QUALITY
BRANDS

GREAT
FOOD

SPECIAL
MOMENTS

Integrated annual report **2023**

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CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

About this report

This integrated annual report addresses the activities of Libstar for the year ended 31 December 2023, as well as our future plans and expectations.

This report includes information on our new strategic direction, how we are governed and how we navigate our external environment. It also outlines our material matters, risks and operational performance.

We considered the JSE Sustainability Disclosure Guidance and are working on improving our ESG disclosures where relevant. We further continually work towards incorporating best practice.

We have aligned our corporate social investment policy with UN Sustainable development goals and are working on broadening the alignment to all key initiatives.

We will consider the application of other reporting frameworks such as the sustainability and climate disclosure standards from the International Sustainability Standards Board (ISSB) for our future sustainability and climate reporting.

Reporting frameworks and process

The Group's integrated reporting process is driven by executive management. The reporting documents are reviewed and approved by the board of directors. The board is satisfied that it fulfilled its mandate.

The integrated annual report is guided by the principles and requirements of the International Financial Reporting Standards (IFRS) Foundation's Integrated Reporting <IR> Framework, and King IV Report on Corporate Governance for South Africa 2016 (King IV).

The audited consolidated annual financial statements comply with IFRS, the JSE Listings Requirements and the South African Companies Act.

An unqualified audit opinion was issued by the external auditors supporting the fair presentation of the financial results.

Reporting boundary and scope

The Group's manufacturing facilities are situated in South Africa. We produce a range of products that are consumed locally and in certain international markets.

The financial information in this report includes all subsidiaries in accordance with IFRS.

Materiality

The board and executive management applied the principle of materiality in determining the content of this report.

We considered matters that could substantially impact the assessment and decisions of the board, key stakeholders and the Group's ability to create value over time.

Determining our material matters

The board considered factors that dominated its agenda in determining material matters for inclusion in the integrated annual report. The material matters include factors that have a material impact on the sustainability of the business. The factors also align with the risks that are identified in the Group risk register. These are monitored by the audit and risk committee on a quarterly basis. Any emerging risks that are identified by management and the board are added to the Group risk register for consideration by the committee.

Material matters

- Extremely challenging trading conditions
- Infrastructural deterioration in South Africa, with disruptions to electricity, water and supply chains
- Aligning our ESG strategy to our value-creation plan
- Review of our strategy and operating model

The process we followed to identify our material matters:

1. Evaluated market research, trends and operating conditions.
2. Reviewed updated risk management reports, including ranking key risks by likely impact.
3. Evaluated stakeholder feedback.
4. Considered the key leadership and board focus areas and consolidated management input from business units.
5. Presented the material issues to the board for sign off as part of the integrated annual report process.

We use icons to indicate where we address aspects relating to capitals, key risks, material matters, value creation and stakeholders.

Our use of capitals

- FC – Financial capital
- HIC – Human and intellectual capital
- SRC – Social and relationship capital
- MC – Manufactured capital
- NC – Natural capital

Our key value-driving initiatives (KVIs)

- KVI1 – Simplify our portfolio and operating model
- KVI2 – Optimise our operating model and structure
- KVI3 – Grow profitably
- KVI4 – Reduce costs and improve operational efficiency to increase operating profit
- KVI5 – Improve capability and build capacity to identify, acquire and integrate value accretive categories in 2025 and beyond

Our value creation

- Global exposure to high-growth food categories
- Value-added food portfolio
- Market place and category expertise
- Catering to changing consumer needs
- World-class manufacturing
- Depth of talent

Our key risks

KR1 KR2 KR3 KR4 KR5 KR6

See Key risks section

Stakeholders

Employees | Suppliers | Customers | Investors

TRANSFORMING TO BECOME *One Libstar*

Our primary objective is to create sustainable stakeholder value.

While the businesses within the Group continue to enhance their individual offerings, we are taking a new strategic direction with our three-year strategy and simplified operational structure with the aim to deliver sustainable, profitable growth and shareholder value.

Our focus to improve execution capabilities means that we will:

SIMPLIFY our portfolio composition and operating model

GROW our categories and channels

SUSTAIN our operations and cash flows

OUR NORTH STAR FOR SUSTAINABLE PROFITABLE GROWTH

Libstar is a sustainable food company inspired by the consumers we serve. We build our growth and profitability by developing innovative category solutions and cultivating an unparalleled portfolio of food brands.

As trusted channel partners, we align closely with our customers to offer the best local and international selection of perfectly crafted products that nurture families every day.

With passion and purpose, we deliver great-tasting, nutritious food products of high quality to our valued consumers as *One Libstar*.

A new strategic direction

The board and executive leadership conducted a comprehensive strategic review of Libstar's portfolio composition, operating model and its category and channel participation during the first half of 2023.

The objective of the review was to identify key value-driving initiatives (KVIs) to deliver accelerated, profitable growth and stakeholder returns.

The KVIs scoped and approved by the board target a sustainable improvement in Libstar's cost competitiveness, earnings quality and return on invested capital (ROIC).

The Group made progress on the implementation of these initiatives during the second half of the year, as outlined in Our strategy in practice section. Additional implementation benefits are targeted from 2024 onwards.

Refer to Our key value-driving initiatives section

How we will implement our strategy

1 **Simplify our portfolio and operating model**

1. Reposition the portfolio to value-added food categories
2. Consolidate business units into two super-categories – Perishable Products and Ambient Products

2 **Grow categories and channels**

3 **Focus on sustainable operations, profits, cash flows and returns**

1

Simplify our portfolio and operating model

The Household & Personal Care (HPC) segment disposal process is progressing, with the objective of improving Group ROIC by around 50 basis points once completed. Strategic interventions in the Denny Mushrooms business unit are being pursued to improve earnings stability and refocus the Group's portfolio to value-added food products.

1 REPOSITION THE PORTFOLIO TO VALUE-ADDED FOOD CATEGORIES

Perishables	Groceries	Baking & Baking Aids	Snacks & Confectionery	Household & Personal Care
Lancewood	Cape Herb & Spice	Amaro Foods	Ambassador Foods	Chet Chemicals
Millennium Foods	Khoisan Gourmet	Cani		Contactim
Finlar Fine Foods	Cape Foods	Retailer Brands		
Denny Mushrooms	Montagu Foods			
Umatie	Cecil Vinegar			
Rialto	Dickon Hall Foods			
	Rialto			
	Cape Coastal Honey			
	Chamonix			

1 Simplify our portfolio and operating model continued

2 CONSOLIDATE

Libstar's category structure has been simplified by organising its quality food brands into two super-categories, Perishable Products, and Ambient Products. This will result in less complexity, with standardised execution, simplified operations and team structures, and a focus on efficiency.

From a multi-category, business-unit structure...

Perishables	Groceries	Baking & Baking Aids	Snacks & Confectionery	Household & Personal Care
Lancewood	Cape Herb & Spice	Amaro Foods	Ambassador Foods	Chet Chemicals
Millennium Foods	Khoisan Gourmet	Cani		Contactim
Finlar Fine Foods	Cape Foods	Retailer Brands		
Denny Mushrooms	Montagu Foods			
Umatie	Cecil Vinegar			
Rialto	Dickon Hall Foods			
	Rialto			
	Cape Coastal Honey			
	Chamonix			

...to a category structure, comprising two super-categories.

PERISHABLE PRODUCTS	AMBIENT PRODUCTS
Dairy	Dry Condiments
Convenience Meals	Wet Condiments
Value-added Meats	Meal Ingredients
Baby	Baking
Fresh Mushrooms	Snacking
	Spreads
	Beverages

Functions and operations, product lines and business units will be consolidated, with clear accountability.

2 Grow categories and channels

PERISHABLE PRODUCTS

Perishable Products category integration objectives

1. **Mitigate competitor risk**
2. **Improve margins through cost efficiencies**
3. **Accelerate channel development through:**

- Exports, in particular to the Middle East
- Targeting informal and wholesale markets
- Expanding the food service basket offering

AMBIENT PRODUCTS

Ambient Products category integration objectives

Dry Condiments

- Leverage existing sales and marketing expertise of Cape Herb & Spice
- Improve margins through existing procurement and manufacturing capabilities in Cape Foods

Wet Condiments

- Continued performance ahead of the market from the integration of sales and marketing teams
- Improve long-term cost competitiveness and earnings stability

3 Focus on sustainable operations, profits, cash flows and returns

1 Sustainable operations

- Energy-saving initiatives

2 Sustainable cash flows

- Continued focus on capital allocation and net working capital
- Targeting gearing below 1.5x

3 Sustainable business practices

- Targeting a reduction of carbon footprint, with specific focus on water and electricity usage
- Ongoing improvement of B-BBEE rating

Our strategy in practice

01 Operating model simplification

We will significantly reduce our operating structure complexity by the end of 2024, with fewer individually managed business units, sales and marketing and back-office administration teams.

PERISHABLE PRODUCTS

Following the successful integration of Millennium Foods and Lancewood two years ago, the sales, marketing, human resources, technical and administrative functions of Finlar Fine Foods and Lancewood will be consolidated, with targeted completion by the end of 2024.

The consolidation leverages the best-in-class infrastructure and expertise of the Group's two largest Perishables businesses to mitigate risks, improve margins through improved cost-efficiency and to grow its product offerings in under-represented channels.

AMBIENT PRODUCTS

Dry condiments

A consolidation of the Cape Herb & Spice and Khoisan Gourmet's sales, marketing, human resources and administrative functions was completed in the fourth quarter of the year.

The site consolidation of Khoisan Gourmet's manufacturing facilities into those of Cape Herb & Spice is planned upon termination of existing lease arrangements by 2026.

Private label dry condiment production lines, previously housed in the Group's Retailer Brands' business unit, were consolidated into Cape Foods at the start of 2024. The consolidation leverages Cape Foods' existing procurement and manufacturing capabilities to provide a more cost-competitive product to its customers and improve future earnings quality.

Wet condiments

During the first half of 2024, we will finalise a functional and operational consolidation of the Montagu Foods, Dickon Hall Foods, Cecil Vinegar and Retailer Brands business units. The consolidation of these businesses targets improved longer-term cost competitiveness and earnings stability.

We have already delivered market-beating revenue growth from Montagu Foods and Cecil Vinegar during the year despite the earnings volatility from reduced demand for contract manufactured wet condiments at Dickon Hall Foods.

Our strategy in practice

continued

02 Category and channel growth

PERISHABLE PRODUCTS

The Lancewood and Finlar Fine Foods consolidation will accelerate the Group's ability to drive export channel development, particularly in the Middle Eastern region, increase Libstar's reach into informal and wholesale markets through improved utilisation of Lancewood's existing infrastructure and expand the Group's food service basket offering.

AMBIENT PRODUCTS

We consolidated the sales and marketing teams from five business units. This transitioned the function from individual teams focused on single markets and customers to a single team responsible for the cluster of businesses. The new structure creates cross-selling opportunities and improves speed to market of new product developments and renovations. The team delivered 17.2% year-on-year revenue growth, accelerating the Group's retail offering in 2023.

Dedicated projects will be implemented in 2024 to expand the Group's food service channel offering beyond the current Rialto food service and packaging offering.

The completion of a full-scope export opportunity analysis and targeted market development in 2023 has provided a strong platform from which to execute significant export opportunities in 2024 for dry condiment and wet condiment products.

The Group's wholesale and informal market penetration continues to expand through the launch and growth of own-branded offerings. Libstar's performance in this channel exceeded basket growth in 2023.

03 Sustainability

Seven of the Group's operating facilities have been earmarked for solar energy generation installations to realise savings across the Group over ten years.

Various initiatives are being launched to reduce operating costs, improve operational efficiency, and optimise the Group's supply chain, with a specific focus on procurement, yield improvement, plant-efficiency, demand planning and service levels.

Our key value-driving initiatives (KVIs)

As outlined on page 4, KVIs were scoped and approved by the board as part of our new strategic direction. The 2024 focus areas are outlined below.

KVI1 – Simplify our portfolio and operating model

Divest HPC.

Pursue strategic interventions at Denny Mushrooms.

Complete Perishable Products category integration.

Complete Ambient Products category integrations
- Dry Condiments
- Wet Condiments

KVI2 – Optimise our operating model and structure

Align accountability and management structures to new operating model.

Implement employee culture programme.

Leverage shared business services.

KVI3 – Grow profitably

Leverage export expertise of Dry Condiments sub-category.

Leverage existing food service offering by increasing product basket.

Continue to grow wholesale market participation.

KVI4 – Reduce costs and improve operational efficiency to increase operating profit

Service level improvement.

Procurement focus to increase gross profit.

Target labour efficiencies.

Reduce waste and improve production yields.

KVI5 – Improve capability and build capacity to identify, acquire and integrate value accretive categories in 2025 and beyond

While we continue to review all opportunities for participation in attractive categories, our focus in 2024 will be on the execution of the KVIs.

We will actively consider value accretive acquisitions in 2025 and beyond.

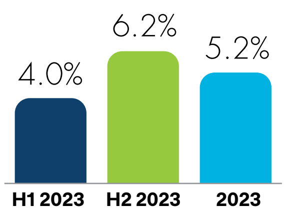
Objective to improve:

COST-COMPETITIVENESS | EARNINGS QUALITY | ROIC

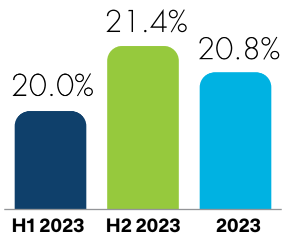
2023 in numbers

The start of the implementation of the Group's new strategic direction led to a strong improvement in the second half.

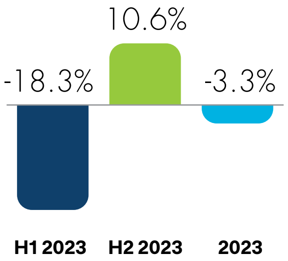
Revenue growth YoY



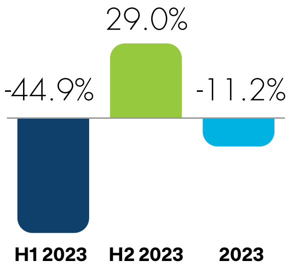
Gross profit margin



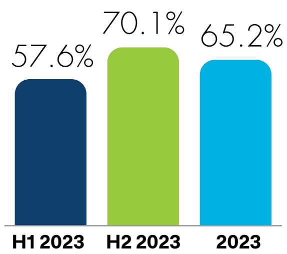
Normalised EBITDA growth/(decline) YoY



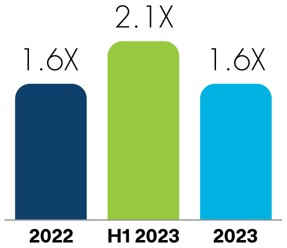
Normalised HEPS growth/(decline) YoY



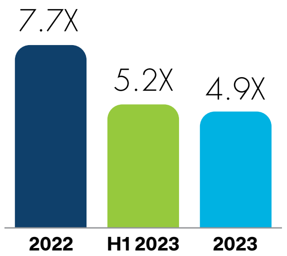
Cash conversion



Gearing ratio



Interest cover ratio



Dividend

15 cps
(2022: 22 cps)

CHARL DE VILLIERS

> Our forward-looking mindset, complemented by our team's diverse talent, expertise, and capabilities, will serve to accelerate the implementation of our new strategic direction.

CEO's review

From strategy to operational execution

In our first year as a newly constituted management team, it was a privilege to revisit the many successes of Libstar since its founding in 2005. However, we also considered it our responsibility to design a resilient operating model capable of weathering the many uncertainties facing our economy and industry.

We invested significant time as a leadership team to interrogate our business model, portfolio composition and channel and category participation. In doing so, we acknowledged our shortcomings and identified tangible actions to drive an improvement in our cost competitiveness, earnings quality and return on invested capital (ROIC). It became clear to us that, in order to unlock value and to achieve sustainable growth, a significant simplification of our operating model and operational structures would be required.

Grouped under the focus areas of Simplification, Growth and Sustainability, these actionable value-driving initiatives serve to target a sustainable improvement in the Group's operating margins and profitability. Likewise, our plan ambitiously seeks to improve the Group's operational execution through implementation of a cohesive operating model and culture, *One Libstar.*

Our forward-looking mindset, complemented by our team's diverse talent, expertise, and capabilities, will serve to accelerate the implementation of our new strategic direction. At the start of the new financial year, being one focused on driving the execution of our strategy, we have been encouraged by the initial success and the Group performance improvements delivered during the second half of the year.

Strategy roadmap

As a team, we hold ourselves accountable for delivering on the tangible positive outcomes of our key value-driving initiatives (KVIs).

Refer to Our key value-driving initiatives section for more details

The key objectives of our new strategy are as follows:

2023	PROGRESS
Improve the sustainability of cash generation by reducing net working capital investment.	Net working capital increased to 17.0% of Group revenue (2022: 16.0%) due to higher inventory days and lower trade and other payable days. The increase in inventory was mainly driven by a R75 million (65.5%) increase in goods in transit held at year end due to continued port processing delays, the impact of rising input costs and the effect of weak demand for bulk tea.
Improve the sustainability of the Group's balance sheet by reducing capital expenditure (capex).	After a period of significant investment, the Group has refocused its capital allocation on efficiency, critical maintenance, quality and safety projects. In doing so, capex was intentionally reduced by R139.8 million to R244.6 million (2022: R384.4 million), representing 2.0% of net revenue (2022: 3.3%). This is at the lower end of Libstar's target range of 2.0% to 3.0% and in line with our stated objective to reduce the gearing ratio whilst ensuring optimal performance of previous capital projects. Capital productivity is closely monitored and an improvement in ROIC was achieved in the second half of the year.
Optimise the Group's portfolio composition by divesting from unprofitable or sub-optimal categories.	Divestment mandates were formalised in relation to the Group's Household & Personal Care (HPC) segment. The process is underway, with management targeting to complete the divestment in 2024.
Grow the Group's profitability in existing and new channels and categories, also ensuring that existing operations operate efficiently and profitably.	KVIs to deliver accelerated, profitable growth and stakeholder returns are in place.

2024

- Return gearing to <1.5x Normalised EBITDA.
- Consider share buy-backs as a mechanism to unlock stakeholder value.
- Finalise simplification of portfolio and implement operating model change.

2025

- Operating model change finalised and operational.

2027

- Target sustainable improvements in ROIC annually with the achievement of the Group's ROIC ambition of 15.5% by 2027.

> After a period of significant capital investment in the business, we prioritised our capital allocation towards efficiency, critical maintenance, quality and safety projects.

A focus on sustainable improvements

The Group delivered a significant improvement in trading performance, operating margins and cash generation in the second half of 2023, following a particularly weak first half which continued to impact the full-year result. The second half outperformance was achieved through enhanced capacity utilisation, production efficiencies, pricing and cost management, as well as reduced capex. These improvements assisted in somewhat offsetting the relentless impact of load-shedding which added R77 million to operating costs (2022: R39 million).

Highlights from this set of results include a sustainable turnaround in our HPC segment, which delivered more than R20 million in normalised operating profit from a loss in the prior year. From a category perspective, wet condiments and baked products outperformed whilst strong out-of-home consumption growth, despite a moderation in the second half, contributed to the resilient food service channel result.

After a period of significant capital investment in the business, we refocused our capital allocation towards efficiency, critical maintenance, quality and safety projects. As committed, capital expenditure was reduced by R139.8 million to R244.6 million (2022: R384.4 million), representing 2.0% of net revenue (2022: 3.3%). This is at the lower end of the Group's target range of 2.0% to 3.0%.

In addition, our expense margin excluding impairments improved to 16.3% (2022: 16.8%) as our cost-saving initiatives and simplification strategy started to yield benefits.

These improvements were achieved against the backdrop of ongoing challenges, as outlined in more detail in the Chairman's review. Most noteworthy, manufacturing input cost inflation remained elevated notwithstanding the fact that key inputs, such as milk pricing, moderated slightly in the second half. The Group continued to contend with the direct and indirect effects of load-shedding, as well as delays in revenue recognition following port congestion at the Cape Town harbour.

Although contract manufacturing demand for wet condiments was weak during the first half of the year, it improved during the second half. The localisation of supply within our export channel during the first half of the year normalised during the second half. This resulted in a 1% increase in export volume sales.

We closely monitor capital productivity. During the year, ROIC recovered from 8.0% reported in the first half to 9.8% for the full year (2022: 10.4%). The Amaro Foods wrap facility, which benefited from a R92 million capacity upgrade commissioned in the first quarter of 2023, started yielding acceptable returns in the latter half of the year and the business unit delivered double-digit operating profit growth. We remain committed to our long-term target ROIC of WACC of 12.7% (2022: 13.1%) plus 2%.

Looking forward

We expect most of the macro-economic challenges to persist for the better part of 2024. Reflecting this, revenue growth moderated in the first eight weeks of trading post year-end, with lower revenue in the food service channel owing to both the higher base of the prior year as well as intensified competitor activity in the food service channel. This is expected to result in further Perishables category revenue growth moderation. We are targeting significant export opportunities to compensate for reduced local beef volumes and the Group expects continued strong local demand for value-added chicken products.

The margin improvements achieved in the second half of 2023 were sustained during the first eight weeks of trading in the new 2024 financial year and our gross profit margins should benefit as the product mix improves toward higher-margin value-added meat products.

Focusing on tangible opportunities, our export-facing business unit consolidation is complete. This creates a base from which to convert significant opportunities currently being pursued in the value-added meat and dry and wet condiment categories, with some assistance from a weaker Rand. Food service channel cross-selling and range extension presents an opportunity for a sustained strong performance in that channel. We are also continuing to focus on improvements in our wholesale market contribution.

Our key objectives are to deliver a further, sustained improvement in margins from the execution of our strategic interventions, retain a focused capital allocation approach and strengthen the balance sheet whilst considering share repurchases at attractive valuations as a mechanism to unlock stakeholder value.

We have the right teams in place who are eagerly executing these plans, evidenced by the positive momentum in the second half of the year. I am confident that our simplified portfolio composition and operating model will ensure we deliver on our clear goals.

Appreciation

I wish to thank the board for their counsel and assistance to myself and the rest of the leadership team. To my colleagues and the broader Libstar team, I am honoured to be working alongside you on our transformation journey. To our investors, we are committed to meeting your expectations and finally, a word of thanks to all our stakeholders for trusting us to deliver during volatile conditions.

BUSINESS OVERVIEW

Our business at a glance

3 BRAND SOLUTIONS

51% of branded products

PRIVATE LABEL AND DEALER-OWN BRANDS

Private label brands are owned and sold by a retailer under the retailer's name.

Dealer-own brands often have a unique name and are available exclusively at the retailer that owns them.

38% of branded products

LIBSTAR BRANDS

Libstar owns several well-known brands that we produce and distribute. These are sold under labels and trademarks that are proprietary to us or produced and distributed by us under licence agreements with brand owners.

11% of branded products

PRINCIPAL BRANDS

We represent several well-known international brands in South Africa – sourcing, importing, marketing and distributing these under a purchase or distribution arrangement between Libstar and the owners of the brand. Many of these are imported, marketed and distributed from European, Asian and American food manufacturers.

4 CHANNELS

59%

RETAIL AND WHOLESALE

We supply products across our product categories into the retail and wholesale channel.

Our brand solutions, combined with longstanding and successful relationships with South Africa's largest food retailers, allow us to strategically position our Libstar brands alongside dealer-own, private label and principal brands on retail shelves.

20%

FOOD SERVICE

We manufacture and supply perishables, groceries, baked goods, wet condiments and packaging to the food service industry, including quick-service and sit-down restaurants.

11%

INDUSTRIAL AND CONTRACT MANUFACTURING

We manufacture products for trusted brand owners in South Africa and globally.

10%

EXPORT

We export to more than 50 countries.

