LIBSTAR

From our Home to Yours

Annual Financial Statements

for the year ended 31 December

2021

The 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 Charl de Villiers CA(SA), the Libstar Group Chief Financial Officer.

These annual financial statements for the year ended 31 December 2021 were published on 16 March 2022.


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Contents

Independent Auditor's Report

To the shareholders of Libstar Holdings Limited and its subsidiaries

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of Libstar Holdings Limited and its subsidiaries ("the Group") set out on pages 11 to 82, which comprise the consolidated statement of financial position as at 31 December 2021, 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 a summary of significant accounting policies.

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 2021, 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 Note 12 and 13. Goodwill and brands with an indefinite useful life comprise 27.6% 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 R64.7 million. Impairment assessments of goodwill and brands are performed using a discounted cash flow model. As disclosed in Note 13, 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 on branded products); ▪ 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 5 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 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 skepticism 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.

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 8 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 2022

2nd Floor Block 2
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Directors' responsibility

for the year ended 31 December 2021

Directors' responsibility for and approval of the consolidated annual financial statements

In accordance with the requirements of the Companies Act, No 71 of 2008, as amended from time to time, the board of directors ("the Board") is responsible for the preparation 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 Ltd and its subsidiaries ("the Group") as at 31 December 2021, the results of its operations and cash flows for the year then ended, the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report.

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 auditors to report on the fair presentation of the consolidated annual financial statements.

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 82, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms with IFRS;

(b) 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 Ltd and its 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 within the combined assurance model pursuant to principle 15 of the King Code.

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

Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The consolidated annual financial statements which appear on pages 7 to 82 were approved by the board of directors on 15 March 2022 and are signed on behalf of the board by:

AV van Rensburg
Chief Executive Officer

CB de Villiers
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 2021, it is hereby certified that Libstar Holdings Ltd 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.

William Somerville,
on behalf of CorpStat Governance Services (Pty) Ltd
Company Secretary

15 March 2022

Directors' report

for the year ended 31 December 2021

1. Nature of activities

Libstar Holdings Ltd and its subsidiaries ("the Group") is a leading producer and supplier of high quality products in the Consumer packaged goods (CPG) industry and sells a wide range of products in South Africa and globally. The Group provides a multi-product offering in multiple categories across four channels (Retail and wholesale, Food service, Exports and Industrial and contract manufacturing), while strategically positioning itself within the food and beverage sectors. 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. The Group operates a decentralised business model, with each business unit being responsible for its own procurement, production, distribution and logistics, sales and marketing and customer relationships. 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.

The Group continued to be impacted by COVID during the current year. All segments produce and sell products within the Group's four sales channels. Whilst each of these channels were uniquely impacted by COVID lockdown restrictions in the prior year, the Group's two largest revenue contributing sales channels, Retail & Wholesale and Food Service, were impacted the most in the prior year. Demand within the Retail & Wholesale sales channel normalised during the current year, following exceptionally strong demand experienced in the prior year due to retail stockpiling of food. Demand for Food Service products improved relative to the prior period, which was severely impacted by the closure of hospitality venues as a result of COVID lockdowns. The total direct COVID related expenses for the year amounted to R15m (2020: R65m).

COVID is expected to continue to impact the Group into the next financial year. The Board expects the following factors may continue to have an impact on the Group:

- Additional operating costs attributable to the COVID-pandemic;
- Supply chain disruptions; and
- A weak macro-economic climate, high rate of national unemployment and weakening consumer disposable income.

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 25 cents per ordinary share in respect of the year ended 31 December 2021 totalling R170.5m ("the dividend"). The dividend is payable on 11 April 2022 to shareholders recorded as such in the share register of the Company on 8 April 2022 (the record date). The last date of trading cum dividend will be 5 April 2022.

The Board paid a final cash dividend (inclusive of treasury shares) of 25 cents per ordinary share on 12 April 2021 in respect of the year ended 31 December 2020 totalling R170.5m.

4. Events after the reporting period

On 1 January 2022, the Group acquired a 60% shareholding in Umatie (Pty) Ltd for a consideration of R1.2m, which was paid on 31 December 2021. Umatie (Pty) Ltd is a local baby food manufacturer and distributor. The acquisition of the Umatie brand is expected to expand the Group's Retail and wholesale channel footprint within the Perishable segment.

The Group is also in the process of acquiring the factory building for a consideration of R4.1m.

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

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

5. Borrowings

During the prior year, R100m of Facility C was drawn in anticipation of the uncertainty of the impact of COVID on the operations and cash flows of the Group. In the current year, the Group made a voluntary repayment from internally generated cash flows and repaid the full amount outstanding of R150m on Facility C as well as a further voluntary repayment of R320m on Facility A.

During December 2021, the Group refinanced the Term Loan Facilities with Nedbank Ltd and Standard Bank of South Africa Ltd, and included Rand Merchant Bank Holdings Ltd in the facility structure. Refer to Note 23.1 for further information.

6. Authorised and issued share capital

Authorised share capital remained unchanged during the current and prior year. Refer to Note 20 for further information.

7. Non-current assets

There were no major changes in the nature of the non-current assets of the Group during the current year except for the transfer of assets and related liabilities to non-current assets held for sale. Refer to Note 7.3 for further information.

8. 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 financial statements for the directors' shareholdings. Refer to Note 22 for details related to the share-based payment schemes.

9. Company Secretary

The secretary of the company is CorpStat Governance Services (Pty) Ltd represented by William Somerville and Elise Waldeck.

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10. Auditors

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

The Board will propose the reappointment of Moore Cape Town Inc. as the independent external auditors and to appoint A Smit as the designated lead audit partner for the 2022 financial year.

11. Preparation of consolidated annual financial statements

These consolidated annual financial statements have been prepared under the supervision of CB de Villiers CA(SA).

12. 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 2021

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 2021.

Members of the audit and risk committee

The committee has four members, all of which are independent, non-executive directors. The audit committee is chaired by an independent non-executive director. Each of the committee members is required to act objectively and independently.

Meeting attendance

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

Name	Designation	15 March 2021	8 April 2021	8 July 2021	1 September 2021	23 November 2021
A Andrews*	Committee Chair	Present	Present	Present	Present	Present
JP Landman	Committee member	Present	Present	Present	Present	Present
S Khanna	Committee member	Present	Present	Present	Present	Present
S Masinga*	Committee member	Present	Present	Present	Present	Present
W Luhabe	Invitee	Present	Present	Present	Present	Present
AV van Rensburg	Invitee	Present	Present	Present	Present	Present
CB de Villiers	Invitee	Present	Present	Present	Present	Present
RW Smith	Invitee	Present	Present	Present	Present	Present

* A Andrews replaced S Masinga as chairman of the Audit and Risk Committee with effect from 7 June 2021.

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

Roles and responsibilities

The committee has discharged the functions in terms of its charter and ascribed to it in terms 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:
  - has taken 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;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of 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;
- 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 auditors for the 2022 financial year;
- Approved the audit fees and engagement terms of the external auditors; 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 auditors.

The committee reviewed the representation made by the external auditors and satisfied itself that the external auditor is independent of the Group, as set out in section 94(8) of the Companies Act, and suitable for re-appointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Ltd Listings Requirements.

In addition, in fulfilling its key responsibilities, the committee placed specific focus on the following areas in the 2021 financial year which requires significant judgement:

- Reviewed the annual impairment testing of indefinite useful lives of intangible assets;
- Reviewed the measurement of the fair values of foreign exchange contracts;
- Reviewed the measurement of the fair values of share-based payments;
- Reviewed the useful lives of property, plant and equipment;
- Reviewed the valuation of biological assets; and
- Reviewed the impairment of financial assets

The committee has specifically considered the continued impact of COVID on the level of impairment testing performed by management and agreed with the impairment losses recognised by management and audited by the external auditor. Please refer to Note 13.4 in the consolidated annual financial statements for further detail related to the impairment losses recognised on goodwill and brands.

Going Concern

The committee considered and reviewed management's short to medium term plans, and the Group's associated projections. The committee critically considered the impact of COVID on the going concern assumption of the Group. 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 and is satisfied that there are adequate resources to support the proposed dividend.

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 Financial Reporting Guides as issued by the Accounting Practices Committee (APC), 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.

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.

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 Judgement and key sources of estimation uncertainty and Note 13 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 reflected in Note 13.

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 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.

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 in order to write off the cost of an asset less its residual value over its useful life, using the straight-line method. The estimated useful lives of property, plant and equipment for current and comparative periods are reflected in Note 10. The estimated useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

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 in profit or loss.

Disposal groups held for sale and discontinued operations

The disposal group is classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The disposal group is measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets such as trade and other receivables which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell.

Non-current assets within the disposal group are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

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 comparative profit or loss is restated as if the operation had been discontinued from the start of the previous reporting period.

Inventories

Inventories are initially recognised 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. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

An allowance is raised to write inventories down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct costs to sell on certain inventory items.

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 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.

Financial assets

Financial assets are classified into the following specified categories: financial assets ‘at amortised cost’ and financial assets ‘at fair value through profit or loss’ (“FVTPL”). 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 financial assets at FVTPL.

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.

- **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.

Income is recognised on an effective interest basis for debt instruments measured at amortised cost.

- **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.

- **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. A provision matrix 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.

Refer to Note 33.6 for further details on impairment of financial assets and the credit risk policy of the Group.

- **Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'amortised cost' or financial liabilities at fair value through profit or loss "FVTPL". Refer to the policy for Derivative financial instruments for further information on the accounting policy applicable to financial liabilities at FVTPL.

- **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 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) only.

Financial assets and liabilities at FVTPL

When the Group does not use the FEC as a designated hedging instrument, these instruments are measured at fair value through profit or loss. The instruments are initially measured at fair value and any gains or losses on subsequent changes in fair value are recognised in profit or loss.

- **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 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.

Classification of financial instruments

The Group's classification of financial instruments are as follows:

Description of financial instruments	Classification
Loans and advances receivable	Financial asset at amortised cost
Trade and other receivables	Financial asset at amortised cost
Cash and cash equivalents	Financial asset at amortised cost
Forward exchange contract asset/(liability) designated as a cash flow hedge	Hedging instruments
Forward exchange contract asset/(liability) not designated as a cash flow hedge	Financial asset/(liability) at fair value through profit or loss
Loans payables and borrowings	Financial liability at amortised cost
Trade and other payables	Financial liability at amortised cost

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.

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, 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 contractual selling price with the customer, net of value-added tax, rebates and discount allowances.

Rebates and discounts are recognised at the end of each month 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 and excludes amounts collected on behalf of third parties. 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.

Refer to the Segmental Analysis for detailed revenue disclosure.

- **Contract manufacturing revenue**

Revenue from providing services is recognised over time in the year in which the services are rendered.

Revenue is determined based on expected cost plus margin.

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.

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, being 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. 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. Low-value assets comprise IT equipment and small items of office furniture.

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.

- **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.

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 generally recognised in 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 company at the reporting date.

Short-term employee benefits are measured on an undiscounted basis and are recognised as employee benefit 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. These plans create an obligation on the entity to provide agreed benefits to current and past employees and effectively places actuarial and investment risk on the entity. 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 entity 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. In the 2019 year the Group implemented a new Group Share Plan ("GSP") which is classified as an equity settled share-based payment. The Group also implemented a new Long Term Incentive Plan ("LTIP") in the 2019 year which is classified as a cash-settled share-based payment. The LTIP replaces the previous Long Term Incentive scheme ("LTI"), also known as share appreciation rights in prior years. The Group wound up the LTI scheme in the prior year, and the final allocations in terms of this scheme were made in 2018.

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.

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.

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.

- **Impact of COVID on judgements and estimates**

The effects of COVID have resulted in certain judgements and estimates being significant in the current and prior year when they had not been in the previous years. This is due to the uncertainty introduced by the effects of the pandemic, such as collection risk for customers and the cash flows included in estimates of recoverable amounts in impairment testing. These effects are detailed further in the relevant sections of the consolidated annual financial statements.

Information about key areas of estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the 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 13
Useful lives of property, plant and equipment	refer to Note 10
Useful lives on intangible assets	refer to Note 13
Valuation of biological assets	refer to Note 17
Impairment of financial assets	refer to Note 33.6
Fair value measurement of foreign exchange contracts	refer to Note 35.2
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 divisions (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 from continuing operations as disclosed in the consolidated annual financial statements)

	Adjustment included in calculation of:	
	Normalised EBIT	**Normalised EBITDA**
Add back: amortisation of intangible assets in relation to customer contracts and brands with definitive useful lives	**Yes**	**Yes**
Add back: amortisation of intangible assets in relation to computer software and website costs	**No**	**Yes**
Add back: depreciation on property, plant and equipment and right-of-use assets	**No**	**Yes**
Add back: impairment losses on property, plant and equipment, goodwill and intangible assets	**Yes**	**Yes**
Add back or deduct: unrealised foreign exchange translation gains or losses	**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**
Add back: securities transfer tax paid	**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**
Add back: the cost of the Long-term Incentive Plan (LTIP) and the Group Share Plan (GSP).	**Yes**	**Yes**

Normalised EPS and Normalised HEPS

To arrive at normalised EPS, the after-tax earnings from continuing operations (as disclosed in the financial statements), is adjusted for the after-tax impact of the normalised EBIT adjustments shown above.

To arrive at Normalised HEPS, the normalised EPS is adjusted for the after-tax impact of the Headline Earnings Re-measurements, the most common examples of which are (i) impairment losses on property, plant and equipment, goodwill and intangible assets and (ii) gains and losses on disposal of property, plant and equipment, excluding the after-tax impact of separately identifiable re-measurements as defined in accordance with circular 1/2021 Headline Earnings, read with IAS 33 Earnings per share.

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 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS 2018-2020 cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 R'000	2020* R'000
CONTINUING OPERATIONS			
Revenue	1	**10 001 375**	9 339 423
Cost of sales		**(7 697 789)**	(7 060 843)
Gross profit		**2 303 586**	2 278 580
Other income	2	**18 839**	44 255
Gains/(losses) on foreign exchange and disposal of property, plant and equipment	3.1	**31 663**	371
Operating expenses	3.2	**(1 841 700)**	(1 973 426)
Operating profit		**512 388**	349 780
Investment income	4	**26 245**	44 705
Finance costs	5	**(182 800)**	(218 668)
Profit before tax		**355 833**	175 817
Income tax expense	6	**(53 113)**	(106 496)
Profit for the year from continuing operations		**302 720**	69 321
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	7	**(148 315)**	4 210
PROFIT FOR THE YEAR		**154 405**	73 531
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(26 974)**	3 340
Items that may be reclassified to profit or loss			
(Loss)/gains on hedging reserves	33.2	**(16 755)**	10 241
Hedging gains reclassified to profit or loss	33.2	**(10 241)**	(8 067)
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial gains		**22**	1 166
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**127 431**	76 871
Profit attributable to:			
Equity holders of the parent		**157 945**	73 713
Non-controlling interest		**(3 540)**	(182)
		154 405	73 531
Total comprehensive income attributable to:			
Equity holders of the parent		**130 971**	77 053
Non-controlling interest		**(3 540)**	(182)
		127 431	76 871
Total comprehensive income attributable to equity holders of the parent arises from:			
Continuing operations		**279 286**	72 843
Discontinued operations		**(148 315)**	4 210
		130 971	77 053
Basic earnings per share (cents)	8.1	**26.5**	12.4
From continuing operations	8.1	**51.4**	11.7
From continuing and discontinued operations	8.1	**(24.9)**	0.7
Diluted earnings per share (cents)	8.2	**26.5**	12.3
From continuing operations	8.2	**51.3**	11.6
From continuing and discontinued operations	8.2	**(24.8)**	0.7

* The comparative profit or loss is restated as if the Chet Chemicals and Contactim operations had been discontinued from the start of the prior year.

