3,837 (R'000) was impaired and the impairment loss is included in operating expenses in the statement of profit or loss and other comprehensive income.

Insurance proceeds were received for losses on plant and equipment and land and buildings and were recognised as other income. Refer to note 2 for further information related to insurance proceeds.

In re-assessing asset useful lives, factors such as technological innovation and maintenance programs are taken into account. The useful lives of the assets are estimated based on management's best estimates and industry experience.

Plant, vehicles, machinery and equipment are pledged as security for the associated asset based finance agreement entered into to finance their acquisition. These asset based finance agreements are detailed in Note 23.

The Group has signed a general and special notarial bond over all the movable assets in favour of Nedbank Ltd, Standard Bank of South Africa Ltd, and Rand Merchant Bank Holdings Ltd. Refer to Note 30.7 Liquidity risk management for further details.

There were no material capital commitments at the end of the current and prior year.

10 Leases

This note provides information for leases where the Group is a lessee.

The consolidated statement of financial position shows the following amounts relating to leases:

	Notes	2023 R'000	2022 R'000
Right-of-use assets			
Non-current assets		**421 065**	521 469
Lease Liabilities			
Non-current liabilities		**(492 367)**	(580 411)
Current liabilities		**(97 965)**	(114 260)
Right-of-use assets[1]			
Right-of-use assets at 1 January		**521 469**	504 352
Lease modifications[2]		**(1 234)**	(5 533)
Additions		**10 611**	43 332
Acquisition through business combination		–	27 524
Derecognitions		**(468)**	–
Transfer from disposal group held for sale		–	69 074
Reclassified as held for sale		–	(1 442)
Depreciation charge from continuing operations		**(109 313)**	(115 173)
Depreciation charge from discontinued operations		–	(665)
Right-of-use assets at 31 December		**421 065**	**521 469**
Lease Liabilities			
Lease liabilities recognised as at 1 January		**(694 671)**	(659 776)
Lease modifications[2]		**1 483**	31 098
Additions		**(10 787)**	(43 179)
Derecognitions		**(23)**	–
Acquisition through business combination		–	(46 980)
Transfer from disposal group held for sale		–	(78 679)
Reclassified as held for sale		–	2 114
Finance costs from continuing operations		**(50 589)**	(55 389)
Finance costs from discontinued operations		–	(117)
Lease payments		**164 255**	156 237
Balance at 31 December		**(590 332)**	**(694 671)**

1 The majority of the value of the right-of-use assets relate to property leases. Other equipment leases are not material and not disclosed separately.

2 Lease modifications mainly consist of lease extensions that occurred in the current and prior year, and early lease terminations that occurred during the current and prior year.

Expenses recognised in the consolidated statement of profit or loss and other comprehensive income

The statement of profit or loss shows the following amounts relating to leases:

	Notes	2023 R'000	2022 R'000
Depreciation of right-of-use assets from continuing operations	3.2 & 3.3	**109 313**	115 173
Depreciation of right-of-use assets from discontinued operations		–	665
Finance costs in respect of lease liabilities from continuing operations	5	**50 589**	55 389
Finance costs in respect of lease liabilities from discontinued operations		–	117
Short-term lease charges*	3.2 & 3.3	**67 198**	56 972

* Short-term lease charges are those relating to contracts with durations of less than 12 months.

The total cash outflow for leases in the current year was R164.2m (2022: R156.2m).

Refer to Note 30.7 Liquidity risk management for the maturity analysis of lease liabilities.

There were no significant variable payments related to leases in the current and prior year.

Notes to the consolidated annual financial statements continued

	Note	2023 R'000	2022 R'000
11 Goodwill			
Cost		**2 664 099**	2 664 099
Accumulated impairment		**(610 257)**	(567 257)
		2 053 842	**2 096 842**
Carrying value			
At 1 January		**2 096 842**	2 275 328
Acquisition through business combination		–	57 738
Impairment	12.3	**(43 000)**	(236 224)
Carrying value at 31 December		**2 053 842**	**2 096 842**

11.1 Allocation of Goodwill to cash-generating units

Goodwill has been allocated to groups which are represented by the operating segments. For impairment testing purposes, Goodwill is further allocated to the individual cash-generating units. Refer to Note 12.1 for the allocation of the carrying value of Goodwill to the cash-generating groups.

	Note	2023 R'000	2022 R'000
12 Intangible assets			
Cost		**2 985 417**	2 990 902
Accumulated amortisation and impairment		**(1 669 911)**	(1 477 071)
		1 315 506	**1 513 831**

	Note	Brands* R'000	Computer software and website costs R'000	Customer relationships R'000
31 December 2023				
Carrying value				
At 1 January 2023		**480 608**	**20 981**	**1 012 242**
Additions		–	**8 362**	–
Scrapping and disposals		–	**(932)**	–
Transfer to property, plant and equipment		–	**(1 805)**	–
Amortisation charge from continuing operations		–	**(5 787)**	**(129 503)**
Impairment	12.3	**(46 690)**	–	**(21 970)**
At 31 December 2023		**433 918**	**20 819**	**860 769**
Total carrying value at 31 December 2023				**1 315 506**

	Note	Brands* R'000	Computer software and website costs R'000	Customer relationships R'000
12 Intangible assets continued				
31 December 2022				
Carrying value				
At 1 January 2022		484 567	18 927	1 141 396
Additions		–	9 943	–
Scrapping and disposals		–	(239)	–
Transfer from disposal group held for sale		–	822	32 699
Acquisition through business combination		–	39	23 353
Amortisation charge from continuing operations		–	(8 511)	(133 201)
Impairment	12.3	(3 959)	–	(52 005)
At 31 December 2022		480 608	20 981	1 012 242
Total carrying value at 31 December 2022				1 513 831

* Indefinite useful lives are allocated to Brands when there is no foreseeable limit to the period over which the Group expects to utilise the future economic benefits embodied in the intangible asset. Brands comprise of well-established, growing Brands which are considered to have indefinite useful lives and are not amortised.

The Group estimates the useful life of the computer software and website costs based on management's best estimates of factors such as technical innovations and rate of change whilst the useful life of customer relationships is based on management's consideration of factors such as the nature and tenure of the relationship in question as well as an assessment of the competitive landscape in which the Group operates. Management determine useful lives based on estimates of how the benefit of the assets will be utilised over time. Each year the remaining useful lives of the intangibles assets are re-evaluated and if a change in estimate occurs, the remaining carrying value is amortised prospectively over the revised remaining useful life.

12 Intangible assets continued

The remaining useful lives and carrying values of customer relationships grouped per segment at reporting date are as follows:

Useful lives of customer relationships	2023 Carrying value	2023 Remaining weighted average useful lives – years	2022 Carrying value	2022 Remaining weighted average useful lives – years
Segment				
Perishables	**391 656**	**9.82**	457 237	10.82
Groceries	**367 458**	**7.13**	442 079	8.13
Snacks and Confectionery	**34 000**	**9.74**	38 403	10.74
Baking and Baking Aids	**67 655**	**9.99**	74 523	10.99
	860 769	**8.65**	**1 012 242**	**9.65**

Brands are pledged as security for the financing facilities detailed in Note 30.7.

12.1 Total value of Goodwill and Brands

The aggregate carrying value of Goodwill and Brands are allocated to cash-generating groups as follows:

2023	**Goodwill**	**Brands**	**Total**
Perishables	**762 510**	**365 586**	**1 128 096**
Groceries	**897 481**	**61 187**	**958 668**
Snacks and Confectionery	**229 515**	**–**	**229 515**
Baking and Baking Aids	**164 336**	**7 145**	**171 481**
	2 053 842	**433 918**	**2 487 760**
2022			
Perishables	762 510	412 277	1 174 787
Groceries	940 481	61 187	1 001 668
Snacks and Confectionery	229 515	–	229 515
Baking and Baking Aids	164 336	7 144	171 480
	2 096 842	**480 608**	**2 577 450**

Refer to Note 12.3 for the impairment losses recognised during the current and prior year.

12 Intangible assets continued

12.2 Impairment testing of cash-generating units

Annually, or if there is an indication of impairment of Goodwill and Brands, the Group assesses the cash-generating units (CGUs) for impairment. The Group allocates Goodwill to the cash-generating groups which consists of the five reportable segments and in turn may be represented by groups of individual CGUs. For impairment testing purposes, Goodwill is allocated to the lowest level of identifiable individual CGUs.

METHODS AND ASSUMPTIONS

The key assumptions disclosed below are based on management's experience and expectations. The recoverable amount of each CGU is based on its value in use and applies a discounted cash flow methodology to assess the recoverable amount of CGUs. This methodology entails a calculation of the present value of future cash flows generated by applicable cash-generating units over a five year period and incorporates a terminal growth rate. The carrying value of the CGU is compared with the value in use and if the value in use is exceeded by the carrying value, an impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

These cash flows are based on forecasts which include assumptions on profit before interest and tax, depreciation, working capital movements, capital maintenance expenditure, an appropriate discount rate and a terminal growth rate.

The key assumptions used for forecasting the recoverable amount are forecast sales, EBITDA, the discount rate and the terminal growth rate.

	2023 R'000	2022 R'000
DISCOUNT RATES		
Post-tax discount rates	**12.7%**	13.1%
Pre-tax discount rates applied to the CGUs	**15.0% to 18.2%**	16.2% to 24.5%
GROWTH RATES		
Terminal growth rates applied	**5.0%**	5.0%

Forecast inputs are calculated for each CGU, taking into account historical performance and current market conditions.

The Group discount rates and growth rates are assessed for specific divisional-level risk factors at a CGU level as they arise. A risk-premium is built into the inputs to consider the specific risk factor applicable to the relevant CGU.

The terminal growth rate used was based on the latest inflationary increases in line with the consumer price index. GDP (local and export counties) was also considered in determining the terminal growth rate. These rates are consistent with external market sources.