Our business at a glance continued

5 PRODUCT CATEGORIES

Perishables	Lancewood	Value-added dairy
Perishables	Finlar Fine Foods (Est. 1994)	Value-added meat products
Perishables	Rialto	Value-added dairy and deli
Perishables	Denny	Fresh mushrooms
Perishables	Millennium Foods	Convenience meals
Perishables	Umatie	Baby food and readymade frozen meals
Groceries	Cape Herb & Spice; Cape Foods	Dry condiments
Groceries	Rialto	Groceries
Groceries	khoisan gourmet; Libstar Chamonix Spring Water	Bulk tea and beverages
Groceries	Cecil Vinegar Works; Montagu Foods; Cape Coastal Honey; DickonHallFoods	Wet condiments
Snacks & Confectionery	Ambassador Foods (Est. 1989)	Cereals, bars, nuts, seeds and fruit, spreads and confectionery
Baking & Baking Aids	Amaro Foods; Cani	Baked goods
Baking & Baking Aids	Retailer Brands (Quality Assured)	Baking aids
Household & Personal Care	Libstar Household & Personal Care	Household and personal care products

Number of employees
7 145

- Perishables: 3 012
- Groceries: 2 275
- Snacks & Confectionery: 355
- Baking & Baking Aids: 1 015
- Household & Personal Care: 455
- Libstar Central: 33

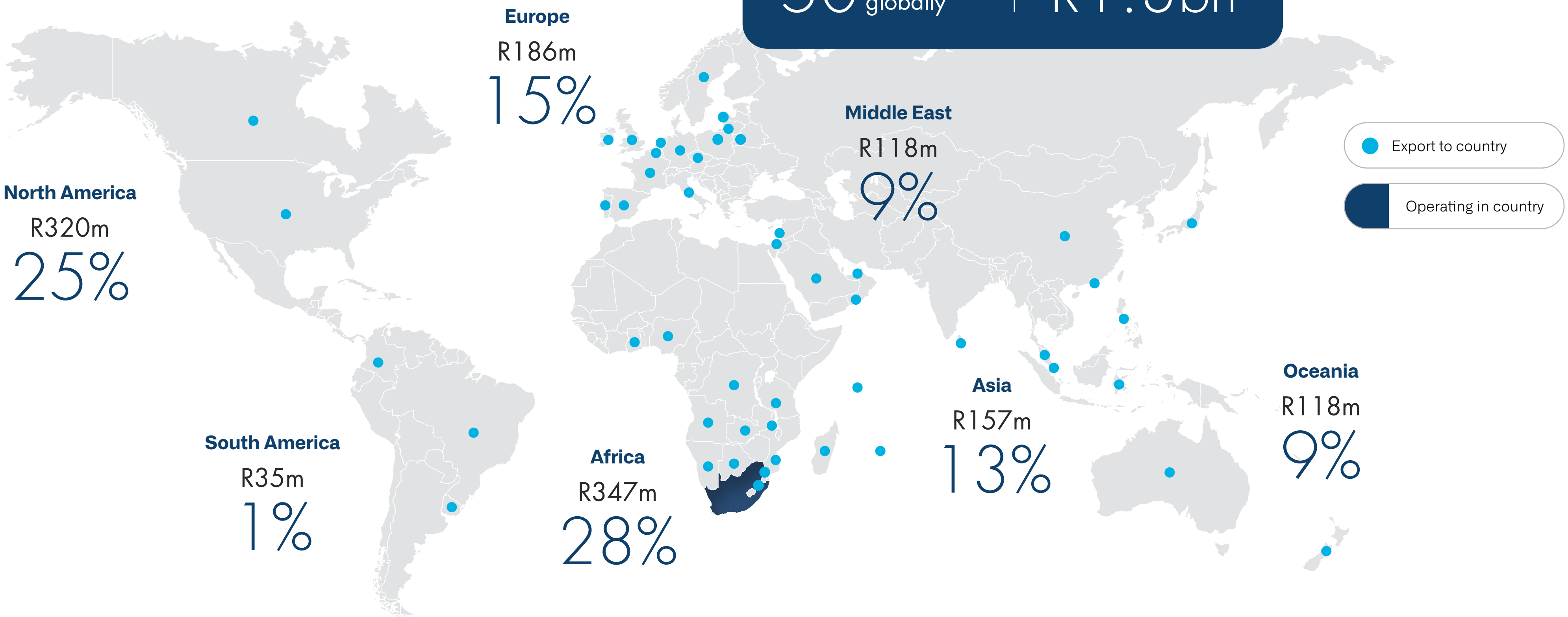
Where we operate

Libstar is based in South Africa. We operate nationally through business units situated in the provinces of Western Cape, Gauteng, KwaZulu-Natal, Eastern Cape and Mpumalanga.

We export to more than **50** countries globally

Total exports 2023 **R1.3bn**

Contribution to Group export revenue



Where we operate continued

Perishables

LANCEWOOD®

Lancewood has three production facilities in George, Swellendam and Cape Town in the Western Cape. All are in close proximity to our milk producers.

FINLAR FINE FOODS EST. 1994

Finlar Fine Foods' operations are located in Bellville in the Western Cape and City Deep in Gauteng.

DENNY

Denny Mushrooms are grown at two production facilities in Gauteng and the Western Cape.

Umatie

Umatie's operations are based in Stellenbosch, Western Cape.

RIALTO

Rialto has a perishable value-add facility in Montague Gardens in the Western Cape.

Millennium Foods

Millennium Foods' operation is in Killarney Gardens, Western Cape.

Our facilities in South Africa

Groceries

CapeHerb&Spice™

Cape Herb & Spice operates from the Western Cape, with facilities at the Westlake, Maitland and Capricorn Business Parks. Additional warehousing is based in Montague Gardens.

DickonHallFoods

Dickon Hall Foods operates its facilities from Southdale and Turffontein in Gauteng.

CAPE FOODS

Cape Foods operates from Montague Gardens in the Western Cape.

RIALTO

Rialto operates from facilities in Montague Gardens in the Western Cape and Linbro Park and Kempton Park in Gauteng.

Cecil VINEGAR WORKS

Cecil Vinegar operates from its facilities in the Strand in the Western Cape and Alrode in Gauteng.

MONTAGU FOODS

Montagu Foods operates from a facility in Montagu in the Western Cape.

LIBSTAR CHAMONIX SPRING WATER

Chamonix Spring Water operates from a farm on the outskirts of Franschhoek in the Western Cape.

khoisan gourmet

Khoisan Gourmet operates from premises in Ysterplaat and Clanwilliam in the Western Cape.

CAPE COASTAL Honey

Cape Coastal Honey operates from its facility in Vredenburg in the Western Cape.

Snacks & Confectionery

AMBASSADOR FOODS EST. 1989

Ambassador Foods' production facility is based in White River in Mpumalanga.

Baking & Baking Aids

AMARO FOODS

Amaro Foods' production facilities are situated at Epping, Killarney Gardens and Montague Gardens in the Western Cape.

Amaro's gluten-free bakery's production facility is based in Epping in the Western Cape.

CANI

Cani Rusks is located in Blackheath in the Western Cape.

RETAILER BRANDS

Retailer Brands' production facility is based in West Turffontein in Gauteng.

Household & Personal Care

LIBSTAR Household & Personal Care

Household & Personal Care has facilities in Kempton Park in Gauteng and Pietermaritzburg in KwaZulu-Natal.

Our culture

Our enduring **passion** and commitment to quality food drives our success. Uniting as one team, we celebrate **diversity** and take pride in working collectively in an honest, accountable culture which fosters inspired action in a supportive, safe environment.

We bring fresh perspectives and bold ideas to the table and work purposefully to be acknowledged as the most **trusted partner** in developing and providing innovative brand and category solutions.

With our **forward-thinking mindset**, we harness the energy of a purpose-led team that creates the energy needed to realise our aspirations and achieve our common goals. Every team member makes a unique contribution to Libstar, and we are committed to assisting our people to grow and realise their **full potential**.

We recognise that our prosperity and growth come from the consumers who purchase our products. We, therefore, strive to make a meaningful **impact** in the daily lives of our valued customers.

TOGETHER,
WE ARE
One Libstar

Our Purpose

Nourishing and uniting people with great-tasting, quality food.

Our Vision

As *One Libstar*, we unlock value through the sustainable, profitable growth of our selected portfolio of consumer-inspired food brands and innovative category solutions.

We achieve this by being trusted partners, working closely with our customers and constantly enhancing our reputation as one of South Africa's leading producers and distributors of high-quality products and brand solutions.

Brand Promise

QUALITY **BRANDS**
GREAT **FOOD**
SPECIAL **MOMENTS**

Our Values

As a team we are committed to being:

AGILE
We embrace change with a can-do attitude. We are always focused on moving forward.

ACCOUNTABLE
We take responsibility for our actions and strive for the highest standards in all that we do.

CHAMPIONS FOR GOOD
We believe in always doing the right thing and are committed to leading with integrity and doing business honestly and openly.

CONSUMER-INSPIRED
We are aligned and focused on the needs of our consumers.

PERFORMANCE-DRIVEN
As an ambitious team, we work with high energy and momentum, constantly challenging each other and finding creative solutions that will ensure our success.

TOGETHER AS ONE WE FOLLOW OUR **NORTH STAR!**

Audit and risk committee · Remuneration committee · Nomination committee · Social, ethics and transformation committee · Investment committee · C Chairperson

Our board

Chairman

WENDY LUHABE (67)

Independent non-executive director

BCom Management – University of Lesotho

Programme on Management Advancement – Wits Business School

Date of board appointment: 2018

Wendy has been a pioneer and a thought leader in respect of economic empowerment of women in South Africa for more than 30 years. She is a serial social entrepreneur in diverse sectors of the economy, including Smart BioTech. She has been passionate about human capital development and the mentorship of younger generations to realise their potential and fulfil their aspirations throughout her career.

Over the years, she has received four Honorary Doctorates for her transformative work with women, including from the Universities of Fort Hare and Stellenbosch. In 1993, Wendy pioneered the creation of WIPHOLD, South Africa's first investment company aimed at inspiring women to drive their involvement in South Africa's economy. In 2013, she founded Women Private Equity Fund, South Africa's first venture capital company that invests in companies owned by women.

She has served as a non-executive director and chairman on the boards of diverse industries for more than 30 years. Wendy currently serves as the chairman of Pepkor Holdings, as a non-executive director of Compagnie Financière Richemont SA, and as a board member of the Mzansi National Orchestra.

JP LANDMAN (69)

C C

Lead independent non-executive director

BA LLB – University of Stellenbosch

MPhil in Future Studies (Cum Laude) – University of Stellenbosch

Programme on Macroeconomic Policy Management – Harvard

The Economies of the BRICS countries – Oxford University, Continuing Education

Date of board appointment: 2018

JP is an independent analyst, focusing on trends in politics, economics, demographics and social capital. His experience as a top-rated analyst in the listed environment gives him a good understanding of listed entities and relevant market forces.

JP has previously served on President Thabo Mbeki's economic advisory panel and was a member of the National Planning Commission. With this in-depth knowledge of the economy and market environment, he provides key input to the board and management. This is especially relevant to Libstar's strategy that focuses on identifying market trends and implementing a strategy that can withstand economic cycles.

ANNEKE ANDREWS (56)

C

Independent non-executive director

BCom Accounting (Honours), CTA – University of Pretoria

CA(SA)

Date of board appointment: 2020

Anneke is a chartered accountant. She served as a partner and director for 19 of her 28 years at Deloitte, where she held several leadership roles and served as a lead client services director on a number of key clients. Her diverse experience spans audit, risk and governance, finance, human capital, business management and leadership across a wide spectrum of industries.

She has extensive experience in assisting management in achieving their goals by mobilising the appropriate strategies and allocating the required resources in a prioritised manner. Her ability to find creative solutions, coupled with innovative thinking and a keen interest in the opportunities that future trends and technologies offer, are particularly valuable to Libstar in challenging existing paradigms.

SANDEEP KHANNA (51)

C

Independent non-executive director

Chartered Global Management Accountant

Associate Member of the Chartered Institute of Management Accountants (UK)

Date of board appointment: 2014

Sandeep is a seasoned investor and pioneer of private equity, with more than 26 years of investing and fund management experience in Africa. This experience ranges from venture capital and early-stage investing to management buyouts and building of companies in sub-Saharan Africa across several sectors.

His track record of investing in Africa through direct investment, investment committee membership and senior key leadership positions held at two leading emerging market fund management firms provide relevant experience to Libstar as an African group that continues to evaluate acquisitions that will ensure growth.

As a chartered management accountant in the United Kingdom, Sandeep's understanding of the global markets to which Libstar exports allows him to provide critical input as a member of the investment committee.

Our board continued

Audit and risk committee | Remuneration committee | Nomination committee | Social, ethics and transformation committee | Investment committee | C Chairperson

SIBONGILE MASINGA (57)

C

Independent non-executive director

BCom – University of Johannesburg

Programme on US-SA Leadership and Entrepreneurship – Wharton School of Business

Programme on designing and executing corporate revitalisation – Harvard Business School

Date of board appointment: 2018

Sibongile is a co-founder and shareholder of Afropulse Group, a women-led investment, corporate advisory and investor relations group. She is the CEO of Delta Property Fund Limited. She has served as a non-executive director of several JSE-listed companies. She currently serves on the board of Botshilu Private Hospital and its related sub-committees.

Her past directorship of the finance and grant committee of the Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSETA) has provided her with particularly relevant knowledge to contribute to the Libstar board.

CHARL DE VILLIERS (40)

Chief executive officer

BAcc LLB (cum laude) – University of Stellenbosch

BAcc (Hons) – University of Stellenbosch

CA(SA)

Date of board appointment: 2020

Charl has more than ten years' experience at an executive level, which includes an extensive track record in corporate finance and as a senior executive of companies operating in the South African-listed environment. He has a unique combination of legal and financial qualifications, which provides a breadth of technical competence, creative and strategic problem-solving and attention to detail.

Since joining Libstar in 2017, Charl has had broad exposure to the Group's operations during its transition from a private company to a JSE-listed company. Charl was appointed as the CEO with effect from 1 January 2023.

TERRI LADBROOKE (37)

Chief financial officer

BBusSc (Finance) – University of Cape Town

BAccSc (Hons) – Unisa

CA(SA)

Date of board appointment: 2023

Terri is a chartered accountant with more than ten years' experience. She worked at Grant Thornton in South Africa before completing a secondment in Charlotte, North Carolina. She joined Libstar in 2015. She has held various financial and leadership roles at the Group, including that of Group financial controller and internal audit manager at Libstar Operations, and management accountant and finance and operations executive at Rialto.

Terri has a deep understanding of the operating environment after almost nine years with the Group. Her experience at Rialto, one of Libstar's key business units, is particularly relevant. She has a track record of successfully integrating functions across business units, as well as extensive knowledge of the reporting processes and systems implemented.

CORNÉL LODEWYKS (48)

Executive director

Bachelor of Commerce in Management – Lyceum College

PGDip in Organisational Leadership – Oxford University

Date of board appointment: 2023

Cornél is the managing executive of Lancewood, Libstar's largest operating business unit. He brings over 20 years of FMCG experience and has played a vital role in the company's exceptional success. Cornél joined Lancewood in 2011 as trade marketing manager and has since worked his way up the ranks, being promoted to managing executive in 2015.

He was appointed as an executive director of Libstar in January 2023.

As of January 2024, Cornél has taken on the role of the Perishable Products managing executive. In addition to his current responsibilities within Lancewood, his mandate is to strategically evaluate ways in which the category can develop integrated methods of working with its sales and marketing, operations, administrative and finance teams.

NTOKOZO MAKOMBA (38)

Company secretary

LLB – University of the Free State

LLM – University of Stellenbosch

Date of appointment: 2022

Ntokozo is an admitted attorney, with over ten years' experience as a company secretary in the listed environment. Ntokozo started her career in 2011 as a candidate attorney at Phatshoane Henney Attorneys in Bloemfontein. She practiced as a commercial attorney at Van der Spuy and Partners in the Western Cape before joining Quantum Foods as the group company secretary and head of legal in 2014. In 2018, she joined Lewis Group as the group company secretary.

Ntokozo has extensive experience in company secretarial and corporate governance matters, including providing effective support to the board of directors and board sub-committees. She oversees the Group's environmental, social and governance (ESG) portfolio.

OUR OPERATING LANDSCAPE

Our business model

One Libstar

As *One Libstar*, we unlock value through the sustainable, profitable growth of our select portfolio of consumer-inspired food brands and the development of innovative category solutions. We achieve this by being trusted partners, working closely with our customers and constantly enhancing our reputation as one of South Africa's leading producers and distributors of high-quality products and brand solutions for packaged consumer goods.

WHAT WE RELY ON

The inputs and resources available to us.

- FC **Financial capital**
- MC **Manufactured capital**
- HIC **Human and intellectual capital**
- SRC **Social and relationship capital**
- NC **Natural capital**

Refer to How we delivered on our model

WHAT WE DO

We have a platform of diverse geographies, channels and brand solutions.
This not only diversifies our risk, but also allows us to service each customer through multiple offerings.
We create lasting partnerships with our customers, with many relationships spanning more than 20 years.

We create value for shareholders through a diverse and robust portfolio of businesses

Drive focused protection and growth of brands, private label solutions and category positioning

- Continue to optimise and reposition our portfolio towards value-added food categories
- Focus on key competencies
- Grow categories and market share

SECURED BY:

- Global exposure to high-growth food categories
- Value-added food portfolio
- Market place and category expertise
- World-class manufacturing
- Catering to changing consumer needs
- Depth of talent

Focus on operational excellence and execution, developing our people, measuring efficiencies, cost and margin management and strong cash generation

- Increased focus on costs and the interplay with selling prices
- Maintain and improve service levels
- Execute on strategic acquisitions

Supported by entrenched values and a dedicated focus on responsible and sustainable operations within rigorous governance guidelines and a developing ESG framework

Environment | **Social** | **Governance**

Our values

AGILE | **CHAMPIONS FOR GOOD** | **PERFORMANCE-DRIVEN** | **CONSUMER-INSPIRED** | **ACCOUNTABLE**

How we delivered on our model

FC
Financial capital

We rely on the financial resources given to us by our shareholders, financiers and retained profits.

MC
Manufactured capital

We rely on our assets to deliver our operations in an efficient manner.

HIC
Human and Intellectual capital

We rely on a high calibre of talent that is key to differentiating us with customers. Our trusted brands allow us to grow market share, maintain customer relationships and secure new customers.

SRC
Social and relationship capital

We rely on our relationships with stakeholders and broader communities to create a reciprocal value-creation dynamic.

NC
Natural capital

We rely on energy resources that are critical to our operations, particularly in the manufacturing facilities and fleet we use to deliver our operations.

Inputs

Financial capital

- Market capitalisation of R2.4 billion (2022: R3.9 billion).
- R20.2 million (2022: R9.8 million) interest earned.
- Resilient balance sheet, with net debt to normalised EBITDA 1.6x (2022: 1.6x).

Manufactured capital

- 87 accredited manufacturing and distribution facilities.
- More than 200 production and packing lines.
- More than 75 unique manufacturing technologies across the business units.
- R245 million (2022: R384 million) invested in capital expenditure projects to improve our manufacturing operations. Including R19.3 million (2022: R13.1 million) invested in generators at facilities.

Human and Intellectual capital

- Permanent employees: 7 145 (2022: 6 956).
- R36.9* million (2022: R29.7* million) invested in skills development.
- Experienced executive team and board.
- Ongoing collaboration with customers to innovate in the current market conditions.

* *Training investment includes salaries, stipends and other related expenditure during periods of training. These are recognised for B-BBEE verification purposes.*

Social and relationship capital

- Entrenched customer relationships, with several in place for more than 20 years.
- Constructive engagement with customers facilitated price increases in tough market conditions.
- Adherence to regulations.
- Positive supplier engagement.
- Ongoing investment in communities.

Natural capital

- R180 million (2022: R169 million) incurred in electricity use.
- R140 million (2022: R118 million) incurred in gas use.
- R34 million (2022: R35 million) incurred in water use.

Our value-chain activities

- Customer service
- Manufacturing excellence
- Efficient distribution channels
- Product innovation
- Talented people

How we create value

We create value by developing unique products for our customers and consumers.

We generate profit through the sale of these products, combined with efficient manufacturing processes.

Markets we deliver value to

- Retail and wholesale
- Food service
- Industrial and contract manufacturing
- Export

OUTCOMES

How we delivered on our model continued

FC Financial capital	MC Manufactured capital	HIC Human and Intellectual capital	SRC Social and relationship capital	NC Natural capital

Outcomes

FC – Financial capital

- Revenue up 5.2% to R12 382 million (2022: R11 772 million).
- Normalised EBITDA R998 million (2022: R1 032 million).
- Cash generated from operations R755 million (2022: R731 million).
- R188 million (2022: R119 million) paid to debt funders in interest.
- Dividend per share of 15 cents (2022: 22 cents).
- Normalised HEPS of 58.0 cents (2022: 65.3 cents).
- ROIC of 9.8% (2022: 10.4%).
- Group operating cash conversion ratio 65% (2022: 68%).

MC – Manufactured capital

- Successful manufacturing during the year, with isolated service level interruptions to customers despite ongoing supply chain and load-shedding disruptions.

HIC – Human and Intellectual capital

- Remuneration and benefits paid:
  - Permanent employees: R1 407 million (2022: R1 395 million).
- 91% black and 54% female representation in South Africa (2022: 90% black and 54% female).
- 10 602 (2022: 6 243) training initiatives (internal and external) completed.
- Growth in brand positioning, with several market awards and market share gains.

SRC – Social and relationship capital

- Product and financial donations made.
- Ongoing focus on supplier relationships.
- R16.1 million (2022: R18.1 million) invested in socio-economic development programmes.

NC – Natural capital

- Carbon tax liability of R2.2 million (2022: R2.0 million).
- The ongoing use of generators due to load-shedding added R77 million (2022: R39 million) of direct operating costs for the year.

Balancing our resources

The resources – or capitals – available to us – are interconnected. Our operations and decisions require carefully managing these resources to balance our impact on creating and preserving value.

FC: The Group has to constantly monitor the trade-offs between short-term and long-term investment to ensure optimal benefits and financial performance.

MC: Investing in our operations requires significant financial, human and intellectual capital inputs. These are crucial for us to continue producing market-leading products and maintaining our entrenched customer relationships and accredited facilities.

HIC: Investing in attracting, retaining and developing talent comes at a high financial cost to the business. Although this impacts our short-term financial position, the benefits of having a passionate and experienced team in place have proven to be crucial during the challenging last few years, with our teams able to act decisively to address new market dynamics.

SRC: Maintaining effective relationships with a range of stakeholders, including suppliers, communities and regulatory bodies, requires a careful balance between stakeholder interests. Libstar has significant experience with managing a variety of stakeholders, with supplier and customer relationships spanning 20 years or longer in many cases.

NC: Using natural resources is a key trade-off to generate value across the other capitals. As a responsible organisation, Libstar is committed to minimise its impact on the environment and decrease its use of natural capital.

Our consumer landscape

The consumer packaged goods market has experienced a fundamental shift, with several years of declining volumes, growth and consumption.

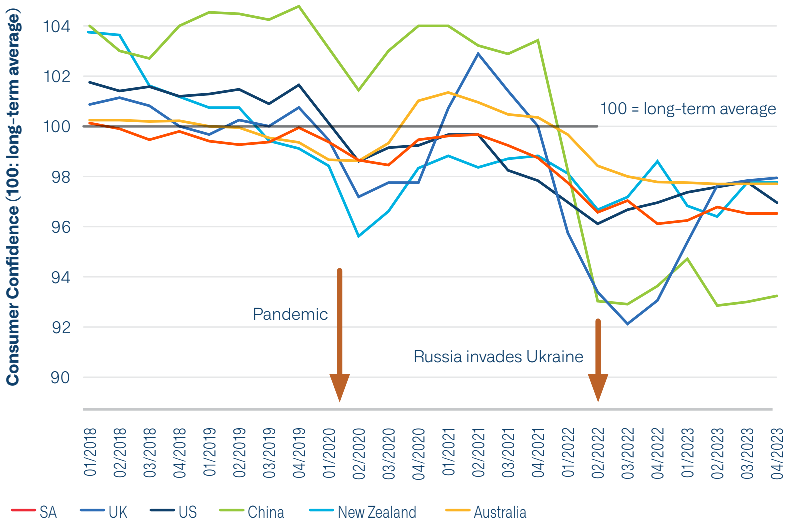
Volume decline has become the new norm, with volume growth an exception. Consumers are gravitating to value products and adapting their shopping patterns, with smaller baskets and less frequent shopping trips. These conditions were key factors in driving our current strategic transition.

As indicated in the 2024 HSBC report, *South Africa: Anatomy of the consumer*, consumers remain pessimistic about the economy.

Living cost, crime and load-shedding remain the key concerns for South Africa's consumers, with price pressures, debt service costs and power cuts taking a toll on consumers' spending power and sentiment. Trade intelligence *2024 Retail Trends* research confirms that food prices over the last five years have increased by 33%-73% against income increases of 27%.

Consumer confidence

Below the long-term average, not just for South Africa



Source: Organisation for Economic Co-operation and Development

Q4 2023 consumer confidence is the lowest festive season confidence on record over the last 20 years.

43%
feel pessimistic

They worry about:

living costs	55%
rising inflation	40%
load-shedding	33%

In this context, value for money has become a key shopper requirement, with retailers crafting their strategies around shopper demands in the fight for the share of consumers' wallets.

KEY SHOPPER REQUIREMENTS

Percentage of shoppers who say this is 'super-important' (5 out of 5 on a 1-5 scale)

Source: Trade Intelligence 2024 Retail Trends

74%
Value
Consumers are under pressure and demanding quality at a reasonable price.

57%
Consumer experience
Building an effective customer experience, which includes in-store and online offerings.

64%
Convenience
Easy delivery and convenience are becoming key requirements.

55%
Wellness
The wellness megatrend continues to deepen. Shoppers have become aware of the benefits of a holistic approach to wellness.

61%
Impact
Consumers expect companies to treat their staff and suppliers fairly, support the local community, and follow sustainable practices.

Our position in the current consumer landscape

We partner with well-known retailers to create a range of products and collaborate with our customers to provide brands that resonate with consumers. We work closely with our customers, understanding their individual strategic objectives, growth plans and requirements and use our category expertise, supported by a deep understanding of our customers and consumers in these retail environments, to meet – and hopefully exceed – customer expectations by ensuring their competitiveness.

We also conduct ongoing research to understand our consumers and their ever-changing requirements. Our teams participate in international trade shows to keep our customers at the forefront of global trends.

OUR KEY STRENGTHS

1. **Quality and variety** of products
2. **Global reach** We export to more than 50 countries
3. **Low exposure** to volatile commodity products
4. **Deep understanding** of market and consumer trends
5. **Diverse brand solutions**
6. **High-growth,** value-added food categories
7. **The talent and expertise** of our people
8. **Entrenched customer relationships**

We are independently audited by several customers to ensure responsible operations, with a key focus on our supply chain, food safety and resource management.

Our category-led approach and diversified portfolio of own-branded, private label, dealer-own and principal branded products provide our customers with offerings across various price points. Our diversified portfolio mix provides the Group with an advantage in growing our market share in private label (an area that is growing ahead of branded products), by launching new products and driving overall category demand.

HOW WE MEET KEY SHOPPER/CONSUMER REQUIREMENTS

Value

Ambassador Foods launched nostalgic, comforting, and low-cost cereals for all ages and lifestyle segments.

Cape Herb & Spice launched multi-pack tea options for consumers to test new flavours without having to purchase a full box. The business has also converted high-volume spice items into lower-cost packaging (such as envelopes instead of grinders) to penetrate new markets.

Experience

Lancewood remains the #1 South African food and beverage brand on Facebook.