Consolidated statement of financial position

AS AT 31 DECEMBER 2021

	Notes	2021 R'000	2020 R'000
ASSETS			
Non-current assets		**5 891 291**	6 445 545
Property, plant and equipment	10	**1 456 947**	1 507 815
Right-of-use assets	11	**504 352**	649 533
Goodwill	12	**2 275 328**	2 337 192
Intangible assets	13	**1 644 890**	1 938 095
Other financial assets	18	**8 200**	11 402
Deferred tax assets	14	**1 574**	1 508
Current assets		**3 687 791**	4 089 453
Inventories	15	**1 407 955**	1 314 971
Trade and other receivables	16	**1 609 923**	1 752 824
Biological assets	17	**33 214**	31 294
Other financial assets	18	**3 996**	37 962
Current tax receivable		**40 101**	16 189
Cash and bank balances	19	**592 602**	936 213
Assets classified as held for sale	7.3	**408 397**	–
TOTAL ASSETS		**9 987 479**	10 534 998
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent		**5 337 756**	5 357 635
Share capital	20	**4 727 314**	4 727 314
Defined benefit plan reserve	21	**(901)**	(923)
Share-based payment reserve	22	**6 554**	7 798
Retained earnings		**696 712**	688 373
Premium on acquisition of non-controlling interests		**(75 168)**	(75 168)
Hedging reserves	33.2	**(16 755)**	10 241
Non-controlling interests		**6 171**	9 711
Total equity		**5 343 927**	5 367 346
Non-current liabilities		**2 707 329**	3 446 977
Other financial liabilities	23	**1 579 495**	2 073 079
Lease liabilities	11	**566 474**	692 372
Deferred tax liabilities	14	**536 923**	659 191
Employee benefits	21	**8 650**	8 400
Share-based payments	22	**15 787**	13 935
Current liabilities		**1 711 943**	1 720 675
Trade and other payables	24	**1 476 696**	1 456 852
Other financial liabilities	23	**140 652**	171 325
Lease liabilities	11	**93 302**	90 596
Current tax payable		**1 293**	1 717
Bank overdraft	19	**–**	185
Liabilities directly associated with assets classified as held for sale	7.3	**224 280**	–
Total liabilities		**4 643 552**	5 167 652
Total equity and liabilities		**9 987 479**	10 534 998

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital R'000	Defined benefit plan reserve[1] R'000	Share-based payment reserve[2] R'000	Premium on acquisition of non-controlling interests[3] R'000	Retained earnings R'000	Hedging reserves[4] R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2020	4 727 314	(2 089)	2 211	(75 168)	764 266	8 067	9 893	5 434 494
Total comprehensive income/(loss) for the year	–	1 166	–	–	73 713	2 174	(182)	76 871
Profit/(loss) for the year	–	–	–	–	73 713	–	(182)	73 531
Other comprehensive income for the year	–	1 166	–	–	–	2 174	–	3 340
Transactions with owners of the Company Contributions and distributions	–	–	–	–	(149 606)	–	–	(149 606)
Dividends paid	–	–	–	–	(149 606)	–	–	(149 606)
Share-based payment expenses	–	–	5 587	–	–	–	–	5 587
Group share plan	–	–	5 587	–	–	–	–	5 587
Balance at 31 December 2020	**4 727 314**	**(923)**	**7 798**	**(75 168)**	**688 373**	**10 241**	**9 711**	**5 367 346**
Total comprehensive income/(loss) for the year	**–**	**22**	**–**	**–**	**157 945**	**(26 996)**	**(3 540)**	**127 431**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**157 945**	**–**	**(3 540)**	**154 405**
Other comprehensive income/(loss) for the year	**–**	**22**	**–**	**–**	**–**	**(26 996)**	**–**	**(26 974)**
Transactions with owners of the Company Contributions and distributions	**–**	**–**	**–**	**–**	**(149 606)**	**–**	**–**	**(149 606)**
Dividends paid	**–**	**–**	**–**	**–**	**(149 606)**	**–**	**–**	**(149 606)**
Share-based payment expenses	**–**	**–**	**(1 244)**	**–**	**–**	**–**	**–**	**(1 244)**
Group share plan	**–**	**–**	**668**	**–**	**–**	**–**	**–**	**668**
Payment	**–**	**–**	**(1 912)**	**–**	**–**	**–**	**–**	**(1 912)**
Balance at 31 December 2021	**4 727 314**	**(901)**	**6 554**	**(75 168)**	**696 712**	**(16 755)**	**6 171**	**5 343 927**
Notes	**20**	**21**	**22**			**33.2**		

1. Defined benefit plan reserve comprises actuarial gains or losses in respect of defined benefit obligations that are recognised in other comprehensive income.
2. 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.
3. 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.
4. Hedging reserves represents the gains relating to foreign currency transactions recognised in other comprehensive income.

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 R'000	2020 R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**786 055**	637 832
Cash generated from operations	25	**1 035 040**	908 679
Finance income received		**26 245**	44 720
Finance costs paid		**(128 732)**	(165 146)
Taxation paid	26	**(146 498)**	(150 421)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(219 106)**	(322 189)
Purchase of property, plant and equipment and computer software		**(226 403)**	(328 042)
Proceeds on disposal of property, plant and equipment and computer software		**933**	8 085
Other loans repaid to the Group		**6 364**	4 772
Other loans granted by the Group		**–**	(8 200)
Loans repaid by shareholders to the Group		**–**	1 812
Acquisition of business	27	**–**	(616)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(910 375)**	(234 230)
Repayment of other loans payable		**–**	(2 235)
Repayment of loans from related parties		**(2 118)**	–
Capital portion of lease payments	11	**(155 990)**	(149 132)
Proceeds from term loans and asset based financing		**–**	156 727
Repayment of term loans and asset based financing	25.2	**(602 661)**	(89 984)
Dividend paid		**(149 606)**	(149 606)
Net (decrease)/increase in cash and cash equivalents		**(343 426)**	81 413
Cash and cash equivalents at the beginning of the year	19	**936 028**	854 615
Cash and cash equivalents at the end of the year		**592 602**	936 028
Cash flows of discontinued operation	7.1	**(29 362)**	(45 501)

* The Consolidated Statement of cash flows represents both continued and discontinued operations combined cash flows.

Segmental analysis

FOR THE YEAR ENDED 31 DECEMBER 2021

Basis of segmentation

The executive management team of the Group, the chief operating decision maker, has chosen to organise the Group into categories 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 five categories.
The following summary describes each segment:

PERISHABLES

Perishable products are products that are refrigerated.

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.

During the last quarter of the reporting period management initiated an active plan to dispose of a significant part of the HPC segment. The associated assets and liabilities were consequently presented as held for sale in the current year. On 21 February 2022 the Group announced its intention to sell the divisions within the HPC segment. The Group signed a binding conditional offer in respect of two of the divisions namely Chet Chemicals and Contactim within the HPC segment. Refer to Note 7 for further information related to the discontinued operations of Chet Chemicals and Contactim and Note 13.4 for information related to the remaining division, Glenmor, and the related impairment losses.

	Notes	2021 R'000	2020 R'000
INFORMATION ABOUT REPORTABLE SEGMENTS			
Revenue from contracts with customers			
Perishables		**5 208 847**	4 648 219
Groceries		**3 337 462**	3 254 215
Snacks and Confectionery		**539 940**	574 257
Baking and Baking Aids		**859 626**	802 178
Household and Personal Care		**55 500**	60 554
	1	**10 001 375**	9 339 423
Revenue comprised as follows:			
Total revenue for reportable segments		**10 106 739**	9 377 522
Elimination of inter segment revenue		**(105 364)**	(38 099)
Perishables		**(24 479)**	(7 552)
Groceries		**(70 121)**	(23 965)
Snacks and Confectionery		**(6 843)**	(3 203)
Baking and Baking Aids		**(3 921)**	(3 179)
Household and Personal Care		**–**	(200)
	1	**10 001 375**	9 339 423
Operating profit (EBIT)			
Perishables		**251 123**	13 383
Groceries		**354 175**	344 019
Snacks and Confectionery		**73 832**	53 538
Baking and Baking Aids		**47 945**	55 710
Household and Personal Care		**(82 382)**	1 370
Corporate		**(132 305)**	(118 240)
		512 388	349 780
Reconciliation of operating profit per segment to profit before tax			
Operating profit		**512 388**	349 780
Investment income	4	**26 245**	44 705
Finance costs	5	**(182 800)**	(218 668)
Profit before tax		**355 833**	175 817

The chief operating decision maker reviews the revenue and operating profit 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.

Segmental analysis continued

	2021 R'000	2020 R'000
NORMALISED EBIT AND EBITDA		
Group – continuing operations		
Operating profit	**512 388**	349 780
Amortisation of customer relationships	**127 339**	127 339
Due diligence costs	**–**	286
Expenses relating to share-based payments	**4 568**	13 990
Government grants	**(706)**	(840)
Impairment losses on goodwill and other assets	**73 253**	203 820
Loss on disposal of property, plant and equipment	**357**	2 823
Retrenchment and settlement costs	**35 765**	15 749
Strategic advisory fees	**10 786**	–
Unrealised (gain)/loss on foreign exchange	**(20 553)**	21 733
Normalised EBIT	**743 197**	734 680
Amortisation of software and website costs	**12 991**	12 009
Depreciation of property, plant and equipment and right-of-use assets	**312 500**	296 932
Normalised EBITDA (including effect of IFRS 16)	**1 068 688**	1 043 621
Less: lease payments and lease modifications	**(144 467)**	(129 152)
Normalised EBITDA (excluding effect of IFRS 16)	**924 221**	914 469
Perishables		
Operating profit	**251 123**	13 383
Amortisation of customer relationships	**48 991**	43 610
Government grants	**(19)**	(72)
Impairment losses on goodwill and other assets	**–**	203 820
Profit on disposal of property, plant and equipment	**(3 255)**	(1 260)
Retrenchment and settlement costs	**22 366**	5 128
Unrealised (gain)/loss on foreign exchange	**(7 054)**	6 487
Normalised EBIT	**312 152**	271 096
Amortisation of software and website costs	**4 251**	4 146
Depreciation of property, plant and equipment and right-of-use assets	**143 512**	133 626
Normalised EBITDA (including effect of IFRS 16)	**459 915**	408 868
Less: lease payments and lease modifications	**(49 824)**	(44 069)
Normalised EBITDA (excluding effect of IFRS 16)	**410 091**	364 799
Groceries		
Operating profit	**354 175**	344 019
Amortisation of customer relationships	**65 859**	71 240
Government grants	**(526)**	(607)
Loss on disposal of property, plant and equipment	**2 108**	3 006
Retrenchment and settlement costs	**4 286**	4 341
Unrealised (gain)/loss on foreign exchange	**(12 082)**	14 525
Normalised EBIT	**413 820**	436 524
Amortisation of software and website costs	**2 176**	1 897
Depreciation of property, plant and equipment and right-of-use assets	**94 719**	90 494
Normalised EBITDA (including effect of IFRS 16)	**510 715**	528 915
Less: lease payments and lease modifications	**(53 247)**	(50 209)
Normalised EBITDA (excluding effect of IFRS 16)	**457 468**	478 706

Segmental analysis continued

	2021 R'000	2020 R'000
Snacks and Confectionery		
Operating profit	**73 832**	53 538
Amortisation of customer relationships	**4 402**	4 402
Government grants	**(16)**	–
Loss on disposal of property, plant and equipment	**865**	564
Retrenchment and settlement costs	**–**	2 109
Strategic advisory fees	**536**	–
Unrealised (gain)/loss on foreign exchange	**(1 318)**	666
Normalised EBIT	**78 301**	61 279
Amortisation of software and website costs	**3 299**	2 099
Depreciation of property, plant and equipment and right-of-use assets	**28 800**	26 283
Normalised EBITDA (**including effect of IFRS 16**)	**110 400**	89 661
Less: lease payments and lease modifications	**(21 408)**	(12 450)
Normalised EBITDA (**excluding effect of IFRS 16**)	**88 992**	77 211
Baking and Baking Aids		
Operating profit	**47 945**	55 710
Amortisation of customer relationships	**6 870**	6 870
Loss on disposal of property, plant and equipment	**606**	458
Retrenchment and settlement costs	**–**	391
Unrealised (gain)/loss on foreign exchange	**(99)**	55
Normalised EBIT	**55 322**	63 484
Amortisation of software and website costs	**1 164**	986
Depreciation of property, plant and equipment and right-of-use assets	**39 696**	39 537
Normalised EBITDA (**including effect of IFRS 16**)	**96 182**	104 007
Less: lease payments and lease modifications	**(14 941)**	(16 833)
Normalised EBITDA (**excluding effect of IFRS 16**)	**81 241**	87 174
Household and Personal Care		
Operating (loss)/profit	**(82 382)**	1 370
Amortisation of customer relationships	**1 217**	1 217
Impairment losses on goodwill and intangible assets	**73 253**	–
Loss on disposal of property, plant and equipment	**5**	–
Retrenchment and settlement costs	**465**	–
Normalised EBIT	**(7 442)**	2 587
Depreciation of property, plant and equipment and right-of-use assets	**1 703**	2 081
Normalised EBITDA (**including effect of IFRS 16**)	**(5 739)**	4 668
Less: lease payments and lease modifications	**(1 857)**	(1 736)
Normalised EBITDA (**excluding effect of IFRS 16**)	**(7 596)**	2 932

Segmental analysis continued

	2021 R'000	2020 R'000
Corporate		
Operating loss	**(132 305)**	(118 240)
Due diligence costs	**–**	286
Expenses relating to share-based payments	**4 568**	13 990
Government grants	**(145)**	(161)
Loss on disposal of property, plant and equipment	**28**	55
Retrenchment and settlement costs	**8 648**	3 780
Strategic advisory fees	**10 250**	–
Normalised EBIT	**(108 956)**	(100 290)
Amortisation of software and website costs	**2 101**	2 881
Depreciation of property, plant and equipment and right-of-use assets	**4 070**	4 911
Normalised EBITDA (including effect of IFRS 16)	**(102 785)**	(92 498)
Less: lease payments and lease modifications	**(3 190)**	(3 856)
Normalised EBITDA (excluding effect of IFRS 16)	**(105 975)**	(96 354)
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	**1 214 705**	1 181 794
Major customers		
During the year under review, revenue from certain customers exceeded 10% of total revenue.		
Customer A	**22%**	22%
Customer B	**14%**	16%
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.

Segmental analysis continued

Revenue by channel

Previously the Group disaggregated and disclosed revenue solely by segment. In order to improve and align the disclosures contained outside of the results, the revenue disaggregation by channel and each channel's contribution to revenue, has been disclosed for the first time in the consolidated annual financial statements.