	2023 R'000	2022 R'000
12.3 Impairments of cash-generating units		
Recorded impairments from continued operations		
Goodwill	**43 000**	236 224
Intangibles	**68 660**	55 964
Plant, vehicles, machinery and equipment	**31 340**	–
	143 000	**292 188**

12 Intangible assets continued

12.3 Impairments continued

The carrying values of the following CGUs within their respective cash-generating group were reduced to their recoverable amounts through the recognition of an impairment loss against Goodwill (if in existence at reporting date) and against other assets as follows:

2023 Impairment

			Impairment loss allocated to assets in CGU			
CGU (division)	Cash-generating group (segment)	Total impairment loss R'000	Goodwill R'000	Plant, vehicles, machinery and equipment R'000	Customer relationships R'000	Brands R'000
Denny Mushrooms	Perishables	**100 000**	**–**	**31 340**	**21 970**	**46 690**
Khoisan Gourmet	Groceries	**43 000**	**43 000**	**–**	**–**	**–**
		143 000	**43 000**	**31 340**	**21 970**	**46 690**

2022 Impairment

			Impairment loss allocated to assets in CGU		
CGU (division)	Cash-generating group (segment)	Total impairment loss R'000	Goodwill R'000	Customer relationships R'000	Brands R'000
Denny Mushrooms	Perishables	97 842	97 842	–	–
Retailer Brands	Baking and Baking Aids	90 109	86 150	–	3 959
Cecil Vinegar	Groceries	76 910	52 232	24 678	–
Chet Chemicals	Household and Personal Care	14 137	–	14 137	–
Contactim	Household and Personal Care	13 190	–	13 190	–
		292 188	**236 224**	**52 005**	**3 959**

Refer to section 12.4 for the sensitivity analysis performed as at reporting date on other cash-generating groups. The impairments losses in the current year impacted Goodwill, plant, vehicles, machinery and equipment and intangible assets within the affected cash-generating groups.

The impairment losses were driven by the following cash-generating group specific factors including the impact of rising interest rates on segmental business plans and discount rates:

2023 Impairment factors

DENNY MUSHROOMS IMPAIRMENT

The impairment relating to the Denny Mushrooms division within the Perishables cash-generating unit was driven by the decision not to reinstate the Denny Mushrooms' Shongweni facility after the fire incident.

Insurance proceeds were received and recognised as other income. Refer to Note 2 for further information.

Goodwill was fully impaired in the prior year, therefore the impairment in the current year was allocated on a pro-rata basis to Property Plant and Equipment, Brands and Customer relationships.

KHOISAN GOURMET IMPAIRMENT

The impairment of Goodwill of the Khoisan Gourmet division within the Groceries cash-generating unit was driven by prolonged weak international demand for bulk tea.

12 Intangible assets continued

12.3 Impairments continued

2022 Impairment factors

DENNY MUSHROOMS IMPAIRMENT

The impairment of Goodwill of the Denny Mushrooms division within the Perishables cash-generating unit was driven by the loss of production volume stemming from the fire that destroyed the Denny Mushrooms' Shongweni facility on 9 September 2022.

Insurance proceeds were received and recognised as other income. Refer to Note 2 for further information.

RETAILER BRANDS IMPAIRMENT

The impairment of Goodwill of the Retailer Brands division within the Baking and Baking Aids cash-generating unit was driven by sustained margin pressure arising from weak demand for higher margin baking products. The brand, Cartwrights, was fully impaired to Rnil as the brand is discontinued and no longer generates revenue income.

CECIL VINEGAR IMPAIRMENT

The impairment of Cecil Vinegar division within the Groceries cash-generating unit was driven by the discontinuation of certain lemon juice and flammables product lines, sustained pressure on margins and increased operational challenges at Cecil Vinegar.

CHET CHEMICALS AND CONTACTIM IMPAIRMENT

The impairment of Contactim and Chet Chemicals within the Household and Personal Care cash-generating unit was driven by a review of the sustainable trading forecast of the Household and Personal Care cash-generating unit.

12.4 Sensitivity Analysis – impact of possible changes in key assumptions

The Group has performed a sensitivity analysis of assumptions used in the indefinite life intangible assets and Goodwill impairment test of cash-generating groups. The table below shows the percentage change in the discounted cash flow model post-tax discount rate that would cause the recoverable amount of each group of cash-generating units to be equal to its carrying amount.

	2023 Discount rate Movement %	2022 Discount rate Movement %
Perishables	**+1.0**	+2.2
Groceries	**+4.0**	+4.5
Snacks and Confectionery	**+1.7**	+5.7
Baking and Baking Aids	**+6.2**	+5.9

The recoverable amount of groups of CGUs that hold a significant proportion of the Group's overall Goodwill balance and indefinite useful life intangible assets include:

Perishables – recoverable amount of R1.5bn (2022: R2.0bn) exceeds its carrying amount by R0.4bn (2022: R0.8bn).

Groceries – recoverable amount of R2.3bn (2022: R2.3bn) exceeds its carrying amount by R1.3bn (2022: R1.4bn).

The recoverable amount of the Baking and Baking Aids group of CGU's (for which an impairment loss was recognised in the prior year within the Retailer Brands CGU) is R0.7bn (2022: R0.6bn) and it exceeds the carrying amount by R0.5bn (2022: R0.5bn).

12 Intangible assets continued

12.4 Sensitivity Analysis – impact of possible changes in key assumptions

The Group has, in respect of the Perishables, Groceries, Snacks & Confectionery and Baking & Baking Aids categories, extended its impairment testing to the divisional level where there was a potential indication of impairment. The directors estimate that the following changes in the post-tax discount rates applied to the below divisions, would cause the recoverable amount of each CGU's to be equal to its carrying amount.

	2023 Discount rate Movement %	2022 Discount rate Movement %
Khoisan Gourmet*		+0.2
Denny Mushrooms*		
Finlar Fine Foods	**+0.5**	+1.4
Millennium Foods	**+1.7**	+3.7
Montagu Foods	**+0.6**	+0.4
Cecil Vinegar	**+1.2**	
Retailer Brands	**+1.1**	

* In the current year Khoisan Gourmet and Denny Mushrooms were impaired – refer to note 12.3 above.

The directors and management have considered and assessed reasonable possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the five cash-generating groups to exceed its recoverable amount.

Notes to the consolidated annual financial statements continued

		2023 R'000	2022 R'000
13	**Deferred tax assets/(liabilities)**		
	Deferred tax asset	**7 003**	6 933
	Deferred tax liability	**(508 865)**	(516 499)
		(501 862)	**(509 566)**
	Balance at 1 January	**(509 566)**	(535 349)
	Charge in profit or loss – continuing operations	**6 802**	46 443
	Charge in profit or loss – discontinued operations	**–**	(157)
	Transfer to non-current assets held for sale	**–**	5 788
	Transfer from non-current assets held for sale	**–**	(25 204)
	Group share plan awards paid	**386**	–
	Recognised in other comprehensive income	**516**	921
	Business combinations	**–**	(2 008)
	Balance at 31 December	**(501 862)**	**(509 566)**
	The balance at the end of the year is due to the following timing differences:		
	Property, plant and equipment	**(228 872)**	(202 174)
	Right-of-use assets	**(113 546)**	(140 937)
	Lease liabilities	**158 160**	187 771
	Intangible assets	**(345 902)**	(399 359)
	Accruals	**2 097**	32 949
	Prepaid expenses	**(7 159)**	(6 226)
	Farming operations produce	**(13 555)**	(15 932)
	Income received in advance	**1 208**	406
	Post retirement medical aid contribution liability	**2 359**	2 327
	Forward exchange contracts	**(1 579)**	(574)
	Provisions	**41 806**	23 478
	Assessed loss	**2 707**	5 737
	Share-based payments (Cash settled)	**414**	2 968
		(501 862)	**(509 566)**

In February 2022, the local government enacted a change in the national income tax rate from 28% to 27%, becoming effective for reporting periods ending on or after 31 March 2023. As such, deferred tax assets and liabilities are measured at the current and prior year reporting date, at a tax rate of 27%.

The Group has R590 (2022: Nil) (R'000) unrecognised deferred tax assets related to unutilised assessed losses.

Notes to the consolidated annual financial statements continued

		2023 R'000	2022 R'000
14	**Inventories**		
	Raw materials and components	**824 471**	853 984
	Work in progress	**224 968**	177 448
	Finished goods and merchandise	**562 551**	523 010
	Consumable stores and spares	**48 962**	42 447
	Goods in transit	**189 131**	114 311
	Provision for stock write-down: finished goods	**(42 728)**	(40 062)
		1 807 355	**1 671 138**

All inventories are carried at cost, with the exception of certain items of finished goods against which a provision for stock write-down of R42.7m (2022: R40.0m) has been raised. The cost of inventories recognised as an expense during the year was R8.7bn (2022: R8.1bn).

In the prior year, the fire at Denny Mushrooms Shongweni farm in KwaZulu-Natal destroyed raw materials inventory beyond repair which gave rise to a stock write-down of raw materials of R2.6m which was included in the prior year cost of sales in the statement of profit or loss and other comprehensive income.

In the current year, an insurance recovery of R10.3m (2022: R0.4m) was received for damaged stock which was recognised as other income. Refer to Note 2 for further information.

The Group has signed a general and special notarial bond over all the movable assets in favour of Nedbank Ltd, Standard Bank of South Africa Ltd, and Rand Merchant Bank Holdings Ltd. Refer to Note 30.7 Liquidity risk management for further details.