Amaro Foods launched a new cultural range of Amadombolo and Amagwinya, and introduced a first of its kind gluten-free sourdough bread in South Africa.

Convenience

Rialto has developed its packaging design and materials to meet the demands of online ordering and supply chain to the market and home consumption. This has focused on compostable bagasse and paper-based food packaging.

Amaro Foods' new wrap line and par-baked offering will expand our convenience offerings.

Wellness

Lancewood's range of lactose and sugar-free products has been very successful. The business was voted the winner of The Cottage and Cream Cheese category in the Ask Afrika Icon Brands™ in a study with more than 24 000 South African respondents.

We also meet the growing global consumer trend of increasing daily protein consumption in a healthy way by fortifying our already winning yoghurt recipe with added protein. This culminated in an exciting innovation, Lancewood's Greek Delight™ – a Greek Style Double Cream Plain Yoghurt with 5g of protein per 100g.

Ambassador Foods continued to launch new products which include sugar-free or natural sugar options and the increased inclusion of superfoods, such as chia seeds. The business offers dairy-free milk and dairy-free coconut cheese and a vegan confectionery range of nougat and caramels.

Amaro Foods continues to focus on improved ingredients, with enzyme and sourdough inclusions.

Impact

Cape Herb & Spice created a world-first tamper-evident grinder, which has removed the need for a shrink seal. The new grinder will use 25% less plastic. This will save 7.5 tonnes of plastic per every million units sold. The grinder is primarily made from locally sourced materials.

Rialto met its target of 30% of food service packaging being eco sensitive and compostable.

The business has developed a completely compostable hot beverage packaging solution. Most of the packaging solution is plant-based and offers strong alternatives to single-use plastics.

Ambassador Foods is shifting from palm oil to high oleic sunflower oil.

Our position in the current consumer landscape continued

THE ROLE OF PRIVATE LABEL PRODUCTS

As confirmed in Euromonitor research, a constrained consumer environment is a positive catalyst for private label growth, in addition to longer-term drivers.

Private brands currently make up approximately 24.8% of the local retail market.

Trade Intelligence 2024

48% of consumers are buying more private label products than last year, either due to lower price or better quality.

HSBC

In the current constrained macro environment, consumers are looking to make their rands stretch further, and we believe private label is a likely beneficiary, given it broadly remains 10-20% cheaper than branded alternatives. It is also more of a strategic priority for the retailers, with more investment in the sector, creating depth and momentum. Consumers are getting the message that private label goods can compete on quality as much as they can on price (see Private label: A win for retailers and consumers, 10 August 2022).

HSBC

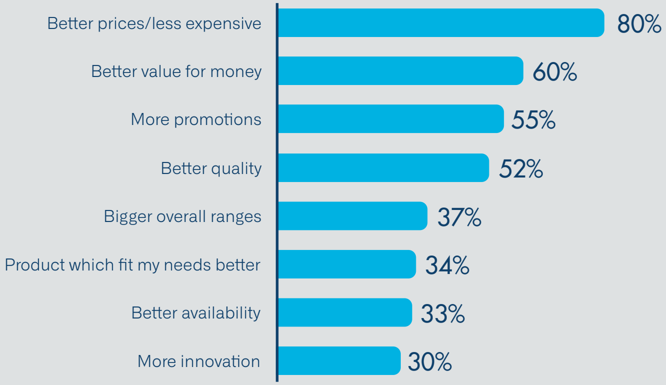
Private brands

Private and exclusive brands are increasingly an essential part of retailers' strategies to create differentiation.

Wins for the shopper

- Perceived **equivalent quality** to national brands, at **more affordable prices**

Factors which will motivate shoppers to buy more private brands



Source: Daymon Proprietary Customer Research, South African Customer, LSM 7-10, n=1 000, Feb 2022

Wins for the retailer

- Higher margins
- Greater control over innovation lead times/speed to market
- Driver of differentiation
- Greater control over product mix in store
- Retailers are giving heightened focus and resources to their private brand strategies, in a race to lead innovation in this sector. They adopt a fail fast approach – trying many innovations and quickly discontinuing products that do not succeed.

Trade Intelligence 2024 Retail Trends

OUR PRIVATE LABEL AND DEALER-OWNED PRODUCTS POSITION

Revenue growth in private label and dealer-own brands for the year was 6.4%, with a total contribution to revenue of 42%.

Our products range from affordable and strategic private label to niche and innovative best-in-class dealer-own brands. As an established private label and dealer-own brand provider, we are particularly well positioned for the increasing needs and requirements from consumers for these products.

Our position in the current consumer landscape continued

OUR OWN BRAND POSITION

Revenue growth in own branded products for the year was 6.6%, with a total contribution to revenue of

31%.

LANCEWOOD®

Value market share and gains across key Lancewood categories:

TOTAL NATURAL CHEESE	SOFT CHEESE	DOUBLE CREAM YOGHURT	PRE-PACKED HARD CHEESE	YOGHURT SALES
Leading the category at 24% market share, with 10% growth	Market share gain of 0.5% with 11% growth	Market share gain of 0.3% with 13% growth	Grew by 7%	Grew by 16%; 80% increase in spontaneous brand awareness of Lancewood yoghurt

DENNY™

#2 in the **convenience sauce category**

Growing across all periods in value

CANI

#2 in the **artisanal rusks brand**

SAFARI*

Remains the **#1 branded vinegar** offering

Growing across all periods in value

ROBERTSONS BAKING ESSENTIALS*

#1 in the **Baking Aids** category

Growing ahead of the category in value

JanBraai

Growing **3X** times faster than the **Brown Sauce category**

Growing in volume and value

* *Under license*

Key risks and material matters

Material matters

The board considered factors that dominated its agenda to determine material matters for inclusion in the integrated annual report.

- Extremely challenging trading conditions
- Infrastructural deterioration in South Africa, with disruptions to electricity, water and supply chains
- Aligning our ESG strategy to our value-creation plan
- Review of our strategy and operating model

Key risks

The following key Group risks were identified during the risk reviews conducted:

1 STRATEGIC RISK

Loss of a material customer

Our response

We maintain close and long-standing relationships with customers. Group and business unit management regularly assess changes in our customer strategies which may impact Libstar. Developing new products and channel markets forms part of management's key performance criteria.

Inherent risk*	Current state of risk**
High	**Moderate**

KVI impact

KVI1 Simplify our portfolio and operating model

Consolidation of business units to mitigate reliance on key customers.

2 STRATEGIC RISK

Increased cost and limited availability of critical manufacturing inputs and infrastructure

Reduced disposable consumer income

Our response

We continued to experience elevated input price inflation this year. Although our exposure to multiple sales channels offers some resilience to changing consumer behaviour impacted by macro-economic challenges, conditions continue to worsen this year.

We have formalised foreign exchange hedging policies designed to mitigate the impact of foreign currency fluctuations.

Inherent risk*	Current state of risk**
High	**Moderate**

KVI impact

KVI4 Reduce costs and improve operational efficiency to increase operating profit

Cost containment – reducing costs and improving operational efficiencies to increase operating profit.

3 OPERATIONAL RISK

Supply chain: Disruption to the sourcing of critical raw materials and packaging goods

Logistics: Shipment delays, including strikes or limitation of shipment availability, may compromise the availability of raw materials and finished goods

Water restrictions and power interruptions may limit or restrict the Group's ability to manufacture products

Fire and/or natural disasters may disrupt manufacturing and warehousing operations

Labour unrest and/or protracted industrial action may restrict the Group's ability to service customers

Civil unrest may disrupt operations and the Group's ability to service customers

Our response

This year's results were significantly impacted by supply chain and logistics disruptions and rolling power cuts. Ensuring uninterrupted service levels came at a much higher cost.

We have borehole water or storage tanks at critical manufacturing sites and have installed power generators and solar at our manufacturing sites. We are also investigating alternative water and power solutions.

Appropriate fire prevention plans are developed for each site and a Group-wide insurance programme is in place to mitigate losses.

Wage negotiations are decentralised. Where appropriate, wage agreements remain in place for more than a year to promote labour force stability. We engage with labour unions on a regular basis.

Inherent risk*
High

Current state of risk**
Moderate

KVI impact

KVI4 Reduce costs and improve operational efficiency to increase operating profit

Improving operational efficiencies through sustainable energy and water efficiency initiatives.

KVI2 Optimise our operating model and structure

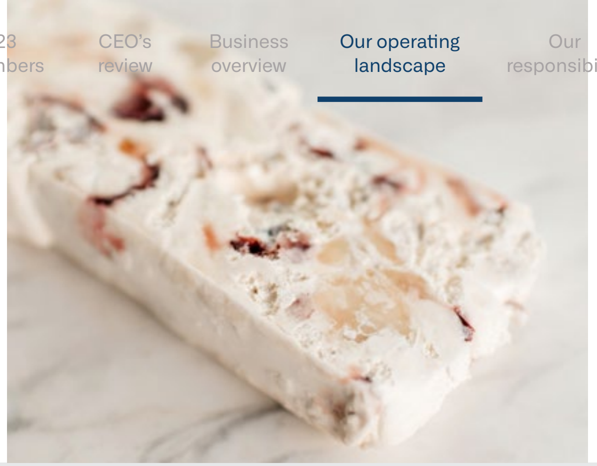
Implementing a culture programme and talent management initiatives.

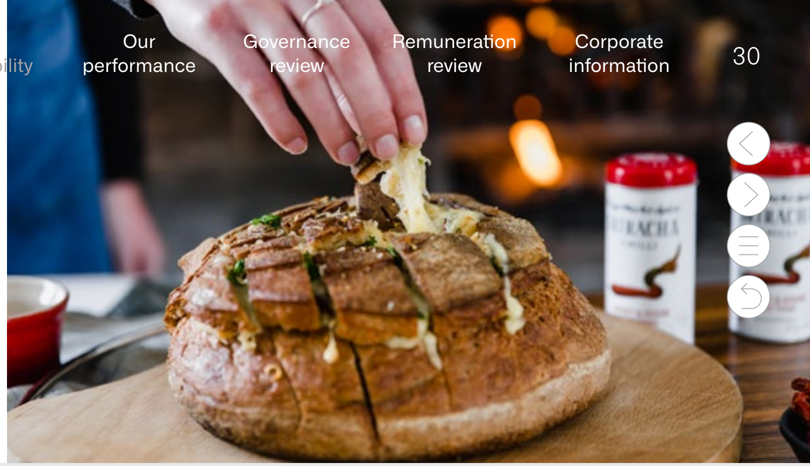
RISK CATEGORY

* **Inherent risk:** before mitigations and controls
** **Current state of risk:** after mitigations and controls

Key risks and material matters continued

mitigating our risks





Key risks continued

4 OPERATIONAL RISK

Manipulation and/or interruption of electronic systems employed by the Group poses a risk to the integrity of information processed and the continuity of manufacturing operations

Our response

The Group deploys information technology and integration specialists to confirm compliance with a standardised Group Information and Communication Technology (ICT) framework. The framework is regularly reviewed and, where applicable, experts are engaged to assist in the scoping and implementation of ICT projects across the Group. Standardised policies are applied to measure ICT contingency plans. These include fail over techniques, backups and regular testing of backups. The Group has implemented artificial intelligence tools to detect suspicious activities and generate alerts when detected.

Inherent risk*	Current state of risk**
High	**Moderate**

5 OPERATIONAL RISK

Inability to attract, motivate and retain top talent

Loss of critical skills in the Group

Our response

We implement targeted skills development and training programmes. A succession planning framework has been established to identify contingencies for critical skills within Libstar, and the Group continues to build succession depth. The appointment of the chief executive officer, chief financial officer and executive director to the board from within the Group confirms the success of our succession framework.

Employee incentivisation structures are benchmarked across the industry, and Group structures were revised in 2022 to meet strategic objectives. Libstar has a Group-wide broad-based black economic empowerment strategy that guides skills development and socio-economic development strategies.

The ability to attract and retain a diverse group of top talent remains a key challenge. The business is impacted by a critical skills shortage across most areas. Building succession depth and retaining top talent remains a priority and work in progress.

Inherent risk*	Current state of risk**
Moderate	**Moderate**

KVI impact

KVI2 Optimising our operating model and structure

Implementing a culture programme and talent management initiatives.

6 LEGAL, COMPLIANCE AND REGULATORY RISK

Reputational impacts and financial losses arising from improper food quality and food safety protocols

Our response

The business units monitor key legislation and regulations on a regular basis to ensure legal and regulatory compliance.

Libstar conducts continuous product food quality and safety testing by our in-house quality teams. Protocols have been implemented to address potential product recalls. Audits are performed by competent and independent auditors and/or customers.

Disaster management protocols are in place at a business unit level.

Inherent risk*	Current state of risk**
High	**Moderate**

RISK CATEGORY

* **Inherent risk:** before mitigations and controls
** **Current state of risk:** after mitigations and controls

Stakeholder engagement

Collaboration and regular interaction with all stakeholder groups is important to us, as stakeholders are considered as key partners in our operations. We defined our four key stakeholders this year as employees, customers, suppliers and investors.

Accountability and engagement procedure

If direct engagement does not resolve a stakeholder concern, complaints can be reported through the independent Ethics Hotline. Website: www.tip-offs.com. Email: libstar@tipoffs.com. Free call to Tip-offs Anonymous on 0800 228 822.

effective communication

Guiding principles of our stakeholder approach

Libstar upholds the values of integrity and partnership in relationships with our stakeholders

Our stakeholder engagement is decentralised. Business units and employees are accountable for managing relationships and meeting the expectations of internal and external stakeholders within their areas of responsibility.

Libstar fosters constructive relationships with our stakeholders and aims to exceed their expectations by:

- Recognising that Libstar's social, economic and environmental responsibilities to these stakeholders are integral to its business.
- Directly liaising with and consulting with stakeholders.
- Communicating openly regarding policies, strategies, targets, performance and governance to stakeholders and providing timely access to applicable information.
- Minimising or mitigating risk to ensure a high level of business performance.
- Striving to improve the environmental performance through implementation of sustainable development and environmental policies.
- Establishing partnerships with communities.
- Complying with laws and regulations.
- Influencing public policy where possible.
- Resolving customer complaints in accordance with Libstar's standards of service.

Our key stakeholders

- Employees
- Customers
- Suppliers
- Investors

Unpacked on the following page

Stakeholder engagement continued

Employees

Employees and employee representative bodies (including unions)

Reason for engagement

Employees drive our business through their enterprise, skills and commitment. We engage with employee representative bodies to create a constructive working environment.

Expectations

- Protection of labour, human rights and safety.
- Appropriate compensation.
- Good employee relations and inclusive engagement.
- Career progression opportunities.

Our response

- Extensive safety protocols and hygiene practices across the Group.
- Several opportunities for career progression across the Group.
- Industry-benchmarked, competitive total remuneration of employees to retain talent.
- Ongoing and transparent engagement with unions.
- Continued employee engagement, with informative newsletters, recognition and motivational campaigns.

Customers

Reason for engagement

We assist our customers to deliver on their brand promises through the private label, dealer-own brands, Libstar brands and principal brand offering. These valuable partnerships assist our customers to grow their categories and stay relevant to consumers.

Expectations

- Market-leading products that deliver growth.
- Ongoing innovation.
- Exceptional customer service levels and product availability.
- Ability to maintain competitive pricing.
- Food safety.

Our response

- Invested in critical market research and insights to deliver growth plans for our customers.
- All categories invest in new product development.
- Increased customer engagement levels during the year to mitigate disruptions and continually meet changing demand.
- Strategic category consolidation and operational efficiencies contributed to cost management.
- Product testing throughout our manufacturing sites, with stringent food safety protocols in place.
- Audits conducted by independent auditors and independent verifications performed by customers.

Suppliers

Reason for engagement

Working closely with suppliers is crucial to ensure uninterrupted material supply.

Expectations

- Sustainable, beneficial relationships.
- Honouring contractual terms and agreements.
- Revenue growth.

Our response

- Increased engagement levels with suppliers to manage rising costs and ongoing supplier impacts.
- Leveraged procurement to evaluate input costs, bolster buying power as a Group and ensure continuity of suppliers.

Investors

(including debt providers and equity shareholders)

Reason for engagement

Providers of equity and debt are core to our existence and growth. The Group's financial strength is supported by equity from shareholders and financial guarantees from bankers and insurance companies.

Expectations

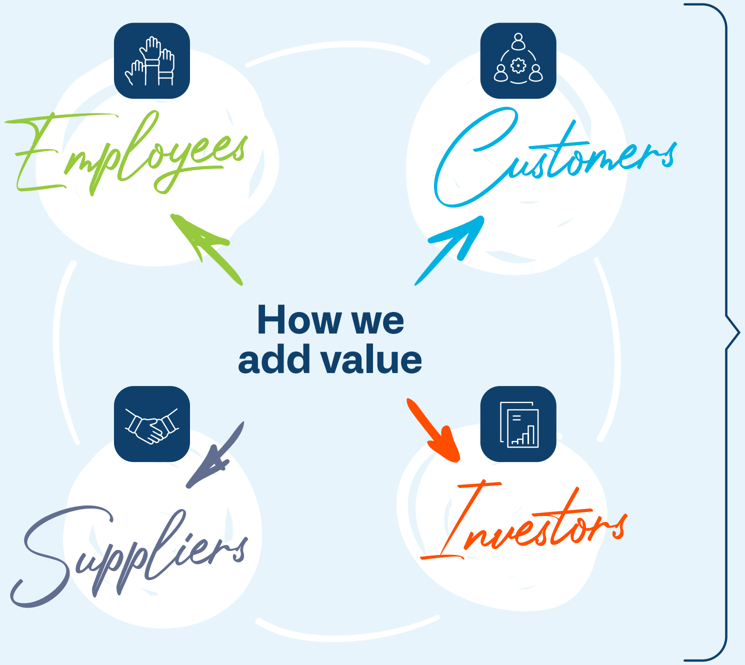
- Sustainable return on investment.
- Meeting debt covenants and debt agreements.
- Meeting all interest payments as a minimum target.
- Optimising the Group's debt position without excessive risk.
- Sound and experienced management team.
- Good corporate governance.
- Strategic growth strategy.
- Effective talent acquisition, retention and succession planning.
- Transparency and accountability.
- A strong focus on cash generation and financial risk management.
- Dividend policy in the context of protecting the balance sheet and liquidity.

Our response

- Group investor meetings hosted by sell-side analysts, one-on-one meetings with key shareholders and sell-side analysts and at least two results presentations per year with the wider investing community.
- Media interaction through interviews at the release of results.
- Simplification of the Group and change in strategy.

Stakeholder engagement continued

OUR STAKEHOLDER ENGAGEMENT IN PRACTICE



How we add value to Employees

As our success depends on the skills, experience and conduct of our employees, we focus on attracting, developing, and retaining top talent to ensure continuity and competitiveness.

We provide opportunities for employees to pursue individual personal growth, creating a positive and nurturing workplace, and creating career progression opportunities. Additional programmes focusing on aspects such as the development of strategic skills, and career mapping add to a work environment that empowers employees to gain the necessary experience and qualifications to progress their careers within the Group.

Through our talent development programme, we have successfully identified talent from within the Group and deployed several employees into leadership positions. We actively manage succession, with our current CEO, CFO and executive director being appointed from within the Group in the last two years.

Our human resource philosophy is based on equal opportunity, irrespective of race, religion or gender. We are committed to continue increasing female and black talent in the Group and currently have 91% black and 54% female representation in South Africa.

We are an employer in the communities where we operate, offering direct employment through permanent and part-time positions. We recognise that there are historical inequalities in the environment where we operate that must be addressed. To realise a concept of fair and responsible remuneration, our remuneration aims to promote diversity, employment equity and equality at all levels in the workforce, while understanding that the business operates in a complex and competitive environment. This requires ongoing and constant analysis of the payment practices to assess whether equal work is rewarded with equal pay and that employees are remunerated fairly and responsibly.

LIBSTAR LEADERSHIP **EXCELLENCE AWARDS**

Libstar launched its annual Leadership Excellence Awards this year to acknowledge and celebrate the achievements of employees who have excelled. From fostering innovation to promoting diversity and inclusion, each award recipient has made a significant impact on our company's culture and success.

Excellence Award

Category and channel growth

This award recognises a person or team who/that has demonstrated extraordinary strategic vision, innovative approaches, and impactful execution in driving growth and penetration in a chosen category or channel.

WINNER **Rialto Food Service** – Derek Couzens (Managing executive) and the Food Service team

- The Food Service industry was significantly impacted during COVID-19 (COVID). Two businesses, Rialto (food service) and Multi-Cup, that were especially hard hit were combined.
- Under the leadership of Derek, teams collaborated successfully and the performance was turned around.
- Despite the severe effect of COVID, they delivered a resilient compound annual growth rate of 10.7% since 2019 (pre-COVID). In 2023 they achieved 18% topline growth.

Impactful change

Recipients of this award have distinguished themselves by implementing strategic initiatives that have resulted in significant improvements.

WINNER Robyn Manuel - Group HR manager

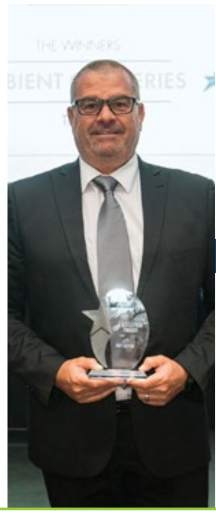
- Robyn has spearheaded the Group's broad-based black economic empowerment (B-BBEE) strategy. She ensured that the strategy was systematically implemented and secured the collaboration of every business unit, targeting specific aspects that we could improve upon.
- She led the company to achieve an improved B-BBEE status from 2021 moving the Group from a level 7 to a level 5 B-BBEE rating in 2022. An improved score consistent with a Level 5 was achieved in 2023, but was discounted to a level 6 due to the ownership element. The board is prioritising an improvement.

Leadership

This award recognises leaders who inspire and empower others, foster a culture of collaboration and innovation; and drive positive change throughout the business.

WINNER Tony Amaro – Amaro Foods managing executive

- Tony, the founder of Amaro Foods, is extremely involved in his business. He is an exceptional leader, with ongoing on-the-ground training of employees and team upskilling.
- He has led his team to achieve exceptional success in growing a key retailer's relationship during the year.



One Libstar

This award celebrates the outstanding achievements resulting from cross-functional teamwork within the Group. It recognises the collective efforts of teams that have seamlessly collaborated across business units and functions to overcome challenges, capitalise on opportunities and deliver exceptional outcomes that positively impact Libstar as a whole.

WINNER **Ambient Groceries** team led by Hendrik Coetzee

- The launch of the Ambient Groceries team was a big milestone for the Group in 2023.
- A new team of 17 people from five different business units joined forces to deliver 17.2% growth during a very challenging year.
- The work done with Cecil Vinegar and Montagu in particular has been outstanding.

The Polaris Award

This award represents the pinnacle of recognition for exceptional all-round performance. The prestigious honour embodies the collective aspirations, values, and achievements of the Group, serving as a beacon of inspiration and excellence that guides our journey towards a brighter future.

WINNER **HPC** team led by John Duffy and Sean McLeod

- Exceptional performance in 2023, with a complete turnaround from a R20 million EBIT loss in the previous year to a R21 million current year EBIT.
- The team delivered a 284% EBITDA improvement from last year, with an EBITDA margin improvement from 1.7% to 6.5% and a gross profit margin improvement from 11.3% to 16.4%.

Our stakeholder engagement in practice continued

How we add value to Customers

We finalised a customer promise this year as part of our culture change programme.

Our promise to our customers is to always be:

Customer-centric:

We are attuned to the unique strategies of our customers and collaborate to provide solutions that assist them in delivering on their brand promises.

Innovators at heart:

We are always motivated to grow and improve our offerings.

Trusted partners:

We are dedicated to cultivating mutually beneficial long-term partnerships built on trust and shared commitment.

Quality solutions-driven:

We believe in being boldly innovative in ways that exceed our customers' expectations.

We have expert knowledge and in-depth understanding of our categories. This allows us to stay close to trends that drive consumption and tap into these growth opportunities. We collaborate with customers and become their partners on a strategic level to bring their growth strategies to fruition. Our new group structure will further streamline our customer engagement through simplified sales and operational teams.

Libstar joined forces with a research house to establish the Libstar Foodie Panel. The feedback provides us with valuable consumer information.

Private label and dealer-own brand solutions

Customer relationships are based on partnerships, with Libstar functioning as an extension of internal functions instead of a product supplier.

As part of this, customers provide Libstar with three-year flexible roadmaps. This results in effective engagement to deliver on their strategic objectives.

Libstar's role is to provide category expertise and insights. This, together with its manufacturing capabilities, ensures the delivery of the envisioned products to shelf.

Research and development processes consider the expected trading and launch windows.

Innovation to extend existing product lines take around two to three months, with an eight- to 12-month timeframe to develop new products.

Own brands

The own brands innovation process starts with a research phase to capitalise on developing market trends.

Teams from the different brands combine their knowledge of customers, category insights and manufacturing expertise to deliver a streamlined manufacturing phase.

Research and development processes for owned brands also consider trade and launch periods.

Principal brands

We represent several well-known international brands in South Africa – sourcing, importing, marketing and distributing these under a purchase or distributorship arrangement between Libstar and the owner of the brand. The endorsement from customers owning world-famous labels demonstrates the trust in our marketing and distribution capabilities.

2023 was very successful for Lancewood's major customers in the Food Services sector, with double-digit sales growth achieved. The company's sales strategies in the wholesale and informal markets resulted in a 19% growth in these channels.

Amaro launched par-baked Amadombolo and Amagwinya this year to expand offerings to include local South African authentic flavours and cultural inclusivity. The team also introduced a first of its kind gluten-free sourdough bread in South Africa.