	Note	2021 R'000	2020 R'000	Change %
Retail and wholesale		**5 697 209**	5 681 420	0.3
Food service		**1 865 498**	1 397 776	33.5
Exports		**1 214 705**	1 181 793	2.8
Industrial and contract manufacturing		**1 223 963**	1 078 434	13.5
Total Group revenue	1	**10 001 375**	9 339 423	7.1

Contribution to Group revenue

	2021 %	2020 %
Retail and wholesale	**57.0**	60.8
Food service	**18.7**	15.0
Exports	**12.1**	12.7
Industrial and contract manufacturing	**12.2**	11.5
Total Group revenue	**100.0**	100.0

Revenue per segment

	Perishables	Groceries	Snacks and Confectionary	Baking and Baking Aids	Household and personal care	Total
2021						
Revenue by channel						
Retail and wholesale	**3 048 648**	**1 432 775**	**436 308**	**723 978**	**55 500**	**5 697 209**
Food service	**1 472 228**	**296 864**	**4 082**	**92 324**	**–**	**1 865 498**
Exports	**266 696**	**908 445**	**8 057**	**31 507**	**–**	**1 214 705**
Industrial and contract manufacturing	**421 275**	**699 378**	**91 493**	**11 817**	**–**	**1 223 963**
	5 208 847	**3 337 462**	**539 940**	**859 626**	**55 500**	**10 001 375**
2020						
Revenue by channel						
Retail and wholesale	2 956 702	1 486 529	485 280	692 355	60 554	5 681 420
Food service	1 120 889	212 700	312	63 875	–	1 397 776
Exports	208 520	930 700	8 324	34 249	–	1 181 793
Industrial and contract manufacturing	362 108	624 286	80 341	11 699	–	1 078 434
	4 648 219	3 254 215	574 257	802 178	60 554	9 339 423

Notes to the consolidated annual financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 R'000	2020 R'000
1. Revenue			
Revenue from the sale of goods		**9 898 249**	9 169 253
Revenue from the rendering of contract manufacturing services		**103 126**	170 170
		10 001 375	9 339 423
Refer to the Segmental Information for detailed revenue disclosure by segment.			
2. Other income			
Insurance claims received		**11 003**	532
Sundry income[1]		**5 059**	38 012
Government grants[2]		**2 086**	1 253
Rental income		**573**	4 103
Bad debts recovered		**81**	315
Commissions received		**37**	40
		18 839	44 255

1. Included in prior year's sundry income are two loans payable (Gham Gourmet: R10.0m and G McGregor: R19.7m) which was written off in the prior year.
2. Income from government grants includes income received under the Skills Development Program and the Employer Tax Incentive program.

3. Operating profit

Operating profit from continuing operations is calculated after taking into account the following:

	Notes	2021 R'000	2020 R'000
3.1 GAINS/(LOSSES) ON FOREIGN EXCHANGE AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT			
Gain on foreign exchange		**32 020**	3 194
Realised gain on foreign exchange		**11 467**	24 927
Unrealised gain/(loss) on foreign exchange		**20 553**	(21 733)
Loss on disposal of property, plant and equipment		**(357)**	(2 823)
		31 663	371
3.2 OPERATING EXPENSES			
Depreciation of property, plant and equipment		**60 290**	67 458
Depreciation of right-of-use assets		**54 773**	52 405
Amortisation of computer software and website costs	13	**12 991**	12 009
Amortisation of customer relationships	13	**127 339**	127 339
Impairment loss on goodwill	13.4	**25 158**	198 000
Impairment loss on intangible assets	13.4	**48 095**	–
Impairment loss on buildings	10	**–**	5 820
Employee benefits		**567 416**	588 229
Salaries and wages		**532 925**	571 471
Retrenchment and settlement costs		**34 491**	16 758
Due diligence costs		**–**	286
Credits relating to share appreciation rights granted (LTI scheme)		**–**	(2 370)
Charges relating to long-term incentive scheme (LTIP scheme)	22.4	**4 384**	7 741
Charges relating to share-based payments (GSP)	22.4	**184**	8 619
Research and development costs expensed as incurred		**443**	1 420
Auditors remuneration		**8 249**	7 948
3.3 NATURE OF OPERATING EXPENSES IN COST OF SALES			
Depreciation of property, plant and equipment		**141 951**	135 881
Depreciation of right-of-use assets		**55 486**	53 197
Employee benefits		**682 556**	677 463
Salaries and wages		**681 381**	677 463
Retrenchment and settlement costs		**1 175**	–
Lease rentals		**21 579**	15 401

	Note	2021 R'000	2020 R'000
4. Investment income			
Interest income on financial assets:			
Bank deposits		**26 075**	44 573
Other interest received		**170**	132
		26 245	44 705
5. Finance costs			
Interest on lease liabilities		**55 212**	59 509
Interest on bank overdraft, bank loans and asset based finance		**126 757**	158 569
Interest charge to non-controlling shareholders		**647**	570
Interest charge to suppliers		**105**	15
Interest on late payment of tax		**79**	5
		182 800	218 668
6. Taxation			
6.1 INCOME TAX RECOGNISED IN STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Current income tax		**122 162**	154 250
Current year		**148 200**	154 250
Under provision previous years		**(26 038)**	–
Deferred tax		**(87 488)**	(47 754)
Current year from continuing operations		**(69 049)**	(47 754)
Current year from discontinued operations		**(18 439)**	–
Total tax expense for the year		**34 674**	106 496
The expense for the year can be reconciled to the accounting profit as follows:			
Profit before tax			
Continuing operations		**355 833**	175 817
Discontinued operations		**(166 753)**	4 210
Profit before tax from all operations		**189 080**	180 027
Income tax expense calculated at statutory rate of 28%		**52 942**	50 408
Exempt income[1]		**(3 208)**	(5 237)
Non-deductible expenditure [2]		**1 371**	5 146
Impairment loss on goodwill		**17 322**	55 440
Capital gains tax		**(998)**	582
Tax relating to reserves recognised through other comprehensive income		**(10 982)**	1 568
Other		**(786)**	(1 910)
Unutilised assessed loss		**5 051**	499
Prior period over provision		**(26 038)**	–
Income tax expense recognised in profit or loss		**34 674**	106 496
Income tax expense is attributable to:			
Profit from continuing operations		**53 113**	106 496
Profit from discontinued operations	7.1	**(18 439)**	–
		34 674	106 496

1. Exempt income includes employment tax incentive refunds; S12H learnership deductions; DTI refunds.
2. Non-deductible expenditure includes donations; non-deductible legal and professional fees; fines and penalties; non-deductible restructuring costs.

	2021 R'000	2020 R'000

7. (Loss)/profit from discontinued operations

	2021 R'000	2020 R'000
(Loss)/profit from discontinued operations	**(148 315)**	4 210

There were no discontinued operations related to the prior year, however comparative information is restated as indicated in the accounting policies and statement of profit or loss and other comprehensive income. The current year loss from discontinued operations recognised in the statement of profit or loss and other comprehensive income consists of the following discontinued operation:

7.1 OPERATIONS HELD FOR SALE – CHET CHEMICALS AND CONTACTIM WITHIN HOUSEHOLD AND PERSONAL CARE SEGMENT

During the last quarter of the reporting period management initiated an active plan to dispose of a significant part of the HPC segment. The associated assets and liabilities were consequently presented as held for sale in the current year. On 21 February 2022 the Group announced its intention to sell the divisions within the HPC segment. The Group signed a binding conditional offer in respect of two of the divisions namely Chet Chemicals and Contactim within the HPC segment. The operations are intended to be sold effective 30 June 2022 and are reported in the current year as discontinued operations. Financial information relating to the discontinued operations is set out below.

Financial performance and cash flow information:

The loss for the year from discontinued operations is set out below:

	Notes	2021 R'000	2020 R'000
Revenue		**700 046**	790 872
Cost of sales		**(619 635)**	(640 020)
Gross profit		**80 411**	150 852
Other income		**1 434**	–
Impairment loss	7.2	**(102 557)**	–
Operating expenses		**(137 064)**	(135 194)
Operating loss		**(157 777)**	15 658
Investment income		**191**	–
Finance costs		**(9 168)**	(11 448)
Loss before tax		**(166 754)**	4 210
Income tax	6	**18 439**	–
Loss for the year from discontinued operation		**(148 315)**	4 210
Loss from discontinued operation attributable to:			
Equity holders of the parent		**(148 315)**	4 210
Non-controlling interest		**–**	–
		(148 315)	4 210
Net cash inflow from operating activities		**39 403**	21 121
Net cash outflow from investing activities		**(43 509)**	(43 767)
Net cash outflow from financing activities		**(25 256)**	(22 854)
Net decrease in cash generated by the operations		**(29 362)**	(45 501)

7. (Loss)/profit from discontinued operations continued

7.2 DETAILS OF THE IMPAIRMENT LOSS RECOGNISED

	Notes	2021 R'000	2020 R'000
Fair value of disposal group less cost to sell		209 320	–
Carrying amount of net assets recognised as held for sale on 31 December 2021		311 877	–
Property, plant and equipment		123 118	–
Right-of-use assets		69 074	–
Intangibles		98 555	–
Goodwill		36 706	–
Inventories		77 959	–
Trade and other receivables		105 542	–
Lease liabilities		(78 679)	–
Trade and other payables		(120 397)	–
Impairment loss on discontinued operations		102 557	–
Goodwill		36 706	–
Intangibles*		65 851	–
Tax credit on loss	7.1	(18 438)	–
Impairment loss on discontinued operations net of income tax		84 119	–

* The impairment of intangibles consists of R20 970 (R'000) Brands and R44 881 (R'000) Customer relationships.

7.3 ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2021:

	2021 R'000	2020 R'000
Assets classified as held for sale:		
Property, plant and equipment	123 118	–
Right-of-use assets	69 074	–
Intangibles	32 704	–
Inventories	77 959	–
Trade and other receivables	105 542	–
Total assets of disposal group held for sale	408 397	–
Liabilities directly associated with assets classified as held for sale		
Lease liability	78 679	–
Deferred taxation liability	25 204	–
Trade and other payables	120 397	–
Total liabilities of disposal group held for sale	224 280	–

8. Earnings per share

8.1 BASIC EARNINGS PER SHARE

	Note	2021 R'000	2020 R'000
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		**157 945**	73 713
From continuing operations		**306 260**	69 503
From discontinued operations	7	**(148 315)**	4 210
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)		**595 812**	595 812
Basic earnings per share in cents:			
From continuing operations		**51.4**	11.7
From discontinued operations		**(24.9)**	0.7
From continuing and discontinued operations		**26.5**	12.4

8.2 DILUTED EARNINGS PER SHARE

	Note	2021 R'000	2020 R'000
The earnings used in the calculation of diluted earnings per share does not require adjustments. Refer to Note 8.1 above for the earnings used in the calculation of diluted earnings per share.			
The weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:			
Weighted average number of ordinary shares for the purposes of diluted earnings per share ('000)		**597 430**	596 932
Diluted earnings per share in cents:			
From continuing operations		**51.3**	11.6
From discontinued operations		**(24.8)**	0.7
From continuing and discontinued operations		**26.5**	12.3
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		**595 812**	595 812
Adjustments for calculation of diluted earnings per share:			
Deferred Shares – GSP[1]		**1 618**	1 120
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share		**597 430**	596 932

1. Awards to deferred shares granted to executives under the GSP are included in the calculation of diluted earnings per share, assuming all outstanding awards will vest. The deferred shares are not included in the determination of basic earnings per share. Further information related to the GSP is provided in Note 22.

8. Earnings per share continued

8.3 NORMALISED EARNINGS PER SHARE (EPS)

	2021 R'000	2020 R'000
To arrive at Normalised EPS, the after-tax earnings from continuing operations is adjusted for the after-tax impact of the following:		
Profit for the year from continuing operations	**306 260**	69 503
Normalised for:	**112 986**	128 189
Amortisation of customer contracts	**91 684**	91 684
Due diligence costs	**–**	286
Expenses relating to share-based payments	**3 289**	10 073
Government grants	**(706)**	(840)
Retrenchment and settlement costs	**25 751**	11 339
Strategic advisory fees	**7 766**	–
Unrealised (gain)/loss on foreign exchange	**(14 798)**	15 647
Normalised earnings used in the calculation of basic earnings per share	**419 246**	197 692
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**595 812**	595 812
Normalised basic earnings per share in cents	**70.4**	33.2

8.4 HEADLINE EARNINGS

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

		2021		2020	
Continuing operations	Notes	Gross	Net of tax	Gross	Net of tax
Basic earnings from continuing operations			**306 260**		**69 503**
Adjustments		**73 610**	**60 063**	**206 643**	**205 902**
Impairment of goodwill	13.4	**25 158**	**25 158**	**198 000**	**198 000**
Impairment of intangible assets	13.4	**48 095**	**34 628**	**–**	**–**
Impairment of buildings	10	**–**	**–**	**5 820**	**5 820**
Loss on disposal of property, plant and equipment	3.2	**357**	**277**	**2 823**	**2 082**
Headline earnings from continuing operations			**366 323**		**275 405**

		2021		2020	
Discontinued operations	Notes	Gross	Net of tax	Gross	Net of tax
Basic earnings from discontinued operations			**(148 315)**		**4 210**
Adjustments		**102 557**	**84 119**	**–**	**–**
Impairment of goodwill	7.2	**36 706**	**36 706**	**–**	**–**
Impairment of intangible assets	7.2	**65 851**	**47 413**	**–**	**–**
Headline earnings from discontinued operations			**(64 196)**		**4 210**

8. Earnings per share continued

8.4 HEADLINE EARNINGS continued

	2021	2020
Headline earnings from continuing and discontinued operations	**302 127**	279 615
Headline earnings per share in cents:		
From continuing operations	**61.5**	46.2
From discontinued operations	**(10.8)**	0.7
From continuing and discontinued operations	**50.7**	46.9
Diluted headline earnings per share in cents:		
From continuing operations	**61.3**	46.1
From discontinued operations	**(10.7)**	0.7
From continuing and discontinued operations	**50.6**	46.8

8.5 NORMALISED HEADLINE EARNINGS PER SHARE (HEPS)

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

	Notes	Net 2021	Net 2020
Normalised basic earnings from continuing operations		**419 246**	197 692
Adjustments		**60 063**	205 902
Impairment of goodwill	8.4	**25 158**	198 000
Impairment of intangible assets	8.4	**34 628**	–
Impairment of property, plant and equipment	8.4	**–**	5 820
Loss on disposal of property, plant and equipment	8.4	**277**	2 082
Normalised headline earnings from continuing operations		**479 309**	403 594
Normalised headline earnings per share from continuing operations in cents		**80.4**	67.7

9. Directors' remuneration

Name	Designation	Basic salary R'000	Retirement R'000	Bonuses R'000	Total remuneration and benefits R'000
2021					
AV van Rensburg	Executive Director	**6 325**	**–**	**613**	**6 938**
RW Smith	Executive Director	**5 073**	**13 112**	**578**	**18 763**
CB de Villiers	Executive Director	**3 850**	**–**	**360**	**4 210**
W Luhabe	Chairman Non-Executive Director	**1 166**	**–**	**–**	**1 166**
JP Landman	Lead Independent Non-Executive Director	**756**	**–**	**–**	**756**
S Masinga	Independent Non-Executive Director	**693**	**–**	**–**	**693**
S Khanna	Independent Non-Executive Director	**968**	**–**	**–**	**968**
A Andrews	Independent Non-Executive Director	**504**	**–**	**–**	**504**
TOTAL		**19 335**	**13 112**	**1 551**	**33 998**
2020					
AV van Rensburg	Executive Director	6 111	–	2 065	8 176
RW Smith	Executive Director	4 200	–	621	4 821
CB de Villiers	Executive Director	3 500	–	928	4 428
W Luhabe	Chairman Non-Executive Director	1 110	–	–	1 110
JP Landman	Lead Independent Non-Executive Director	720	–	–	720
S Masinga	Independent Non-Executive Director	730	–	–	730
S Khanna	Independent Non-Executive Director	860	–	–	860
A Andrews	Independent Non-Executive Director	72	–	–	72
TOTAL		17 303	–	3 614	20 917

Mr RW Smith resigned on 31 December 2021. The Group concluded a mutual separation agreement with Mr RW Smith, in terms of which he retired as an executive director of the Company with effect from 31 December 2021 after 16 years of service. Mr RW Smith, who co-founded the Company, played a significant role in the development and growth of Libstar. The termination payment is in full and final settlement of any and all claims Mr RW Smith may have against the Group. The payment includes 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.

In the prior year, Mr CB De Villiers was appointed as executive director effective 1 January 2020 and Ms A Andrews was appointed as an independent non-executive director, effective 1 November 2020.