Notes to the consolidated annual financial statements continued

		2023 R'000	2022 R'000
15	**Trade and other receivables**		
	Trade receivables	**1 910 271**	1 807 546
	Other receivables	**12 546**	20 290
	Less: expected credit loss allowance	**(12 485)**	(15 737)
		1 910 332	1 812 099
	Prepayments	**90 493**	65 365
	Value-added tax receivable	**26 031**	–
		2 026 856	**1 877 464**
	Categories of financial and non-financial assets		
	Financial assets	**1 910 332**	1 812 099
	Non-financial assets	**116 524**	65 365
		2 026 856	**1 877 464**

15.1 Trade receivables and other receivables

Trade receivables and other receivables, consisting of sundry debtors, disclosed above are classified as financial assets at amortised cost. No interest is charged on trade receivables and other receivables which exceed the normal credit days. The average credit days on sale of goods was 47 days (2022: 56 days).

Movement in the loss allowance	2023 R'000	2022 R'000
Balance at 1 January	**15 737**	19 940
Expected credit loss recognised in profit or loss	**516**	(2 457)
Acquired through business combination	**–**	150
Transfer from disposal group held for sale	**–**	1 210
Reclassified to discontinued operations	**–**	(164)
Bad debts written off	**(3 768)**	(2 942)
Balance at 31 December	**12 485**	**15 737**

The Group's top three customers comprise 34.9% (2022: 56.0%) of the carrying amount of trade receivables. The Group limits its credit exposure risk by dealing mainly with well-established institutions of high credit standing. Accordingly, the directors believe that no further provision is required in excess of the expected credit loss allowance recognised.

In the current year the Group wrote off R3.8m (2022: R2.9m) of bad debts. Where recoveries are made, these are recognised in profit or loss. Impairment losses on trade and other receivables are presented as net impairment losses within operating expenses in profit or loss. Subsequent recoveries of amounts previously written off are credited to other income as bad debts recovered. Refer to Note 30.6 for further details on impairment of trade receivables and other receivables and the credit risk policy of the Group.

Notes to the consolidated annual financial statements continued

		2023 R'000	2022 R'000
16	**Biological assets**		
	Mushrooms	**26 616**	**26 742**
	Reconciliation of the carrying value of biological assets:		
	Balance at 1 January	**26 742**	33 214
	Transferred for processing and sold	**(14 038)**	(68 234)
	Gain arising from change in fair value due to physical change	**13 473**	69 207
	Gain arising from change in fair value less estimated point of sale costs	**1 142**	121
	Changes attributable to raw materials and overheads	**(703)**	1 229
	Write-off due to fire*	**–**	(8 795)
	Balance at 31 December	**26 616**	**26 742**
	The biological asset valuation comprised:		
	Compost production cycle	**5 380**	5 505
	Growing room cycle	**14 281**	14 858
	Rooms in cropping	**6 704**	6 153
	Spent compost	**251**	226
		26 616	**26 742**

* In the prior year, biological assets were permanently damaged due to a fire at the Denny Mushrooms Shongweni farm in KwaZulu-Natal. The biological assets write-down was included in cost of sales in the statement of profit or loss and other comprehensive income. Insurance proceeds received during the current year that relate to the fire have been allocated to other income. Refer to Note 2 for further information.

The Group has signed a general and special notarial bond over all the movable assets in favour of Nedbank Ltd, Standard Bank of South Africa Ltd, and Rand Merchant Bank Holdings Ltd. Refer to Note 30.7 Liquidity risk management for further details.

NATURE OF ACTIVITIES

The Group is engaged in mushroom production for supply to various customers. As at 31 December 2023, the Group had 129,0 tons (2022: 143,0 tons) of mushrooms in cropping rooms and 5,141.0 tons (2022: 8,158.0 tons) of mushrooms were sold during the year.

FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks that may arise from disease affecting its mushroom facilities. Stringent biosecurity measures are in place to limit the impact of this risk.

Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that the projected harvest volumes are consistent with the expected demand.

MEASURING BIOLOGICAL ASSETS AT FAIR VALUE

The fair value of mushrooms in the growing cycle is calculated as the future expected net cash flows from the asset, which includes a number of assumptions, primarily based on the historical production yield and the weighted average selling price per kilogram produced. The valuation process is split into three main sections, namely:

1. Compost production cycle*
2. Growing room cycle*
3. Rooms in cropping**

* The fair value for the compost production cycle and the growing room cycle is calculated as follows:
Total overhead costs for the year is determined and divided by the number of days involved in production to calculate the overhead costs per day. The overhead costs per day is then multiplied by the number of days the cycle is on to determine the amount of overhead costs allocated at that point. This total amount is added to the actual raw material costs used up until that point for items such as compost, bales of hay and mushroom spawn.

** The fair value for the rooms in cropping is calculated as follows:
Total production yield for the year is determined to calculate the average kilogram (KG) yield per square metre. This average KG yield per square meter is then further broken down into breaks (1st, 2nd and 3rd break equals 1st, 2nd and 3rd picking which in total matches the average yield per square metre). The fair value is calculated as the average KG yield per square metre, less what has already been picked, to determine what is still expected to be picked from the crop (existing at reporting date). To determine what has been picked and what is still to be picked, an assessment is done to determine which day of the cycle each room is in as at reporting date. Once the expected KGs remaining at year end is determined, the latter is multiplied by the selling price less point of sale costs to estimate the final fair value.

16 Biological assets continued

SIGNIFICANT ESTIMATES AND JUDGEMENTS

Estimates and judgements in determining the fair value of mushrooms relate to market prices (last purchase price of raw materials), overhead costs and number of days in the production cycle.

FAIR VALUE HIERARCHY

Mushrooms have been classified as level 3 in the fair value hierarchy as the valuation includes unobservable inputs and assumptions including the production yield, overheads costs and number of days in production.

	Phesantekraal	Deodar	Shongweni	Total
Quantitative inputs for significant unobservable inputs				
2023				
Production yield (in Tonnes)				
Produced – Net of stained mushrooms	2 514	3 160	–	5 674
Produced – Inclusive of stained mushrooms	2 867	3 466	–	6 333
Overhead costs (R'000)	86 901	107 190	–	194 091
Number of days in production				
Typical cycle – big	84	80	–	
Typical cycle – small	84	80	–	
2022				
Production yield (in Tonnes)				
Produced – Net of stained mushrooms	3 226	3 985	2 112	9 323
Produced – Inclusive of stained mushrooms	3 516	4 304	2 209	10 029
Overhead costs (R'000)	77 185	96 745	35 325	209 255
Number of days in production				
Typical cycle – big	86	82	84	
Typical cycle – small	86	73	84	

Sensitivity analysis of the fair value measurements to changes in significant unobservable inputs

Due to the recurring fair value measurement at reporting date, a narrative description of the sensitivity of the fair value measurement to changes in the unobservable inputs is disclosed. Attention is drawn to the inter-relationships between the noted inputs and how they might magnify the affect on the fair value measurement.

Significant changes in the unobservable inputs will result in the following:

Production yield

Significant increases (decreases) in production yield will result in the average yield used for determining expected KGs to increase (decrease) resulting in a higher (lower) fair value.

Overhead costs

Significant increases (decreases) in overhead costs will result in the overhead allocation per day to increase (decrease) resulting in a higher (lower) fair value.

Number of days in production

The number of days in production has an inter-relationship with:

- the production yield in determining the remaining number of KGs to be picked in the Rooms in cropping; and the overhead costs in determining how much to allocate to the Compost production and Growing rooms cycle.

Significant increases (decreases) in the number of days in production will result in:

- the number of days (and thus KGs) left to be picked to decrease (increase) resulting in a lower (higher) fair value; and
- the overhead allocation per day to decrease (increase) resulting in a lower (higher) fair value.

However, significant increases (decreases) in actual number of days in production as at reporting date, where the total production days remains the same, results in a higher (lower) amount of the overhead costs being allocated at that point and thus results in a higher (lower) fair value.

In the instances noted above where the change in days results in the inverse affect on the fair value measurement, should the corresponding input (production yield or overhead costs) move in the same direction of that of the number of days in production, the affect on the fair value will be mitigated as a result of the inverse relationship.

However, where these inverse relationships exist and the inputs move in opposite directions, the affect on the fair value measurement will be increased. Where these inverse relationships do not exist, the opposite applies.

Notes to the consolidated annual financial statements continued

	Note	2023 R'000	2022 R'000
17 Other financial assets and hedging instruments			
Financial assets carried at amortised cost			
Loans to other entities*		**4 653**	4 971
Hedging instruments			
Foreign exchange contracts – cash flow hedges**	30.2	**6 540**	5 738
		11 193	**10 709**
Non-current assets		**4 653**	4 971
Current assets		**6 540**	5 738
		11 193	**10 709**

* Included in loans to other entities is a loan to Astratek (Pty) Ltd of R8.2m against which a lifetime expected credit loss of R4.1m has been recognised. There has been no movement in the loan balance or loss allowance during the current year. The loan is unsecured, interest free and repayable on 31 December 2025.

** There has been no changes to the classification during the current and prior year.

Refer to Note 30.6 for further details on impairment of other financial assets and the credit risk policy of the Group.

	2023 R'000	2022 R'000
18 Cash and bank balances		
Cash on hand	**982**	718
Bank balances	**396 252**	433 188
Short-term deposits	**18**	15 310
Bank overdrafts	**(200 005)**	(200 045)
	197 247	**249 171**
Current assets	**397 252**	449 216
Current liabilities	**(200 005)**	(200 045)
	197 247	**249 171**

Bank overdrafts form an integral part of the Group's cash management and are included as cash equivalents.

The Group has signed a cession of all its rights and claims in respect of bank accounts maintained in its jurisdiction of incorporation, from time to time.

Refer to note 30.7 Liquidity risk management for further information related to financing facilities and information related to securities for bank facilities.