Finlar Fine Foods launched Southern Fried Chicken pieces into the retail and food service markets, a process which took two years of development and relies on the unique capabilities of the business unit's Cookstar oven. The launch has been hugely successful, with the roll out in stores almost doubling in less than a year.

Rialto launched more than 60 private label products across multiple categories and upgraded more than 30 products.

The business grew sustainable packaging from only five products in 2018 to more than 150 current products.

Our stakeholder engagement in practice continued

How we add value to Suppliers

The Group sources raw materials from more than 500 South African and international suppliers. Several supply arrangements have been developed over several years. In many cases, our businesses purchase their raw materials from various sources and have developed strong relationships within available supply networks. This exposes the Group to less risk in the supply chain and enables us to identify sources effectively.

We receive raw materials from suppliers across the country and, where import is cost effective or required, from abroad. While the Group has several foreign suppliers, wherever possible, the businesses source their raw materials from local South African suppliers.

Libstar has a comprehensive supply chain governance programme that guides all aspects of the supply chain, including procurement, product safety, quality management, occupational health and safety, environmental management, industrial relations and sustainability.

The supply chain governance policy is based largely on ISO standards and has been widely implemented by the business units. The Group has more than 150 certifications, comprised of over 50 different certification codes across business units. These and other certifications confirm the high standards of the Group's production facilities and the commitment to quality management. We work closely with various customers to ensure that we use accredited suppliers.

Several suppliers are regularly audited by the major customers of the Group. These audits include an assessment of the applicable suppliers against stringent criteria, including factory standards, ingredients, food safety, food quality, social and ethical compliance and packaging standards. Many of these customers also require that business units only purchase from a list of pre-approved suppliers.

Libstar takes care to ensure that it sources its raw materials from suppliers who can meet the standards set by customers.

As part of our ESG strategy, we have embarked on a journey to understand what sustainable and responsible sourcing means for the Group.

Amaro Foods continued to focus on responsible sourcing, with increased local sourcing of South African flours and grains, such as sorghum. The business has also increased its engagement with suppliers to ensure ethical sourcing of raw materials that do not impact the environment.

Cape Herb & Spice uses business intelligence tools to improve long-term forecasting and stock holding models, which secures product in advance. This avoids the need for spot buying, especially in periods of crop shortage. The team has also implemented a multiple supplier and origin strategy, preventing the reliance on a single supplier which mitigates regional or origin crop failures.

Ambassador Foods is working with a supplier to reduce packaging used for incoming raw materials and to convert this to recyclable options.

Lancewood ensures the supply of superior quality products through adhering to strict quality standards throughout the product value chain. This starts with the quality of our milk. This is further strengthened by strong supplier relationships and adhering to sustainable business practices.

Rialto was awarded the Tabasco India, Middle East and Africa (IMEA) distributor of the year award.

Rialto also partnered with local boutique cheese producers to cut and slice their products into retail formats. This included assisting these small businesses with stringent technical requirements.

How we add value to Investors

We take investor feedback seriously. It has become clear to us that to unlock value in our business and to achieve sustainable growth, we need a new strategic direction.

Refer to A new strategic direction
Refer to CEO's review

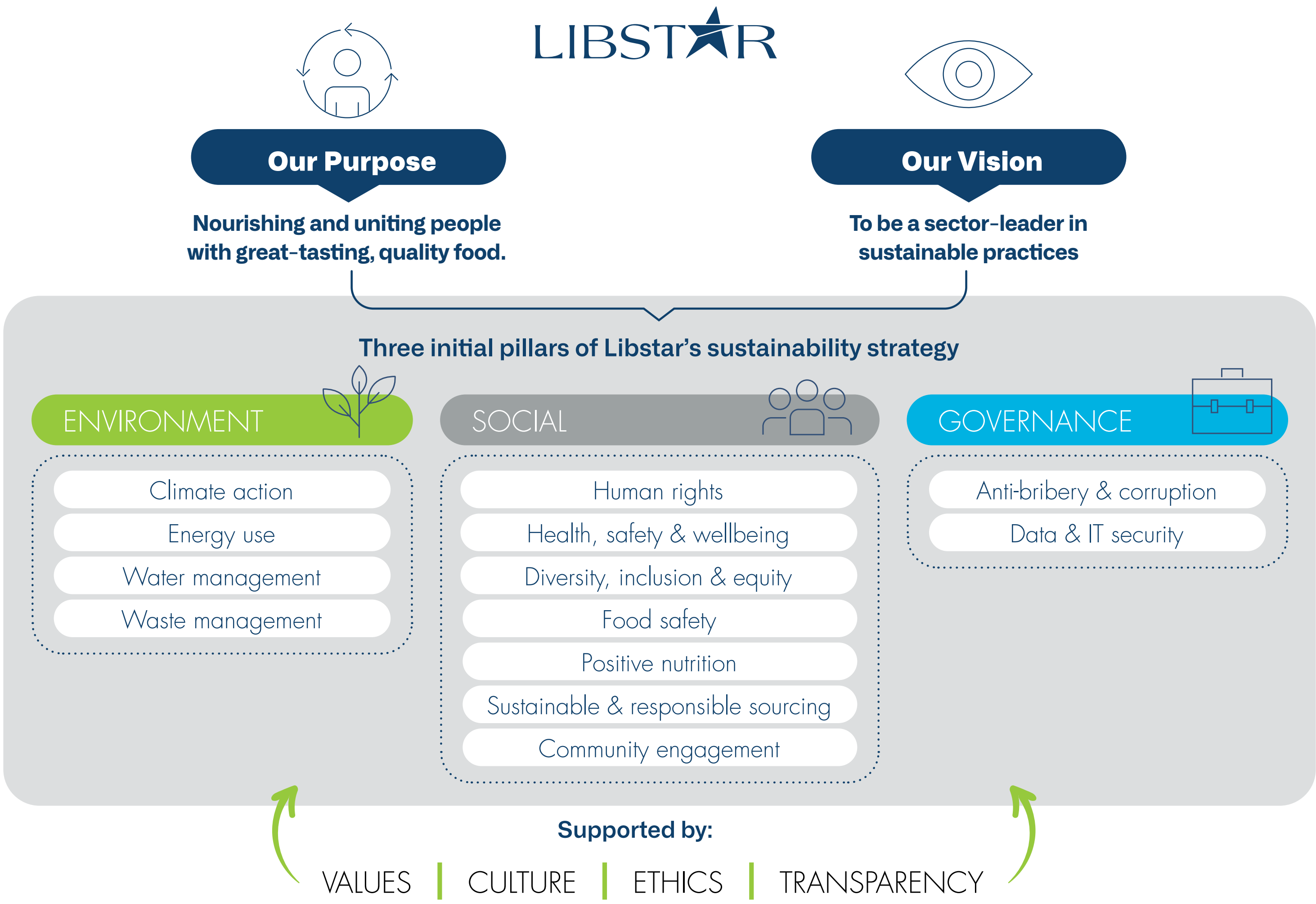
OUR RESPONSIBILITY

Environmental, social and governance review

We defined a five-year environmental, social and governance (ESG) strategy in 2021, with action plans and measurement criteria. The strategy comprises a single framework for sustainability to be applied throughout the Group. The goals will guide Libstar's actions to 2025 and beyond.

Although good progress has been made, we are working to integrate sustainability throughout the business. The chief executive officer is responsible for the integration of the ESG strategy into the business. The execution of the strategy is supported by the executive and senior management at each business unit.

To confirm the leadership's commitment to ESG, key performance indicators of participants in the short-term incentive programme were expanded to strengthen the ESG aspects. The 20% ESG weighting was broadened to include targets for water, electricity and disabling injury frequency rate in addition to the current B-BBEE rating.



Measures have been defined for each risk area. Several of these measures are already entrenched at the Group, with monitoring and reporting. These include measures around the social aspects of ESG. We measure several other outputs, such as water, waste and energy for our carbon tax calculations, and have progressed on our goal of including clear risk minimising strategies.

ESG is a core focus on the agenda of the social, ethics and transformation committee. The priority during the year was to improve the reliability of ESG data to assist with our carbon footprint calculations. The quality of the data used for the carbon footprint has improved each year, with implementation of an online system to collect data being rolled out. This will enable us to move from a manual process of collating ESG data to the use of a digital tool and facilitate regular monitoring of the data at a group level.

Environmental, social and governance review continued

ENVIRONMENT

The Group is committed to limiting its impact on the environment and has entrenched systems in place to ensure responsible operations.

Pillar

Climate action

Commitment

- Identify which reporting framework will be used.
- Conduct a climate risk assessment.
- Continue to assess the financial implications of carbon tax and associated emerging legislation.
- Engage with suppliers and value chain partners to reduce emissions in their operations and supply chains.

2023 progress

- Libstar is moving from a manual process to capture ESG data to an online system. 28 of the Group's 48 sites are at various stages of loading their data on the sustainability system as part of the requirements of a major supplier to have science-based targets for their major suppliers in 2024.
- The Group will invest in the system for the balance of the sites in 2024, with targeted completion of the data upload and calculation of Group science-based targets at the end of 2025.

Energy use

Commitment

- Measure the Group's baseline energy consumption.
- Reduce total Scope 1 and 2 carbon emissions arising from energy consumption.
- Assess the options available to increase on-site renewable energy generation.
- Establish science-based targets to be used across all business units.
- Develop a roadmap towards a low carbon business (to meet the internal targets set).
- Become more efficient in our energy consumption across all operations.
- Improve data collection and reporting on energy use.

2023 progress

- Seven of the Group's operating facilities have been earmarked for solar energy generation installations.
- The Group set a target for electricity use during the year and aims to achieve no increases in electricity and generator usage based on the 2023 baseline.

Water management

Commitment

- Determine the Group's water usage baseline.
- Reduce total water consumption.
- Influence the Group's supply chain on water intensity.

2023 progress

- The data for the 2023 carbon footprint will be used as the baseline for water usage.
- Water savings have been identified as one of leadership's key performance indicators. The Group aims to achieve no increases in water usage based on the 2023 baseline.

Waste management

Commitment

- Establish waste streams.
- Measure baseline data for waste streams.
- Reduce waste sent to landfill by being efficient in the use of resources and through reusing and recycling unwanted materials, where possible.

2023 progress

- More business units are engaging independent waste management companies to assist with waste management.

Packaging

Commitment

- Reduce single-use plastics and minimise total packaging material.
- Undertake a packaging baseline assessment.
- Monitor and report packaging material usage in line with extended producer responsibility requirements.
- Develop a packaging waste strategy and implement this across the Group over the next five years.
- Continue to work with customers regarding eco-friendly packaging options.
- Measure volumes and increase percentage of sustainable packaging options used.

2023 progress

- We have been tracking packaging as part of the Extended Producer Responsibility legislation and paying fees for the packaging waste that we produce where we are liable for the fees.
- As a manufacturer, we work closely with customers to achieve the specified packaging requirements.

ENVIRONMENT continued

Carbon footprint

Libstar implemented systems to formally start measuring carbon emissions from 2019.

Taxpayers in the food processing, beverages and tobacco industries should exceed a threshold of 10MW before they become liable for registration in terms of the Carbon Tax Act. Once the threshold is exceeded, the CO_2 equivalent of the GHG emissions of the taxpayer is calculated by combining the emissions from fuel combustion, fugitive emissions and industrial emissions.

A carbon tax of R2.2 million (2022: R1.9 million) was paid relating to 1 January 2022 to 31 December 2022. This is the most recently assessed period at the time of finalisation of the integrated annual report.

SCOPE	Category	2021	2022	2023	% of Total	2023 vs 2022
		tCO$_2$e				
Scope 1	Mobile combustion	4 656	6 161	2 685	1.3%	(56%)
	Generation of energy: stationary combustion	35 877	48 635	44 009	22%	(10%)
	Fugitive emissions: Kyoto gases	8 891	3 050	4 446	2%	46%
	Wastewater treatment	384	1 547	1 513	0.7%	(2%)
	SUB-TOTAL SCOPE 1	**49 808**	**59 393**	**52 654**	**26%**	**(11%)**
Scope 2	Purchased energy - location based	77 601	76 863	73 023	36%	(5%)
	SUB-TOTAL SCOPE 1 & 2	**127 409**	**136 256**	**125 677**	**62%**	**(8%)**
Scope 3	Purchased goods & services: water	1 616	1 392	1 279	0.6%	(8%)
	Purchased goods & services: packaging	DNR	53 770	35 487	18%	(34%)
	Fuel & energy-related activities	DNR	35 293	27 304	13%	(23%)
	Waste generated in operations	7 460	5 047	5 739	2.8%	14%
	Business travel	188	436	449	0.2%	3%
	Upstream transportation & distribution	5 836	6 249	6 070	3%	(3%)
	SUB-TOTAL SCOPE 3	**15 099**	**102 187**	**76 328**	**38%**	**(25%)**
Other direct emissions	Fugitive emissions (non-Kyoto gases)	2 130	278	713	0.4%	157%
TOTAL EMISSIONS		**144 638**	**238 721**	**202 719**	**100%**	**(15%)**

DNR – Do not report.

Greenhouse gas emissions are measured in accordance with the GHG Protocol Corporate Standard (WRI & WBCSD, 2004) using the operational control approach to consolidate emissions.

All Scope 1 and 2 emissions were measured while selected relevant Scope 3 emissions were included. The inventory boundary includes the 18 business units of the Group and the Libstar Central head office. The 2023 boundary includes one additional business unit, Cape Foods. The operational boundary remained the same between 2022 and 2023.

The notable decrease in vehicle emissions relates to less activity at Denny Mushrooms (following the closure of our Shongweni facility) and significantly less diesel used in vehicles at Rialto Foods. Denny contributed 30% of this source in 2022.

Packaging emissions decreased by 34% against 2022 largely due to purchasing amendments at Dickon Hall Foods. Plastic bottles were reported with lighter weights, while lower quantities of bottles and white strapping were purchased.

Environmental, social and governance review continued

ENVIRONMENT continued

> Water contingency plans include the availability of borehole water at critical manufacturing sites.

Energy use

Scope 2 emissions arising from grid-sourced electricity consumption remains the largest contributor to Libstar's total carbon footprint at 36% of 2023 emissions.

With the ongoing load-shedding in South Africa, diesel use for generators continued to increase significantly, with R76.5 million spent on diesel in 2023 (2022: R39.2 million).

During the year, solar PV was in place on the rooftops of four Libstar business units:

- FINLAR FINE FOODS EST. 1994
- LIBSTAR Household & Personal Care
- CapeHerb&Spice
- CAPE COASTAL Honey

These four installations generated a total of 807,036 kWh of renewable electricity during 2023, resulting in 815 tCO_2e of avoided emissions.

We continue to evaluate alternative power solutions, with planned acceleration of solar PV use.

Water management

Water is a key ingredient in food manufacturing processes. We are committed to reducing water consumption and promoting water conservation. Libstar manages water in accordance with the South African National Water Act and municipal by-laws that set freshwater allocations and effluent discharge permits and limits.

Water contingency plans include the availability of borehole water at critical manufacturing sites. We have storage capacity at most of our sites that allow for between one and three days of production.

We are investigating off-grid purification solutions within our larger businesses.

Certain of the Group's business units conduct wastewater treatment on site.

CONTACTIM MANUFACTURING SPECIALISTS SINCE 1970

Contactim completed a rainwater harvesting project to reduce the consumption of municipal water.

Waste management

Libstar's waste management initiatives focus on increasing recycling rates, waste reduction to landfill and cost savings through minimising waste. Various business units have agreements in place with independent suppliers for the management and recycling of waste.

The Group monitors the following categories of waste:

- Non-recycled waste
- Recycled waste
- Hazardous waste

Cecil Vinegar Works

Cecil Vinegar appointed an independent supplier to assist with waste sorting and recycling at its two facilities. This will streamline the process of identifying recyclables and organic materials while minimising the waste destined for landfills.

LANCEWOOD®

Lancewood is working towards a target of zero waste to landfill by 2030.

Packaging

The Group collaborates with various customers towards sustainable packaging.

To contribute to reducing waste and increasing recovery, as well as the recycling and reuse of materials in the South African market, extended producer responsibility fees were introduced in November 2021. Libstar registered with the Department of Forestry, Fisheries and the Environment (DFFE) as a producer in terms of the Extended Producer Responsibility (EPR) Regulations.

The business units are responsible for registering as producer responsibility organisations, capturing EPR data and making required payments.

Rialto met its target of 30% of food service packaging being eco sensitive and compostable.

Environmental, social and governance review continued

SOCIAL

The Group's corporate social investment initiatives are aligned to the following UN Sustainable Development Goals:

Pillar

Human rights

Commitment

- Focus on effective human capital management to result in engaged, productive employees.
- Develop and deliver basic human rights training for employees in line with the Human Rights Policy.
- Assess options for influencing the supply chain with respect to human rights.

2023 progress

- Continued focus on human capital management to enhance employee engagement and productivity.
- Trained 3 377 people on human rights or other human rights topics.

Community engagement

Commitment

- Develop a standardised approach to communities and socio-economic development.
- Develop a group-wide community upliftment programme which will coordinate community contributions and measure impact.
- Monitor and evaluate social investment initiatives.
- Define and measure social change for community upliftment projects.

2023 progress

- Donated R16.1 million in food products and funds to projects directed towards community upliftment and poverty relief.

Health, safety & wellbeing

Commitment

- Implement health and safety management systems across the Group and drive continuous improvement.
- Train employees.
- Roll out a health and safety assurance programme.

2023 progress

- Conducted internal health and safety audits across the Group to drive continuous progress improvement.

Sustainable & responsible sourcing (supply chain management)

Commitment

- Understand what sustainable and responsible sourcing means for the Group.
- Develop a responsible sourcing strategy.
- Investigate and support local suppliers wherever possible.
- Develop raw material traceability and supply chain map.

2023 progress

- The Group met sustainable and responsible sourcing requirements of key customers.

Food safety

Commitment

- Continue to:
  - implement food safety management protocols and processes.
  - audit compliance with food safety management protocols and processes.
- Train employees and contractors on food safety requirements.

2023 progress

- Trained 3 402 employees on food safety related topics.
- Hosted an annual food safety forum workshop.
- Food safety forum guidance procedures (including that on food safety culture and traceability) have been drafted for business units.
- Currently working on establishing a standard process of conducting audits across the Group to facilitate inter-company collaboration towards a more consistent food safety audit standard across the overall Group.
- Surveys were conducted across the business units to evaluate their food safety culture, cross auditing and laboratory testing service providers.
- A Libstar Technical and New Product Development (NPD) representative attended the South African Association for Food Science and Technology 2023 conference.

Environmental, social and governance review continued

SOCIAL continued

Pillar

Diversity, inclusion & equity

Commitment

- Measure employees' performance based on their contribution to the achievement of business goals and against behavioural expectations.
- Continue to:
  - Integrate diversity and inclusion with the business strategy.
  - Focus on increasing female representation in the workplace.
  - Increase the representation and advancement of black talent.
  - Continued focus on talent management for effective succession.
  - Invest in mentoring and training programmes.

2023 progress

- Continued to drive diversity, inclusion and equity:
  - Execution of the B-BBBEE strategy.
  - Execution of the talent management strategy including succession planning and career development.
  - Investment in training and development programmes, with a particular focus on pivotal development (learnerships, internships and bursaries).

Positive nutrition

Commitment

- Define what positive nutrition means for Libstar as a Group.
- Consider Libstar's response, particularly in relation to its own brand portfolio, with respect to positive nutrition.
- Engage with customers regarding positive nutrition.
- Investigate consumer education related to positive nutrition.

2023 progress

- The Group's business units are improving labelling of their products to assist consumers to track nutritional contents.
- We also work with customers to identify where we can reduce or eliminate unhealthy ingredients, such as excessive salt, sugar, and unhealthy fats.

Human capital

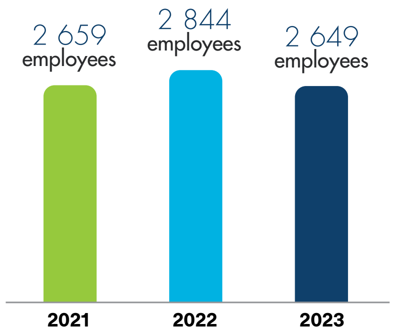
The Group's success depends on the skills, experience and conduct of its employees. We are committed to attracting, developing, and retaining talent to ensure continuity and competitiveness.

The Group's human resource philosophy is based on equal opportunity, irrespective of race, religion or gender.

Human rights

Libstar supports and respects the protection of human rights, as set out in the Constitution of South Africa and internationally recognised human rights standards. The Group does not participate, either directly or indirectly, in human rights abuses and does not tolerate discrimination of any kind. It does not support forced or child labour. Libstar provides fair working conditions and maintains a safe and healthy working environment. Open communication is encouraged to resolve workplace issues between team members or between employees and management.

Trade unions (representation data)



Health, safety & wellbeing

Libstar values the health and safety of employees, suppliers and customers. Health and safety committees have been established across the Group. Committee members and employees receive ongoing training. A health and safety policy covers employees, contractors and customers.

Health and safety measures include:

Health and safety training: Business units provide regular health and safety training to employees to ensure that they are aware of potential hazards and aware of how to respond to them.

Health and safety refresher training: Refresher training assists employees to maintain their knowledge and skills related to health and safety, especially if there are changes in work processes or equipment.

Equipment testing: Business units regularly test equipment to ensure that it is working correctly and safely.

Disciplinary action: When employees violate health and safety policies, disciplinary action is taken to deter others from engaging in similar behaviour.

Increased awareness of safety routines and protocols: Business units increase awareness of safety routines and protocols through regular communication, signage, and reminders to employees.

Disabling injury frequency rate (DIFR)

The Group's DIFR as at 31 December 2023 was 1.5 (2022: 1.4).

Critical injuries or fatalities

There were no fatalities reported during the period.

Other work injuries

The largest injury categories, representing half of disabling injuries, remain hand injuries and falls. Safety measures and protocols are rigorously updated, with safety guidelines shared across the Group. We continue to educate employees on safe working practices to address areas of risk.

Environmental, social and governance review continued

SOCIAL continued

Diversity, inclusion & equity

Libstar promotes diversity and inclusion and strives to maintain workplaces that are free from unfair discrimination or harassment based on race, sex, colour, nationality, religion, age, sexual orientation, gender, marital, family, HIV/AIDS status, disability or on any other arbitrary grounds.

Training

The Group prioritises the development of its employees through training and skills development. The training during the year included internships, learnerships, integrated learning, informal training, and mandatory compliance training.

R36.9 million

invested in skills development*

(2022: R29.7 million)

* *Training investment includes salaries, stipends and other related expenditure during periods of training, recognised for B-BBEE verification purposes*

“The Group prioritises the development of its employees through training and skills development.”

Broad-based black economic empowerment (B-BBEE) including employment equity

Libstar remains committed to promoting black economic empowerment. The Group achieved a level 6 B-BBEE contributor status for 2023.

	Score	
	2023	**2022**
Ownership#	**9.5**	10.3
Management control (including employment equity)	**6.0**	6.2
Skills development	**15.5**	15.7
Enterprise and supplier development	**29.8**	28.0
Socio-economic development	**15.0**	15.0
Total	**75.8**	75.2
Final B-BBEE Level	**Level 6**	Level 5

\# *Ownership sub-minimum requirement not met, resulting in a discount of one B-BBEE level*

Employment equity

As at 31 December 2023

	Male				Female				Total
Occupational levels	**A**	**C**	**I**	**W/F**	**A**	**C**	**I**	**W/F**	
Executive directors	–	–	–	2	–	–	–	1	**3**
Other executive management	–	–	1	15	1	–	–	5	**22**
Senior management	3	9	2	47	1	5	4	46	**117**
Middle management	23	37	6	88	23	47	8	73	**305**
Junior management	135	101	12	94	106	103	22	95	**668**
Semi-skilled & unskilled	2 079	505	11	91	2 555	715	6	68	**6 030**
	2 240	**652**	**32**	**337**	**2 686**	**870**	**40**	**288**	**7 145**
Employees with disabilities^	37	5	1	2	21	5	–	–	**71**

^ *Included in the table above*

A – African **C** –Coloured **I** –Indian **W/F** –White/Foreign

Level 6
Contributor
2023

Level 5
Contributor
2022

Level 7
Contributor
2021

Environmental, social and governance review continued

SOCIAL continued

Diversity, inclusion & equity continued

CATEGORY A

Bursaries: Institution-based, theoretical only, formally assessed

Examples of training initiatives
- Advanced Diploma in Business Management
- Advanced Diploma: Quality Management
- Analytical Chemistry
- Bachelor of Commerce in Accountancy
- Bachelor of Commerce in Management Marketing
- BCom: Business Management
- BCom: Human Resources Management
- Diploma Module Manufacturing Technology
- Higher Certificate In Project Management
- Higher Certificate in Supply chain
- National Diploma in Payroll Administration
- Packaging Technology Diploma

Number of initiatives 54

CATEGORY B

Internships (Formal): Institution-based, theoretical only, formally assessed

Examples of training initiatives
- Internship: HR
- Internship: Food Science
- Apprenticeship: Electrical

Number of initiatives 11

CATEGORY C

Learnerships: Recognised or registered structured experiential learning in the workplace that is required after achievement of qualification, formally assessed.

Examples of training initiatives
- National Certificate: Food Processing: Plant Baking
- NQF 2: Production Technology
- NQF 3: Food & Beverage Packaging
- NQF 3: Packaging Quality Skills Programme
- NQF 3 : Stores & Warehousing Management
- NQF 4: Supervisory Development
- Hygiene & Cleaning Level 1

Number of initiatives 121

CATEGORY D

Learnerships or Apprenticeships: Occupationally directed instructional and workplace learning programme (formal contract), formally assessed

Examples of training initiatives
- National Certificate: Management: Stores and Warehousing
- National Certificate: Milk and Cream Handling and Storing
- National Certificate: Food and Beverage Packaging Operations
- General Education and Training Certificate: Food and Beverage Handling Process
- NQF 2: Production Technology
- NQF 3: Personal Leadership Development
- NQF 4: Supervisory Development

Number of initiatives 344

CATEGORY E

Work-integrated learning: Occupationally directed instructional and workplace learning programme (no formal contract required), formally assessed.