10. Property, plant and equipment

	2021 R'000	2020 R'000
Cost	**2 343 382**	2 344 147
Accumulated depreciation and impairment	**(886 435)**	(836 332)
	1 456 947	1 507 815

	Freehold land and buildings R'000	Plant, vehicles, machinery and equipment* R'000
31 December 2021		
Cost		
At 1 January 2021	**216 523**	**2 127 624**
Additions	**36 524**	**264 173**
Transfer	**(361)**	**361**
Scrapping and disposals	**(756)**	**(99 110)**
Reclassified as held for sale	**–**	**(201 596)**
At 31 December 2021	**251 930**	**2 091 452**
Total cost at 31 December 2021		**2 343 382**
Accumulated depreciation and impairment		
At 1 January 2021	**(37 521)**	**(798 811)**
Scrapping and disposals	**859**	**89 879**
Reclassified as held for sale	**–**	**78 478**
Depreciation from continuing operations	**(9 400)**	**(192 841)**
Depreciation from discontinued operations	**–**	**(17 078)**
At 31 December 2021	**(46 062)**	**(840 373)**
Total accumulated depreciation and impairment at 31 December 2021		**(886 435)**
Carrying value at 31 December 2021	**205 868**	**1 251 079**
Total carrying value at 31 December 2021		**1 456 947**

* The majority of the value of plant, vehicles, machinery and equipment comprises machinery. The other categories of property, plant and equipment are deemed not to be material and as such are not disclosed separately.

10. Property, plant and equipment continued

	Freehold land and buildings R'000	Plant, vehicles, machinery and equipment* R'000
At 31 December 2020		
Cost		
At 1 January 2020	208 193	1 822 097
Additions[1]	16 486	320 089
Transfer[2]	–	8 235
Disposals	(8 156)	(22 797)
At 31 December 2020	216 523	2 127 624
Total cost at 31 December 2020		2 344 147
Accumulated depreciation and impairment		
At 1 January 2020	(22 972)	(614 640)
Disposals	–	12 259
Impairment[3]	(5 820)	–
Depreciation from continuing operations	(8 729)	(182 289)
Depreciation from discontinued operations	–	(14 141)
At 31 December 2020	(37 521)	(798 811)
Total accumulated depreciation and impairment at 31 December 2020		(836 332)
Carrying value at 31 December 2020	179 002	1 328 813
Total carrying value at 31 December 2020		1 507 815
Estimated useful lives	Land: Unlimited Buildings: 20 years	4 – 12 years

* The majority of the value of plant, vehicles, machinery and equipment comprises machinery. The other categories of property, plant and equipment are deemed not to be material and as such are not disclosed separately.

1. A portion of the prior year additions of R17m was prepaid in the 2019 year.
2. In the prior year, the Group transferred inventory work in progress to equipment. This related to crates within the Lancewood division that were re-assessed to be non-current assets and accounted for per the Group accounting policy to depreciate the assets over its estimated useful life.
3. In the prior year, the impairment related to buildings within the Lancewood division that was demolished in order to erect a new building. The remaining carrying value of the building was written off as an impairment loss and this impairment loss was included in operating expenditure in the statement of profit or loss and other comprehensive income. No impairment loss was recognised in the current year.

In re-assessing asset useful lives, factors such as technological innovation and maintenance programs are taken into account. Residual value assessments consider factors such as market conditions, the remaining useful life of the asset and projected disposal values. The useful lives and residual values 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 and Standard Bank of South Africa Ltd. Refer to Note 33.7 Liquidity risk management for further details.

There were no material capital commitments at the end of the current and prior year, except for the acquisition of the Umatie (Pty) Ltd factory building. Refer to Note 30 for further detail.

11. Leases

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

Amounts recognised in the consolidated statement of financial position

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

	Notes	2021 R'000	2020 R'000
Right-of-use assets			
Non-current asset		504 352	649 533
Lease Liabilities		(659 776)	(782 968)
Non-current liability		(566 474)	(692 372)
Current liability		(93 302)	(90 596)
Right-of-use assets[1]			
Right-of-use assets at 1 January		649 533	655 596
Lease modifications[2]		21 353	(761)
Additions		29 096	118 357
Derecognitions		(514)	–
Reclassified as held for sale		(69 074)	–
Depreciation from continuing operations		(110 259)	(105 602)
Depreciation from discontinued operations		(15 783)	(18 057)
Right-of-use assets at 31 December		504 352	649 533
Lease Liabilities			
Lease liabilities at 1 January		(782 968)	(753 386)
Lease modifications[2]		(21 049)	761
Additions and terminations		(28 255)	(115 105)
Reclassified as held for sale	7.3	78 679	–
Finance costs		(62 173)	(64 370)
Lease payments		155 990	149 132
Lease liabilities at 31 December		(659 776)	(782 968)

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.

Amounts 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:

	2021 R'000	2020 R'000
Depreciation of right-of-use assets from continuing operations	(110 259)	(105 602)
Depreciation of right-of-use assets from discontinued operations	(15 783)	(18 057)
Finance costs in respect of lease liabilities from continuing operations	(55 360)	(59 509)
Finance costs in respect of lease liabilities from discontinued operations	(6 813)	(4 861)
Short-term lease charges*	(20 151)	(31 535)

* Short-term lease charges are due within the next 12 months.

The total cash outflow for leases in the current year was R156.0m (2020: R149.1m). Refer to Note 33.7 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.

12. Goodwill

	2021 R'000	2020 R'000
Cost	**2 594 813**	2 631 519
Accumulated impairment	**(319 485)**	(294 327)
	2 275 328	2 337 192

	Notes	2021 R'000	2020 R'000
Cost			
At 1 January		**2 631 519**	2 630 983
Reclassified as held for sale	7	**(36 706)**	536
At 31 December		**2 594 813**	2 631 519
Accumulated impairment			
At 1 January		**(294 327)**	(96 327)
Impairment	13.4	**(25 158)**	(198 000)
At 31 December		**(319 485)**	(294 327)
Carrying value at 31 December		**2 275 328**	2 337 192

12.1 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.

The carrying amount of goodwill that was allocated to cash-generating groups was as follows:

	2021 R'000	2020 R'000
Perishables	**859 269**	859 269
Groceries	**936 075**	936 075
Snacks and Confectionery	**229 516**	229 516
Baking and Baking Aids	**250 468**	250 468
Household and Personal Care	**–**	61 864
	2 275 328	2 337 192

13. Intangible assets

	2021 R'000	2020 R'000
Cost	**2 829 585**	3 028 190
Accumulated amortisation and impairment	**(1 184 695)**	(1 090 095)
	1 644 890	1 938 095

	Notes	Brands* R'000	Computer software and website costs R'000	Customer relationships R'000
31 December 2021				
Cost				
At 1 January 2021		**568 845**	**70 108**	**2 389 237**
Additions		**–**	**5 175**	**–**
Scrapping and disposals		**–**	**(10 925)**	**–**
Reclassified as held for sale	7	**(20 970)**	**(1 300)**	**(170 585)**
At 31 December 2021		**547 875**	**63 058**	**2 218 652**
Total cost at 31 December 2021				**2 829 585**
Accumulated amortisation and impairment				
At 1 January 2021		**(23 734)**	**(42 109)**	**(1 024 252)**
Scrapping and disposals		**–**	**10 925**	**–**
Amortisation charge from continuing operations		**–**	**(12 991)**	**(127 339)**
Amortisation charge from discontinued operations		**–**	**(434)**	**(10 966)**
Impairment	13.4	**(39 574)**	**–**	**(8 521)**
Reclassified as held for sale	7	**–**	**478**	**93 822**
At 31 December 2021		**(63 308)**	**(44 131)**	**1 077 256**
Total accumulated amortisation and impairment at 31 December 2021				**(1 184 695)**
Carrying value at 31 December 2021		**484 567**	**18 927**	**1 141 396**
Total carrying value at 31 December 2021				**1 644 890**

* 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, except for a brand in the Household and Personal Care segment (HPC) with a definitive useful life of two years. This brand in the HPC segment was fully amortised at 31 December 2020 with an original cost of R23.7m and accumulated amortisation of R23.7 at the prior year reporting date.

13. Intangible assets continued

	Brands* R'000	Computer software and website costs R'000	Customer relationships R'000
31 December 2020			
Cost			
At 1 January 2020	568 845	62 135	2 389 237
Additions	–	8 547	–
Disposals	–	(574)	–
At 31 December 2020	568 845	70 108	2 389 237
Total cost at 31 December 2020			3 028 190
Accumulated amortisation and impairment			
At 1 January 2020	(11 867)	(30 343)	(885 947)
Disposals	–	265	–
Amortisation charge from continuing operations	–	(12 009)	(127 339)
Amortisation charge from discontinued operations	(11 867)	(22)	(10 966)
At 31 December 2020	(23 734)	(42 109)	(1 024 252)
Total accumulated amortisation and impairment at 31 December 2020			(1 090 095)
Carrying value at 31 December 2020	545 111	27 999	1 364 985
Total carrying value at 31 December 2020			1 938 095
Estimated useful lives	Indefinite	3 – 6 years	5 – 20 years

* 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, except for a brand in the Household and Personal Care segment (HPC) with a definitive useful life of two years. This brand in the HPC segment was fully amortised at 31 December 2020 with an original cost of R23.7m and accumulated amortisation of R23.7 at the prior year reporting date.

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 defines 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. There were no changes in the estimated useful lives in the current and prior year.

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

Segment	2021 Carrying value	Remaining weighted average useful lives – years
Perishables	**500 423**	11.76
Groceries	**516 775**	8.67
Snacks and Confectionery	**42 805**	9.72
Baking and Baking Aids	**81 393**	11.85
	1 141 396	**8.87**

Brands and trade marks are pledged as security for the financing facilities detailed in Note 33.7.

	2021 R'000	2020 R'000

13. Intangible assets continued

13.1 ALLOCATION OF BRANDS TO CASH GENERATING UNITS

The carrying amount of intangible assets with indefinite useful lives was allocated to cash-generating groups as follows:	2021 R'000	2020 R'000
Perishables	**412 276**	412 276
Groceries	**61 187**	61 187
Baking and Baking Aids	**11 103**	11 103
Household and personal care	**–**	60 545
	484 567	545 111

13.2 TOTAL VALUE OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

The aggregate value of goodwill and intangible assets with indefinite useful lives allocated to cash-generating groups were as follows:

2021	**Goodwill**	**Brands**	**Total**
Perishables	**859 269**	**412 276**	**1 271 545**
Groceries	**936 075**	**61 187**	**997 262**
Snacks and Confectionery	**229 516**	**–**	**229 516**
Baking and Baking Aids	**250 468**	**11 103**	**261 571**
	2 275 328	**484 567**	**2 759 894**
2020			
Perishables	859 269	412 276	1 271 545
Groceries	936 075	61 187	997 262
Snacks and Confectionery	229 516	–	229 516
Baking and Baking Aids	250 468	11 103	261 571
Household and Personal Care	61 864	60 545	122 409
	2 337 192	**545 111**	**2 882 303**

Refer to Note 13.4 for the impairment losses recognised during the current and prior year.

13. Intangible assets continued

13.3 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

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

The key assumptions disclosed below are based on management's experience and expectations. The Group prepares 5 year cash flow forecasts as inputs to the discounted cash flow models used in assessing the impairment of individual cash-generating units. The recoverable amount of each CGU is based on its value in use. 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.

Methods and assumptions

The Group applies a discounted cash flow methodology (value in use) 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.

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 terminal growth rate used was based on CPI and was consistently used.

Intangibles

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

	2021 R'000	2020 R'000
Discount rates		
Approximate discount rates applied	**12.5%**	12.2%
Growth rates		
Terminal growth rates applied	**5.0%**	5.1%

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

Management specifically considered the impact of COVID on the inputs used to forecast the recoverable amounts, particularly in relation to CGUs within the Perishables cash generating group which have a significant exposure to the Food Service channel. The future growth rates and the discount rates have been adjusted to factor in the increased uncertainty of the macro-economic outlook and the higher interest rates which impact the weighted average cost of capital of the Group.

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.

13. Intangible assets continued

13.4 IMPAIRMENTS

	2021 R'000	2020 R'000
Impairments from continued operations		
Goodwill	**25 158**	198 000
Intangibles	**48 095**	–
	73 253	198 000

The impairment of intangibles comprises R39 574 (R'000) brands and R8 521 (R'000) customer relationships. Impairment losses are included in operating expenditure in the consolidated statement of profit or loss and other comprehensive income.

2021 Impairment

During the current year the cash-generating group, HPC, which is also a reportable segment within the Group reflected indications of impairment - the segment started to incur losses in the current year. The three divisions within HPC namely Chet Chemicals, Contactim and Glenmor were all impacted. The value in use calculation performed on the whole HPC cash-generating group indicated that an impairment was required. Management is in the process of disposing of Chet Chemicals and Contactim. These divisions were reclassified as held for sale and impaired to fair value less costs to sell in the current year. Refer to Note 7 for impairment losses related to Chet Chemicals and Contactim.

With Glenmor the only remaining division in the HPC cash-generating group an estimate was made that there was no value remaining in the brands and customer contracts based on the consolidated value in use.

A total impairment loss of R73.3m was recognised in the current year in relation to the intangible assets attributable to Libstar's investment in Glenmor. The impairment losses recognised represent the carrying values of Goodwill, Brands and Customer Relationships of Glenmor at the time of the impairment. At 31 December 2021 these carrying values are Rnil. Other asset classes within Glenmor were not impacted.

Refer to section 13.5 for the sensitivity analysis performed as at 31 December 2021 on other cash-generating groups.

2020 Impairment

The carrying amount of the Denny Mushrooms division within the Perishables cash-generating group was reduced to its recoverable amount through recognition of an impairment loss against goodwill.

The effect of COVID has been most apparent in the Group's sales channels. In particular, the food service channel was most adversely affected by the closure of hospitality venues and restaurants due to the second quarter level 5 lockdown restrictions and subsequent lower restaurant occupancy rates during the second half of the prior year. The food service channel slowdown had a particularly pronounced impact on the Denny Mushrooms division. The impact of the lower mushroom sales volumes on the innately high fixed-cost nature of Denny Mushrooms' farming operations, adversely impacted profitability. Corrective actions taken by the Group have included increased mushroom price realisation, the containment of costs and the significant recovery of its retail channel market share from previous lows. Despite these efforts, the prevailing competitive market conditions, high operating cost structure and declining sale volumes have interrupted Denny Mushrooms' recovery. Considering these factors, the Group has applied a conservative downward revision of Denny Mushrooms' five-year growth forecasts.

In so doing, an impairment loss of R198m was recognised in the prior year in relation to goodwill attributable to Libstar's investment in Denny Mushrooms. The recoverable amount of Denny Mushrooms was calculated at a conservative terminal growth rate of 4.7% and an after-tax discount rate of 13.0%. No class of asset other than goodwill related to Denny Mushrooms was impaired. Refer to section 13.5 for the recoverable amount of the entire Perishables cash-generating group and related sensitivity analysis performed at reporting date.

The remaining unimpaired carrying value of goodwill within Denny Mushrooms as at 31 December 2020 was R97.8m. There was not further impairment loss recognised on Denny Mushrooms in the current year due to the corrective actions taken by the Group as described above.

13. Intangible assets continued

13.5 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 discount rate that would cause the recoverable amount of each group of cash-generating units to be equal to its carrying amount.

	2021 Discount rate Movement %	2020 Discount rate Movement %
Perishables	**+2.9**	+4.1
Groceries	**+5.1**	+6.7
Snacks and Confectionery	**+4.8**	+6.1
Baking and Baking Aids	**+5.1**	+5.0
Household and Personal Care	**Refer Note 13.4**	+8.2

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 R2.2bn (2020: R2.5bn) exceeds its carrying amount by R1.0bn (2020: R1.4bn).

Groceries – recoverable amount of R2.7bn (2020: R3.3bn) exceeds its carrying amount by R1.7bn (2020: R2.3bn).

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 discount rates applied to the below divisions, would cause the recoverable amount of each CGU's to be equal to its carrying amount.