Notes to the consolidated annual financial statements continued

	2023 R'000	2022 R'000
19 Share capital		
Share capital	**4 727 314**	4 727 314
Authorised capital comprises:		
10 000 000 000 ordinary shares of no par value		
1 000 000 preference shares		
Issued capital comprises:		
595 812 263 (2022: 595 812 263) fully paid ordinary shares of no par value*	**4 727 314**	4 727 314
1 000 000 preference shares of no par value	**–**	–
	4 727 314	**4 727 314**

* Included in the number of shares are 73 049 783 treasury shares with a share capital value of R0.7m wholly-owned by Employee Share Trusts established for the benefit of employees of the Group.

There were no changes in share capital in the current year and prior year, other than the movements in treasury shares noted below. Ordinary shares entitle the holder to participate in dividends. These rights are subject to the prior entitlements of the preference shares. On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

The unissued shares are under the control of the directors until the forthcoming annual general meeting.

Treasury share transactions during the year
During the current year Business Venture Investments No 2072 (Pty) Ltd subscribed for 378 569 (2022: 487 022) subscription shares at a subscription price of R19.74 (2022: R17.38) per share on 23 May 2023 (2022: 10 May 2022). Libstar Holdings Ltd repurchased the same number of Nominal BEE shares at R0.01 per share on the respective dates.

During the current year Business Venture Investments No 2071 (Pty) Ltd subscribed for 441 554 (2022: 567 104) subscription shares at a subscription price of R19.74 (2022: R17.38) per share on 23 May 2023 (2022: 10 May 2022). Libstar Holdings Ltd repurchased the same number of Nominal BEE shares at R0.01 per share on the respective dates.

20 Other reserves

The table shows a breakdown of Other Reserves and the movements in these reserves during the current and prior year.

	Defined benefit plan reserve R'000	Share-based payment reserve R'000	Premium on acquisition of non-controlling interest R'000	Hedging reserves R'000	Foreign currency translation reserve R'000	Total Other Reserves R'000
Balance at 1 January 2022	(901)	6 554	(75 168)	(16 755)	–	(86 270)
Other comprehensive income for the year	211	–	–	20 789	435	21 435
Share-based payment expenses	–	(3 226)	–	–	–	(3 226)
Group share plan expenses	–	628	–	–	–	628
Payment	–	(1 981)	–	–	–	(1 981)
2019 Group share plan awards forfeited	–	(1 873)	–	–	–	(1 873)
Balance at 31 December 2022	**(690)**	**3 328**	**(75 168)**	**4 034**	**435**	**(68 061)**
Other comprehensive income for the year	74	–	–	(1 469)	(169)	(1 564)
Share-based payment expenses	–	(3 328)	–	–	–	(3 328)
Payment	–	(1 045)	–	–	–	(1 045)
2020 Group share plan awards forfeited	–	(2 283)	–	–	–	(2 283)
Balance at 31 December 2023	**(616)**	**–**	**(75 168)**	**2 565**	**266**	**(72 953)**
Notes		22		30.2		

NATURE AND PURPOSE OF OTHER RESERVES

Defined benefit plan reserve

Defined benefit plan reserve comprises actuarial gains or losses in respect of defined benefit obligations that are recognised in other comprehensive income. Refer to Note 21 for further information related to the defined benefit obligation.

Share-based payment reserve

Share-based payment reserve represents the grant date fair value of the Group's equity settled share-based payments (GSP) over the vesting period of GSP.

Premium on acquisition of non-controlling interest

Premium on non-controlling interest represents the difference between the carrying amount of the non-controlling interests and the fair value of the consideration given on acquisition of non-controlling interests.

Hedging reserves

Hedging reserves represents the gains relating to foreign currency transactions recognised in other comprehensive income.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income.

		2023 R'000	2022 R'000
21	**Employee benefits**		
	Post-retirement medical aid contribution liability		
	Actuarially determined present value of unfunded obligations	**8 738**	8 618

The Company has an obligation to provide certain post-retirement medical aid benefits to certain eligible employees and pensioners. The entitlement to these benefits for current employees is dependent upon the employee remaining in service until retirement age. The scheme is not a funded arrangement and no separate assets are held to meet the liability. The funded status of the scheme is therefore equal to the negative value of the accrued liability.

The actuarial valuation of the post-retirement medical aid contributions liability was performed at 31 December 2023.

Any reasonably possible movement in the significant actuarial assumptions would not result in a material change in the defined benefit obligation.

		2023 R'000	2022 R'000
22	**Share-based payments**		
	Non-current liabilities:		
	Share Appreciation Rights*	–	3 826
	Performance Shares	**725**	5 973
	Forfeitable Shares	**810**	1 215
	Cash settled share-based payments (LTIP)	**1 535**	11 014
	Equity:		
	Share Appreciation Rights	–	–
	Performance Shares	–	7 346
	Forfeitable Shares	–	(2 787)
	Cumulative tax charges to equity	–	(1 231)
	Equity settled share-based payments (GSP)	–	3 328

* The intrinsic value of the cash-settled share-based payment liability that is vested but not yet exercised at year end is Rnil (2022: Rnil).

22.1 Details of the Share-Based Payment Incentive Schemes of the Group

In the 2019 year the Group developed two share-based payment incentive schemes. The Long-term Incentive Scheme ("LTIP") is cash settled, whereas the Group Share Plan ("GSP") is equity settled. Senior employees may be awarded notional units which are linked to the price of ordinary shares of the Group and only vest if certain performance standards are met. These incentive schemes seek to attract and retain senior employees and promote ongoing loyalty, commitment and motivation. All senior employees are eligible to participate. The incentive schemes are implemented by the Board through the direction of the Remuneration Committee. On an annual basis, senior employees may be offered three components:

(i) allocations of Share Appreciation Rights ("SARs");

(ii) awards of the Performance Share Plan ("PSP"); or

(iii) grants of the Forfeitable Share Plan ("FSP").

A summary of each component of offer under the incentive schemes are set out below.

22.1.1 Share Appreciation Rights (SARs)

Eligible employees are allocated conditional and notional awards. The performance condition is measured over a three year period starting at the allocation date and ending at the vesting date. The real growth in normalised headline earnings ("NHE") of Libstar is compared to the consumer price index ("CPI") to determine the portion of awards that will vest. Vesting is further contingent on the award holder remaining in the employ of Libstar. Award holders are not entitled to dividend during the life of the award. Once vested, the options remain exercisable for a period of four years.

Notes to the consolidated annual financial statements continued

22 Share-based payments continued

22.1 Details of the Share-Based Payment Incentive Schemes of the Group continued

22.1.1 Share Appreciation Rights (SARs) continued

EQUITY-SETTLED SARs

Set out below are summaries of options granted under the plan:

	2023		2022	
	Number of options	Average exercise price per share option	Number of options	Average exercise price per share option
As at 1 January	**1 495 600**	**6.20**	3 365 520	7.21
Forfeited during the year	**(1 495 600)**	**6.20**	(1 869 920)	8.01
As at 31 December	–		1 495 600	6.20
Vested and exercisable at 31 December	–	–	–	–

No GSP SAR share options were exercised or expired during the current and prior year and no new GSP SAR share options were granted during the current and prior year.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	31/12/2023 Number of options	31/12/2022 Number of options
08 April 2020	2027/04/08	6.20	–	1 495 600
			–	1 495 600
Weighted average remaining contractual life of options outstanding at end of period			Nil years due to forfeitures	4.27 years

CASH-SETTLED SARs

There were no LTIP SARs issued during the current or prior year.

22.1.2 Performance Share Plan (PSP)

On 8 April 2021, 2 December 2022 and 12 April 2023 eligible employees were allocated conditional and notional awards. Award holders are not entitled to dividends during the life of the award. The awards vest 3 years after allocation, to the extent that the performance conditions (measured over the three-year period), as described below, have been met. Vesting is further contingent on the award holder remaining in the employment of Libstar.

The PSP are subject to the following performance conditions for the 2023 and 2022 awards in the proportions stated:

1. NHE vs. CPI performance condition - 50%,

The performance condition is measured over a minimum of a three year period starting at the allocation date and ending at the vesting date. The real growth in normalised headline earnings ("NHE") of Libstar is compared to the CPI to determine the portion of awards that will vest.

2. ROAA vs. WACC performance condition - 30%, and

The Libstar return on adjusted assets ("ROAA") is compared to the Libstar adjusted weighted average cost of capital ("WACC") to determine the portion of awards that will vest under the ROAA vs. WACC performance condition.

3. ESG performance condition - 20%.

ESG is a measurement of a strategic initiatives and the ESG metrics could include measures such as water, recycling, and employment equity/B-BBEE targets.

AWARDS GRANTED DURING THE PERIOD

During the year 1 934 156 cash-settled awards were issued under the PSP at a fair value at reporting date of R3.27 each (2022: 492 534 cash-settled awards at R5.39 each).

The fair value per unit (excluding forfeiture), is calculated as the share price at valuation date, reduced for expected dividends over the remainder of the vesting period. The fair value per unit is then multiplied by the number of shares remaining adjusted for forfeiture.

22 Share-based payments continued

22.1 Details of the Share-Based Payment Incentive Schemes of the Group continued

22.1.2 Performance Share Plan (PSP)

	2023	2022
Vesting assumptions at 31 December:		
NHE vs. CPI Vesting Probability	**60.00%**	60.00%
ROAA vs WACC Vesting Probability	**70.00%**	70.00%
ESG Expected Vesting Probability	**75.00%**	75.00%
Expected Forfeiture (per annum)	**10.00%**	10.00%

22.1.3 Details of the Forfeitable Share Plan (FSP)

On 8 April 2021, eligible employees were allocated conditional and notional awards. The performance condition is measured over a three year period starting at the allocation date and ending at the vesting date. The awards will vest if Libstar attains a "Compliant Contributor" status in terms of B-BBEE and Transformation on an all-or-nothing basis. Vesting is further contingent on the award holder remaining in the employment of Libstar. Award holders are not entitled to dividend during the life of the award.