Examples of training initiatives
- Food & Safety Management (FSSC 22000) - Accredited NQF Level 5
- Food Safety & Quality
- Forklift Renewal
- Good Manufacturing Practices
- ISO22000 and ISO 19011 Internal Audit
- Warehouse Team Leading Skills

Number of initiatives 189

CATEGORY F

Informal Training: Occupationally directed informal instructional programmes. (Institutions, conferences, meetings).

Examples of training initiatives
- Food Safety Summit
- Food Safety Culture Excellence
- Initiating Disciplinary Enquiries
- Leadership Development
- Root cause analysis
- Supervisory skills
- Excel

Number of initiatives 1 601

CATEGORY G

Informal Training | Work-based informal programmes (workplace)

Examples of training initiatives
- Safety Induction
- HR Induction
- Trend Analysis
- PPE
- Allergen Management

Number of initiatives 7 447

MANDATORY TRAINING

Mandatory Training (Compliance)

Examples of training initiatives
- First Aid Training
- Forklift License Training

Number of initiatives 835

Number of initiatives
10 602
(2022: 6 243)

Environmental, social and governance review continued

SOCIAL continued

Food safety

Food safety is at the core of everything we do. We define food safety as protecting people at every step of the supply chain from illness or injury due to the handling or consumption of our products. We believe all employees are responsible for contributing to the success of Libstar's food safety protocols.

On-site integrated management system verification assessments are routinely conducted to determine compliance.

There is a reporting classification system, with defined escalation to the central office where required.

Group certifications include:

FSSC 22000 compliance for all food production facilities

This is one of only eight accredited Global Food Safety Initiative standards that provide a framework for managing food safety. This demonstrates that the Group has a robust food safety management system in place.

ISO 9001 for non-food manufacturing units

This set of international standards monitors quality management and assurance.

Halaal and Kosher certifications

These confirm that our processes and products meet certain religious and cultural requirements.

Positive nutrition

As a food producer, Libstar plays a key role in creating positive nutrition.

The Group's business units are improving labelling of their products to assist consumers to track nutritional contents. The team is also working with customers to identify where we can reduce or eliminate unhealthy ingredients, such as excessive salt, sugar, and unhealthy fats.

Lancewood launched a range of lactose free, sugar free and high fat products.

Sustainable and responsible sourcing (supply chain management)

The Group has a comprehensive supply chain governance programme that guides all aspects of the supply chain, including procurement, product safety, quality management, occupational health and safety, environmental management, industrial relations and sustainability.

The supply chain governance policy is largely based on ISO standards and has been widely implemented by the business units. Libstar has more than 150 certifications, comprised of over 50 different certification codes across business units.

We work closely with various customers to ensure that we use accredited suppliers.

Community engagement

Libstar's social investment is guided by its CSI Policy which was implemented in 2022. The policy aims to improve the lives of employees and the communities where they live. The Group is decentralised and its business units have autonomy to identify initiatives within Libstar's focus areas.

Initiatives focus on projects that:

- address local, national and societal needs and that focus on socio-economic upliftment to benefit underprivileged communities.
- focus on food sustainability, food security and healthy nutrition.
- include the subsidisation of food products.
- are directed towards development, education and skills development.
- result in community upliftment and poverty relief.

Socio-economic development

Spend

R16.1 million

(2022: R18.1 million)

Westlake Primary School (WPL)
WPL is a community school in the Cape that serves an impoverished area. This is the first and only school in the area.

Cape Herb & Spice has partnered with the school for the second year to fund the salary of a teacher. This assisted the school to keep its number of learners in a classroom to less than 40.

FoodForward SA
FoodForward SA is a non-profit organisation that collects quality edible surplus food from the consumer goods supply chain and distributes it to community organisations.

Montagu Foods regularly donates products or discounts product prices to FoodForward SA.

In 2023, the Group donated products of more than R390 000 through various business units.

The Group also participated in FoodForward SA's World Food Day initiative by donating products and providing 40 volunteers in Cape Town and Johannesburg to pack food for nominated beneficiary organisations.

Where Rainbows Meet (WRM)
WRM is a non-profit organisation devoted to community and business development.

Lancewood donated products worth R410 000 during 2023.

Remar South Africa
Remar is a non-profit organisation that provides safe houses for men, women and children.

Retailer Brands donated products worth R731 000 to the organisation during the year.

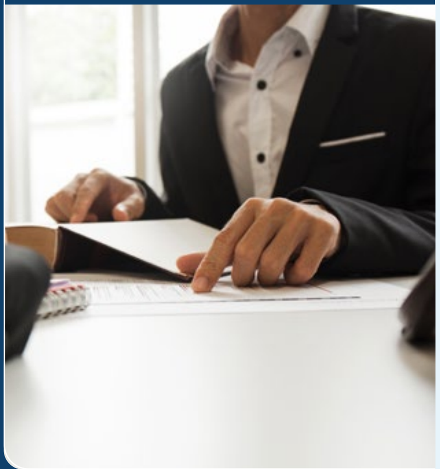
Environmental, social and governance review continued

GOVERNANCE

The Group's sustainability strategy is supported by an entrenched governance structure.

The Libstar board has delegated responsibility for the Group's sustainability to the social, ethics and transformation committee. ESG risks are the responsibility of the audit and risk committee.

The two committees collaborate to ensure that matters that fall under the mandate of the other committee are referred accordingly. The remuneration committee ensures that ESG is reflected in management's key performance indicators.



Pillar

Anti-bribery & corruption

Commitment

- Train employees on anti-bribery and corruption policies and applicable procedures.

2023 progress

- Increased reporting following improved employee awareness of the ethics line.

Data & IT security

Commitment

- Develop and implement policies, governance structures and processes that are effective at reducing the occurrence and impact of cyber threats.

2023 progress

- No critical cyber security events were recorded.

Refer to Governance review section

Anti-bribery & corruption

The objective of this policy is to protect the Group, its employees and directors from involvement in bribery and corruption. The policy aims to ensure that employees understand the importance of principles that are set out in the Code of Ethics and the Group's commitment to combat bribery and corruption. An Anti-bribery and Corruption Policy was rolled out last year, with training on the policy to employees during this year.

Ethics hotline

Libstar has an independently managed anonymous reporting facility, the Libstar Ethics Hotline. Employees and external parties may utilise this to anonymously report any unethical behaviour.

The Ethics Hotline received 19 complaints (2022: 12) which required further investigation. These were investigated and action taken, where required. Most of the complaints related to HR matters.

These were addressed through internal HR processes and further training was recommended where appropriate.

Incident category	Sub-category	Closed	Open	Total
Enquiry	Complaint	2		2
Fraud	External fraud activities	3		3
Governance	Unfair business practice	3		3
Human Resources	▪ Unethical behaviour ▪ Discrimination ▪ Misconduct ▪ Unfair labour practice	9	1	10
Violent crime	Intimidation	1		1
Total		**18**	**1**	**19**

Data & IT security

We are committed to evolving cyber security controls to ensure the safety of our environment. Vulnerability management, intrusion detection and prevention and disaster recovery are in place.

Information assets and enterprise resource planning systems are protected as part of the disaster recovery plan.

Cyber security is monitored by the audit and risk committee and reported on quarterly at the meetings of the committee. The audit and risk committee delegates to the IT steercom and is tasked with monitoring IT governance within the business.

A simulated cyber-attack is conducted bi-annually to measure vulnerabilities and to test the recovery service of critical business systems.

> We are committed to evolving cyber security controls to ensure the safety of our environment. Vulnerability management, intrusion detection and prevention and disaster recovery are in place.

OUR PERFORMANCE

Chairman's review

WENDY LUHABE

> The board will oversee the execution of the portfolio and operating model simplification initiatives, targeting improvements in cost competitiveness, earnings quality and ROIC through the implementation of our divestment and consolidation strategy.

A comprehensive strategic review to address challenging operating conditions

Business conditions in South Africa continued to be extremely difficult. Despite a moderation of inflation in the second half of 2023, the consumer price index remained near the top of the South African Reserve Bank target range throughout the year. Food inflation ran at nearly double the rate of the broader measured product basket and fuel prices remained high. GDP growth ended the year at 0.6% and, with interest rates at their highest levels in 14 years, consumers are under severe pressure.

Against this macro-economic backdrop, increases in input costs and manufacturing disruptions caused by failing electricity and water infrastructure, have continued to place pressure on manufacturers' profitability. Notwithstanding this, Libstar continued to invest in sustainable energy solutions, increasing its generator capacity by 45% to 33 168 kVA at a capital cost of R19.3 million. Annual diesel costs nearly doubled to R76.5 million, adversely impacting the Group's gross profit margin. Global supply chain disruptions affected sourcing decisions by international customers and the deterioration in rail and port logistics in South Africa led to delays of import and export shipments.

In the context of these challenges, the board and executive leadership responded by conducting a comprehensive strategic review of Libstar's portfolio composition, its category and channel participation and its operating model during the first half of 2023. We reviewed local and international best practice, and interrogated both the historic financial performance of the Group and its prospects.

As outlined in the CFO's review, Libstar's trading performance, operating margins and cash generation improved significantly in the second half as management commenced with the implementation of the key-value driving initiatives comprising the new strategic direction of the Group.

Refer to A new strategic direction

Conducting business aligned with our values

Libstar remains committed to doing business in a manner that aligns with our values, to ensure that we have a positive impact on the economy and society as a whole. The board sets the ethical tone for the business and oversees initiatives to embed responsible practices across the Group. Our refined strategic direction includes plans and measures to further strengthen and embed these values in our new operating model.

During the year under review, the board oversaw the continued implementation of the Group and ESG strategies, monitored the major capital expenditure projects and the progress in improving return on capital expenditure and investments. It also presided over the integration of the new executive team and provided support to manage the impact of difficult economic conditions.

The board considered all matters that could have a significant impact on the sustainability of the business and continuously monitored that these were proactively mitigated.

Refer to Key risks and material matters

Performance and independence evaluations

Through the nomination committee, the board conducted an internal assessment of its performance and that of its committees for the year under review. The evaluation confirmed that the board fulfils its role, demonstrates ethical leadership and effectively monitors risk management and the performance of the Group's strategy and business plan.

The committee also reviewed the independence of Mr Sandeep Khanna, currently an independent non-executive director, who has reached a tenure of nine years.

The board considered Mr Khanna's self-evaluation of his independence, his declaration of interests and his contribution to the board. The board was satisfied that Mr Khanna remains independent. The board will continue to evaluate his independence annually in accordance with the requirements of King IV.

Aligning management and shareholder interests

A new cash-settled incentive scheme, linked to value-driving performance criteria and the company's share price, was implemented in 2022 to improve alignment of management's interests with those of shareholders. The new scheme replaces the previous share-settled scheme implemented in 2019 and increases the weighting of the achievement of return on invested capital (ROIC) in addition to profitability targets. The board will evaluate whether the new scheme will result in improved outcomes and remains open to continued consultation on this. The CEO, CFO and executive director purchased shares in the open market during the year under review.

Implementing our sustainability vision

As a sustainable food business, we play a role in creating special moments in people's homes, delivering quality products that add value to their lives. We are employers in the communities where we operate and make a substantial investment in upskilling our workforce. Through our socio-economic development initiatives, we invested R16.1 million in local and previously disadvantaged communities in 2023.

The Group is working to fully integrate ESG matters into the business strategy and management processes. During the year, the board approved the inclusion of ESG targets in the key performance indicators for the executive management's short-term and long-term incentive schemes.

We monitor our carbon footprint and investigate ways in which to reduce carbon emissions, including the installation of solar energy generation at our facilities. Our responsible sourcing initiatives aim to ensure that our inputs come from sustainable sources. We are focused on reducing our waste and work closely with our customers to reduce non-recyclable waste in our packaging.

Our enterprise and supplier development initiatives promote transformation and economic upliftment by expanding opportunities for black-owned and black women-owned businesses in our supply chain.

We continued our ongoing focus on improving our B-BBEE performance. However, we were unable to maintain the level 5 achieved in the prior period due to being discounted one level for not meeting the ownership element sub-minimum criteria. The Group therefore achieved a level 6 contributor status. 91.3% of the Group's current workforce of 7 145 people are black and 54.3% women. In the coming year, the social, ethics and transformation committee will consider strategic interventions to improve the Group's B-BBEE ownership element.

Declaration of cash dividend

The Group's dividend policy is to pay a dividend that falls within the range of three to four times cover by headline earnings. Accordingly, the board approved the payment of a cash dividend of 15 cents per ordinary share in respect of the year ended 31 December 2023 (2022: 22 cents). Libstar has declared dividends totalling R764 million since its listing on the JSE Limited in 2018.

Challenges remain in the year ahead

We expect market conditions to remain challenging in 2024, with consumer demand adversely affected by the weak macro-economic climate.

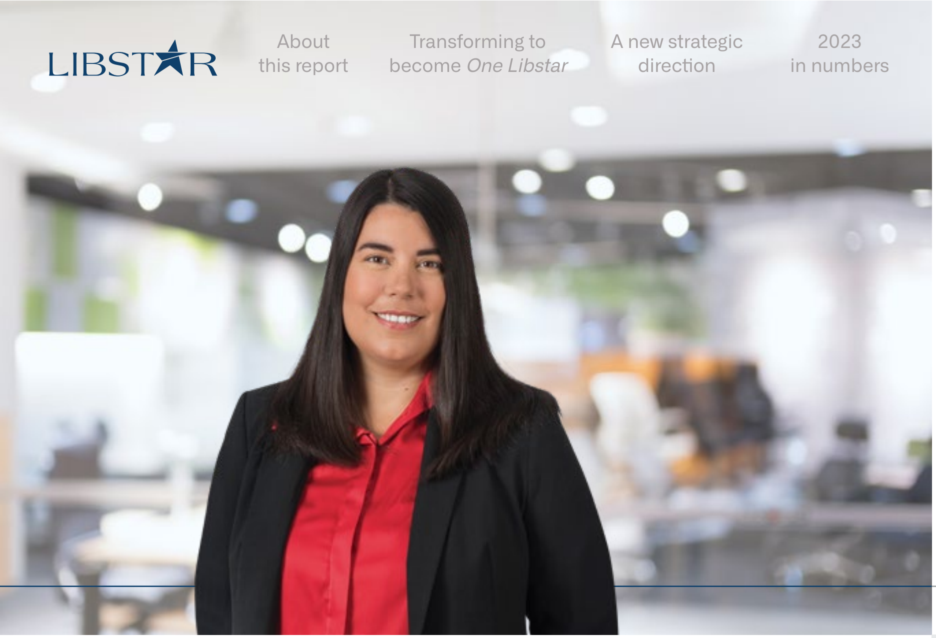
In this environment, the new leadership team is working cohesively and focused on implementing the Group's strategic initiatives. We will oversee the execution of the portfolio and operating model simplification initiatives, targeting improvements in cost competitiveness, earnings quality and ROIC through the implementation of our divestment and consolidation strategy.

> The new leadership team is working cohesively and focused on implementing the Group's strategic initiatives.

Appreciation

I thank my colleagues on the board for their wisdom, commitment and dedication during the year. On behalf of the board, I express our appreciation to every employee and the management team for their focus, resilience and tenacity in particularly challenging conditions.

We thank our investors, partners, suppliers, customers, and other stakeholders for their continued support during the year. Finally, we acknowledge everyone who chooses to take our products into their homes. We look forward to continuing our journey to meaningfully impact the quality of life for South Africans in the year ahead.



CFO's review

TERRI LADBROOKE

> The Group experienced significantly improved trading performance, operating margins and cash generation in the second half of the year.

Introduction

The Group experienced significantly improved trading performance, operating margins and cash generation in the second half of the year ended 31 December 2023 (H2 2023) amid challenging market conditions and muted customer demand.

A strong second half

Revenue increased by 5.2%, with a pleasing acceleration in H2 2023 to 6.2% following robust retail channel sales, assisted by double-digit growth in the Baking & Baking Aids category.

Selling price inflation and mix changes contributed 10.0% to sales growth. Sales volumes declined by 4.8% as the Group experienced a decline in its retail, industrial and export channels.

Gross profit margin of 20.8% was in line with the prior year of 20.7%. Management's focus on improved capacity utilisation, production efficiencies, pricing and cost management ensured a recovery in the second half to 21.4%, compared to the 20.0% reported in H1 2023 and 19.6% reported in H2 2022. These factors assisted in offsetting the load-shedding cost of R76.5 million in diesel to operate back-up power generators.

Group Normalised operating profit decreased by 1.7% at a margin of 5.5% (2022: 5.9%) but accelerated to 6.4% in the second half from 4.5% in the first half.

Group Normalised EBITDA decreased by 3.3% at a margin of 8.1% (2022: 8.8%), with EBITDA growth of 10.6% at a 9.0% margin in the second half (H2 2022: 8.6%) following a decline of 18.3% at a margin of 7.0% in the first half.

Measuring our performance

Normalised measures

The Group uses Normalised EBITDA, Normalised Earnings per Share (EPS) and Normalised Headline Earnings per Share (HEPS) from continuing operations, which exclude non-recurring, non-trading, and non-cash items, as the key measures to indicate its true operating performance.

Libstar's full-year results are summarised in the table below:

(R'000)	2023	Change	2022
Continuing operations			
Total revenue	**12 382 257**	+5.2 %	11 771 605
Gross profit margin	**20.8%**	+0.1pp	20.7%
Normalised operating profit	**678 331**	(1.7%)	690 081
(margin)	**5.5%**		5.9%
Normalised EBITDA	**998 151**	(3.3%)	1 032 332
(margin)	**8.1%**		8.8%
Diluted EPS (cents)	**38.0**	>100%	(0.6)
Diluted HEPS (cents)	**47.7**	+3.9%	45.9
Normalised EPS (cents)	**39.3**	+109.0%	18.8
Normalised HEPS (cents)	**58.0**	(11.2%)	65.3
Balance sheet and cash flow indicators			
Net interest-bearing debt to Normalised EBITDA (excl. IFRS 16)	**1.6**		1.6
Cash generated from operating activities (excl. net working capital)	**1 040 136**	+3.2%	1 007 811
Cash generated from operations (incl. net working capital)	**754 788**	+3.3%	731 027
Capital investment in property, plant and equipment	**244 647**	(36.4%)	384 404
Cash conversion ratio	**65%**		68%

CFO's review continued

Normalised EPS, which excludes insurance proceeds, unrealised foreign currency movements and other non-recurring, non-trading, and non-cash items, increased by 109.0% from 18.8 cps to 39.3 cps. The improvement is mainly attributable to lower impairment charges relative to the prior year.

Normalised HEPS, which also excludes these items, as well as impairment charges, decreased by 11.2% from 65.3 cps to 58.0 cps. The decline follows increased borrowing costs during the year.

The weighted average number of shares in issue remained unchanged at 595.8 million and the diluted weighted average number of shares decreased by 0.1% to 595.8 million. The Group's last remaining equity share-based awards vested in H1 2023. The weighted average number of shares is now equal to the diluted number of shares in issue.

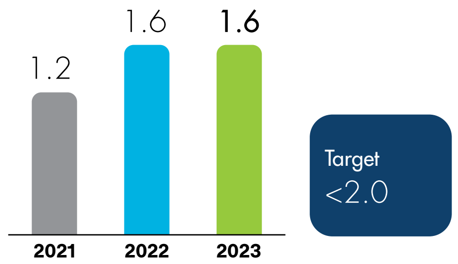
A reconciliation between Normalised EBITDA, Normalised earnings and Normalised headline earnings is provided below:

(R'000)	2023	Change	2022
Normalised EBITDA	**998 151**	**(3.3%)**	**1 032 332**
Less:			
Depreciation and amortisation	**(319 820)**		(342 251)
Net finance cost	**(220 454)**		(166 057)
Impairments	**(143 000)**		(292 188)
Tax and the tax effect on normalisation adjustments	**(81 078)**		(122 006)
Plus: Non-controlling interest loss	**150**		1 884
Normalised earnings	**233 949**	**109.4%**	**111 715**
Impairments (after tax)	**116 000**		276 518
(Gain)/loss on disposal of property, plant and equipment (after tax)	**(4 560)**		845
Normalised headline earnings	**345 389**	**(11.2%)**	**389 077**

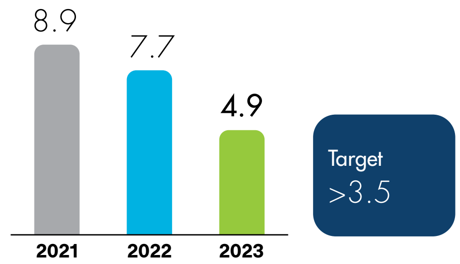
Key performance measures

We monitor certain key measures to track our progress:

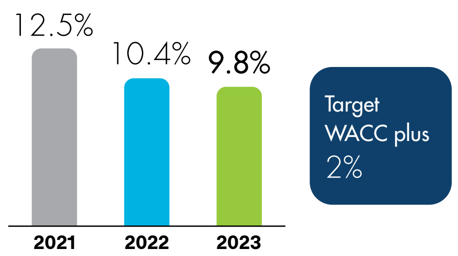
Gearing ratio



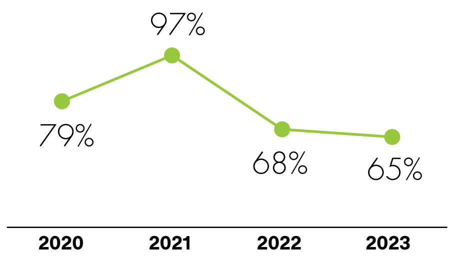
Interest cover



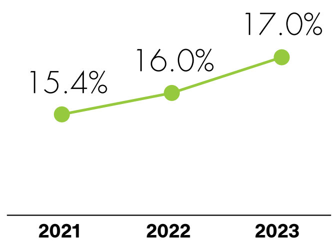
ROIC



Cash conversion ratio



Net working capital (% of revenue)



CFO's review continued

Insurance proceeds and impairments

The Group received insurance proceeds of R120 million (2022: R37 million) relating to the Denny Mushrooms (Shongweni plant) fire. After considering the reduced total mushroom production from its two remaining mushroom farms, the Group recognised an impairment charge of R73 million (2022: R98 million) net of tax in the 2023 financial year as part of its annual impairment assessment of this business unit.

An impairment charge of R43 million (2022: R nil) net of tax was also recognised in the Khoisan Gourmet business unit due to prolonged weak international demand for bulk tea.

The Group's normalisation policy has been amended, in addition to existing normalisation adjustments such as impairments, to also exclude the insurance proceeds. The amendment to the policy facilitates a like-for-like comparison of the Group's trading results.

The impairment charges reduced Total Diluted EPS and Normalised EPS but are added back for purposes of the calculation of total Diluted HEPS and Normalised HEPS.

Investment income and finance cost

The Group's net finance costs (including IFRS 16 lease liabilities) increased by 32.8% from R166.1 million to R220.5 million.

Group net finance costs on interest-bearing debt (excluding IFRS 16 lease liabilities), increased by 53.3% from R109.8 million to R168.3 million, mainly due to the full period impact of the increase in the Johannesburg interbank average lending rate (JIBAR) compared to the prior period.

Finance charges incurred on lease liabilities (IFRS 16) decreased by 8.7% from R55.4 million to R50.6 million.

Taxation

The Group's effective tax rate of 26.7% (2022: 107.7%) is mainly a result of the impact of impairments on intangible assets. The effective tax rate excluding the effect of impairments is 24.2% (2022: 25.2%).

Earnings and headline earnings

Total Diluted Earnings per Share (EPS) increased to 38.0 cps from a loss of 0.9 cps in 2022. The improvement is largely attributable to higher insurance proceeds and lower impairment charges relative to the prior year, despite increased borrowing costs.

Total Diluted Headline Earnings per Share (HEPS) increased by 6.0% to 47.7 cps (2022: 45.0 cps). The improvement is largely due to the receipt of insurance proceeds in the current year, despite increased borrowing costs.

Cash flows and balance sheet

Cash generated from operating activities increased by R23.8 million from R731.0 million to R754.8 million.

Group net working capital increased to 17.0% of Group revenue (2022: 16.0%), resulting from an increase in inventory days, and lower trade and other payable days. The increase in inventory was mainly driven by a R75 million (65.5%) increase in goods in transit held at year-end due to continued port processing delays, the impact of rising input costs and the impact of weak demand for bulk tea.

Trade and other payable days were lower compared to the prior reporting period based on a combination of reduced imports due to port delays, as well as lower orders in the fourth quarter owing to sufficient customer inventory levels carried forward.

While the Group remains committed to a target range of 14.0% to 16.0% of Group revenue, the current supply chain disruptions, driven largely by the congestion at South African ports, will likely delay the return to this target as the Group prioritises service delivery to its customers.

The Group's EBITDA to term debt gearing ratio remained at 1.6x (2022: 1.6x) normalised EBITDA, within the stated target of 1x to 2x.

Net interest cover to EBITDA remains strong at 4.9 times from 7.7 times in the prior year and compares favourably to the Group's minimum stated target of greater than 3.5x.

As outlined in the CEO's review, we reduced our spend on capex to targeted investments identified in future high-growth areas, as well as maintenance and safety projects.