	2021 Discount rate Movement %	2020 Discount rate Movement %
Khoisan	**+1.9**	+1.1
Cecil Vinegar	**+1.2**	+1.6
Finlar Foods	**+1.1**	*
Millennium	**+0.8**	*
Denny	**+0.7**	**
Montagu Foods	**+0.5**	+1.6

* No indication of impairment in the prior year.

** In the prior year Denny was impaired – refer to Note 13.4 above for the prior year Denny impairment loss.

The directors and management have critically revised their forecasts for the years 2021 – 2025 in the light of the impact of COVID. It was concluded that the individual cash-generating groups which will be affected adversely by the extended impact of COVID, will continue to operate at a level of profitability that is sustainable for the Group.

The directors and management have considered and assessed reasonably 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.

14. Deferred tax assets/(liabilities)

	2021 R'000	2020 R'000
Deferred tax asset	**1 574**	1 508
Deferred tax liability	**(536 923)**	(659 191)
	(535 349)	(657 683)
Balance at beginning of the year	**(657 683)**	(701 933)
Charge in profit or loss – continuing operations	**69 049**	47 754
Charge in profit or loss – discontinued operations	**18 439**	–
Transfer to non-current assets held for sale	**25 204**	–
Recognised in other comprehensive income	**9 642**	(3 504)
Balance at the end of the year	**(535 349)**	(657 683)
The balance at the end of the year is due to the following timing differences:		
Property, plant and equipment	**(180 217)**	(182 336)
Right-of-use assets	**(140 672)**	(182 517)
Lease liabilities	**184 630**	221 011
Intangible assets	**(432 713)**	(536 135)
Accruals	**42 199**	36 473
Prepaid expenses	**(5 604)**	(3 587)
Consumable stores allowance	**(16 527)**	(15 556)
Income received in advance	**344**	349
Post retirement medical aid contribution liability	**2 422**	2 352
Forward exchange contracts	**6 383**	(1 634)
Share-based payments (Cash-settled)	**4 406**	3 897
	(535 349)	(657 683)

There are no unrecognised deferred tax assets related to assessed losses in the current or prior year.

15. Inventories

	2021 R'000	2020 R'000
Raw materials and components	**625 144**	621 853
Work in progress	**233 273**	127 427
Finished goods and merchandise	**407 779**	479 168
Consumable stores and spares	**31 753**	20 243
Goods in transit	**140 466**	103 113
Provision for stock write-down: finished goods	**(30 460)**	(36 833)
	1 407 955	1 314 971

All inventories are carried at cost, with the exception of certain items of finished goods against which a provision for stock write-down of R30.5m (2020: R36.8m) has been raised. The Group held higher inventory levels in the current and prior year in order to respond to the negative impact of COVID on the supply chain and meet customer demand. Due to the reduced impact of COVID, management decreased the provision for stock write-down of inventory from 3% in the prior year to the pre-COVID percentage of 2% in the current year.

The cost of inventories recognised as an expense during the year was R7.0bn (2020: R6.0bn).

16. Trade and other receivables

	2021 R'000	2020 R'000
Trade receivables	**1 538 810**	1 647 717
Other receivables	**41 342**	55 515
Less: expected credit loss allowance	**(19 940)**	(17 984)
	1 560 212	1 685 248
Prepayments and deposits	**49 711**	67 576
	1 609 923	1 752 824
Categories of financial and non-financial assets		
Financial assets	**1 560 212**	1 685 248
Non-financial assets	**49 711**	67 576
	1 609 923	1 752 824

16.1 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 and other receivables which exceed the normal credit days. The average credit days on sale of goods was 53 days (2020: 58 days).

	2021 R'000	2020 R'000
Movement in the loss allowance		
Balance at beginning of the year	**17 984**	6 394
Expected credit loss recognised in profit or loss	**4 889**	17 984
Reclassified to discontinued operations	**(719)**	–
Bad debts written off	**(2 214)**	(6 394)
Balance at end of the year	**19 940**	17 984

In the current year the Group wrote off R2.2m (2020: R6.4m) of bad debts. The Group's top three customers, being leading retailers, comprise 35% (2020: 27%) 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.

Trade receivables and other receivables, consisting of sundry debtors, are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due. 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 33.6 for further details on impairment of trade and other receivables and the credit risk policy of the Group.

17. Biological assets

	2021 R'000	2020 R'000
Mushrooms	**33 214**	31 294
Reconciliation of the carrying value of biological assets:		
Balance at 1 January	**31 294**	29 407
Transferred for processing and sold	**(68 153)**	(90 264)
Gain arising from change in fair value due to physical change	**66 552**	91 180
Gain arising from change in fair value less estimated point of sale costs	**354**	203
Changes attributable to raw materials and overheads	**3 167**	768
Balance at 31 December	**33 214**	31 294
The biological asset valuation comprised:		
Compost production cycle	**8 281**	7 760
Growing room cycle	**17 680**	15 034
Rooms in cropping	**6 907**	8 179
Spent compost	**346**	321
	33 214	31 294

NATURE OF ACTIVITIES

The Group is engaged in mushroom production for supply to various customers. As at 31 December 2021, the Group had 165.2 tons (2020: 202.7 tons) of mushrooms in cropping rooms and 8,671.0 tons (2020: 8,887.5 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.

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 and overhead costs.

18. Other financial assets and hedging instruments

	Notes	2021 R'000	2020 R'000
Financial assets carried at amortised cost		**9 062**	15 426
Loans to related parties	18.1	**–**	–
Loan to Astratek (Pty) Ltd	18.2	**8 200**	8 200
Loan to Kelloggs Tolaram South Africa (Pty) Ltd	18.2	**–**	6 034
Other		**862**	1 192
Hedging instruments			
Foreign exchange contracts – cash flow hedges[1]		**3 134**	33 938
		12 196	49 364
Non-current assets		**8 200**	11 402
Current assets		**3 996**	37 962
		12 196	49 364

1. There has been no changes to the classification during the current financial year.

Refer to Note 33.6 for further details on impairment of other financial assets and the credit risk policy of the Group.

18.1 LOANS TO RELATED PARTIES

	2021 R'000	2020 R'000
Amazing Stars (Pty) Ltd	**653**	653
Less: expected credit loss allowance	**(653)**	(653)
	–	–

The above amount represents the amounts receivable from management shareholders in respect of the purchase of non-controlling interests in subsidiaries.

The loan is unsecured, interest free and has no fixed repayment terms.

There is uncertainty whether the loan of R0,65m will be repaid and an expected credit loss allowance was therefore raised in the prior year in full. Refer to Note 33.6 for further details on the expected credit loss and the credit risk policy of the Group.

18.2 LOANS TO OTHER ENTITIES

	2021 R'000	2020 R'000
Astratek (Pty)Ltd The loan is unsecured and interest free. The loan is payable in a single bullet payment on 31 December 2025.	**8 200**	8 200
Kelloggs Tolaram South Africa (Pty) Ltd The loan was fully repaid in the current year. The loan was repayable in sixty monthly instalments and bore interest at the prime interest rate plus 1.00%. The loan was secured by the assets sold.	**–**	6 034

19. Cash and bank balances

	2021 R'000	2020 R'000
Cash on hand	**1 068**	495
Bank balances	**591 528**	935 712
Short-term deposits	**6**	6
Bank overdrafts	**–**	(185)
	592 602	936 028
Current assets	**592 602**	936 213
Current liabilities	**–**	(185)
	592 602	936 028

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 33.7 Liquidity risk management for details of financing facilities and details related to securities for bank facilities.

20. Share capital

	2021 R'000	2020 R'000
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 (2020: 595,812,263) fully paid ordinary shares of no par value[1]	**4 727 314**	4 727 314
1,000,000 preference shares of no par value	**–**	–
	4 727 314	4 727 314

There were no changes in share capital in the current year and prior year. 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.

During the year under review Business Venture Investments No 2072 (Pty) Ltd subscribed for 524 301 subscription shares at a subscription price of R16.02 per share on 20 April 2021, and during the prior year 517 473 subscription shares at a subscription price of R14.88 per share on 30 April 2020 and 554 723 subscription shares at a subscription price R15.32 per share on 30 September 2020. Libstar Holdings repurchased the same number of Nominal BEE shares at R0.01 per share on the respective dates.

During the year under review Business Venture Investments No 2071 (Pty) Ltd subscribed for 614 807 subscription shares at a subscription price of R16.02 per share on 20 April 2021, and during the prior year 604 838 subscription shares at a subscription price of R14.88 per share on 30 April 2020 and 646 089 subscription shares at a subscription price R15.32 per share on 30 September 2020. Libstar Holdings repurchased the same number of Nominal BEE shares at R0.01 per share on the respective dates.

1. 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.

21. Employee benefits

	2021 R'000	2020 R'000
Post-retirement medical aid contribution liability		
Actuarially determined present value of unfunded obligations	**8 650**	8 400
Movement in present value of the defined benefit obligation		
Balance at 1 January	**8 400**	9 583
Transfer from statement of comprehensive income – operating profit	**914**	1 021
Current service costs	**32**	80
Interest cost	**882**	941
Contributions paid	**(633)**	(585)
Actuarial gain recognised in other comprehensive income:	**(31)**	(1 619)
arising from changes in financial assumptions	**(31)**	(488)
arising from change in actuarial experience	**–**	(1 131)
Balance at 31 December	**8 650**	8 400

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 2021.

	2021 R'000	2020 R'000
Expense recognised in profit or loss		
Current service costs	**32**	80
Interest on obligation	**882**	941
Actuarial losses recognised in other comprehensive income (pre-tax)		
Amount accumulated in retained earnings at the beginning of the year	**1 282**	2 901
Recognised during the year	**(31)**	(1 619)
Amount accumulated in retained earnings at the end of the year	**1 251**	1 282
Net actuarial losses recognised in other comprehensive income (post-tax)	**901**	923
Actuarial assumptions		
The following are the principal actuarial assumptions at the reporting date:		
Discount rate	**10,9%**	10,9%
Medical inflation	**7,5%**	7,5%
Average duration of the obligation	**9.75 years**	10.75 years

Last actuarial valuation – South Africa	31 December 2021
Full/interim valuation	Full
Valuation method adopted	Projected Unit Credit

Healthcare cost inflation risk
Medical aid contribution increases have outpaced price inflation, therefore a 1.5% was added to the price inflation to calculate the assumption for medical aid contribution increases. An increase in healthcare cost inflation will increase the obligation of the plan.

Sensitivity analysis
The sensitivity analysis considers the effect of deviations in the actuarial valuation assumptions and other implicit valuation assumptions. The most important aspect of the financial assumptions is the relationships between the difference in the rate of discount and the medical aid contribution increase rate (the real interest rate). The sensitivity of the financial assumptions by both increasing and decreasing the real rate of discount assumption by 1.0% per annum (all other assumptions remaining unchanged) have the following effects:

	Increase R'000	Decrease R'000
Effect on the aggregate service and interest cost	**1 004**	(835)
Effect on defined benefit obligation	**9 484**	(7 935)

22. Share-based payments

	2021 R'000	2020 R'000
Non-current liabilities:		
Cash-settled share-based payments (LTIP)	**15 787**	13 935
Equity:		
Equity settled share-based payments (GSP)	**6 554**	7 798

22.1 DETAILS OF THE PREVIOUS CASH-SETTLED SHARE APPRECIATION RIGHTS SCHEME OF THE GROUP (LTI SCHEME)

The Group wound down the LTI scheme during the prior year, and the final allocations in terms of this scheme that were made in 2018 vested in the prior year.

The first allocation of units vested in full on 31 December 2018. The second allocation of units vested in full on 31 December 2019 and the last units vested in full on 31 December 2020. Vested units have been fully settled in the prior year. Refer to Note 25 for the prior year share-based payments in terms of the LTI scheme.

22.2 DETAILS OF THE LONG-TERM INCENTIVE SCHEME OF THE GROUP (LTIP SCHEME)

In the 2019 year the Group developed a new cash-settled long term incentive scheme (known as the LTIP). The LTIP is designed as a cash-settled incentive scheme whereby senior employees may be awarded notional units which are linked to the price of ordinary shares of the Group. The LTIP is regulated by a detailed set of rules. As with the previous LTI scheme, the LTIP seeks to attract and retain senior employees and promote ongoing loyalty, commitment and motivation. All Senior Employees are eligible to participate in the LTIP. The LTIP is 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 LTIP is set out below.

22.2.1 Share appreciation rights (SARs)

On 4 April 2019, 8 April 2020 and 8 April 2021, eligible employees were allocated conditional and notional awards, at an allocation price of R8.08, R6.33 and R6.75 respectively, which if settled in the future will be settled in cash. Settlement is contingent on the extent to which the performance criteria has been met and the holder exercising their right. Award holders shall be settled a cash amount to the value of X, which will be determined as follows:

A = appreciation in Libstar share market value = Libstar share market value at exercise date (allocation price)

N = number of vested rights exercised

X = N x A

Award holders are not entitled to dividends during the life of the award. The awards vest 3 years after allocation, from which point the rights may be exercised to the extent that the performance condition, as described below, has been met. The awards may be exercised for the next 4 years, i.e.: between the vesting date of 4 April 2022 and the maturity date of 4 April 2026 for the 2019 grant; between the vesting date of 8 April 2023 and the maturity date of 8 April 2027 for the 2020 grant; and between the vesting date of 8 April 2024 and the maturity date of 8 April 2028 for the 2021 grant.

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 consumer price index ("CPI") using a vesting scale of the NHE versus CPI to determine the portion of awards that will vest. Vesting is further contingent on the award holder remaining employed by the Group.

22. Share-based payments continued

22.2 DETAILS OF THE LONG-TERM INCENTIVE SCHEME OF THE GROUP – (LTIP SCHEME) continued

22.2.1 Share appreciation rights (SARs) continued

The SARs was valued by utilising the binomial Tree approach valuation method. The result of which represent the fair value per unit (excluding pre-vesting forfeiture), which is fixed in time. A range of expected vesting percentages for the NHE vs. CPI performance condition were utilised. The number of awards was adjusted by these expected vesting percentages as well as adjusted for pre-vesting forfeiture to arrive at a number of awards expected to vest. The fair value per unit was then multiplied by the number of awards expected to vest to arrive at a total value. Refer to 22.2.4 for the inputs and assumptions used in the measurement of the fair values at grant date and reporting date.

Refer to 22.2.5 for number of awards issued during the current and prior year. None of the SARs had vested as at 31 December 2021.

22.2.2 Performance Share Plan (PSP)

On 4 April 2019, 8 April 2020 and 8 April 2021, eligible employees were allocated conditional and notional awards, which if settled in the future will be settled in cash equal to the value of Libstar shares. Settlement is contingent on the extent to which the three performance criteria have been met and the award holder exercising their right.

In contrast to the SARs, the award holders receive the cash equal to the Libstar share value in full. The awards vest and mature 3 years after allocation, from which point the rights may be exercised to the extent that certain performance conditions, as described below, has been met. The performance conditions are measured over the three year period starting at the allocation date and ending at the vesting date which is also the maturity date.

The PSP is subject to the following performance conditions in the proportions stated:

1. NHE vs. CPI performance condition (as described in section 22.2.1) – 30%;

2. ROAA vs. WACC performance condition (as described below) – 30%; and

3. TSR performance condition (as described below) – 40%.

The Libstar return on adjusted assets (“ROAA”) is compared to the Libstar adjusted weighted average cost of capital (“WACC”) using a vesting scale to determine the portion of awards that will vest under the ROAA versus WACC performance condition.

Libstar’s total shareholder return (“TSR”) will be compared to the TSR of a group of peer companies, each weighted by their market capitalisation using a vesting scale to determine the portion of awards that will vest under the TSR performance condition.

Vesting is further contingent on the award holder remaining employed by the Group.

Refer to 22.2.5 for number of awards issued during the current and previous year. None of the PSPs had vested as at 31 December 2021.