AWARDS GRANTED DURING THE PERIOD

There were no awards issued under the FSP during the current or prior year.

22.2 Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2023	2022
Charges relating to long-term incentive scheme (LTIP scheme)	**(6 544)**	1 271
Charges relating to share based payments (GSP)	**–**	809
	(6 544)	2 080

Notes to the consolidated annual financial statements continued

	Notes	2023 R'000	2022 R'000
23 Other financial liabilities and hedging instruments			
Financial liabilities carried at amortised cost			
Bank loans	23.1	**1 230 000**	1 270 205
Asset based finance	23.2	**310 460**	332 983
Other financial liabilities		**–**	177
Hedging instruments			
Foreign exchange contracts – cash flow hedges	30.2	**577**	3 683
		1 541 037	**1 607 048**
Non-current		**1 284 958**	1 508 651
Current		**256 079**	98 397
		1 541 037	**1 607 048**

23.1 Bank loans

	2023 R'000	2022 R'000
Senior Facility Term Loan A		
Nedbank Ltd	**500 000**	500 000
Standard Bank of South Africa Ltd	**200 000**	200 000
Rand Merchant Bank Holdings Ltd	**300 000**	300 000
	1 000 000	**1 000 000**

The loans bear interest at the prevailing JIBAR rate plus 1.70% (2022: 1.70%). The loans are payable in a single bullet payment in December 2026.

	2023 R'000	2022 R'000
Senior Facility Term Loan B		
Nedbank Ltd	**75 000**	75 000
Standard Bank of South Africa Ltd	**30 000**	30 000
Rand Merchant Bank Holdings Ltd	**45 000**	45 000
	150 000	**150 000**

The loans bear interest at the prevailing JIBAR rate plus 1.60% (2022: 1.60%). The loans are repayable in a single bullet payment in December 2024.

	2023 R'000	2022 R'000
Senior Facility Term Loan C		
Nedbank Ltd	**40 000**	60 000
Standard Bank of South Africa Ltd	**16 000**	24 000
Rand Merchant Bank Holdings Ltd	**24 000**	36 000
	80 000	**120 000**

The loans bear interest at the prevailing JIBAR rate plus 1.65% (2022: 1.65%). The loans are repayable in a single bullet payment in December 2025. During April 2023, the Group utilised an additional R130.0m and subsequently voluntarily repaid R120.0m and R50.0m during September 2023 and December 2023 respectively.

Notes to the consolidated annual financial statements continued

	2023 R'000	2022 R'000
23 Other financial liabilities and hedging instruments continued		
23.1 Bank loans continued		
First Rand Bank Limited Long term loan		
The loan was acquired during the prior year on the acquisition of Umatie and bore interest at prime. The loan was fully repaid on 6 April 2023.	–	205
	1 230 000	**1 270 205**
The above loans are secured as detailed in note 30.7.		
23.2 Asset based finance		
Standard Bank of South Africa Ltd	**147 955**	124 786
Nedbank Ltd	**157 246**	205 265
Other	**5 259**	2 932
	310 460	332 983
Non-current	**204 958**	238 506
Current	**105 502**	94 477
	310 460	**332 983**
The asset based financial liabilities are held by various financial institutions, are repayable in monthly instalments over an average of 5 years and bear interest at rates between the prevailing prime interest rate and prime less 1.4% per annum.		
The above asset based financial liabilities are secured as detailed in Note 30.7.		

	2023 R'000	2022 R'000
24 Trade and other payables		
Trade payables	**1 287 880**	1 267 185
Accrued expenses	**330 921**	322 648
Value-added tax payable	**55 709**	66 305
Income received in advance	**5 602**	1 503
Other payables	**15 423**	23 426
	1 695 535	**1 681 067**
Categories of financial and non-financial liabilities		
Financial liabilities	**1 556 224**	1 614 762
Non-financial liabilities	**139 311**	66 305
	1 695 535	**1 681 067**

Notes to the consolidated annual financial statements continued

	Notes	2023 R'000	2022 R'000
25 Cash generated from operations			
Profit before tax from:		**308 808**	69 582
From continuing operations		**308 808**	71 038
From discontinued operations		**–**	(1 456)
Adjustments for:		**731 328**	938 229
Depreciation and amortisation		**449 323**	476 304
(Gain)/loss on disposal of property, plant and equipment		**(6 246)**	1 173
Scrapping loss on property, plant and equipment		**–**	261
Write-off of assets destroyed by fire		**–**	11 345
Impairment loss on Goodwill	12.3	**43 000**	236 224
Impairment loss on intangible assets	12.3	**68 660**	55 964
Impairment loss on property, plant and equipment	12.3	**31 340**	3 837
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	2	**(73 471)**	–
Expected credit loss allowance movement on trade and other receivables		**516**	4 203
Expected credit loss allowance movement on other financial assets		**–**	4 100
Non-cash lease modifications, additions and terminations		**395**	(25 718)
Gain on sale of Glenmor		**–**	(3 598)
Finance income		**(20 221)**	(9 771)
Finance costs		**240 675**	176 313
Fair value adjustment on forward exchange contracts		**(6 089)**	(4 070)
Unrealised loss on foreign exchange		**9 024**	17 334
Movements in employee benefits – medical aid plan		**966**	273
Employee benefits contributions paid		**–**	(640)
Other non-cash movements in employee benefits		**966**	913
Movements in share-based payments		**(6 544)**	(5 945)
Share-based payments		**–**	(8 025)
Other non-cash movements in share-based payments	22	**(6 544)**	2 080
Changes in working capital:		**(285 348)**	(276 784)
Increase in inventories*		**(136 217)**	(185 234)
Increase in trade and other receivables*		**(158 613)**	(167 422)
Decrease/(increase) in biological assets**		**126**	(2 323)
Increase in trade and other payables*		**9 356**	78 195
		754 788	731 027

* Included in the prior year changes in working capital are the non-cash transfers to the Glenmor disposal group.

** Refer to note 16 for the reconciliation of the opening and closing carrying value of biological assets.

The consolidated statement of cash flows represents both continued and discontinued operations combined cash flows.

25 Cash generated from operations continued

25.1 Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Acquisition of right-of-use assets - refer to Note 10
- Share-based payments awards issued to employees under the LTIP for no cash consideration – refer to Note 22
- Acquisition of property, plant and equipment through asset based financing – refer to Note 23.2

	2023 R'000	2022 R'000
25.2 Net debt reconciliation		
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.		
Bank loans, asset based finance and loans payable	**1 540 460**	1 603 365
Lease liabilities	**590 332**	694 671
Less: Cash and cash equivalents (including overdraft)	**(197 247)**	(249 171)
Net debt (including IFRS 16 Lease liabilities)*	**1 933 545**	2 048 865
Net debt (excluding IFRS 16 Lease liabilities)	**1 343 213**	1 354 194

* Net debt (including IFRS 16 Lease liabilities) is hereafter referred to as net debt.

	Liabilities from financing activities				
	Bank loans, asset based finance and loans payable R'000	Lease liability R'000	Subtotal R'000	Less: Cash and cash equivalents (including overdraft) R'000	Total R'000
Net debt as at 1 January 2022	1 694 695	659 776	2 354 471	(592 602)	1 761 869
Cashflows from financing activities:					
Cash outflows	(178 540)	(156 237)	(334 777)	343 431	8 654
Non-cash adjustments:					
Lease modifications	–	(31 098)	(31 098)	–	(31 098)
Additions and derecognitions	96 323	43 179	139 502	–	139 502
Additions through business combination	453	46 980	47 433		47 433
Reclassified as held for sale	(9 566)	(2 114)	(11 680)	–	(11 680)
Transfer from disposal group as held for sale	–	78 679	78 679		78 679
Finance cost amortised	–	55 506	55 506	–	55 506
Net debt as at 31 December 2022	**1 603 365**	**694 671**	**2 298 036**	**(249 171)**	**2 048 865**
Cashflows from financing activities:					
Cash outflows	**(271 007)**	**(113 643)**	**(384 650)**	**51 924**	**(332 726)**
Proceeds from bank loans	**130 000**	**–**	**130 000**	**–**	**130 000**
Non-cash adjustments:					
Lease modifications	**–**	**(1 483)**	**(1 483)**	**–**	**(1 483)**
Additions and derecognition	**78 102**	**10 787**	**88 889**	**–**	**88 889**
Net debt as at 31 December 2023	**1 540 460**	**590 332**	**2 130 792**	**(197 247)**	**1 933 545**

	Note	2023 R'000	2022 R'000
26 Taxation paid			
Balance at 1 January		**8 063**	38 808
Current tax for the year recognised in profit or loss	6	**(89 245)**	(122 920)
Current tax receivable reclassified as held for sale		**-**	(354)
Acquisition through business combination		**-**	890
Balance at 31 December		**(38 374)**	(8 063)
		(119 556)	(91 639)

27 Related party disclosures

27.1 Related party relationships

Shareholders of ordinary share capital

In so far as it is known to the Company, the following shareholders, directly or indirectly beneficially hold 5% or more shares in the issued share capital:

APEF Pacific Mauritius Ltd

Government Employees Pension Fund

Business Venture Investments No 2071 (RF) (Pty) Ltd*

Business Venture Investments No 2072 (RF) (Pty) Ltd^

Shareholders of preference share capital

The Ratchet Trust owns 100% of the preference share capital. Refer to Annexure 1 to the consolidated annual financial statements for director's interests in the Ratchet Trust.