R85 million
investment in capacity-enhancing projects, including:

R16 million	Flatbread line at Amaro Foods
R23 million	Yoghurt plant capacity at Lancewood
R17 million	Hard cheese packing facility upgrades at Lancewood
R17 million	Machinery and line upgrades at Finlar Fine Foods' value-added chicken facilities
R22 million	Fire safety at Lancewood, and a sprinkler system upgrade at HPC
R19 million	Investment in electricity generation

Dividend

The board has approved the payment of a cash dividend of 15 cents per ordinary share (gross) in respect of the year ended 31 December 2023 (2022: 22 cents). This is in line with the Group's dividend policy of one dividend declaration per annum at final results, covered 3-4 times by normalised HEPS.

Looking forward

Volumes are anticipated to remain constrained in the current macro-economic environment. We expect ongoing cost savings as the Group executes on its strategic initiatives.

As a management team our priorities will be:

- Driving the key value initiatives outlined in the Our new strategic direction section, to enable continued cost savings, drive improved margins and ultimately improve our ROIC.
- Cash conversion, with continued focus on capital expenditure and net working capital to assist in returning our gearing ratio to below 1.5x.

Appreciation

I wish to thank the board and leadership team for their support during my first year as the Group's CFO. To my team, thank you for your unwavering commitment, dedication and pursuit of excellence.

Operational reviews

Performance based on the existing structure

Contribution to Group revenue

(R'000)	Group revenue growth/decline: Financial year ended 31 December 2023	Change %	Financial year ended 31 December 2022	Contribution to Group revenue: Financial year ended 31 December 2023	Financial year ended 31 December 2022
Net revenue by category					
Perishables	**6 226 112**	4.5%	5 957 683	**50.4%**	50.6%
Groceries	**3 855 874**	7.0%	3 605 252	**31.1%**	30.6%
Snacks & Confectionery	**510 349**	(9.7%)	565 254	**4.1%**	4.8%
Baking & Baking Aids	**1 053 226**	13.9%	924 766	**8.5%**	7.9%
HPC	**736 696**	2.5%	718 650	**5.9%**	6.1%
Total Group revenue	**12 382 257**	**5.2%**	**11 771 605**	**100.0%**	**100.0%**

Contribution to Group EBITDA

(R'000)	Group Normalised EBITDA growth/decline: Financial year ended 31 December 2023	Change	Financial year ended 31 December 2022	Contribution to Group Normalised EBITDA: Financial year ended 31 December 2023	Financial year ended 31 December 2022
Normalised EBITDA before corporate costs					
Perishables	**452 737**	(9.2%)	498 842	**41.6%**	43.8%
Groceries	**423 188**	(4.2%)	441 530	**38.8%**	38.7%
Snacks & Confectionery	**72 071**	(31.0%)	104 417	**6.6%**	9.2%
Baking & Baking Aids	**94 092**	13.9%	82 599	**8.6%**	7.2%
HPC	**47 815**	284.2%	12 445	**4.4%**	1.1%
Total	**1 089 903**	(4.4%)	1 139 833	**100.0%**	100.0%

Performance based on the new structure

As outlined in Our new strategic direction section, our operational structure has been simplified into two categories, namely Perishable Products and Ambient Products, from the beginning of 2024.

To assist readers with future comparisons, we provide the performance on this basis:

PERISHABLE PRODUCTS^

	2023
Revenue (R'm)	**6 226.1**
Gross profit margin %	**18.7%**
Normalised EBITDA (R'm)	**452.7**
EBITDA margin %	**7.3%**
RONA %*	**10.6%**

AMBIENT PRODUCTS^

	2023
Revenue (R'm)	**5 419.4**
Gross profit margin %	**23.7%**
Normalised EBITDA (R'm)	**589.4**
EBITDA margin %	**10.9%**
RONA %*	**15.5%**

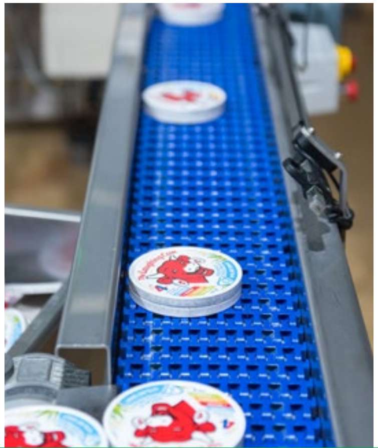
** Normalised EBIT x (1-27%)/(NWC + Lease Assets + PPE)*
^ The above categories exclude HPC and corporate costs

As the Group operated within its historic structure in 2023, the operational reports outline our performance on this basis.

Operational reviews continued

PERISHABLES

PRODUCTS THAT ARE REFRIGERATED OR FROZEN.



Lancewood and Finlar Fine Foods are the main contributors to this category.

They contributed **96%** of the category's normalised EBITDA. This review therefore includes their performance as the key drivers of the results of the category.

LANCEWOOD	Value-added dairy
FINLAR FINE FOODS	Value-added meat products
RIALTO	Value-added dairy and deli
DENNY	Fresh mushrooms
Millennium Foods	Convenience meals
Umatie	Baby food, readymade frozen meals

Performance

Revenue from Perishables increased by 4.5%, of which 9.8% was due to positive price/mix changes. Volumes declined by 5.3%, driven predominantly by soft H1 2023 retail demand for dairy products and lower production volumes of fresh mushrooms following the fire at the Group's Shongweni facility.

Retail and wholesale channel revenue within this category increased by 4.2%, which contributed 56.3% (2022: 56.5%) of category revenue.

The category gross profit margin was maintained at 18.7% from the prior period. Margins improved to 19.8% in H2 2023 compared to 17.5% reported in H1 2023 as a result of improved H2 2023 demand for dairy and value-added meat products.

Normalised EBITDA decreased by 9.2% at a margin of 7.3% (2022 margin: 8.4%). The EBITDA margin recovered strongly in H2 2023 to 8.4% compared to 6.0% in H1 2023.

THE PERISHABLES CATEGORY CONTRIBUTED:

50.4% of Group revenue (2022: 50.6%)

41.6% of Group normalised EBITDA before corporate costs (2022: 43.8%)

Operational reviews continued

PERISHABLES continued

LANCEWOOD®

Lancewood was founded in 1996 and produces a range of dairy products at its state-of-the-art manufacturing facilities.

These are strategically situated near local farms, ensuring fresh milk is delivered daily. This rich, creamy milk is critical to the production of Lancewood products, which are renowned for their distinctive taste and quality.

Products

- Cheddar
- Gouda
- Mozzarella
- Edam
- Cottage cheese
- Cream cheese
- Mascarpone
- Yoghurt
- Butter
- Processed cheese
- Whey powder
- Sour cream
- Spreads
- Sauces
- Maas
- Buttermilk
- Cream
- Pasteurised milk

DELIVERY ON FOCUS AREAS OUTLINED IN LAST YEAR'S REPORT

Focus areas	Progress
Ongoing management of the key conditions that impacted us, with a focus on margin improvement through price realisation, production efficiencies, improved product mix and innovation	Refer to Key challenges and mitigating actions.
Further improvements to: Quality Capital projects Procurement Innovation and renovation Business intelligence tools Training and development	The quality and capacity improvement project that was completed during September 2023 at our yoghurt manufacturing facility will enable us to ensure the constant supply of high-quality products. We analysed existing workflows and identified areas for optimisation to reduce bottlenecks, decrease turnaround times and improve overall productivity. We cultivate a culture of continuous improvement by encouraging employees to participate and seek out small, incremental changes that collectively contribute to increased efficiencies and innovation.
Cash generation through inventory management	Inventory is effectively managed through accurate forecasting, demand and production planning, using systems and live data, to meet changing customer demand.
Protection of our milk source	Lancewood ensures the supply of quality products through adhering to strict quality standards throughout the product value chain. This starts with the quality of our milk. This is further strengthened by strong supplier relationships and adhering to sustainable business practices.
Ongoing brand entrenchment	We continued to invest in the brand to ensure we are able to connect with the hearts and minds of our consumers. Refer to Key successes for more information.

Operational reviews continued

PERISHABLES continued

LANCEWOOD® continued

KEY CHALLENGES AND MITIGATING ACTIONS

Extremely challenging trading conditions

After a strong increase in sales of 16% and achieving a substantial market share in 2022, market conditions in 2023 worsened significantly.

Most dairy categories in South Africa experienced a decline in volume ranging from 1% to 11%*. Raw milk inflation was 12.1% during 2023, while other raw materials increased by 8-12% across all production facets.

Lancewood prioritised improving margins, given the challenging supply of and high inflation on primary raw materials. Our pricing strategy was less aggressive than competitors, resulting in a loss of 1.8% market share on pre-packed hard cheese, compared to a gain of 2.8% in 2022. However, we increased our market share in soft cheese and yoghurt.

Lancewood's performance in the retail channel was in line with the growth of the respective retailers. Lancewood's major customers in food service performed well, with strong sales growth achieved with these customers.

Our sales strategies in the wholesale and informal markets resulted in 19% growth in these channels.

Infrastructural decay in South Africa, with disruptions to electricity, water and supply chains

R8.5 million was spent on increasing generator capacity to mitigate the impact of load-shedding.

Global and local port and shipping-related disruptions

Supply chain disruptions in the second half impacted the supply of imported products due to container delays at South African ports.

Where possible, ordering cycles were increased to mitigate the impact on supply.

Higher cost of capital, devaluation of the Rand, inflation and capital projects

A higher cost of capital increased our borrowing costs, while the devaluation of the Rand increased the cost of imported raw materials and brands.

Lancewood invested R11 million in upgrading the yoghurt production facility in Athlone. This investment has already started yielding positive results, with improvements in quality and increased throughput.

The effluent treatment plant at the Swellendam facility was completed at a cost of R8 million and became operational in December 2023.

** Nielsen*

KEY SUCCESSES

Lancewood brand revenue grew at 10%

Value market share and gains across key Lancewood categories

TOTAL NATURAL CHEESE
Leading the category at
24%
market share, with 6% growth.

SOFT CHEESE
Market share of
51%
gaining 0.7% share, with 6% growth.

PRE-PACKED HARD CHEESE
grew by
3%
Lancewood brand has 28% share of pre-packed hard cheese, growing at 3%.

DOUBLE CREAM SINGLES YOGHURT
14% share of the market. Market share gain of 0.5%, with 11% growth.

This was ahead of the market growth of 0.8%.

80%
increase in spontaneous brand awareness of Lancewood yoghurt.

KEY PRIORITIES FOR 2024

Deliver an improved return on net assets (RONA)

Managing Lancewood's assets to meet Libstar Group's expectations and generate a satisfactory return on investment.

Margin protection

Recover cost inflation through price realisation, cost-saving initiatives, and supply chain efficiencies.

Position Lancewood as a resilient, future-ready, consumer-centric dairy market leader

Develop brand strategies to prioritise consumer needs, to make changes and ensure readiness for the future.

Margin-accretive consumer-centric innovation

Innovative products and solutions that cater to consumer needs and improve margins. This will involve identifying opportunities for consumer-centric innovations that can drive growth and profitability.

Simplify and optimise the current Lancewood product portfolio

Simplify the product portfolio to improve operational efficiency and resource allocation. Focus on profitable and impactful products.

Reduce costs and improve operational efficiency

Analyse Lancewood's supply chain, production processes, and overhead expenses to identify cost reduction and efficiency enhancement opportunities. One initiative during the year will be the completion of the integration of certain functions with Finlar Fine Foods.

Operational reviews continued

PERISHABLES continued

LANCEWOOD® continued

Q&A

with managing executive Cornél Lodewyks

Q What makes Lancewood unique?

A Lancewood is the company behind many of the leading cheese and yoghurt products available in South Africa. We pride ourselves in being the trusted private label producer of choice for South Africa's top retailers and the home of South Africa's most awarded soft cheese brand. We are also the proud local partner of internationally renowned dairy companies Arla (Denmark) and Bel Groupe (France), representing much loved brands such as The Laughing Cow, Kiri, Babybel, Boursin , Lurpak and Castello. Ultimately, our key differentiator is the people we work with every day and their passion for sending out quality products into the market for consumers to enjoy daily. Also, without our trusted farmers, distributors, retail partners and agencies this would not be possible.

Q Tell us about recent innovations?

A We are currently rolling out our latest innovation – Lancewood DIPde'lite™ – a delicious lower in fat and calorie yoghurt-based dip range targeting consumers who enjoy delicious snacks but want less of the guilt. We know that consumers want to live healthier lifestyles but don't want to compromise on taste and enjoyment and this range speaks exactly to that need.

Q In a world where food trends and tastes are constantly evolving, how does Lancewood stay ahead of the curve?

A Our Marketing and Innovation team spend a lot of time investigating and researching the world of food, both locally and internationally. Online research platforms and social media are also wonderful tools to learn about the latest food trends enjoyed the world over.

Operational reviews continued

PERISHABLES continued

FINLAR FINE FOODS EST. 1994

Finlar Fine Foods (Finlar) is a valued-added processor of red and white meat products. The business' first plant was established in Cape Town in 1994, with a second operation opened in Johannesburg in 1995.

Products

- Formed patties
- Value-added coated beef and chicken products
- Value-added coated plant-based proteins

DELIVERY ON FOCUS AREAS OUTLINED IN LAST YEAR'S REPORT

Focus areas	Progress
Ongoing management of the key conditions that impacted us, with a focus on innovation, addressing the opportunities in our categories and investing in additional capacity.	Finlar continued to innovate and launched seven new SKUs* this year. We also have a balanced mix of products, with value-added chicken products accounting for 60% of the business and 40% comprising of beef. We invested R17 million in machinery and line upgrades in our value-added chicken facilities this year.
Address the risk of local competition within our quick-service restaurant product range.	Although competition will impact us, we have made tangible progress towards our objectives to launch new innovative products into the local market and are working in export territories for both local quick-service and retail customers. Finlar is now able to provide bone-in and fully cooked chicken products.
Target the rest of Africa and the Middle East. Our facilities are Halaal certified.	Finlar received export approval status for the Kingdom of Saudi Arabia. This will enable value-added beef exports.
Develop new categories with existing customers to broaden our service offering.	Finlar has continued to expand its chicken offering across all formats of fresh, frozen and fully cooked.

* *Stock-keeping units (products)*

Operational reviews continued

PERISHABLES continued

FINLAR FINE FOODS EST. 1994 continued

KEY CHALLENGES AND MITIGATING ACTIONS

Increased competition

An additional beef supplier was approved to service a key quick service restaurant customer, which resulted in the loss of 30% of our beef volumes in Q4 2023.

Finlar continued to focus on product innovation, with the ongoing launch of value-added chicken products utilising new technology to provide bone-in and fully cooked products.

Refer to Delivery on focus areas outlined in last year's report.

Ongoing cost pressures

Ongoing cost management, with a focus on maintenance, diesel and labour costs.

The consolidation with Lancewood's sales and marketing, HR, technical and administrative functions will improve margins through cost efficiency and resource sharing and accelerate revenue growth in the food service and wholesale markets.

Avian influenza

The strength of our partnerships with suppliers allowed us to navigate this outbreak with minimal impact on the operations. Contingency stock levels were increased to ensure service delivery to our customers.

KEY SUCCESSES

Double-digit volume growth in the chicken category, with seven new chicken products in fresh and frozen formats to service growing demands in both retail and quick service restaurant channels.

Launched Southern Fried Chicken portions to a key retailer, with significant sales growth and expansion.

KEY PRIORITIES FOR 2024

- **Continue to service and innovate in the South African market.**
- **Expand export markets, notably the UAE and Saudi Arabia for growth.**
- **Simplify the operating model to address changes in volume.**
- **Complete consolidation with Lancewood's sales and marketing, HR, technical and administrative functions.**

Operational reviews continued

PERISHABLES continued

FINLAR continued

Q&A

with managing executive Tim Judge

Q What makes Finlar unique?

A We have a proud 30-year history and in some cases customer relationships spanning more than 20 years. Our core production team has many years of coating experience, which provides us with the confidence to develop gourmet products for discerning customers. We have proven our ability to identify new products that will succeed and can introduce these to the market within a short time-frame. This ability led to us achieving double-digit volume growth in our valued added chicken category this year.

Q Tell us about recent innovations?

A During the year we launched Southern Fried Chicken pieces to a key retail client. The take-up has been hugely successful, with the roll out in stores almost doubling in less than a year and sales exceeding our forecasts. The process started two years ago when we identified an exciting new product in the UK; a whole Southern Fried Chicken. We worked with our customer since then to trial a process to offer this product locally. Our team found that the quality was enhanced when the chicken was portioned instead of keeping it whole and we localised the ingredients and process to create a decadent flavour and texture that surpassed our expectations. The coating has also become the new benchmark for the southern fried flavour in our coating range.

The development of this product could not have taken place without the technology of a Cookstar oven, an investment we made more than six years ago. The oven uses a combination of steam and convection to create the chicken's incredible moistness.

Q In a world where food trends and tastes are constantly evolving, how does Finlar stay ahead of the curve?

A Finlar constantly explores new ideas and trends to keep abreast of the latest global technology, recipes and products for our clients. For example, our strong product innovation and investment in new value-adding technologies have driven the growing trend of value-added chicken products.

Operational reviews continued

GROCERIES

PRODUCTS THAT ARE **STORED AND PRESERVED AT ROOM TEMPERATURE.**

Cape Herb & Spice (the largest exporter in the Group) and Rialto (the largest importer in the Group) contributed **65%** of normalised EBITDA in this category. This review therefore includes their performance as the key drivers of the results of this category.

CapeHerb&Spice, Cape Foods	Cecil Vinegar Works, Montagu Foods, DickonHallFoods, Cape Coastal Honey	Rialto	Libstar Chamonix Spring Water, khoisan gourmet
Dry condiments	Wet condiments	Groceries	Bulk tea and beverages

Performance

Revenue from Groceries increased by 7.0%. Category volume sales decreased by 3.9%, whilst price and mix changes contributed 10.9%. The performance was driven by weak H1 2023 demand for wet condiments in the industrial channel, which declined by 15.0%. Retail and wholesale channel revenue within this category increased by 17.8%, driven by wet condiments, whilst the food service channel performed strongly with double-digit growth.

The category's gross profit margin improved to 23.7% (2022: 23.4%). Groceries category normalised EBITDA decreased by 4.2% at a margin of 11.0% (2022: 12.2%). The normalised EBITDA margin recovered in H2 2023 to 12.0% compared to 9.8% in H1 2023.

THE GROCERIES CATEGORY CONTRIBUTED:

31.1% of Group revenue (2022: 30.6%)

38.8% of Group normalised EBITDA before corporate costs (2022: 38.7%)

45% **Retail and wholesale** (2022: 41%)

12% **Food service** (2022: 12%)

19% **Industrial and contracting manufacturing** (2022: 24%)

23% **Exports** (2022: 23%)

Operational reviews continued

GROCERIES continued

CapeHerb&Spice™

Cape Herb & Spice was founded in 1994 and procures, blends, treats, packages and sells a wide range of herbs and spices as private label and branded products to local and global retailers.

Products

- Herbs and spices
- Seasonings
- Dessert decoration products

DELIVERY ON FOCUS AREAS OUTLINED IN LAST YEAR'S REPORT

Focus areas	Progress
Ongoing management of the key conditions that impacted us, with a focus on margin improvement through price realisation, production efficiencies, improved product mix and innovation.	Our initiatives resulted in our targeted annual gross profit margin to be achieved, although our full-year trading margin was impacted by lower annual volumes.
Improved information tools to provide a higher level of visibility for decision-making.	We improved live reporting within our supply chain to allow time-sensitive decision making to mitigate potential supply disruptions.
Assist with the integration of Cape Foods into the Libstar stable.	The acquisition of Cape Foods presented cross-selling opportunities. One example includes a current customer buying tea from Khoisan Gourmet. Cape Foods also assisted with the product development and value engineering for the Jan Braai dry condiments range.
Integration of Khoisan Gourmet into Cape Herb & Spice.	The consolidation of the Cape Herb & Spice and Khoisan Gourmet's sales, marketing, human resources and administrative functions was completed in the fourth quarter of the year. The site consolidation of Khoisan Gourmet's manufacturing facilities into those of Cape Herb & Spice is planned upon termination of existing lease arrangements by 2026.

Operational reviews continued

GROCERIES continued — Cape Herb & Spice™ continued

KEY CHALLENGES AND MITIGATING ACTIONS

Ongoing challenging market conditions

We have further expanded our products to provide different price ranges and entered seven new markets in the last two years to spread our geographic risk.

We continue to focus on cost savings, operational efficiencies and price increases as required.

Attract, develop and retain industry experts

We appointed a highly experienced senior practitioner to develop a team and expand our technical capacity last year. This has been very successful, with increased stability in our supply chain and the procurement department's operational structure, supplier relationships and business intelligence capabilities.

Global shortage of suitable key ingredients, including chilli, paprika and cumin due to seasonal crop failure

We have developed and implemented strategies to best mitigate the impact of these regional and seasonal ingredient disruptions.

Refer to Our stakeholder engagement in practice

KEY SUCCESSES

Developed a differentiated range for discounters.

Refer to Our consumer landscape

25% sales growth due to the listings of the Cape Herb & Spice brand within large UK retailers.

KEY PRIORITIES FOR 2024

- Grow exports by optimising cross-selling opportunities in the Libstar stable.
- Further entrench the global recognition of our brand.
- Protect margins through cost savings and increased use of technology and business information tools to enhance planning and unlock manufacturing capacity and efficiencies.
- Improve service delivery through a focus on customer relationship management and data-driven analytics.
- Develop capacity and expertise in our supply chain through a focus on training, development and succession planning.

Q&A

with managing executive Paul Jibson

Q What makes Cape Herb & Spice unique?

A Cape Herb & Spice is probably the reason we all use spice grinders, as this innovative packaging solution was the foundation of our global footprint. We have become a trusted branded and private label partner to retailers all over the globe. We offer an extensive range of herbs, spices, teas and gifting solutions, backed by the highest technical and taste quality standards.

Our quality people and our passion spur us on to create incredibly tasting products.

Q In a world where food trends and tastes are constantly evolving, how does Cape Herb & Spice stay ahead of the curve?

A As a global player and trusted partner in our category offerings, we must ensure that we bring the latest trends to our customers, and ultimately our consumers. We have a pro-active team, who are in touch with global trends, market insights and the occasional, radical innovative idea, ensuring we stay ahead of the curve, or pioneering new ones.

Q Tell us about recent innovations?

A Together with our grinder partner, we recently developed what we have coined, "the eco-clip" grinder, which targets our environmentally-friendly driven mindset. This grinder uses 30% less plastic than our regular grinders, without compromising on the grind quality for which we are renowned for. Not only do we reduce plastic in the grinder unit, the patented tamper evident seal also allows for a reduction in the production process and the need for a plastic sleeve, used primarily as an anti-tamper barrier.

We are also busy developing a salt-free seasoning range and a range of organic herbs and spices.

Operational reviews continued

GROCERIES continued

RIALTO

Rialto sources, imports and procures local food and packaging products in private label or leading international brands.

As part of an integrated solution, Rialto offers our customers sourcing, supply chain, compliance, marketing, sales and value-added manufacturing of products and categories. Rialto is the exclusive importer and distributor of several leading international brands in South Africa.

Products

- Pasta, rice and noodles
- Oil, vinegar and dressings
- Sauces and condiments
- Canned products

DELIVERY ON FOCUS AREAS OUTLINED IN LAST YEAR'S REPORT

FOCUS AREAS	Progress
Ongoing management of the key conditions that impacted us, with a focus on cost reduction, while ensuring a careful balance between under- and overstocking in the face of an erratic supply chain.	We focused on category forecast planning that increased on-time, in-full service levels. Operational costs have been well managed, with warehouse and distribution consolidation and rightsizing of several service functions.
Improvement programmes that focus on: ▪ Growth category development, with particular focus on newness and innovation. ▪ Margin management in the face of escalating conversion and operating costs. ▪ Protection of assets, with a focus on people development to meet the challenges of ongoing macro/environmental developments, and fixed assets with a focus on system implementation, stock and cash. ▪ Warehouse consolidation and critical mass distribution efficiencies to address rising costs.	▪ Product lines were extended, and products were diversified into growth categories such as snacking with the launch of new brands. ▪ Yields were improved in conversion processes to maintain full absorption margin. ▪ Extensive leadership training conducted in all businesses, with a particular focus on change management. ▪ Restructure of the debtors' function reduced bad debt exposure. ▪ Further consolidation of other Libstar business units into the Rialto supply chain model resulted in cost savings and recovery opportunities for all participants.
Rationalisation of under-performing categories and product lines.	We have used our planning systems to analyse slow moving items to rationalise under-performing category laggers.

Operational reviews continued

GROCERIES continued

RIALTO continued

KEY CHALLENGES AND MITIGATING ACTIONS

Devaluation and volatility of currency on landed costs

We continue to focus on buying forward and hedging where appropriate.

The slower Chinese economy has resulted in a decline in costs of certain commodities, such as paper and board. Regular visits to China during the year built on existing supplier relationships. This secured raw material cost savings to counter the effect of the devaluation of currency.

Ongoing drought and adverse weather conditions in Europe resulted in significant raw material increases on agricultural products like olive oil and tomatoes. Dual supply and strategic seasonal buy-ins to some extent mitigated this effect on landed costs.

Production capacity and efficiency constraints

We addressed production and efficiency constraints of value-added offerings with the installation of a new slicing line in the perishables facility, and the installation of serviette and packing machinery in the packaging facility. This increased the execution of customised value-added products to meet varied customer requirements.

Lack of measured market data in the food service channel

Market research and trade data traditionally focused only on the retail and wholesale space. We entered into a strategic collaboration with a recognised service provider which reports food service channel data on a monthly basis. This has been a key input in the finalisation of our strategic direction going forward.

KEY SUCCESSES

The food service channel grew 18% across food and packaging.

Rialto won the Tabasco India, the Middle East, and Africa (IMEA) distributor of the year award.

We continued to meet operational standards by adhering to customer and prescribed compliance audits.

Launched more than 60 private label products across multiple categories and upgraded more than 30 other products.