22. Share-based payments continued

22.2 DETAILS OF THE LONG-TERM INCENTIVE SCHEME OF THE GROUP (LTIP SCHEME) continued

22.2.3 Details of the Forfeitable Share Plan (FSP)

On 4 April 2019, 8 April 2020 and 8 April 2021, eligible employees were allocated conditional and notional awards which if settled in the future will be settled in cash equal to the value of Libstar shares. Settlement is contingent on the extent to which the performance criteria has been met and the holder exercising their right. Award holders shall be settled a cash amount to the value of X, which will be determined as follows:

S = Libstar share market value at allocation, reduced for expected dividends during the vesting period

N = number of vested rights exercised

X = N x S

In contrast to the SARs, the award holders receive the cash equal to the Libstar share value in full.

The awards vest three years after allocation when the rights may be exercised to the extent that the performance condition, as described below, has been met.

The performance condition is measured over the three year period starting at the allocation date and ending at the vesting date. Subject to the discretion of the Board and remuneration committee, 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 employed by the Group.

Refer to 22.2.5 for number of awards issued during the current and prior year. None of the FSPs had vested as at 31 December 2021.

22.2.4 Fair value of the LTIP

Valuation methods:

The SARs was valued by utilising the Binomial Tree approach valuation method. The result of which represent the fair value per unit (excluding pre-vesting forfeiture), which is fixed in time. A range of expected vesting percentages for the NHE vs. CPI performance condition were utilised. The number of awards was adjusted by these expected vesting percentages as well as adjusted for pre-vesting forfeiture to arrive at a number of awards expected to vest. The fair value per unit was then multiplied by the number of awards expected to vest to arrive at a total value. Refer to below for the inputs and assumptions used in the measurement of the fair values at grant date and reporting date.

The PSP was valued in two parts:

1. Fair value per unit (excluding performance conditions)

The fair value per unit (excluding performance conditions) 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.

2. Proportion of shares vesting under the performance conditions

To determine the number of shares that will vest at the end of the vesting period as a result of the performance conditions, a model was built that has both stochastic (i.e. random future outcomes) and deterministic (i.e. fixed future outcomes) features. Awards subject to the NHE vs. CPI and ROAA vs. WACC performance conditions were modelled deterministically and awards applicable to the TSR condition were modelled stochastically with a Monte Carlo Simulation Model.

22. Share-based payments continued

22.2 DETAILS OF THE LONG-TERM INCENTIVE SCHEME OF THE GROUP – (LTIP SCHEME) continued

22.2.4 Fair value of the LTIP continued

Valuation methods continued**:**

The FSP was valued in two parts:

1. Fair value per unit (excluding forfeiture)

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

2. Proportion of shares expected to vest

A range of expected vesting percentages for the B-BBEE performance condition were provided by Management. The number of awards was adjusted by these expected vesting percentages as well as adjusted for forfeiture to arrive at a number of awards expected to vest.

The fair value per unit was then multiplied by the number of awards expected to vest to arrive at a total value.

The following inputs were used as at 31 December 2021 to calculate a fair value for the three components of the LTIP. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair values.

	2021 Grant	2020 Grant	2019 Grant
Valuation date – 31 December 2021			
Grant date	**8 April 2021**	8 April 2020	4 April 2019
Vesting date	**8 April 2024**	8 April 2023	4 April 2022
Maturity date*	**8 April 2028**	8 April 2027	4 April 2026
Share price at valuation date		R6.65	
Awards issued remaining – SARs	**9 551 982**	8 865 233	5 371 458
Awards issued remaining – PSP	**1 430 319**	1 341 210	1 005 351
Awards issued remaining – FSP	**357 411**	335 218	251 389
Forfeiture rate p.a		20%	
Dividend yield p.a		See Table below	
Risk-Free interest rate		BESA Swap Curve	
Volatility		See Table below	
Exercise Multiple		1.8	
Non-Market performance conditions vesting percentages		See Table below	

* The maturity date only applies to the SARs. The units under the PSP and FSP do not have a maturity date and it is assumed that settlement occurs at the above respective vesting dates.

	2021
Expected Dividend Yields	
Scenario	
Lower Bound	**2.50%**
Mid Estimate	**2.75%**
Upper Bound	**3.00%**
Volatility Range	
Scenario	
Lower Bound	**39.88%**
Mid Estimate	**42.38%**
Upper Bound	**44.88%**

Volatility was calculated based on the daily returns of the share price, under the assumption that the natural logarithm of the share price returns are normally distributed. Since Libstar share price data only exists from 8 May 2018, the standard deviation of the daily log returns on the available data as at the valuation date of 31 December 2021 was considered to arrive at a range which is deemed to be reasonable.

22. Share-based payments continued

22.2 DETAILS OF THE LONG-TERM INCENTIVE SCHEME OF THE GROUP (LTIP SCHEME) continued

22.2.4 Fair value of the LTIP continued

Non-Market Performance Conditions Vesting Percentages at 31 December 2021

	Expected Vesting Percentage 2021 Grant	Expected Vesting Percentage 2020 Grant	Expected Vesting Percentage 2019 Grant
NHE vs. CPI Performance Condition			
Scenario			
Lower Bound	55.00%	15.00%	0.00%
Mid Estimate	60.00%	20.00%	5.00%
Upper Bound	65.00%	25.00%	10.00%
ROAA vs. WACC Performance Condition			
Scenario			
Lower Bound	65.00%	55.00%	55.00%
Mid Estimate	70.00%	60.00%	60.00%
Upper Bound	75.00%	65.00%	65.00%
BBBEE Performance Condition			
Scenario			
Lower Bound	70.00%	70.00%	90.00%
Mid Estimate	75.00%	75.00%	95.00%
Upper Bound	80.00%	80.00%	100.00%

22. Share-based payments continued

22.2 DETAILS OF THE LONG-TERM INCENTIVE SCHEME OF THE GROUP (LTIP SCHEME) continued

22.2.5 Movements in LTIP components during the year

The following table reconciles the three LTIP components outstanding:

	Number issued/ (forfeited) Units	Value R'000
Share Appreciation Rights (SARs)		
Balance at 1 January 2020	7 110 829	2 774
2019 Awards forfeited in current year	(954 081)	–
Movement in fair value of 2019 units (including forfeiture)	–	636
2020 Awards issued – 8 April 2020	11 610 050	–
2020 Awards forfeited in current year	(1 444 865)	–
Movement in fair value of 2020 units (including forfeiture)	–	2 996
Balance at 31 December 2020	16 321 933	6 406
2019 Awards forfeited in current year	**(785 290)**	**–**
Movement in fair value of 2019 units (including forfeiture)	**–**	**(3 402)**
2020 Awards forfeited in current year	**(670 256)**	**–**
Movement in fair value of 2020 units (including forfeiture)	**–**	**(1 629)**
2021 Awards issued – 8 April 2021	**10 622 799**	**–**
2021 Awards forfeited in current year	**(1 070 817)**	**–**
Movement in fair value of 2021 units (including forfeiture)	**–**	**1 837**
Share-based payments	**(629 696)**	**(28)**
Balance at 31 December 2021	**23 788 673**	**3 184**
Performance Share Plan (PSP)		
Balance at 1 January 2020	1 377 944	2 740
2019 Awards forfeited in current year	(276 114)	–
Movement in fair value of 2019 units (including forfeiture)	–	1 330
2020 Awards issued – 8 April 2020	1 897 120	–
2020 Awards forfeited in current year	(232 544)	–
Movement in fair value of 2020 units (including forfeiture)	–	2 490
Balance at 31 December 2020	2 766 406	6 560
2019 Awards forfeited in current year	**(96 479)**	**–**
Movement in fair value of 2019 units (including forfeiture)	**–**	**1 531**
2020 Awards forfeited in current year	**146 208**	**–**
Movement in fair value of 2020 units (including forfeiture)	**–**	**2 372**
2021 Awards issued – 8 April 2021	**1 597 510**	**–**
2021 Awards forfeited in current year	**(167 191)**	**–**
Movement in fair value of 2021 units (including forfeiture)	**–**	**1 688**
Share-based payments	**(469 574)**	**(1 734)**
Balance at 31 December 2021	**3 776 880**	**10 417**

22. Share-based payments continued

22.3 DETAILS OF THE GROUP SHARE PLAN – GSP

	Number issued/ (forfeited) Units	Value R'000
Forfeitable Share Plan (FSP)		
Balance at 1 January 2020	344 593	680
2019 Awards forfeited in current year	(69 149)	–
Movement in fair value of 2019 units (including forfeiture)	–	(62)
2020 Awards issued – 8 April 2020	474 226	
2020 Awards forfeited in current year	(58 237)	–
Movement in fair value of 2020 units (including forfeiture)	–	351
Balance at 31 December 2020	691 433	969
2019 Awards forfeited in current year	(24 055)	
Movement in fair value of 2019 units (including forfeiture)	–	901
2020 Awards forfeited in current year	36 623	–
Movement in fair value of 2020 units (including forfeiture)	–	586
2021 Awards issued – 8 April 2021	**399 209**	**–**
2021 Awards forfeited in current year	**(41 798)**	**–**
Movement in fair value of 2021 units (including forfeiture)	**–**	**500**
Share-based payments	**(117 394)**	**(770)**
Balance at 31 December 2021	**944 018**	**2 186**
Total balance of the 2019 LTIP at 31 December 2020	7 534 022	8 098
Total balance of the 2019 LTIP at 31 December 2021	**6 628 198**	**7 128**
Total balance of the 2020 LTIP at 31 December 2020	12 245 750	5 837
Total balance of the 2020 LTIP at 31 December 2021	**10 541 661**	**7 166**
Total balance of the 2021 LTIP at 31 December 2021	**11 339 712**	**1 493**
Total balance of the LTIP at 31 December 2021	**28 509 571**	**15 787**

22.3 DETAILS OF THE GROUP SHARE PLAN – GSP

In the prior year the Group also developed a new share-settled Group Share Plan (known as the "GSP"). 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").

These allocation methods of the three components are substantially similar to those used in the LTIP. The difference is that the GSP is settled in Libstar shares to the value of the awards as opposed to the LTIP which is settled in cash. The GSP is an equity-settled share scheme and the grant dates were 31 July 2019 and 8 April 2020. Further details of the GSP components are not included and should be read together with of the LTIP scheme components above. Refer to section 22.2.1 – 22.2.3.

22. Share-based payments continued

22.3 DETAILS OF THE GROUP SHARE PLAN – GSP continued

22.3.1 Fair value of the GSP

The valuation methods used to value the three components of the GSP are substantially similar to the valuation methods of the LTIP, except that the GSP valuation is a once off valuation at grant date where the LTIP is at grant date and subsequently at every reporting date due to it being cash-settled. Refer to section 22.2.4 for further details.

The following inputs were used as at 31 December 2021 to calculate a fair value for the three components of the GSP. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair values.

	2020 Grant	2019 Grant
Valuation date	8 April 2020	31 July 2019
Grant date	8 April 2020	31 July 2019
Vesting date	8 April 2023	31 July 2022
Maturity date	8 April 2027	31 July 2026
Share price at grant date	R6.20	R8.65
Awards issued remaining – SARs	1 982 714	1 382 806
Awards issued remaining – PSP	1 341 210	838 907
Awards issued remaining – FSP	335 218	209 783
Forfeiture rate p.a	20.00%	20.00%
Dividend yield p.a		See Table in section 22.2.4
Risk-Free interest rate		BESA Swap Curve
Volatility		See Table in section 22.2.4
Exercise Multiple		1.8
Non-Market performance conditions vesting percentages		See Table in section 22.2.4

22. Share-based payments continued

22.3 DETAILS OF THE GROUP SHARE PLAN – GSP continued

22.3.2 Movements in GSP components during the year

The following table reconciles the three GSP components as at 31 December 2021:

	Number issued Units	Value R'000
Share Appreciation Rights (SARs)		
Balance at 1 January 2020	2 269 550	597
Recognition of fair value of 2019 awards over vesting period	–	1 223
2020 Awards issued – 8 April 2020	2 824 546	808
Balance at 31 December 2020	5 094 096	2 628
Recognition of fair value of 2019 awards over vesting period	–	**(1 820)**
2019 Awards forfeited in current year	**(886 744)**	–
Recognition of fair value of 2020 awards over vesting period	–	**(488)**
2020 Awards forfeited in current year	**(451 413)**	–
Good leaver share-based payments	**(390 419)**	**(28)**
Balance at 31 December 2021	**3 365 520**	**292**
Performance Share Plan (PSP)		
Balance at 1 January 2020	1 274 590	1 391
Recognition of fair value of 2019 awards over vesting period	–	3 242
2020 Awards issued – 8 April 2020	1 897 120	2 482
Balance at 31 December 2020	3 171 710	7 115
Recognition of fair value of 2019 awards over vesting period	–	**(276)**
2019 Awards forfeited in current year	**(435 683)**	–
Recognition of fair value of 2020 awards over vesting period	–	**1 740**
2020 Awards forfeited in current year	**(264 769)**	–
Good leaver share-based payments	**(291 141)**	**(1 414)**
Balance at 31 December 2021	**2 180 117**	**7 165**
Forfeitable Share Plan (FSP)		
Balance at 1 January 2020	318 796	223
Recognition of fair value of 2019 awards over vesting period	–	493
2020 Awards issued – 8 April 2020	474 226	371
Balance at 31 December 2020	793 022	1 087
Recognition of fair value of 2019 awards over vesting period	–	**538**
2019 Awards forfeited in current year	**(109 013)**	–
Recognition of fair value of 2020 awards over vesting period	–	**490**
2020 Awards forfeited in current year	**(66 223)**	–
Good leaver share-based payments	**(72 785)**	**(470)**
Balance at 31 December 2021	**545 001**	**1 645**
Total balance of the 2019 GSP at 31 December 2020	3 862 936	7 169
Total balance of the 2019 GSP at 31 December 2021	**2 431 496**	**5 611**
Total balance of the 2020 GSP at 31 December 2020	5 195 892	3 661
Total balance of the 2020 GSP at 31 December 2021	**3 659 142**	**3 491**
Total balance of the GSP at 31 December 2021	**6 090 638**	**9 102**

Weighted average remaining contractual life of the GSP outstanding at end of period:

2019 GSP	0.58 years
2020 GSP	1.27 years

22. Share-based payments continued

22.3 DETAILS OF THE GROUP SHARE PLAN – GSP continued

22.3.2 Movements in GSP components during the year continued

The range of exercise prices for the GSP at end of period:

	Lower Bound Value (price per unit)	Mid Estimate Value (price per unit)	Upper Bound Value (price per unit)
2019 GSP			
SARs	R1.69	R1.89	R2.09
PSP	R7.68	R7.86	R8.03
FSP	R4.74	R5.05	R5.34
Total	R14.11	R14.80	R15.46
2020 GSP			
SARs	R1.17	R1.33	R1.48
PSP	R5.37	R5.50	R5.63
FSP	R3.21	R3.43	R3.64
Total	R9.75	R10.26	R10.75

None of the SARs, awards of the PSP and FSP vested as at 31 December 2021, except for the payments made during the current year relating to Mr RW Smith.

22.4 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:

	2021 R'000	2020 R'000
Credits relating to share appreciation rights granted (LTI scheme)	–	(2 370)
Charges relating to long-term incentive scheme (LTIP scheme)	4 384	7 741
Charges relating to share-based payments (GSP)	184	8 619
	4 568	13 990

22.5 IMPACT OF ECONOMIC ENVIRONMENT AND COVID ON FAIR VALUE MEASUREMENTS AND AWARDS

The LTIP and GSP share-based payments are valued based on the valuation results of the external valuator. These valuation results are based on the valuation inputs and assumptions as described above. The inputs and assumptions used in the current and prior year valuations have been adjusted to factor in the economic conditions and the impact of COVID. The valuation results include a lower bound, mid estimate and upper bound scenario. Pre-COVID, in the 2019 year, the mid estimate scenario was used to value the share-based payments.