Directors

The directors in office during the current year and at the date of this report are as follows:

Name:	Position:
W Luhabe	Chairman Independent Non-Executive Director
JP Landman	Lead Independent Non-Executive Director
S Masinga	Independent Non-Executive Director
S Khanna	Independent Non-Executive Director
A Andrews	Independent Non-Executive Director
CB De Villiers	CEO (Appointed 1 January 2023)
TL Ladbrooke	CFO (Appointed interim CFO 1 January 2023, appointed CFO 15 March 2023)
Mr C Lodewyks	Executive director (Appointed 1 January 2023)

* Business Venture Investments No 2071 (RF) Proprietary Limited (BDT SPV), is wholly-owned by an Employee Share Trust established for the benefit of employees of the Group.

^ Business Venture Investments No 2072 (RF) Proprietary Limited (BDT SPV), is wholly-owned by an BEE Development Trust established for the benefit of employees of the Group.

27.2 Related party transactions

Directors' remuneration
Refer to note 8.

Dividends paid to shareholders
Refer to consolidated statement of changes in equity.

Dealings in securities by directors:
In the current year, CB de Villiers purchased 31 110 ordinary shares in three tranches of 6 360, 8 450 and 16 300 respectively at R3.50, R3.29 and R3.05 per share (2022: Rnil), TL Ladbrooke purchased 61 000 (2022: 1 000) ordinary shares in two tranches of 29 000 and 32 000 respectively at R3.40 and R3.14 per share (2022: one tranche at R5.85 per share) and C Lodewyks purchased 26 500 ordinary shares in two tranches of 12 500 and 14 000 respectively at R3.68 and R3.43 per share (2022: Rnil). In the prior year Ruland Trust (an associate of JP Landman) purchased 50 000 ordinary shares in one tranche at R6.00 per share.

27.3 Material subsidiaries

Libstar Holdings Limited has one material subsidiary, Libstar Operations (Pty) Ltd, in which it holds a 100% shareholding. Libstar Operations (Pty) Ltd's place of business is South Africa and holds all the main operating segments within the Group.

Other subsidiaries are not considered material subsidiaries and represent 1.47% (2022: 0.7%) of the net revenue of the Group.

28 Subsequent Events

Dividend declared

The Board of Libstar has approved and declared a final cash dividend of 15 cents per ordinary share (gross) in respect of the year ended 31 December 2023.

The directors are not aware of any other events after the reporting date which require disclosure.

29 Going concern

The directors believe that the Group has adequate financial resources to continue to operate for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis.

Notes to the consolidated annual financial statements continued

30 Risk management

30.1 Financial risk management objectives

The divisions within the Group monitor and manage the financial risks relating to their operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of market risk related to currency risk by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk. Compliance with policies and exposure limits are reviewed by the internal audit function on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

30.2 Derivatives – designated cash flow hedges

The Group has the following derivative financial instruments in the following line items in the consolidated statement of financial position:

	2023 R'000	2022 R'000
Current assets		
Other financial assets		
Foreign exchange contracts – cash flow hedges	**6 540**	5 738
Current liabilities		
Other financial liabilities		
Foreign exchange contracts – cash flow hedges	**(577)**	(3 683)

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. The Group's accounting policy for its cash flow hedges is set out in the Accounting Policies section. Further information about the derivatives used by the Group that meet the hedge accounting criteria is provided in Note 30.4.

Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives refer to Note 32.2.

Hedging reserves

	Cash flow hedging reserves R'000
Opening balance 1 January 2022	(16 755)
Pre-tax change in fair value of hedging instrument recognised in other comprehensive income	2 542
Reclassified from other comprehensive income to profit or loss – hedged item affected profit or loss	18 933
Deferred tax	(686)
Closing balance 31 December 2022	**4 034**
Pre-tax change in fair value of hedging instrument recognised in other comprehensive income	**7 484**
Deferred tax on change in fair value of hedging instrument	**(2 021)**
Pre-tax reclassification from other comprehensive income to profit or loss - hedged item affected profit or loss	**(9 496)**
Deferred tax	**2 564**
Closing balance 31 December 2023	**2 565**

The reclassifications from the cash flow hedging reserve to profit or loss in the current and prior year was recognised in (losses)/gains on foreign exchange and disposal of property, plant and equipment within profit or loss.

30 Risk management continued

30.2 Derivatives – designated cash flow hedges continued

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the firm commitment inventory purchase changes from what was originally estimated, or if there are changes in the local credit risk or the derivative counterparty. Hedge ineffectiveness did not occur in the current and prior year.

30.3 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note 30.4) and interest rates (see Note 30.5). The Group enters into derivative financial instruments to manage its exposure to foreign currency risk, specifically forward foreign exchange contracts to hedge the exchange rate risk arising on the export and import of food products to and from Australia, New Zealand, the United Kingdom, the European Union, Asia, USA and Canada.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed.

30.4 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Foreign currency exposure at Statement of Financial Position date

	2023 Foreign currency '000	2022 Foreign currency '000	**2023 R'000**	2022 R'000
Assets				
Trade debtors in USD	**6 256**	6 509	**114 720**	105 306
Trade debtors in EUR	**1 754**	2 320	**35 398**	38 355
Trade debtors in GBP	**625**	736	**14 574**	15 124
Trade debtors in AUD	**1 955**	2 675	**24 447**	31 501
Trade debtors in NZD	**–**	33	**–**	347
Trade debtors in CAD	**–**	57	**–**	756
Trade debtors in SGD	**–**	87	**–**	1 106
Trade debtors in YEN	**598**	22 478	**78**	2 856
Trade debtors in THB	**3 607**	1 695	**1 915**	830
Liabilities				
Trade creditors in USD	**3 903**	2 148	**71 570**	36 525
Trade creditors in EUR	**4 315**	3 929	**87 102**	71 398
Trade creditors in GBP	**54**	5	**1 253**	97
Trade creditors in SGD	**–**	184	**–**	2 331
Trade creditors in YEN	**485**	–	**63**	–
Trade creditors in THB	**7 881**	–	**4 184**	–
Exchange rates used for conversion of foreign items				
US Dollar (USD)			**18.34**	16.18
Euro (EUR)			**20.19**	16.53
Pound Sterling (GBP)			**23.32**	20.55
Australian Dollar (AUD)			**12.51**	11.77
New Zealand Dollar (NZD)			**–**	10.63
Canadian dollar (CAD)			**–**	13.37
Singapore dollar (SGD)			**–**	12.66
Japanese Yen (YEN)			**0.13**	0.13
Thai Baht (THB)			**0.53**	0.49

30 Risk management continued

30.4 Foreign currency risk management continued

Forward exchange contracts which relate to future firm commitments

31 December 2023	Foreign amount '000	Rand amount R'000	Fair value R'000
US Dollar	**(12 358)**	**(236 261)**	**4 985**
Euro	**5 657**	**113 338**	**2 638**
Pound Sterling	**(1 600)**	**(37 728)**	**(242)**
Australian Dollar	**(6 835)**	**(86 064)**	**(1 374)**
Japanese Yen	**(10 000)**	**(1 328)**	**(28)**
Thai Baht	**4 455**	**2 417**	**(16)**
	(20 681)	**(245 626)**	**5 963**
31 December 2022			
US Dollar	(27 564)	(475 762)	(13)
Euro	(429)	(8 585)	(1 116)
Pound Sterling	(2 116)	(45 000)	1 454
Australian Dollar	(9 074)	(107 969)	1 730
New Zealand Dollar	(33)	(354)	–
	(39 216)	**(637 670)**	**2 055**

The fair value gain/(loss) is calculated as the difference between the exchange rate contracted and the forward rate at the reporting date.

Instruments used by the Group

The Group operates internationally and is exposed to foreign exchange risk, primarily the US dollar and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the Group. The risk is measured through a forecast of firm commitments of foreign currency expenditures. The risk is hedged with the objective of minimising the volatility of the local currency cost of firm commitments for inventory purchases and sales.

The Group treasury's risk management policy is to hedge between 80% and 100% of foreign currency denominated cash flows for firm commitment inventory purchases and sales. The Group hedges firm commitments in advance – up to 3 – 9 months' imports and 9 – 12 months' exports, or within 48 hours of receipts of a firm order, whichever date is earlier, subject to a review of the cost of implementing each hedge.

The Group only uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the Group's policy, the critical terms of the forwards must align with the hedged items.

The Group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted, where material.

30 Risk management continued

30.4 Foreign currency risk management continued

Instruments used by the Group continued

	2023 R'000	2022 R'000
Foreign currency forwards		
Foreign exchange contracts - cash flow hedges (included in other financial assets)	6 540	5 738
Foreign exchange contracts - cash flow hedges (included in other financial liabilities)	(577)	(3 683)
Notional amount (exposure to the ZAR)		
FECs used for hedging imports		
US Dollar	150 373	73 581
Euro	224 540	92 510
Pound Sterling	519	–
Australian Dollar	357	–
Japanese Yen	1 101	–
Thai Baht	2 417	–
FECs used for hedging exports		
US Dollar	386 635	549 342
Euro	111 201	101 095
Pound Sterling	38 247	45 000
Australian Dollar	86 421	107 969
New Zealand Dollar	–	354
Japanese Yen	2 429	–
Maturity date	2 January 2024 – 13 December 2024	1 January 2023 – 29 December 2023
Hedge ratio*	1:1	1:1
Loss in discounted pre-tax spot value of outstanding hedging instruments since inception of the hedge	7 484	2 542
Weighted average hedged rate for outstanding hedging instruments (including forward points)		
FECs used for hedging imports		
US Dollar	18.80	17.64
Euro	20.46	18.07
Pound Sterling	23.26	–
Australian Dollar	12.51	–
Japanese Yen	0.14	–
Thai Baht	1.84	–
FECs used for hedging exports		
US Dollar	18.99	17.31
Euro	20.90	18.22
Pound Sterling	23.26	21.27
Australian Dollar	12.59	11.90
New Zealand Dollar	–	10.83
Japanese Yen	0.13	–

* The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component.