We maintained high levels of service delivery in the face of severe load-shedding and continued port disruptions with on-time, in-full rates above 90%.

KEY PRIORITIES FOR 2024

- Focus on food service as a growth channel.
- Consolidation of warehouse facilities and supply chain model.
- Increase local launches by tapping into global food trends.
- Further extend our eco-sensitive packaging offering across diversified product categories.
- Expansion of chilled slicing sales following the implementation of a new slicing line with added capabilities.
- Finding solutions for imports to counter the current shipping challenges.
- Expansion into growing food categories.
- Leadership development to strengthen succession.

Operational reviews continued

GROCERIES continued

RIALTO continued

Q&A

with managing executives Derek Couzens and Roan Dowling

Q What makes Rialto unique?

A Rialto's strong competitive point of differentiation is the offering of a complete integrated solution across the full spectrum of services supporting a dynamic portfolio of international and local brands and private label categories spanning both retail and food service channels.

The key ingredient of Rialto's success lies in the team's passion – passion for food and the company's products. We are solutions-driven to exceed the expectations of our customers and create sustainable and long-term partnerships with our supply partners.

Q Tell us about recent innovations?

A We developed a completely compostable hot beverage packaging solution from paper cup, lid, cup holders and stirrers within the food packaging category, in partnership with a leading international manufacturer. The solution is based on different compostable packaging mediums, the majority of which are plant-based and offer strong alternatives to single-use plastics. Unlike many of the alternatives to single-use plastics, these do not prejudice a cyclical economy and recognised recycling efforts.

We assisted a key retailer with a private label innovation which resulted in the complete reinvention of their Asian category. We launched and improved more than 60 SKUs* in this retailer during 2023.

Q In a world where food trends and tastes are constantly evolving, how does Railto stay ahead of the curve?

A Rialto's new product development teams have invested considerable resources in aligning themselves and our products with the latest global food trends. This investment has included:

1. attending the major food fairs around the world.
2. solutions-driven partnerships with our customers in joint menu-building initiatives.
3. working alongside global brand ambassadors and chefs.
4. visits to our global supplier facilities to sample on-site food trends.

These initiatives involve constant engagement with support teams such as supply chain and technical compliance to ensure winning food solutions.

Our marketing and innovation team spend a lot of time investigating and researching the world of food, both locally and internationally.

** Stock keeping units (products)*

Operational reviews continued

SNACKS & CONFECTIONERY

PRODUCTS THAT RESPOND TO THE CONSUMER'S DEMAND FOR **CONVENIENCE AND "ON-THE-GO" SNACKING.**

Ambassador Foods contributes **87%** of normalised EBITDA in this category. This review therefore focuses on this business unit's performance as the key driver of this category.

AMBASSADOR FOODS EST. 1989

Cereals, bars, nuts, seeds and fruit, spreads and confectionery

Performance

Revenue from Snacks & Confectionery declined by 9.7%, mainly due to the termination of the Pringles contract manufacturing arrangement for Kellogg's with effect from September 2022. The category revenue increased by 2.1% on a like-for-like basis.

Excluding the impact of the Pringles contract manufacturing arrangement, sales volumes declined by 15.6%. This was mitigated by a 17.7% increase in price/mix from Ambassador Foods. Reduced promotional activity of higher-value snacks relative to the prior period contributed to the significant reduction in volumes. The retail channel also experienced a change in sales mix as constrained consumers shifted towards value offerings of nuts and nut mixes, granolas, and snack bars. The category's gross profit margin decreased to 19.5% from 22.0% excluding the impact of the exit of Pringles manufacturing in the prior period.

Normalised EBITDA decreased by 31.0%, at a lower margin of 14.1% (2022: 18.5%), driven by the lower sales volumes and operating margin.

THE SNACKS & CONFECTIONERY CATEGORY CONTRIBUTED:

4.1% ▽
of Group revenue
(2022: 4.8%)

6.6% ▽
of Group normalised EBITDA before corporate costs
(2022: 9.2%)

94% **Retail and wholesale** (2022: 84%)

1% **Food service** (2022: 1%)

2% **Industrial and contracting manufacturing** (2022: 13%)

3% **Exports** (2022: 2%)

Operational reviews continued

SNACKS & CONFECTIONERY continued

Ambassador Foods specialises in the import and export of varieties of edible nuts, dried fruit, seeds and related snack products. The business is the major supplier to a range of well-known retail groups, with some relationships spanning more than 20 years.

Products

- Cereals: granola, muesli, pops
- Bars: health, snack, protein and confectionery bars
- Nuts, seeds and fruit: various flavours and mixes
- Spreads: nut, seed and indulgent spreads
- Confectionery: Turkish delight, nougat, fudges
- Vacuum crisps
- Vegan cheese

DELIVERY ON FOCUS AREAS OUTLINED IN LAST YEAR'S REPORT

Focus areas	Progress
Ongoing management of the key conditions that impacted us, with a focus on meeting customer requirements after the extreme volatility of 2022.	We launched a new larger almond offering with a customer, which increased market share and launched a value delivery project to ensure best value in store.
Centralising functions and investing in talent management. We are consolidating certain functions under a revised senior management team. This will improve efficiencies and decision-making.	We completed our restructuring, with procurement, logistics, new product development, quality control and maintenance centralised. The team improved processes to meet the strong customer demand through effective capacity management at our bar plant.
Efficiency increases. We will work closely with customers to continue to create innovative products. **We are also identifying supply chain improvements to offer reduced prices on the shelf for strained consumers.**	We have made progress on these initiatives, as outlined above.
Several product innovations planned, with around 30 new SKUs* to be launched.	We launched 32 SKUs* this year.
Expanding customer base.	We secured a new bulk customer, which will more than triple our current bulk offering. We are working closely with a current customer to grow the export market, as we are their preferred supplier to grow their private label range.

* Stock keeping units (products)

SNACKS & CONFECTIONERY continued

AMBASSADOR FOODS continued

KEY CHALLENGES AND MITIGATING ACTIONS

Manufacturing waste

We focus on minimising waste and using waste to manufacture other products. For example, we created a peanut butter from peanut waste. Where it is not possible to create another product from the waste, we sell it for a discounted price as part of our enterprise development programme.

Wage negotiations in tough market conditions

We continued to successfully negotiate wages this year. Our three-year pension plan agreement was successfully implemented last year.

Foreign exchange fluctuations

As a large importer, we currently manage this through forward exchange contracts. We are also focusing on growing our export market as a natural hedge.

Commodity pricing

We are mainly a commodity-driven business, which requires successful procurement. We achieved significant savings this year on almond pricing, which assisted with margin maintenance, even though the Rand continued to depreciate against major currencies.

KEY SUCCESSES

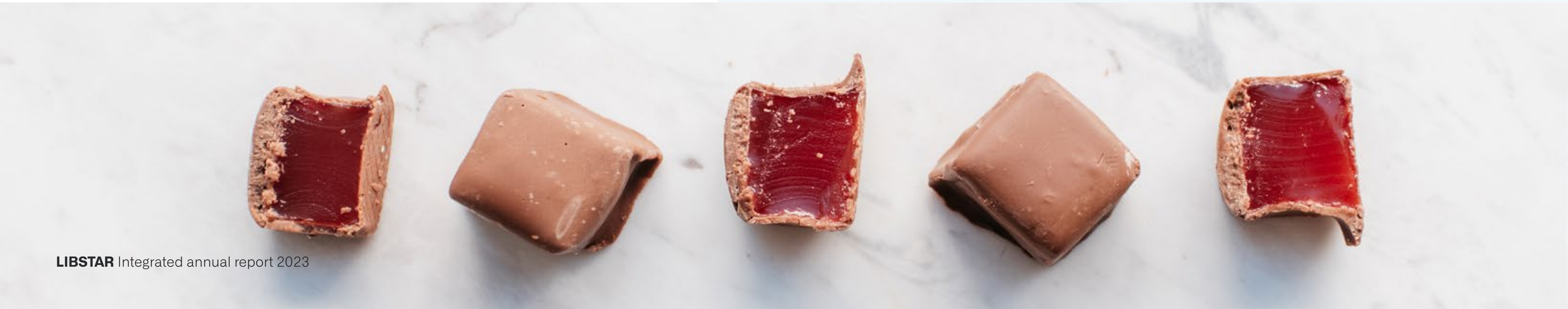
Successful research and development that advanced our confectionery range, resulting in the relaunch of nougat following texture and sugar content improvements.

Launched the first macadamia-based cheese variant globally.

Grew ahead of the nut industry.

KEY PRIORITIES FOR 2024

- Increase capacity at the bar and granola plant.
- Grow export sales, as certain of our bars and granolas are very price competitive in the export market.
- Roll out our secured bulk customer project.
- Expand our confectionery capabilities and increase our offering.
- Increase products in the cereal category for a local customer.



Q&A with managing executive Rani Bosch

Q What makes Ambassador Foods unique?

A Ambassador Foods was started in 1989 in a small town in Mpumalanga in South Africa. We started with a capacity of packing 40-80 macadamia nuts cases a week and grew to two sites, with several facilities and capabilities to supply nuts and a broader range of other products. We have several certifications in place to meet international standards.

Our key success factor is knowing our product and process and staying adaptable to changing environments and situations. We have a dedicated team and maintain extremely valuable relationships with our suppliers and customers.

Q In a world where food trends and tastes are constantly evolving, how does Ambassador stay ahead of the curve?

A Our sales and innovation team spend a lot of time investigating and researching the world of food, both locally and internationally. Our teams travel to experience international trends.

Q Tell us about recent innovations?

A In the confectionery space, we launched a new fudge texture. In the snacking space, we introduced a new pack format for almonds (as well as a different variety of almond).

We extended flavours within our Carb Clever granola range to include turmeric and beetroot and we launched chocolate spreads.

We also experimented with flavoured nuts, such as cinnamon glazed almonds and cashews, roasted olive and siracha spice. We launched a BBQ corn snack option in store.

On the groceries side, we launched a black tahini option and on the fresh side, we launched macadamia-based cheeses at the end of 2023.

Operational reviews continued

BAKING & BAKING AIDS

The Baking & Baking Aids category sells an extensive range of baking products to leading retailers in South Africa, as well as to businesses operating in the food service industry.

Amaro Foods accounts for the bulk of the Baking & Baking Aids category EBITDA. This review focuses on this business' performance as the main driver of the results of the category.

Baked goods

Baking aids

Performance

Revenue from Baking & Baking Aids increased by 13.9%, supported by an 11.5% positive movement in price/mix and a 2.4% increase in volumes.

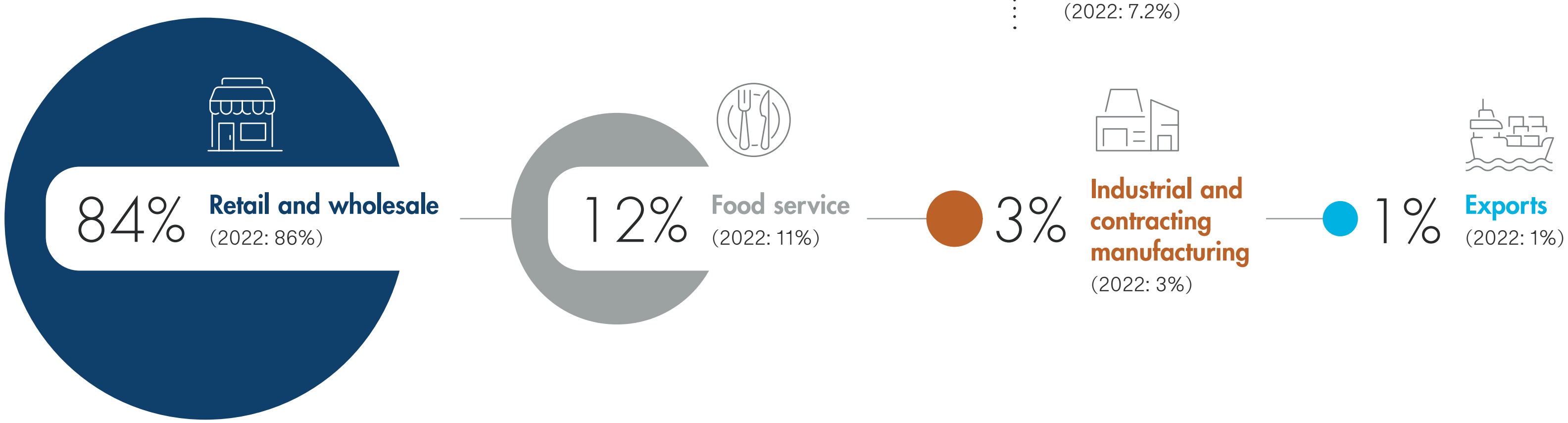
The gross profit margin increased to 25.6% (2022: 25.2%). This was a result of a strong performance in the retail and wholesale channel which increased revenue by 12.0% and contributed 84.2% of category sales.

Normalised EBITDA increased by 13.9% at the same margin of 8.9% of the prior year and recorded an improved margin of 9.4% in H2 2023 compared to 8.4% in H1 2023.

THE BAKING & BAKING AIDS CATEGORY CONTRIBUTED:

8.5% of Group revenue (2022: 7.9%)

8.6% of Group normalised EBITDA before corporate costs (2022: 7.2%)



Operational reviews continued

BAKING & BAKING AIDS continued

The Amaro Foods bakery produces products of the highest quality, using traditional processes and ingredients. Amaro Foods also has a separate gluten-free processing facility.

Products

- Wraps
- Croissants
- Gluten-free baked products
- Hot-cross buns
- Naan breads
- Soft white and brown rolls
- Speciality breads, rolls and baguettes
- Confectionery/sweet range

DELIVERY ON FOCUS AREAS OUTLINED IN LAST YEAR'S REPORT

FOCUS AREAS	PROGRESS
Ongoing management of the key conditions that impacted us, with a focus on mitigating load-shedding costs by securing bulk costs on diesel and managing price increases to customers.	We increased our generator capacity in our parbake facility and continue to investigate solar options, with installation in the flatbread facility planned for 2024.
Grow our customer base in the quick-service restaurant and export category.	We secured three new customers during the year.
Secure additional secondary suppliers.	We secured secondary suppliers for four key raw material inputs during the year.
Re-engineer core lines with low volumes.	Hot-cross buns were re-engineered to ensure enhanced value delivery of products.

KEY CHALLENGES AND MITIGATING ACTIONS

Local port and shipping-related disruptions

Where possible, ordering cycles were increased to mitigate the impact on supply. Stock holdings were also increased, where required.

Price increases across key raw materials

Some price increases include:

- Olive Oil – 15%
- Eggs – 8%
- Fruit (Mixed Peel) – 62%
- Packaging – 10%

Price increases were successfully managed.

Skilled labour shortage in baking

Four qualified bakers were employed, one in new product development and three in the facilities. Training programmes continue to enhance internal promotions.

KEY SUCCESSES

A direct store delivery trial was completed in seven stores, which improved stock availability and sales.

The launch of our new cultural range of Amadombolo and Amagwinya is very popular with consumers.

We introduced a first-of-its-kind kind gluten-free sourdough bread in South Africa.

The flatbread wrap line upgrade was successfully completed.

KEY PRIORITIES FOR 2024

- Improve real-time and online recording of production waste.
- Expand our customer base in quick service restaurants and exports.
- Improve systems for job tracking, sales, stock, orders, maintenance, and customer feedback.

Operational reviews continued

BAKING & BAKING AIDS continued

AMARO FOODS continued

Q&A

with managing executive Tony Amaro

Q What makes Amaro Foods unique?

A Amaro Foods is a journey of passion and flavour. With our expert craftmanship, we produce high quality delicious baked and confectionery products with the finest ingredients to ensure excellent taste. We are committed to excellence and customer satisfaction with the aim to enrich people's daily lives.

We are incredibly passionate and innovative. We constantly seek new ways to be outstanding. We have talented people, which create a diverse mix, essential for growth.

We have strong customer centricity and partnerships, prioritising their needs, listening to understand, and utilising their feedback to improve. This creates a loyal and enthusiastic customer base that is vital for sustained success.

Q Tell us about recent innovations?

We are constantly looking to innovate new and existing products. Some of our latest launches include Parbake's Amadombolo and Amagwinya. With authentic flavours and cultural inclusivity, these South African favourites have become very popular.

Q In a world where food trends and tastes are constantly evolving, how does Amaro Foods stay ahead of the curve?

A We keep a close eye on local and global market trends through research, attending trade fares and networking events. Social media is also a very powerful platform used to understand what's happening in the world of bakery. We are constantly listening to customer feedback, and we implement improvements based on what they are saying. We recently partnered with a strategic ingredient supplier who provides us with additional insights into the emerging market and the relevant food trends.

Operational reviews continued

HOUSEHOLD & PERSONAL CARE

PRODUCTS THAT ARE USED FOR CLEANING, AND PERSONAL CARE.

Household & Personal Care (HPC) partners with leading retailers in South Africa to develop, design and maintain their private label and dealer-own brands of household and personal care cleaning and sanitising products and accessories.

As a non-food business, HPC is not core to Libstar's future portfolio. The Group formalised divestment mandates in the second half of the year. The process is underway, with a targeted completion date before the end of 2024.

LIBSTAR Household & Personal Care

Performance

The team contributed to a significant turnaround this year, with a particular focus on strategic procurement initiatives.

Revenue increased by 2.5%, while volumes declined by 7.9% following the discontinuation of unprofitable lines.

Gross profit margins strengthened from 11.3% to 16.4%, with an improved price/mix contribution of 10.4%.

The second half margin improved to 7.2% from 5.7% in H1 2023.

THE HPC CATEGORY CONTRIBUTED:

5.9% of Group revenue (2022: 6.1%)

4.4% of Group normalised EBITDA before corporate costs (2022: 1.1%)

91% **Retail and wholesale** (2022: 90%)

7% **Industrial and contracting manufacturing** (2022: 8%)

2% **Exports** (2022: 2%)

GOVERNANCE REVIEW

Introduction

The board endorses the King IV Report on Corporate Governance for South Africa 2016 (King IV). It recognises the importance of conducting its business with integrity and in accordance with accepted governance practices.

The board oversees the company's compliance with its legal obligations specified in the Memorandum of incorporation (MoI) of the company, the Companies Act, and the JSE Listings Requirements.

The board is satisfied that during the year under review, the company has in all material respects complied with its MOI, the Companies Act and the recommendations of King IV.

The board is constituted in terms of a board charter. This guides the role and responsibilities of the chairman, the lead independent director and the functioning of the board.

Delivery on 2023 focus areas

	HOW WE RESPONDED
Provide ongoing support to the leadership team to manage the impact of difficult economic conditions.	The new team and the board evaluated the Group's strategy, structure and financial position in ongoing difficult market conditions. This has led to a revised strategy and structure. Results improved following corrective action taken.
Oversee the transition of the new executive team.	The CEO, CFO and executive director have integrated well, with an enhanced strategy signed off by the board.
Oversee the implementation of the Group and ESG strategies.	The board continues to monitor the implementation of the ESG strategy. The board approved the inclusion of ESG targets in the key performance indicators for the executive management's short-term and long-term incentive schemes.
Evaluate management's action plans to improve the return on capital expenditure and investments.	The board monitored the major capital expenditure projects and the progress in generating return on capital expenditure and investments.

2024 focus areas

Oversee the rollout of the enhanced strategy which includes:

Simplification of the portfolio.

Simplification of the operating model through consolidation.

Growing export opportunities.

Improving yields and return on invested capital (ROIC) in the medium-term.

Aligning operational and manufacturing opportunities.

Continue to focus on the core activities of the board, as set out in the terms of reference.

transparent leadership

Governance structure

The board has five committees in place to assist it to execute its duties and responsibilities.

Group board

Committees

Audit and risk | Remuneration | Nomination

Social, ethics and transformation | Investment

The board

The board comprises eight directors. Five are non-executive directors and three are executive directors. All non-executive directors, including the chairman, are classified as independent in terms of King IV and the JSE Listings Requirements.

Wendy Luhabe (Chairman)	Non-executive independent director
JP Landman (Lead independent director)	Non-executive independent director
Anneke Andrews	Non-executive independent director
Sandeep Khanna	Non-executive independent director
Sibongile Masinga	Non-executive independent director
Charl de Villiers	Chief executive officer
Terri Ladbrooke	Chief financial officer
Cornél Lodewyks	Executive director

Refer to Our board

The board is satisfied that it has the appropriate balance of knowledge, skills, experience, diversity and independence. Due regard is given to diversity in respect of Libstar's transformation initiatives, specifically those of gender and race.

Diversity

The Group has a board diversity policy in place to guide requirements for diversity, gender, culture, age, field of knowledge, skills and experience. A voluntary target of 30% female representation was set at board level. This was achieved with 50% female representation. The board reviewed the policy and considered whether other diversity targets should be set. No additional voluntary targets were set.

BOARD MEMBERS

8

RACE

White 62.5%

Black 25.0%

Other 12.5%

AGE

30 – 40: 2 — 25.0%

40 – 50: 1 — 12.5%

50 – 60: 3 — 37.5%

60 – 70: 2 — 25.0%

TENURE

6/8 — 5 years 11 months

2/8 — 1 year

GENDER

Male 50%

Female 50%

Chairman

The chairman is Wendy Luhabe. The main role of the chairman is to manage and provide leadership to the board. She acts as a liaison between the board and management through the chief executive officer (CEO). The chairman's role is to:

- Ensure the effective functioning of the board.
- Act as a liaison between the board and management through the CEO.
- Provide independent advice and counsel to the CEO.
- Confirm that sufficient information is provided to enable the directors to formulate appropriate judgements and make informed decisions.
- Develop and set agendas for meetings of the board, in conjunction with the company secretary.
- Attend other committees of the board, where appropriate, and as determined by the board.
- Call special meetings of the board, where appropriate.

The lead independent non-executive director

The lead independent non-executive director (LID) is JP Landman. His responsibilities are to:

- Lead in the absence of the board chairman.
- Serve as a sounding board to the chairman.
- Act as an intermediary between the chairman and other board members, when required.
- Address shareholders' concerns where contact through normal channels has failed to resolve concerns, or where such contact is inappropriate.
- Chair discussions and decision-making by the board on matters where the board chairman has a conflict of interest.
- Lead the performance appraisal of the board chairman.
- Lead the board's evaluation of the CEO.

The role and responsibilities of the LID were reviewed during the year. No amendments were recommended.

Board responsibilities

The primary responsibilities of the board include:

- Approving the strategic direction of the Group.
- Approving and reviewing budgets, business plans and policies.
- Overseeing the:
  - management of ethics and risk.
  - efficiency of the board committees.
  - executive management's implementation of company strategy.
- Ensuring that Libstar complies with applicable laws, regulations and codes of business practice.
- Ensuring the integrity of the company's integrated annual report, annual financial statements and interim report.

The shareholders appoint members of the board. The board takes overall responsibility for the achievement of the Group's strategic objectives.

There is a clear division of responsibility at board level that creates balance of power and prevents any individual having unfettered powers of decision-making. The executive directors and senior management team are responsible for the day-to-day management of the company's operations. In line with the Group's decentralised business model, the board and the senior management team are supported by senior management teams from each of the business units.

The board ensures the integrity of its financial reporting and risk management, with timely and transparent disclosure to stakeholders.

The board has a framework in place for the delegation of authority to management and its committees. It remains cognisant that delegating authority to committees or management does not in any way discharge its accountability.

The board's terms of reference require a minimum of four scheduled meetings per financial year. The board held five scheduled meetings excluding ad hoc meetings held to consider special business. The board's annual strategy session was held on 17 July 2023.

Appointment and rotation of directors

Directors are not appointed for an indefinite period. At each annual general meeting (AGM), at least one third, or the closest number to a third, of the non-executive directors will retire by rotation from office and be eligible for re-election. The non-executive directors due to retire every year are those who have been in office the longest since their last re-election.

The appointment of directors during the year is subject to confirmation by shareholders at the first AGM following their appointment.

Board vacancies are filled by the board on recommendation from the nomination committee. This committee scrutinises and identifies suitable candidates.

Cornél Lodewyks was appointed to the board on 1 January 2023 and Terri Ladbrooke was appointed to the board on 15 March 2023. Their appointments were confirmed at the AGM in June 2023.

Conflicts of interest

The Group is committed to the highest standards of ethical business conduct. A conflicts of interest policy and code of ethics and conduct are in place. These apply to all directors and employees. Disclosure of interests is a standard agenda item at all board and committee meetings. Directors annually declare their personal financial interests and disclose their directorships.

Dealing in securities

Libstar has a formal policy on dealing in securities. This prohibits dealing in securities by directors, officers and any employee who may have inside information for a specific period preceding the announcement of the Group's interim and final results or in any other relevant period, as confirmed in the JSE Listing Requirements. A closed financial period commences at the half-year and year-end periods and ends upon publication of the results on SENS. The insider trading policy is circulated prior to a closed period to remind the affected persons. Before dealing in Libstar shares, directors are required to obtain prior written clearance to transact in line with the Group's dealing in securities and insider trading policy.

Board evaluation

The board, through its nomination committee, conducted an internal assessment of its performance and that of its committees for the year under review. The assessment comprised a questionnaire based on best practice. The evaluation confirmed that the board fulfills its role, demonstrates ethical leadership and effectively monitors risk management and the performance of the Group's strategy and business plan. There were no noteworthy areas of improvement.

All non-executive directors conducted an independence self-evaluation. This was considered by the nomination committee. The nomination committee made a recommendation to the board on the independence of Sandeep Khanna who has reached a tenure of nine years. The board considered Mr Khanna's self-evaluation of his independence and his contribution to the board. The board is satisfied that he remains independent. It will continue to evaluate his independence annually in accordance with the requirements of King IV.

Company secretary

The role of company secretary is performed by Ntokozo Makomba. She is responsible for ensuring that sound governance practices are implemented and maintained.