Management, after consideration of the economic conditions and continued impact of COVID, has valued the 2019 LTIP, 2020 LTIP, 2021 LTIP, 2019 GSP and 2020 GSP share-based payments based on the lower bound scenario.

The Group continued to make LTIP awards in the current year amidst the current economic impacts. The Remuneration Committee will continue to evaluate the social and economic impacts prior to making future awards.

Notes to the consolidated annual financial statements continued

	Notes	2021 R'000	2020 R'000
23. Other financial liabilities and hedging instruments			
Financial liabilities carried at fair value through profit or loss (FVTPL)			
Foreign exchange contracts		–	885
Financial liabilities carried at amortised cost			
Bank loans	23.1	**1 350 000**	1 820 000
Asset based finance	23.2	**335 129**	391 820
Loans payable to non-controlling shareholders	23.3	**9 566**	8 920
Other financial liabilities	23.4	–	2 118
Hedging instruments			
Foreign exchange contracts – cash flow hedges		**25 452**	20 661
		1 720 147	2 244 404
Non-current		**1 579 495**	2 073 079
Current		**140 652**	171 325
		1 720 147	2 244 404

23.1 BANK LOANS

	2021 R'000	2020 R'000
Senior Facility Term Loan A		
Nedbank Ltd	**500 000**	335 000
Standard Bank of South Africa Ltd	**200 000**	335 000
Rand Merchant Bank Holdings Ltd	**300 000**	–
	1 000 000	670 000

A portion of the loans, R470m, were voluntarily repaid during the current year prior to the refinancing. During December 2021, the Group refinanced the Senior Facility Term Loan A with Nedbank Ltd, Standard Bank of South Africa Ltd and Rand Merchant Bank Holdings Ltd.

The loans bear interest at the prevailing JIBAR rate plus 1.70% (2020: 1.68%). The loans are payable in a single bullet payment in December 2026 (2020: November 2022).

	2021 R'000	2020 R'000
Senior Facility Term Loan B		
Nedbank Ltd	**75 000**	500 000
Standard Bank of South Africa Ltd	**30 000**	500 000
Rand Merchant Bank Holdings Ltd	**45 000**	–
	150 000	1 000 000

During December 2021, the Group refinanced the Senior Facility Term Loan B with Nedbank Ltd, Standard Bank of South Africa Ltd and Rand Merchant Bank Holdings Ltd.

The loans bear interest at the prevailing JIBAR rate plus 1.60% (2020:1.75%). The loans are repayable in a single bullet payment in December 2024 (2020: November 2023).

	2021 R'000	2020 R'000
Senior Facility Term Loan C		
Nedbank Ltd	**100 000**	75 000
Standard Bank of South Africa Ltd	**40 000**	75 000
Rand Merchant Bank Holdings Ltd	**60 000**	–
	200 000	150 000

During December 2021, the Group refinanced the Senior Facility Term Loan B with Nedbank Ltd, Standard Bank of South Africa Ltd and Rand Merchant Bank Holdings Ltd.

The loans bear interest at the prevailing JIBAR rate plus 1.65% (2020:1.85%). The loans are repayable in a single bullet payment in December 2025 (2020: November 2023).

	2021 R'000	2020 R'000
	1 350 000	1 820 000

The above loans are secured as detailed in Note 33.7.

23. Other financial liabilities and hedging instruments continued

23.2 ASSET BASED FINANCE

	Notes	2021 R'000	2020 R'000
Standard Bank of South Africa Ltd		**151 201**	151 517
Nedbank Ltd		**181 787**	231 057
Other		**2 141**	9 246
		335 129	391 820
Non-current		**219 929**	253 079
Current		**115 200**	138 741
		335 129	391 820

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 1.4% less per annum.

The above asset based financial liabilities are secured as detailed in Note 33.7.

	2021 R'000	2020 R'000
23.3 LOANS PAYABLE TO NON-CONTROLLING SHAREHOLDERS		
Mark Pollock Investments (Pty) Ltd[1]	**4 783**	4 460
ARH Investments (Pty) Ltd[1]	**4 783**	4 460
	9 566	8 920

The above balances represent amounts payable to minority interest shareholders.

1. The loans are unsecured, bear interest at the prime interest rate and are repayable over variable periods from 1 – 5 years.

23.4 OTHER FINANCIAL LIABILITIES

Amounts payable to related parties (previous executive management)

	2021 R'000	2020 R'000
The Terry Millar Family Trust	–	2 118

The above amount represents the settlement value of the put option exercised by executive management during December 2017. The above amount was settled in the current year.

24. Trade and other payables

	2021 R'000	2020 R'000
Trade payables	**1 143 137**	1 084 697
Accrued expenses	**272 039**	304 440
Value-added tax payable	**42 481**	10 828
Income received in advance	**1 229**	–
Other payables	**17 810**	56 887
	1 476 696	1 456 852
Categories of financial and non-financial liabilities		
Financial liabilities	**1 434 215**	1 446 024
Non-financial liabilities	**42 481**	10 828
	1 476 696	1 456 852

25. Cash generated from operations

	Notes	2021 R'000	2020 R'000
Profit before taxation from:		**189 080**	180 027
From continuing operations		**355 833**	175 817
From discontinued operations		**(166 753)**	4 210
Adjustments for:		**839 076**	846 312
Depreciation and amortisation		**497 091**	491 021
Loss on disposal of property, plant and equipment		**5 881**	2 683
Impairment loss on goodwill	13.4	**25 158**	198 000
Impairment loss on intangible assets		**48 095**	–
Impairment loss on property, plant and equipment	10	**–**	5 820
Impairment loss on discontinued operations	7.2	**102 557**	–
Expected credit loss allowance movement on other financial assets	18.1	**–**	653
Expected credit loss allowance movement on trade and other receivables		**(1 956)**	(11 590)
Non-cash lease modifications, additions and terminations		**(903)**	(3 252)
Investment income		**(26 245)**	(44 720)
Finance costs		**191 968**	230 130
Other financial assets written off		**–**	946
Sundry income – loans payable written off		**–**	(29 754)
Fair value adjustment on forward exchange contracts		**(2 784)**	(427)
Movements in employee benefits – medical aid plan		**281**	(17)
Employee benefits contributions paid		**(633)**	(585)
Other non-cash movements in employee benefits		**914**	568
Movements in share-based payments		**124**	6 819
Share-based payments in terms of LTI scheme		**–**	(4 139)
Share-based payments	22	**(4 444)**	–
Other non-cash movements in share-based payments		**4 568**	10 958
Changes in working capital:		**6 693**	(117 660)
Increase in inventories*		**(170 943)**	(115 352)
Decrease in trade and other receivables*		**39 293**	5 229
Increase in biological assets		**(1 920)**	(1 887)
Increase/(decrease) in trade and other payables*		**140 263**	(5 650)
		1 035 040	908 679

* Included in the changes in working capital are the non-cash transfers of R77 959 (R'000) inventories, R105 542 (R'000) trade and other receivables and R120 397 (R'000) trade and other payables to assets classified as held for sale. Refer to Note 7.3 for further details of the net assets held for sale.

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

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 11
- Share-based payments awards issued to employees under the LTIP and GSP for no cash consideration – refer to Note 22
- Acquisition of property, plant and equipment through asset based financing – refer to Note 25.2

25. Cash generated from operations continued

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.

	2021 R'000	2020 R'000
Bank loans, asset based finance and loans payable	**1 694 695**	2 222 858
Lease liabilities	**659 776**	782 968
Less: Cash and cash equivalents (including overdraft)	**(592 602)**	(936 028)
Net debt (including IFRS 16 Lease liabilities)*	**1 761 869**	2 069 798
Net debt (excluding IFRS 16 Lease liabilities)	**1 102 093**	1 286 830

* Net debt (including IFRS 16 Lease liabilities) is hereafter referred to as Net debt. All debt is considered fixed interest rate debt.

		Liabilities from financing activities				
	Notes	Borrowings	Leases	Subtotal	Less: Cash and cash equivalents (including overdraft)	Total
Net debt as at 1 January 2020		2 187 490	753 386	2 940 876	(854 615)	2 086 261
Cash flows		65 122	(149 132)	(84 010)	(81 413)	(165 423)
Loans written off	2	(29 754)	–	(29 754)	–	(29 754)
Lease modifications		–	(761)	(761)	–	(761)
Additions and derecognitions		–	115 105	115 105	–	115 105
Finance cost amortised		–	64 370	64 370	–	64 370
Net debt as at 31 December 2020		**2 222 858**	**782 968**	**3 005 826**	**(936 028)**	**2 069 798**
Cash flows		**(604 779)**	**(155 990)**	**(760 769)**	**343 426**	**(417 343)**
Lease modifications		**–**	**21 049**	**21 049**	**–**	**21 049**
Additions and derecognitions		**76 616**	**28 255**	**104 871**	**–**	**104 871**
Reclassified as held for sale	7	**–**	**(78 679)**	**(78 679)**	**–**	**(78 679)**
Finance cost amortised		**–**	**62 173**	**62 173**	**–**	**62 173**
Net debt as at 31 December 2021		**1 694 695**	**659 776**	**2 354 471**	**(592 602)**	**1 761 869**

26. Taxation paid

	2021 R'000	2020 R'000
Balance at 1 January	**14 472**	14 797
Current tax for the year recognised in profit or loss	**(122 162)**	(154 250)
Deferred tax adjustment	**–**	3 504
Balance at 31 December	**(38 807)**	(14 472)
	(146 498)	(150 421)

27. Acquisition of business

There were no acquisitions in the current year. Refer to Note 30 for the acquisition after year-end. The acquisitions in the prior year were accounted for using the acquisition method where the Group performed a purchase price allocation.

27.1 SUMMARY OF ACQUISITION OF BUSINESS ACQUIRED DURING 2020 – FAVES FOOD (PTY) LTD

On 20 February 2020, the Group acquired the business of Faves Food (Pty) Ltd for a consideration of R0.6m. Faves Food (Pty) Ltd produces vacuum dried snacks (vegetable and fruits). The acquisition has further increased the Group's footprint within the Snacks and Confectionery segment.

28. Government grants

During the year, the Group was awarded a government grant of R1.0m (2020: R1.3m). The Group benefits from such assistance under the Manufacturing Competitiveness Enhancement Program, Skills Development and under the Employer Tax Incentive program.

All government grants received during the current financial year have been classified as income and all conditions relating to these grants have been fulfilled.

29. Related party disclosures

29.1 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
JP Landman	Lead – independent director
S Masinga	Independent non-executive director
S Khanna	Independent non-executive director
A Andrews	Independent non-executive director
RW Smith	Executive director (Resigned 31 December 2021)
AV van Rensburg	CEO
CB De Villiers	CFO

* Business Venture Investments No 2071 (RF) (Pty) Ltd (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) (Pty) Ltd (BDT SPV), is wholly-owned by an BEE Development Trust established for the benefit of employees of the Group.

29.2 RELATED PARTY BALANCES

Refer to Note 18.1, Note 23.3 and 23.4

29. Related party disclosures continued

29.3 RELATED PARTY TRANSACTIONS

Directors' remuneration

Refer to Note 9.

Interest charge from non-controlling shareholders of subsidiaries

Refer to Note 5.

Dividends paid to shareholders and non-controlling shareholders of subsidiaries

Refer to consolidated statement of changes in equity.

Dealings in securities by directors:

In the current year 10 000 ordinary shares were purchased in two tranches of 5 000 each at R6.75 and R6.60 per share, respectively. These shares were purchased by Ruland Trust an associate of JP Landman.

29.4 MATERIAL SUBSIDIARIES

Libstar Holdings Ltd has one material subsidiary, Libstar Operations (Pty) Ltd, in which it holds a 100% share. 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 0,7% (2020: 0,6%) of the net revenue of the Group.

30. Subsequent Events

ACQUISITION OF UMATIE (PTY) LTD

On 1 January 2022, the Group acquired a 60% shareholding in Umatie (Pty) Ltd for a consideration of R1.2m which was paid on 31 December 2021. Umatie (Pty) Ltd is a local baby food manufacturer and distributor. The acquisition of the Umatie brand, is expected to expand the Group's Retail and wholesale channel footprint within the Perishables segment.

The Group is also in the process of acquiring the factory building for a consideration of R4.1m.

DIVIDEND DECLARED

The Board of Libstar has approved and declared a final cash dividend of 25 cents per ordinary share (gross) in respect of the year ended 31 December 2021.

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

31. 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.

32. Impact of COVID

The Group continued to be impacted by COVID during the current year. The Group continues to incur costs to maintain a safe working environment for its employees. During the current year, the total direct COVID related expenses amounted to R15m (2020: R65m).

COVID is expected to continue to impact the Group into the next year. The Board expects the following factors may continue to have an impact on the Group:

- Additional operating costs attributable to the COVID pandemic;
- Supply chain disruptions; and
- A weak macro-economic climate, high rate of national unemployment and weakening consumer disposable income.

33. Risk management

33.1 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 is 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.

33.2 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:

	2021 R'000	2020 R'000
Current assets		
Other financial assets		
Foreign exchange contracts – cash flow hedges	**3 134**	33 938
Current liabilities		
Other financial liabilities		
Foreign exchange contracts – cash flow hedges	**25 452**	20 661

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. Where derivatives do not meet the hedge accounting criteria, they are classified and accounted for at fair value through profit or loss. 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 this Note.

Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives refer to Note 33.4.

Hedging reserves

	Cash flow hedging reserves
Opening balance 1 January 2020	8 067
Pre-tax change in fair value of hedging instrument recognised in other comprehensive income	14 224
Reclassified from other comprehensive income to profit or loss, hedged item affected profit or loss	(8 067)
Deferred tax	(3 983)
Closing balance 31 December 2020	**10 241**
Pre-tax change in fair value of hedging instrument recognised in other comprehensive income	**(23 271)**
Reclassified from other comprehensive income to profit or loss, hedged item affected profit or loss	**(10 241)**
Deferred tax	**6 516**
Closing balance 31 December 2021	**(16 755)**

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

33. Risk management continued

33.2 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.

33.3 MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note 33.4) and interest rates (see Note 33.5). 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, 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.

33.4 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

	2021 R'000	2020 R'000
Assets		
Trade debtors, USD6 659 385 (2020: 8 461 928)	**104 432**	126 125
Trade debtors, EUR1 506 593 (2020: 948 776)	**27 130**	16 718
Trade debtors, GBP532 164 (2020: 808 953)	**10 944**	16 193
Trade debtors, AUD2 672 430 (2020: 2 076 449)	**30 003**	23 381
Trade debtors, NZD110 334 (2020: 109 413)	**1 176**	1 151
Trade debtors, CAD29 218 (2020: 25 318)	**345**	291
Trade debtors, SGD100 735 (2020: 102 481)	**1 188**	1 198
Trade debtors, YEN7 583 109 (2020: 143 475)	**1 049**	465
Trade debtors, THB4 893 215 (2020: 2 300 442)	**2 341**	1 127
Liabilities		
Trade creditors, USD2 869 441 (2020: 1 884 326)	**45 514**	27 922
Trade creditors, EUR1 407 544 (2020: 1 041 032)	**25 416**	18 799
Trade creditors, GBP4 975 (2020:4 975)	**97**	97
Trade creditors, AED4 135 (2020: 35 982)	**18**	173
Trade creditors, YEN861 065 (2020: 1 317 206)	**119**	198
Trade creditors, SGD47 334 (2020: 0)	**558**	–
Trade creditors, AUD5 464 (2020: 0)	**63**	–
Exchange rates used for conversion of foreign items		
US Dollar	**15.68**	14.89
Euro	**18.01**	17.85
Pound Sterling	**20.56**	20.01
Australian Dollar	**11.23**	11.32
New Zealand Dollar	**10.66**	10.59
Thai Baht	**0.48**	0.49
Singapore dollar	**11.80**	11.09
Japanese Yen	**0.14**	0.14
United Arab Emirates Dirham	**4.34**	3.99
Canadian Dollar	**11.81**	11.51

33. Risk management continued

33.4 FOREIGN CURRENCY RISK MANAGEMENT continued

Forward exchange contracts which relate to future firm commitments

	Foreign amount R'000	Rand amount R'000	Fair value R'000
31 December 2021			
US Dollar	**(31 325)**	**491 240**	**(19 586)**
Euro	**91**	**2 203**	**954**
Pound Sterling	**(2 080)**	**44 286**	**(1 470)**
Australian Dollar	**(6 919)**	**79 594**	**(2 190)**
New Zealand Dollar	**(110)**	**1 200**	**(11)**
Canadian Dollar	**(29)**	**352**	**(15)**
	(40 372)	**618 875**	**(22 318)**
31 December 2020			
US Dollar	(10 136)	164 914	11 768
Euro	4 103	(75 887)	(2 341)
Pound Sterling	(1 844)	40 886	3 232
Australian Dollar	(5 848)	68 388	964
	(13 725)	198 301	13 623

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 commitment 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.