30 Risk management continued

30.4 Foreign currency risk management continued

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the South African Rand (ZAR) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates that the Group is mainly exposed to, namely the US Dollar and the Euro. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and equity where the ZAR strengthens 10% against the relevant currencies. For a 10% weakening of the ZAR against the relevant currencies, there would be a comparable impact on the profit and equity and the balances below would be negative.

	2023 R'000	2022 R'000
Impact on profit and equity		
US Dollar	**79 137**	111 271
Euro	**(104 390)**	(54 627)
Pound Sterling	**31 065**	30 880
Australian Dollar	**30 583**	37 089
New Zealand Dollar	**–**	369
Thai Baht	**102**	41
Singapore dollar	**–**	(1 551)
Japanese Yen	**(53)**	37
Canadian dollar	**–**	1 011

30.5 Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The interest rates of the loans are linked to either the prevailing prime rate or JIBAR over the period of the loan. Refer to Note 23 for the terms of the respective loans.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section – refer to Note 30.7.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% per annum increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 1% per annum higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would decrease/increase by R17.4m (2022: R18.0m). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group does not have any fixed rate financial instruments.

30 Risk management continued

30.6 Credit risk management

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously. Credit risk arises from the credit exposures to customers as well as cash and cash equivalents, deposits with banks and financial institutions, contractual cash flows of other financial assets carried at amortised cost and favourable derivative financial instruments.

The Group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions of high credit standing.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Geographically there is concentration of credit risk in the South African market.

The Group has established a credit policy in terms of which each new customer is analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer; these limits are reviewed annually or when conditions arise that warrant a review. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Most of the Group's customers have been transacting with the Group for over three years and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity, existence of previous financial difficulties and the existence of current financial difficulties. Trade and other receivables relate mainly to the Group's retail and wholesale channel and food service customers. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis.

The Group establishes a credit loss allowance for expected credit losses in respect of trade receivables and other receivables, consisting of sundry debtors, by applying the simplified approach of IFRS 9, measuring the credit loss allowance based on lifetime expected credit loss. The Group first establishes whether any specific customers may be impaired and raises a credit allowance in respect thereof. Further to this, as a practical expedient, the Group applies a provision matrix to the remaining debtors by assessing historical credit losses per aged bucket of debtors. In addition, a risk-of-default factor was added to each aged bucket based on management's expectation of credit losses.

The majority of debtors not past due relate to credit extended to large South African retailers and wholesalers, considered to be of a high credit grade.

Based on historical default rates, the Group believes that a nominal credit loss allowance is appropriate in respect of debtors not past due.

Management has considered forward-looking information (macro-economic forecast data such as the five year CPI forecast) to evaluate the impact on expected future default rates. In the light of the current economic environment, management assessed the risk-to-default factor per each aged bucket in the current and prior year. Historical default rates and relatively low bad debt written off limits the increase in the expected credit loss rates.

Security of trade receivables

For a portion of trade receivables, the Group obtained security in the form of insurance contracts which can be called upon if the trade debtor is in default under the terms of agreement.

Impairment matrix

The ageing of trade and other receivables at the reporting date:

2023	Gross R'000	Impairment loss allowance R'000	Expected credit loss rate %
Not past due	1 138 472	1 660	0.15%
Past due 0 – 30 days	648 496	5 383	0.83%
Past due 31 – 60 days	111 549	3 157	2.83%
Past due 61 days – 90 days	12 293	717	5.83%
Past due 91 days and greater	12 007	1 568	13.06%
Total	**1 922 817**	**12 485**	**0.65%**

30 Risk management continued

30.6 Credit risk management continued

2022	Gross R'000	Impairment loss allowance R'000	Expected credit loss rate %
Not past due	1 077 599	1 724	0.16%
Past due 0 – 30 days	625 902	5 226	0.83%
Past due 31 – 60 days	55 171	1 564	2.83%
Past due 61 days – 90 days	25 070	1 463	5.83%
Past due 91 days and greater	44 094	5 761	13.06%
Total	**1 827 836**	**15 738**	**0.86%**

Despite the overall increase in trade and other receivables from the prior year to the current year, the expected credit loss allowance decreased in the current year as a result of a legally enforceable right to reimbursement on certain long outstanding debtors, and an improved aging profile of trade and other receivables from the prior year to the current year.

Cash and cash equivalents and deposits with banks and financial institutions

While cash and cash equivalents and deposits with banks and financial institutions are also subject to the impairment requirements of IFRS 9, the impairment loss was immaterial. Cash and cash equivalents and deposits are kept with Nedbank Ltd who has sound credit ratings. Nedbank Ltd has a Standard and Poor's credit rating of BB- (2022: BB-) with a stable outlook status. Management does not expect Nedbank Ltd to fail to meet its obligations.

Other financial assets carried at amortised cost

Other financial assets at amortised cost include loans to related parties and other parties. The credit risk is considered to be limited due to the immaterial balance and the related immaterial expected credit loss.

Favourable derivative financial instruments

For derivative financial instruments, management engages with Nedbank Ltd that has a Standard and Poor's credit rating of BB- (2022: BB-) with a stable outlook status. Management does not expect Nedbank Ltd to fail to meet its obligations.

30 Risk management continued

30.7 Liquidity risk management

Liquidity and interest risk tables

LIQUIDITY RISK – NON-DERIVATIVES

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table are the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest %	Carrying value R'000	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 3 years R'000	Between 3 and 4 years R'000	Between 4 and 5 years R'000	More than 5 years R'000	Total R'000
31 December 2023									
Trade and other payables[1]		**1 556 224**	**1 556 224**	–	–	–	–	–	**1 556 224**
Bank overdraft		**200 005**	**200 005**	–	–	–	–	–	**200 005**
Other financial liabilities[2]	**9.62%**	**1 540 460**	**410 925**	**288 032**	**1 160 488**	**42 304**	**23 374**	**2 055**	**1 927 178**
Lease liabilities	**8.50%**	**590 332**	**138 961**	**125 430**	**117 170**	**104 875**	**61 669**	**234 759**	**782 864**
		3 887 021	**2 306 115**	**413 462**	**1 277 658**	**147 179**	**85 043**	**236 814**	**4 466 271**
31 December 2022									
Trade and other payables[1]		1 614 762	1 614 762	–	–	–	–	–	1 614 762
Bank overdraft		200 045	200 045	–	–	–	–	–	200 045
Other financial liabilities[2]	8.50%	1 603 365	244 484	370 365	294 861	1 129 374	27 065	3 435	2 069 584
Lease liabilities	8.97%	694 671	148 594	135 873	124 168	115 128	111 363	293 489	928 615
		4 112 843	**2 207 885**	**506 238**	**419 029**	**1 244 502**	**138 428**	**296 924**	**4 813 006**

1 Trade and other payables excludes value-added-tax payables, employees tax payables, leave pay accruals and income received in advance.
2 Other financial liabilities include bank loans, asset based finance and loans payable.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

30 Risk management continued

30.7 Liquidity risk management continued

LIQUIDITY RISK - DERIVATIVES

The following table indicates the periods in which the cash flows associated with derivatives that are expected to occur:

	Carrying amount R'000	6 months or less R'000	6 – 12 months R'000	Total Contractual Cashflows R'000
31 December 2023				
FECs used for hedging				
– Imports	**520**	**(357 842)**	**(21 535)**	**(379 377)**
– Exports	**5 443**	**496 519**	**128 485**	**625 004**
	5 963	**138 677**	**106 950**	**245 627**
31 December 2022				
FECs used for hedging				
– Imports	(1 233)	(161 683)	(3 603)	(165 286)
– Exports	3 288	490 592	311 020	801 612
	2 055	**328 909**	**307 417**	**636 326**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional facilities that the Group has at its disposal to further reduce liquidity risk are given below.

Financing facilities

Collective financing facilities provided to the Group are as follows:

- Senior facility A of R1 000 000 000 with a 5 year bullet profile – fully utilised;
- Senior facility B of R150 000 000 with a 3 year bullet profile – fully utilised;
- Senior facility C of R200 000 000 with a 4 year bullet profile – R80m utilised;
- Senior facility D of R350 000 000 with a 5 year bullet profile - unutilised facility (R50m was utilised during April 2023 and voluntarily repaid during September 2023);
- An asset based finance facility of R650 000 000; and
- A general banking facility of R650 000 000 is available by way of an overdraft facility and/or Letters of Guarantee and/or Letters of Credit and/or Forward Exchange Contracts (being 10% of the amount of the forward exchange contracts).

30 Risk management continued

30.7 Liquidity risk management continued

Financing facilities

The Senior Facility A, Senior Facility B, Senior Facility C and Senior Facility D loans are held by Libstar Operations (Pty) Ltd.

The above asset based finance facilities and general banking facilities are shared by the following entities:

- Libstar Operations (Pty) Ltd and its respective divisions being Amaro Foods, Cani Rusks, Cape Herb and Spice, Chamonix, Chet Chemicals, Dickon Hall Foods, Finlar Fine Foods, Lancewood, Millennium Foods, Montagu Foods, Retailer Brands, Rialto, Ambassador Foods, Cecil Vinegar, Contactim, Denny Mushrooms, Cape Coastal Honey, Khoisan Gourmet.
- Berfin Worldwide (Pty) Ltd
- Cape Foods (Pty) Ltd
- Libstar Properties (Pty) Ltd
- Libstar Nova (Pty) Ltd

Security agreements currently held in favour of the debt guarantor to establish security are as follows:

- A pledge and cession of all shares, securities and other ownership interest it holds, from time to time, in any affiliate, associate company or another person in which it is invested;
- A cession of all present and future claims, from time to time, against any person, including its trade debtors;
- A cession of its present and future claims, from time to time, against any person under the acquisition documents;
- A cession of all rights and claims in respect of bank accounts maintained, from time to time;
- A cession of all insurances taken out by or for the benefit of that obligor, from time to time, and all proceeds receivable under those insurances;
- A hypothecation of all the trade marks, patents and designs of that obligor;
- A cession of all the intellectual property rights of that obligor;
- First ranking covering mortgage bonds over all the immovable property of which the obligor is the registered owner; and
- A general notarial bond over all the movable assets of the obligor.