33. Risk management continued

33.4 FOREIGN CURRENCY RISK MANAGEMENT continued

	2021 R'000	2020 R'000
Foreign currency forwards		
Foreign exchange contracts – cash flow hedges (included in other financial assets)	**3 134**	33 938
Foreign exchange contracts – cash flow hedges (included in other financial liabilities)	**(25 452)**	(20 661)
Notional amount (exposure to the ZAR)		
FECs used for hedging imports		
US Dollar	**78 241**	191 875
Euro	**143 953**	184 325
New Zealand Dollar	**414**	–
Pound Sterling	**2 979**	–
FECs used for hedging exports		
US Dollar	**569 481**	356 790
Euro	**146 156**	108 438
Pound Sterling	**47 265**	40 886
Australian Dollar	**79 594**	68 388
New Zealand Dollar	**1 614**	–
Canadian Dollar	**352**	–
Maturity date	**1 January 2022 – 18 November 2022**	1 January 2021 – 3 December 2021
Hedge ratio*	**1:1**	1:1
(Gain)/loss in discounted pre-tax spot value of outstanding hedging instruments since inception of the hedge	**(23 270)**	14 224
Weighted average hedged rate for outstanding hedging instruments (including forward points)		
FECs used for hedging imports		
US Dollar	**15.51**	16.17
Euro	**17.90**	18.86
United Arab Emirates Dirham	**10.82**	–
New Zealand Dollar	**10.82**	–
Pound Sterling	**21.28**	–
FECs used for hedging exports		
US Dollar	**15.66**	16.20
Euro	**18.38**	19.10
Pound Sterling	**21.29**	22.20
Australian Dollar	**11.50**	11.70
New Zealand Dollar	**10.86**	–
Canadian Dollar	**12.03**	–

* The foreign currency forwards are denominated in the same currency as the firm commitment inventory purchases, therefore the hedge ratio is 1:1.

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.

33. Risk management continued

33.4 FOREIGN CURRENCY RISK MANAGEMENT continued

	2021 R'000	2020 R'000
Impact on profit and equity		
US Dollar	**92 383**	146 224
Euro	**3 087**	(3 715)
Pound Sterling	**22 301**	32 208
Australian Dollar	**33 623**	26 467
New Zealand Dollar	**1 254**	1 219
Thai Baht	**112**	55
Singapore Dollar	**743**	1 329
United Arab Emirates Dirham	**(8)**	(69)
Japanese Yen	**13**	4
Canadian Dollar	**407**	335

33.5 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by linking the interest rate of the loan to the JIBAR over the period of the loan.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis 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 the reasonability of 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 2021 would decrease/increase by R16.9m (2020: R18.2m). 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.

33.6 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.

33. Risk management continued

33.6 CREDIT RISK MANAGEMENT continued

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 due to the impact of COVID or otherwise. 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 particular with regards to debtors exposed to the food service channel. In the light of the current economic environment and the potential future impact of COVID, management increased the risk-to-default factor per each aged bucket in the current and prior year.

The Group does not hold any collateral in respect of its customers.

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:

	Gross R'000	Impairment loss allowance R'000	Expected credit loss rate %
2021			
Specifically identified sundry debtors	**27 855**	**7 287**	**26.16**
Not past due	**1 114 028**	**1 625**	**0.15**
Past due 0 – 30 days	**279 957**	**2 322**	**0.83**
Past due 31 – 60 days	**74 522**	**2 109**	**2.83**
Past due 61 – 90 days	**40 958**	**2 388**	**5.83**
Past due 121 days and greater	**42 831**	**4 210**	**9.83**
Total	**1 580 152**	**19 940**	**1.26**
2020			
Specifically identified trade debtors	3 389	3 389	100
Specifically identified sundry debtors	29 513	4 000	13.55
Not past due	1 022 266	636	0.06
Past due 0 – 30 days	497 204	4 124	0.83
Past due 31 – 60 days	113 969	3 225	2.83
Past due 61 – 90 days	25 323	1 476	5.83
Past due 121 days and greater	11 568	1 134	9.83
Total	1 703 232	17 984	1.06

Despite the overall decrease in trade and other receivables from the prior year to the current year, the increase in the debtors past due in the Past due 61 – 90 days and the Past due 121 days and greater aging buckets, resulted in an increased expected credit allowance in the current year.

33. Risk management continued

33.6 CREDIT RISK MANAGEMENT continued

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 identified impairment loss was immaterial. Cash and cash equivalents and deposits are kept with banks and financial institutions that have sound credit ratings. Management does not expect any counter parties to fail to meet its obligations.

Other financial assets carried at amortised cost

The Group's credit exposure in respect of other financial assets at amortised cost are considered to be limited. Other financial assets at amortised cost include loans to related parties and other parties. The credit ratings of these assets are monitored for credit deterioration. All of the Group's other financial assets at amortised cost are considered to have low credit risk, and the credit loss allowance recognised during the period was therefore limited to 12 months' expected losses. The Group recognised a R0.65m credit loss allowance for other financial assets at amortised cost in the prior year. The allowance was raised in relation to a specific loan receivable from a previous related party and remained at R0.65m in the current year. Except for this exception, the counter parties have not defaulted on their credit before and they have a strong capacity to meet their contractual cash flow obligations in the near term.

Specific consideration has been given to the impact of COVID on the default rate and a zero default rate is still considered reasonable for the foreseeable future.

Favourable derivative financial instruments

For derivative financial instruments, management engages with Nedbank Ltd that have a sound credit rating. Management does not expect Nedbank Ltd to fail to meet its obligations.

33. Risk management continued

33.7 LIQUIDITY RISK MANAGEMENT

Liquidity and interest risk tables

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	Between Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 3 years R'000	3 and 4 years R'000	4 and 5 years R'000	More than 5 years R'000	Total R'000
31 December 2021									
Trade and other payables[1]		**1 434 180**	**1 434 180**	**–**	**–**	**–**	**–**	**–**	**1 434 180**
Other financial liabilities[2]	**5.92**	**1 694 695**	**107 372**	**78 126**	**208 979**	**234 935**	**1 005 606**	**27 158**	**1 662 176**
Lease liabilities	**8.97**	**659 776**	**155 641**	**152 502**	**140 875**	**113 743**	**100 404**	**358 997**	**1 022 162**
		3 788 651	**1 697 193**	**230 628**	**349 854**	**348 678**	**1 106 010**	**386 155**	**4 118 518**
31 December 2020									
Trade and other payables[1]		1 446 024	1 446 024	–	–	–	–	–	1 446 024
Bank overdraft	7.00	185	185	–	–	–	–	–	185
Other financial liabilities[2]	5.42	2 222 858	269 536	866 347	1 305 966	89 084	–	–	2 530 933
Lease liabilities	8.97	782 968	155 334	151 525	147 392	142 829	117 369	442 234	1 156 682
		4 452 035	1 871 079	1 017 871	1 453 358	231 913	117 369	442 234	5 133 825

1. Trade and other payables excludes value-added-tax payables.
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.

33. Risk management continued

33.7 LIQUIDITY RISK MANAGEMENT continued

Liquidity risk

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 2021				
FECs used for hedging				
Imports	**(25 452)**	**(222 483)**	**(9 867)**	**(232 351)**
Exports	**3 134**	**495 880**	**380 179**	**876 060**
	(22 318)	**273 397**	**370 312**	**643 709**
31 December 2020				
FECs used for hedging				
Imports	(20 661)	(261 293)	(93 430)	(354 723)
Exports	33 938	245 552	293 851	539 403
	13 277	(15 741)	200 421	184 680

The 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 – fully utilised;
- Senior facility D of R350,000,000 with a 5 year bullet profile – unutilised facility;
- An asset based finance facility of R500,000,000 – and
- A general banking facility of R500,000,000 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).

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

33. Risk management continued

33.7 LIQUIDITY RISK MANAGEMENT continued

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, Cape Herb and Spice, Chamonix, Chet Chemicals, Dickon Hall Foods, Finlar, Lancewood, Millennium Foods, Montagu Foods, Retailer Brands, Rialto, Ambassador Foods, Cecil Vinegar, Contactim, Denny Mushrooms, Elvin, Cape Coastal Honey, Khoisan Gourmet.
- Berfin Worldwide (Pty) Ltd
- Glenmor Soap (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.

33.8 FAIR VALUES

The fair values of all financial instruments are substantially the same as the carrying amount reflected on the consolidated statement of financial position.

The fair value of the biological assets at the end of the reporting period are considered in Note 17.

FEC derivative instruments are measured as disclosed in Note 33.2 and the fair values are disclosed in Note 33.2.

34. 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 19) 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 20 and 21).

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:

	2021 R'000	2020 R'000
Bank loans, asset based finance and loans payable	**1 694 695**	2 222 858
Lease liabilities	**659 776**	782 968
Less: Cash and cash equivalents (including overdraft)	**(592 602)**	(936 028)
Net debt (including IFRS 16 Lease liabilities)	**1 761 869**	2 069 798
Net debt (excluding IFRS 16 Lease liabilities)	**1 102 093**	1 286 830
Total equity	**5 343 927**	5 367 346
Net debt to equity ratio (including IFRS 16 Lease liabilities)	**0.33**	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 2021, the Group's leverage ratio (Senior Borrowings to EBITDA) was 1.2 (2020: 1.4) against a covenant of no more than 2.5. EBITDA to senior interest cover ratio was 9.1 (2020: 7.6) against a covenant of at least 3.5.

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

The Board will continue to monitor the impact of COVID on the Group's operations and its financial position to take timeous action where required.

35. 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.

35.1 CATEGORISATION OF FINANCIAL ASSETS AND LIABILITIES

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

	Financial assets/liabilities		
	Hedging instruments* R'000	Fair value through profit or loss R'000	Amortised cost R'000
31 December 2021			
Other financial assets	**3 134**	–	**9 062**
Trade and other receivables	–	–	**1 560 177**
Cash and bank balances	–	–	**592 602**
Total assets	**3 134**	–	**2 161 841**
Other financial liabilities	**25 452**	–	**1 694 695**
Trade and other payables	–	–	**1 434 180**
Lease liabilities	–	–	**659 776**
Total liabilities	**25 452**	–	**3 788 651**
31 December 2020			
Other financial assets	33 938	–	15 426
Trade and other receivables	–	–	1 685 248
Cash and bank balances	–	–	936 213
Total assets	33 938	–	2 636 887
Other financial liabilities	20 661	885	2 222 858
Trade and other payables	–	–	1 446 024
Lease liabilities	–	–	782 968
Bank overdraft	–	–	185
Total liabilities	20 661	885	4 452 035

* 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 33. 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 because of the short maturity of these instruments.

Trade and other receivables, investments, loans and trade and other payables reflected on the consolidated statement of financial position approximate the fair values thereof.

Borrowings (term 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.

35. Financial Instruments continued

35.2 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 2021 or 2020.

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

36. Reclassification of trading term expenses in the published consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 ("Prior Period")

Certain trading term expenses of the Group's divisions were incorrectly classified in the Prior Period. These expenses were included in Cost of Sales on the face of the statement of profit or loss and other comprehensive income instead of being classified as estimations of variable consideration which should be deducted from Revenue in accordance with IFRS 15 Revenue from Contracts with Customers. This misclassification has no effect on the previously published headline earnings per share (HEPS), earnings per share (EPS), net asset value (NAV), tangible net asset value (TNAV) or cash flow. The corrected disclosure, however, does result in the overstatement of Revenue by R155.6m and the overstatement of Cost of Sales by the same amount in the Prior Period. The effect of the amended disclosure to the Prior Period Consolidated Annual Financial Statements is summarised below:

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 Restated R'000	2020 Reported R'000	Difference R'000
Revenue	9 339 423	9 495 009	(155 586)
Cost of Sales	(7 060 843)	(7 216 429)	155 586

Shareholder Analysis

ORDINARY SHARES AS AT 31 DECEMBER 2021

DIRECTORS' INTERESTS

Director	Direct shares held	Held indirectly or by an associate	Total shares held	Total % held
31 December 2021				
AV van Rensburg	**6 040 381**	–	**6 040 381**	**0.89%**
RW Smith^	–	–	–	**0.00%**
CB de Villiers[2]	**7 742**	–	**7 742**	**0.00%**
W Luhabe	–	–	–	**0.00%**
JP Landman[1]	–	**105 000**	**105 000**	**0.02%**
S Masinga	–	–	–	**0.00%**
S Khanna	–	–	–	**0.00%**
A Andrews[2]	–	–	–	**0.00%**
31 December 2020				
AV van Rensburg	6 040 381	–	6 040 381	0.89%
RW Smith^	–	–	–	0.00%
CB de Villiers[2]	7 742	–	7 742	0.00%
W Luhabe	–	–	–	0.00%
JP Landman[1]	–	95 000	95 000	0.01%
S Masinga	–	–	–	0.00%
S Khanna	–	–	–	0.00%
A Andrews[2]	–	–	–	0.00%

^ Retirement in the current year: RW Smith.

1. Indirect shares held by Ruland Trust, an associate of JP Landman.
2. Appointed in the prior year: CB de Villiers, A Andrews

Where directors have resigned in the current financial period, the table above shows nil values in respect of the current period and 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 2021 and to the date of this report.

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) – van Rensburg held 12.9 units, Smith held 11.1 units and de Villiers held 1.5 units at the close of the current and prior period.

Ordinary shareholder spread	Number of shareholders	Number of shares	% of shares in issue
Public	1 921	256 316 221	37.6%
Non-public	8	425 605 187	62.4%
– Directors	2	6 048 123	0.9%
– Associates of directors	1	105 000	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	333 342 919	48.9%
Total issued shares	**1 929**	**681 921 408**	**100.0%**

^ Libstar Operations (Pty) Ltd an subsidiary of Libstar Holdings Ltd, 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.

PREFERENCE SHARE CAPITAL continued

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

Major ordinary shareholders	**Number of shares**	**% of shares in issue**
APEF Pacific Mauritius Ltd	252 463 077	37.0%
Government Employees Pension Fund	80 879 842	11.9%
Business Venture Investments 2071*	39 334 499	5.8%
Business Venture Investments 2072^	33 715 284	4.9%

* Business Venture Investments No 2071 (RF) (Pty) Ltd (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) (Pty) Ltd (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	1 859	96.4%	64 004 695	9.4%
1 000 001 – 3 000 000 shares	39	2.0%	67 329 409	9.9%
3 000 001 – 6 000 000 shares	15	0.8%	66 656 584	9.8%
6 000 001 – 40 000 000 shares	14	0.7%	178 912 203	26.2%
More than 40 000 000 shares	2	0.1%	305 018 517	44.7%
	1 929	**100.0%**	**681 921 408**	**100.0%**

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