Financing facilities

The security for the Senior Facility A, Senior Facility B, Senior Facility C and Senior Facility D term loans are provided by Libstar Operations being the original guarantor and Libstar Holdings Ltd being the additional guarantor.

Certain items of plant, machinery, equipment and vehicles are pledged as security for the associated asset based finance agreements entered into to finance their acquisition.

30.8 Fair values

The fair values of all financial instruments are substantially the same as the carrying amount reflected on the statement of financial position. Refer to Note 32.1 for further information.

The fair value of the biological assets at the end of the reporting period are considered in Note 16.

FEC derivative instruments are measured as disclosed in Note 30.2 and the fair values are disclosed in Note 32.2.

31 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (bank loans and asset based finance as detailed in Note 23 offset by cash and bank balances as detailed in Note 18) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in the consolidated statement of changes in equity and in Notes 19 and 20).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at end of the reporting period was as follows:

	2023 R'000	2022 R'000
Bank loans, asset based finance and loans payable	**1 540 460**	1 603 365
Lease liabilities	**590 332**	694 671
Less: Cash and cash equivalents (including overdraft)	**(197 247)**	(249 171)
Net debt (including IFRS 16 Lease liabilities)	**1 933 545**	2 048 865
Net debt (excluding IFRS 16 Lease liabilities)	**1 343 213**	1 354 194
Total equity	**5 294 472**	5 202 369
Net debt to equity ratio (including IFRS 16 Lease liabilities)	**0.37**	0.39

During the current year, the Group's strategy, which was unchanged from prior year, was to maintain a net debt to equity ratio below 0.5.

As at 31 December 2023, the Group's leverage ratio (Senior Borrowings to EBITDA excl. IFRS 16) was 1.6 (2022: 1.6) against a covenant of no more than 2.5. EBITDA (Excl. IFRS 16) to senior interest cover ratio was 4.9 (2022: 7.7) against a covenant of at least 3.5.

The Group remains solvent, liquid and operates well within the facility covenants established by its lenders.

32 Financial Instruments

This note provides information about the Group's financial instruments, including:

- an overview of all categories of financial instruments held by the Group and
- information about determining the fair value of the instruments.

32.1 Categorisation of financial assets and liabilities

The table below sets out the Group's classification of each class of assets and liabilities:

	Hedging instruments* R'000	Financial assets/ liabilities Amortised cost R'000
31 December 2023		
Other financial assets	**6 540**	**4 653**
Trade and other receivables	**–**	**1 910 332**
Cash and bank balances	**–**	**397 252**
Total assets	**6 540**	**2 312 237**
Other financial liabilities	**577**	**1 540 460**
Trade and other payables	**–**	**1 556 224**
Lease liabilities	**–**	**590 332**
Bank overdraft	**–**	**200 005**
Total liabilities	**577**	**3 887 021**
31 December 2022		
Other financial assets	5 738	4 971
Trade and other receivables	–	1 812 099
Cash and bank balances	–	449 216
Total assets	**5 738**	**2 266 286**
Other financial liabilities	3 683	1 603 365
Trade and other payables	–	1 432 986
Lease liabilities	–	694 671
Bank overdraft	–	200 045
Total liabilities	**3 683**	**3 931 067**

* These financial instruments comprise forward exchange contracts and are categorised as level 2 per the fair value hierarchy.

The Group's exposure to various risks associated with the financial instruments is discussed in Note 30. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

The carrying amount of cash and bank balances and bank overdrafts approximates fair value due to the short maturity of these instruments.

Trade and other receivables, investments, loans and trade and other payables reflected on the statement of financial position approximate the fair values thereof due to the short maturity of these instruments.

Borrowings (bank loans, asset based finance and loans payable) are measured at amortised cost using the effective interest rate method and the carrying amounts approximate their fair value.

There are no significant differences between carrying values and fair values of financial assets and liabilities.

32 Financial Instruments continued

32.2 Measurement of fair values

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. Fair values are categorised into three different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 2 and 3 of the fair value hierarchy for the years ended 31 December 2023 or 2022.

Type	Valuation Technique	Fair value hierarchy	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts (derivative financial instruments - used for hedging)	Forward Pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Level 2	Not applicable

ANNEXURE 1

Libstar Shareholder Analysis 2023

Ordinary shares as at 31 December 2023

Directors' interests

Ordinary share capital	Dec 2023				Dec 2022			
Director	Direct shares held	Held indirectly or by an associate	Total shares held	Total % held	Direct shares held	Held indirectly or by an associate	Total shares held	Total % held
AV van Rensburg^	–	–	–	0.00%	–	–	–	0.00%
CB de Villiers	38 852	–	38 852	0.01%	7 742	–	7 742	0.00%
TL Ladbrooke[2]	72 900	–	72 900	0.01%	–	–	–	0.00%
W Luhabe	–	–	–	0.00%	–	–	–	0.00%
JP Landman[1]	–	155 000	155 000	0.02%	–	155 000	155 000	0.02%
S Masinga	–	–	–	0.00%	–	–	–	0.00%
S Khanna	–	–	–	0.00%	–	–	–	0.00%
A Andrews	–	–	–	0.00%	–	–	–	0.00%
C Lodewyks[2]	26 500	–	26 500	0.00%	–	–	–	0.00%

^ Resignations in the prior period: AV van Rensburg

1 Indirect shares held by Ruland Trust, an associate of JP Landman

2 Appointments effective in the current year: TL Ladbrooke and C Lodewyks

Where directors resigned in the prior financial period, the table above shows nil values in respect of the direct and indirect shareholding held at the end of the prior period. Where directors have been appointed in the year under review, the table above shows nil values in respect of the prior period.

There has been no change in directors' interests or any share dealings by directors in the ordinary shares of the Company subsequent to 31 December 2023 and to the date of this report.

ANNEXURE 1 continued

PREFERENCE SHARE CAPITAL

No directors held a direct interest in preference share capital during the current or prior periods.

The following directors held an indirect interest in preference share capital due to their participation in the Ratchet Trust (100% shareholder of preference share):

- CB de Villiers held 1.5 units and C Lodewyks held 3.5 units at the close of the current and prior period.

Ordinary shareholder spread	Number of shareholders	Number of shares	% Of shares in issue
Public	3 020	272 615 245	40.0%
Non-public	9	409 306 163	60.0%
■ Directors	3	138 252	0.0%
■ Associates of directors	1	155 000	0.0%
■ The trustees of any employees' share scheme or pension fund established for the benefit of any directors or employees of the applicant and its subsidiaries;	2	73 049 783	10.7%
■ Treasury shares^	1	13 059 362	1.9%
■ Persons interested in 10% or more (other than directors or associates of directors)	2	322 903 766	47.4%
Total issued shares	**3 029**	**681 921 408**	**100.0%**

^ Libstar Operations Proprietary Limited a subsidiary of Libstar Holdings Limited, purchased 13,059,362 treasury shares during the 2018 and 2019 financial year at an average price of R7,62 per share and these shares reverted to authorised but unissued.

In so far as it is known to the company, the following shareholders, directly or indirectly beneficially hold 5% or more shares in the issued shares.

Major ordinary shareholders	Number of shares	% Of shares In issue
APEF Pacific Mauritius Limited	252 463 077	37.0%
Government Employees Pension Fund	70 440 689	10.3%
Business Venture Investments 2071*	39 334 499	5.8%
Business Venture Investments 2072^	33 715 284	5.0%

* Business Venture Investments No 2071 (RF) Proprietary Limited (ESOP SPV), is wholly-owned by an Employee Share Trust established for the benefit of employees of the Group.

^ Business Venture Investments No 2072 (RF) Proprietary Limited (BDT SPV), is wholly-owned by an BEE Development Trust established for the benefit of employees of the Group.

Ordinary shareholder spread	Number of shareholders	% Of shareholders	Number of shares	% Of shares in issue
1 – 1 000 000 shares	2 961	97.7%	68 848 622	10.1%
1 000 001 – 3 000 000 shares	39	1.3%	68 936 188	10.1%
3 000 001 – 6 000 000 shares	13	0.4%	55 059 488	8.1%
6 000 001 – 40 000 000 shares	14	0.5%	189 900 068	27.8%
More than 40 000 000 shares	2	0.1%	299 177 042	43.9%
	3 029	**100.0%**	**681 921 408**	**100.0%**

CORPORATE INFORMATION

COMPANY AND REGISTERED OFFICE

Libstar Holdings Limited
Registration Number: 2014/032444/06
Libstar House, 43 Bloulelie Crescent,
Plattekloof, Western Cape, 7500
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(PO Box 15285, Panorama, Western Cape, 7506)

WEBSITE

www.libstar.co.za

DIRECTORS

Wendy Yvonne Nomathemba Luhabe
(Chairman – Independent Non-Executive Director)

Johannes Petrus (JP) Landman
(Lead Independent Non-Executive Director)

Anneke Andrews
(Independent Non-Executive Director)

Sandeep Khanna
(Independent Non-Executive Director)

Sibongile Masinga
(Independent Non-Executive Director)

Charl Benjamin de Villiers
(CEO)

Terri Lee Ladbrooke
(CFO)

Cornél Lodewyks
(Executive Director)

COMPANY SECRETARY

Ntokozo Makomba
43 Bloulelie Crescent,
Plattekloof, Western Cape, 7500

SPONSOR

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AUDITOR

Moore Cape Town Inc.
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TRANSFER SECRETARIES

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