The board evaluated the performance and independence of the company secretary and is satisfied with her competence, qualifications and experience.

Meeting attendance 1 January 2023 – 31 December 2023

	Board	Audit and risk	Remuneration	Nomination	Social, ethics and transformation	Investment
Number of meetings	5	4	3	3	3	2
Non-executive directors						
Wendy Luhabe	5/5*	3/4^	3/3	3/3	3/3	–
Anneke Andrews#	5/5	4/4*	–	–	–	–
Sandeep Khanna	5/5	4/4	3/3*	3/3	–	2/2
JP Landman	5/5	4/4	3/3	3/3*	–	2/2*
Sibongile Masinga	5/5	4/4	–	–	3/3*	–
Executive directors						
Charl de Villiers**	5/5	4/4^	3/3^	3/3^	3/3	2/2
Terri Ladbrooke	5/5	4/4^	3/3^	3/3^	3/3	2/2
Cornél Lodewyks	4/5	2/4^	–	–	–	2/2^

* *Chairman.*
^ *Invitee.*
\# *Anneke was appointed to the investment committee in June 2023.*
** *Charl resigned as a member of the social, ethics and transformation committee in June 2023 and Terri was appointed as a member of the social, ethics and transformation and investment committees in June 2023.*

Ad hoc meetings

The board and committees set up ad hoc meetings, when required.

One additional board meeting and one additional audit and risk committee meeting were held during the year to discuss strategic developments and impairments respectively.

Board committees

The board delegates duties and responsibilities to various committees (as set out in the governance structure). Committee meetings are attended by the chief executive officer and chief financial officer, the executive director, the HR executive, external audit and other members of management, as appropriate. Directors who are not members of the committees may attend the committee meetings but may not vote on the matters tabled.

The committees operate under their individual terms of reference. These are reviewed annually. There is full and transparent feedback from the committees to the board through verbal feedback and minutes.

The composition of the committees is reviewed annually. The board is satisfied that the committees have the appropriate mix of skills, knowledge and experience.

Audit and risk committee

Composition and role

The audit and risk committee comprises four independent non-executive directors.

Anneke Andrews (Chairman)
Sandeep Khanna
JP Landman
Sibongile Masinga

The audit and risk committee is responsible for decisions regarding the committee's statutory duties. The board has delegated certain responsibilities to the committee, as set out in the committee's terms of reference. The committee assists the board to discharge its duties relating to the safeguarding of assets, the operation of adequate financial systems, financial risk management and controls, the review of financial information, and the oversight of external reports.

In addition to its advisory role, the audit and risk committee has statutory duties which are set out in the Companies Act. Its terms of reference are aligned to King IV recommended practices. The audit and risk committee is responsible for reviewing the financial statements and recommending them to the board for approval. It is also responsible for confirming the expertise of the chief financial officer (CFO).

Delivery on focus areas

The table below provides updates on our delivery on the focus areas we outlined in last year's report.

FOCUS AREA	PROGRESS
Oversee the transition between the current and newly appointed auditors	Moore Inc. conducted the audit for the financial year ended 31 December 2023. EY's shadow period commenced in November 2023. During the shadow period EY was involved in the annual audit as an observer and attended audit and risk committee meetings and meetings where judgements or estimates were discussed. The audit committee oversaw the transition.
Proactive and ongoing oversight of key risks	The committee reviewed the Group risk register on a quarterly basis. The business units' risk registers were tabled for annual review. The board continues to prioritise the consideration of key risks, appropriate mitigating controls and opportunities.
Monitor the integration of the acquired Cape Foods business	The committee oversaw the integration of Cape Foods into the internal reporting system.
Collaborate with the social, ethics and transformation committee to progress the implementation of the ESG strategy	From a risk perspective, the committee considered the ESG report.
Continue to evaluate pro-active measures to ensure robust cyber security systems	The committee reviewed measures to maintain and improve cyber security. The committee noted the workplan of the ICT steering committee.
Oversee the transition in leadership from an organisational and finance perspective	The committee oversaw the transition of the CFO, Terri Ladbrooke, who was appointed in March 2023. The evaluation of the CFO confirmed that the committee is satisfied with her performance and the functioning of the finance function.

Audit and risk committee continued

Other actions taken include:

Finance matters

- Reviewed and recommended the 2023 annual financial statements, the final dividend declaration, and the interim results for the six-month period to 30 June 2023, for approval by the board.
- Reviewed financial and other information included in the integrated annual report for approval by the board.
- Considered the quarterly CFO reports, management accounts, forecasts and other relevant matters presented.
- Confirmed the appropriateness of the going concern assumption as the basis of preparation of the annual financial statements.
- Considered areas of significant judgement and key sources of estimation uncertainty, including:
  - Annual impairment testing of intangible assets with indefinite useful lives;
  - Measurement of the fair values of foreign exchange contracts;
  - Measurement of the fair values of share-based payments;
  - Useful lives of intangible assets and property, plant and equipment;
  - Valuation of biological assets; and
  - Impairment of financial assets.
- Considered major capital allocations to, and returns on, value and efficiency-enhancing projects.
- Reviewed and assessed the expertise, experience and performance of the CFO, and finance function.
- Reviewed and considered the Group's tax update reports.
- Reviewed the proposed budget for the 2024 financial year and recommended its approval to the board.

External audit

- Assessed the external auditor's independence.
- Assessed the suitability of the external auditor, particularly the lead engagement partner.
- Reviewed and approved the external audit plan and fees.
- Reviewed and considered key audit matters.
- Approved non-audit service fees and ensured that these were permissible in terms of the Companies Act.
- Held private sessions with the external auditors. The external auditors did not express any concerns relating to the finance function.

Internal audit

- Reviewed and approved the internal audit plan and monitored its execution.
- Considered quarterly reports from internal audit, the internal control environment and the status of remedial actions implemented.
- Considered feedback received from calls to the anonymous ethics hotline, and conclusions reached by the social, ethics and transformation committee from a risk perspective.

Assurance framework

Libstar operates a combined assurance framework. This coordinates management actions and those of internal external assurance providers.

LINES OF DEFENCE

1. Management
2. Internal and external audits
3. External assurance providers
4. Oversight bodies (the board and sub-committees)

Risk management

- Considered quarterly risk management reports and reviewed the risk registers for the Group and individual business units.
- Considered the impact of unprecedented levels of load-shedding and its potential effect on sustainable water supplies, as well as mitigating strategies to lower dependence on existing utility infrastructure.
- Considered the insurance renewal programme.
- Considered current and potential litigation matters.

Information and Communication Technology (ICT)

- Considered quarterly ICT reports from a risk and optimal business contribution perspective, including disaster recovery plans and improved business intelligence information.
- Considered the Group's approach and further actions taken in relation to cyber security, strategy and controls.

Disaster recovery

- The Group uses various third-party software systems to manage operational disaster recovery across all areas of the business. The Group's disaster recovery plan is tested every six months.

Governance

- Considered compliance with the principles of King IV.
- Considered changes to the JSE Listings requirements.
- Reviewed and updated the committee's work plan for the year ahead.
- Reviewed quarterly reporting on compliance with loan covenants and hedging policies.
- Reviewed and updated hedging policy.
- Reviewed the non-audit services policy.
- Reviewed reporting on compliance with legislation. This included compliance with the financial assistance requirements of the Companies Act.
- Reviewed and updated the committee's terms of reference.

Looking ahead

Proactive and ongoing oversight of key risks with continued focus on mitigating strategies to lower dependence on existing utility infrastructure.

Oversee the transition of EY as auditors for the 2024 financial year.

Consider the ICT strategy and continue to evaluate pro-active measures to ensure robust cyber security systems.

Monitor integration following the operational structure changes, from a risk and internal controls perspective.

Continue to focus on the core activities of the committee, as set out in the terms of reference.

Refer to page 8 of the annual financial statements for the audit committee report.

Remuneration committee

Composition and role

The committee comprises three independent non-executive directors.

Sandeep Khanna (Chairman)
JP Landman
Wendy Luhabe

Libstar's remuneration mandate is to contribute to the long-term financial and commercial viability of the Group by reviewing and maintaining compensation policies and plans.

The remuneration committee is responsible for attracting and retaining employees, managers and executive directors and recommending appropriate remuneration levels for non-executive directors for approval by the shareholders.

The committee assists the board to consistently apply the remuneration policy throughout the Group, ensure that directors and executives are fairly and responsibly remunerated and that the disclosure of the remuneration of directors and prescribed officers is accurate, complete and transparent.

The remuneration committee reviews the remuneration policy annually. The remuneration policy and related implementation report are tabled at the AGM for separate non-binding advisory votes by shareholders.

Refer to the Remuneration Review

Delivery on focus areas

The table below provides updates on our delivery of the focus areas we outlined in last year's report.

FOCUS AREA	PROGRESS
Review the remuneration policy and implementation report	The committee reviewed Libstar's approach to remuneration and was satisfied that it is fair, equitable, transparent, market-related and considers both the strategic priorities and performance of the Group.
Review and approve compensation of executive directors and senior executives based on a benchmarking exercise	The committee reviewed the remuneration mix of executive directors and senior executives as part of its consideration of annual salary increases.
Recommend non-executive directors' fees for shareholder approval	The committee reviewed the fees paid to non-executive directors, taking into consideration the individual's responsibilities and board committee membership, as well as market benchmarks.
Review incentive schemes to ensure continued alignment to the enhancement of shareholder value and approve the award of share incentives	The committee considered and made awards in accordance with the rules of the incentive schemes.

Looking ahead

Continue to monitor the alignment of shareholder interests with those of management.

Continue to focus on the core activities of the committee, as set out in the terms of reference.

Nomination committee

Composition and role

The committee comprises three independent non-executive directors.

JP Landman (Chairman)
Sandeep Khanna
Wendy Luhabe

The mandate of the committee is to regularly review the board structure, size and composition and to make recommendations to the board regarding any changes that are deemed necessary. The committee assists the board to oversee:

- The appropriate composition of the board to execute its duties.
- Succession planning in respect of board members and senior management.
- The basis for re-election of board members.
- The process for nominating, electing and appointing board members.
- The evaluation of the performance of the board and its committees.
- The induction and ongoing training and development of board members.
- The refinement of CEO key performance indicators.

Delivery on focus areas

The table below provides updates on our delivery of the focus areas we outlined in last year's report.

FOCUS AREA	PROGRESS
Oversee talent management	The committee monitored the implementation of a talent management system.
Succession planning	The committee considered succession planning in respect of the board.
Board training and development	As part of the board's development, four business units presented updates to the board. This contributed to the board's understanding of the underlying businesses. The committee also reviewed the board training policy.
Board composition	The committee considered Sandeep Khanna's nine-year tenure as a director. The committee is satisfied that he remains independent and recommended his reappointment to the board.

Looking ahead

Ongoing evaluation of required succession planning for the board and senior management.

Evaluate whether the board composition should be further enhanced.

Continue to focus on the core activities of the committee, as set out in the terms of reference.

Social, ethics and transformation committee

Composition and role

The committee comprises two independent non-executive directors and one executive director.

Sibongile Masinga (Chairman)
Non-executive independent director

Charl de Villiers*
Chief executive officer

Wendy Luhabe
Non-executive independent director

Terri Ladbrooke**
Chief financial officer

** Resigned from the committee in June 2023*

*** Appointed to the committee in June 2023*

The mandate of the committee is outlined in the Companies Act. The committee assists the board to monitor the Group's activities in terms of legislation, regulation and codes of best practice relating to corporate citizenship, organisational ethics, sustainability and stakeholder engagement.

In addition to performing the duties required in relation to Regulation 43 of the Companies Act, the committee assists the board with monitoring and reporting on social, ethical and transformational practices that are consistent with responsible corporate citizenship.

The committee's responsibilities include monitoring the company's activities in the context of relevant legislation, other legal requirements or prevailing codes of best practice in respect of:

- Social and economic development, including the company's standing in terms of the goals and purposes of:
  - The ten principles set out in the United Global Compact Principles.
  - The OECD recommendations regarding corruption.
  - The Employment Equity Act.
  - The Broad-Based Black Economic Empowerment Act.
- Good corporate citizenship, including the company's:
  - Promotion of equality, prevention of unfair discrimination, and reduction of corruption, including transformation policies and strategies, and social responsibility policies and strategies.
  - Contribution to the development of the communities in which its activities are conducted or within which its products or services are marketed.
  - Recording of sponsorship, donations and charitable giving.
- The environment, health and public safety, including the impact of the company's activities and of its products or services.
- Consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws.
- Overseeing the company's ethics.
- Labour and employment, including:
  - The company's standing in terms of the International Labour Organisation Declaration on Fundamental Principles and Rights at Work.
  - The company's employment relationships, and its contribution towards the educational development of its employees.
- Drawing matters within its mandate and terms of reference to the attention of the board as the occasion requires.
- Reporting, through the chairman of the committee, to the shareholders at the company's annual general meeting on any area of the business or the meeting that relates to the committee's functions as may be required.

Committee chairman's feedback

In the context of socio-economic conditions in the country, including the high rate of poverty and unemployment, to mention a few, we remain committed to improving the lives of our employees and the communities in which we operate.

The ESG strategy and its implementation remains a priority for the committee. There has been good progress in streamlining the data from the Group business units. This should enable improved reporting on ESG going forward.

Delivery on focus areas

The table below provides updates on delivery of the focus areas we outlined in last year's report.

FOCUS AREA	PROGRESS
Roll out of the ESG strategy	The committee monitored progress made in terms of the ESG strategy. It approved the expansion of the ESG key performance indicators as part of the performance criteria in the long-term and short-term incentive programmes. The indicators have been expanded to include water usage, electricity usage and the disabling injury frequency rate (DIFR). The indicators came into effect from 1 January 2024.
Improve the Group's broad-based black economic empowerment (B-BBEE) level and transformation status through key strategic policies	Good progress has been made on certain elements of the B-BBEE scorecard, while some areas such as ownership have remained challenging. This resulted in a level 6 B-BBEE rating.
Updating of policies	The committee reviewed the Anti-bribery and corruption policy and the Human rights policy and recommended the policies to the board for approval. The committee recommended the approval of the Conflicts of interest policy.

Social, ethics and transformation committee continued

B-BBEE

Libstar is committed to the principles of B-BBEE regulations and transformation in the Group. Libstar was evaluated and independently verified by AQRate Verification Services for the year ended 31 December 2023.

B-BBEE element	Maximum score	2023	2022
Ownership	25.0	**9.45**	10.32
Management control	19.0	**5.99**	6.21
Skills development	20.0	**15.51**	15.68
Supplier and enterprise development	40.0	**29.78**	28.04
Socio-economic development	15.0	**15.00**	15.00
Total	119.0	**75.73**	75.25

The Group achieved a B-BBEE Level 5 contribution status with a score of 75.73, a higher score than what was previously achieved in 2022. Due to the Ownership Element sub-minimum not being met, the Group was discounted to a Level 6 contribution status.

Ownership

We continued our ongoing focus on improving our B-BBEE performance, however, were unable to maintain the level 5 achieved in the prior period due to being discounted one level for not meeting the ownership element sub-minimum criteria. The Group therefore achieved a level 6 contribution status. We will actively investigate options to improve our ownership score in 2024.

Management control and employment equity

Black* non-executive directors accounted for 28.57% of the board, which include a black female chairman and a black non-executive director.

We are committed to improving the representation of black people in management positions.

Current black* representation	2023	2022
Executive management, excluding directors	**9.09%**	9.09
Senior management	**11.30%**	11.61%
Middle management	**24.96%**	23.50%
Junior management	**47.72%**	47.65%

* *African, Coloured and Indian*

Skills development

The Group invested R36.9 million* (2022: R29.7 million) in skills development. Skills development programmes included bursaries, learnerships, internships, apprenticeships and skills programmes.

Skills development initiatives focused on business requirements and addressing the scarce and critical skills in the agriculture and food and beverage sector.

2023

476

Bursaries, learnerships, apprenticeships and internships

2022

488

Bursaries, learnerships, apprenticeships and internships

* *Training investment includes salaries, stipends and other related expenditure during periods of training, recognized for B-BBEE verification purposes*

Supplier and enterprise development

We continued to focus on optimising the B-BBEE procurement component of the scorecard through the following initiatives:

- Introduction of new black-owned businesses into the supply chain.
- Expanding the current supply agreements with black-owned and black female-owned businesses.
- Increasing support to our enterprise partners through the:
  - Provision of products.
  - Shorter payment periods.
  - Assistance with overhead costs.
  - Interest-free loans.
  - Professional services at reduced rates or for free.

Socio-economic development

Socio-economic development initiatives focused on support to local and previously disadvantaged communities. The total spend for the year was R16.1 million (2022 R18.1 million). The spend was allocated to a variety of programmes managed by business units to nominated beneficiaries in the communities in which they operate.

Contributions in the past year included:

- Product and financial donations made to local and previously disadvantaged communities.
- Donations to support community development and education programmes.

Labour

The national minimum wage was adjusted on 1 March 2023 by 8.5%. This was implemented in all business units.

Refer to Environmental, social and governance review section

Looking ahead

Further integration of the ESG strategy and supporting policies into the business.

Improve the Group's B-BBEE rating.

Implement additional policies which fall within the mandate of the committee.

Investment committee

Composition and role

The committee comprises three independent non-executive directors and two executive directors.

JP Landman (Chairman)
Non-executive independent director

Anneke Andrews
Non-executive independent director

Sandeep Khanna
Non-executive independent director

Charl de Villiers*
Chief executive officer

Terri Ladbrooke**
Chief financial officer

* *Resigned from the committee in June 2023.*
** *Appointed to the committee in June 2023.*

The committee assists and advises executive management on opportunities and other material transactions that are not in the ordinary course of business, as well as matters related to these. The committee also approves any recommendations or proposals to be made to the board in relation to such opportunities or transactions.

During the year, the committee considered matters relating to the divestment strategy of the Group.

Delivery on focus areas

The table below provides updates on delivery of the focus areas we outlined in last year's report.

FOCUS AREA	PROGRESS
Reposition the portfolio towards value-added food categories	The committee considered various transactions for the divestment of Household & Personal Care and strategic interventions at Denny Mushrooms. This is ongoing.
Unlock value from under-performing operations	This forms part of the larger strategy development the board and leadership finalised this year.
Expand the Group's profitability and size through various organic and inorganic strategies	Opportunities are considered on an ongoing basis.
Monitor the return on invested capital	This was completed as part of the audit committee meetings.

Looking ahead

Consider opportunities that will unlock shareholder value.

Reposition the portfolio towards value-added food categories.

Continue to focus on the core activities of the committee, as set out in the terms of reference.

KING IV PRINCIPLES   A APPLICATION

King IV Report on Corporate Governance for South Africa 2016 (King IV)

Libstar has evaluated its compliance with King IV's principles and recommended practices.

This section sets out the Group's application of the 17 corporate governance principles, as recommended by King IV. The disclosure reflects an assessment of the Group's performance on the principles. This section is supplemented by and should be read in conjunction with governance-related disclosures in the rest of the integrated annual report and annual financial statements.

1

Leadership

The governing body should lead ethically and effectively.

A

The board applies a standard ethical decision-making framework across the organisation. The members of the board hold one another accountable for ethical decision-making and behaviour. The executives and senior management teams are responsible for ensuring that ethical values and effective behaviours are instilled and maintained in the daily activities of the Group. Disclosure of interests is a standard agenda item at board and committee meetings and there is ongoing disclosure of interests by directors.

2

Organisational ethics

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

A

Libstar has a board-approved Code of Ethics and Conduct which applies to all directors and employees.

The board governs and monitors the ethics of Libstar. This is based on integrity, competency, responsibility, accountability, fairness and transparency. The board endeavours to ensure that the ethical standards set are integrated and understood throughout Libstar. The social, ethics and transformation committee assist the board with monitoring and reporting on social, environmental, ethical and transformation practices that support the establishment of an ethical culture within Libstar.

Libstar has an independently managed anonymous reporting facility, the Libstar Ethics Hotline, for the reporting and investigation of breaches in ethical and compliance standards.

3

Responsible corporate citizenship

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

A

The board, assisted by the social, ethics and transformation committee, is responsible for monitoring the Group's response to good corporate citizenship. Libstar supports various initiatives which contribute to responsible economic, social and environmental outcomes.

4

Strategy and performance

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

A

The board is ultimately responsible for the strategy, growth and performance of the Group.

It provides strategic direction by:

- Considering the capital plans for Libstar's sustainability and expansion.
- Reviewing the annual budget and key operational objectives and ensuring that they are aligned to the mission and values of Libstar.
- Overseeing effective risk management.

5

Reporting

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium and long-term prospects.

A

The board is committed to high standards of reporting and conformity.

The board ensures that the integrated annual report provides an accurate, complete and integrated representation of the Group, including its financial performance, corporate governance, risk management and sustainability. The audit and risk committee assists the board by reviewing the integrated annual report to ensure that information contained is reliable and aligns with the financial aspects of the report.

King IV Report on Corporate Governance for South Africa 2016 (King IV) continued

KING IV PRINCIPLES

A APPLICATION

6

Primary roles and responsibilities of the governing body

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

A

The board has adopted a charter which:

- Details the board's roles, responsibilities and functions of directors and officials of the companies.
- Ensures that good corporate governance is maintained throughout the Group.

7

Composition of the governing body

The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and effectively.

A

The board consists of eight directors, which include five independent non-executive directors, and three executive directors. The nomination committee oversees that the board is appropriately constituted to effectively execute its responsibilities.

8

Committees of the governing body

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

A

The board has five committees to effectively deal with delegated matters. Each committee has formal written terms of reference.

The committees are:

- Audit and risk
- Remuneration
- Nomination
- Social, ethics and transformation
- Investment

The committees are appropriately constituted with due regard to the skills, expertise, experience and time required by each committee.

Committees are also entitled to access any required information and outside professional assistance that may be necessary to effectively discharge their roles and responsibilities. The committees are empowered to make decisions within their respective mandates. The committees comprise non-executive directors. They are chaired by independent non-executive directors.

The members of the executive and senior management are invited to attend meetings of the committees, as required.

9

Evaluation of the performance of the governing body

The governing body should ensure that the evaluation of its own performance and that of its committees, its chairs and its individual members, support continued improvement in its performance and effectiveness.

A

The board and its committees assess their performance and effectiveness annually to ensure compliance with the recommendations of King IV and to comply with their responsibilities and fiduciary duties, as set out in the Companies Act. The performance of management and the executive directors is assessed on an annual basis.

10

Appointment of and delegation management

The governing body should ensure that delegation to management contributes to role clarity and the effective exercise of authority and responsibilities.

A

The CEO bears ultimate responsibility for the daily running of the business and management functions. The board retains responsibility for its fiduciary duties and responsibilities and delegates to the CEO, who in turn delegates to those reporting to him.

A delegation of authority and approvals framework is in place, which sets out matters reserved for the board and those delegated to management.

11

Risk governance

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

A

The board is ultimately responsible for the governance of risk. It has assigned oversight of the Group's risk management function to the audit and risk committee.

Management is accountable to the board for designing, implementing and monitoring the processes of risk management and integrating these into the daily activities of the Group.

The Group risk register is reviewed by the audit and risk committee every quarter. The register includes the key risks facing Libstar, mitigating actions and residual risks.

The risk registers for each business unit within the Group are reviewed at least twice a year.

The audit and risk committee takes material changes and trends in the risk profile of the Group into account and considers whether the control systems, including as it relates to reporting, adequately supports the achievement of the risk management objectives.

King IV Report on Corporate Governance for South Africa 2016 (King IV) continued

KING IV PRINCIPLES

A APPLICATION

12

Technology and information governance

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

A

The board remains conscious of the importance of the governance and management of technology and information to the operations and success of Libstar. The audit and risk committee will continue to oversee and evaluate the proactive measures taken by management, and the impact of the ICT steering committee. The committee was created to further strengthen this function. The ICT steering committee responsibilities are to:

- Align ICT with the strategic, performance and sustainability objectives.
- Monitor and evaluate significant ICT investments and expenditure.
- Ensure that information assets are managed effectively.

13

Compliance governance

The governing body should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

A

The board oversees compliance with laws and regulations. This is monitored through a combination of management controls, internal and external audit, the Group's sponsors and the company secretary. Legal compliance is a standard agenda item at the audit and risk committee meetings.

14

Remuneration governance

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.

A

The remuneration committee ensures that the remuneration packages are market-related, transparent and linked to performance. It also ensures that appropriate remuneration frameworks and policies are adhered to. These frameworks and policies aim to attract and retain top talent and drive long-term growth and sustainable performance.

15

Combined assurance

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

A

The board recognises and assumes its overall and ultimate responsibility in relation to assurance. It complies with the principles and the recommended practices and ensures that a combined assurance model is followed. The audit and risk committee has oversight responsibility for Libstar's combined assurance model, including confirmations by management and internal and external assurance providers.

16

Stakeholders

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time.

A

Libstar is committed to good governance and compliance with legislative requirements at all levels of the business and in all its interactions with stakeholders. Libstar fully embraces an inclusive stakeholder approach, which is monitored by the social, ethics and transformation committee. The board acknowledges and encourages engagement with its stakeholders. The board further recognises its responsibility to ensure that Libstar acts as a good corporate citizen and performs its obligations towards its employees, shareholders, customers, suppliers, regulators and the communities in which it operates. The board recognises that transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence. It aims to ensure that:

- Complete, timeous, relevant, accurate, honest and accessible information is provided by the company to stakeholders, having regard to legal and strategic considerations.
- Communication with stakeholders is comprehensive and clear.

17

Responsible investment

The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.

A

Libstar is not a financial institution, as defined in terms of the Financial Services Board Act, No 97 of 1990.

REMUNERATION REVIEW

Introduction

In line with King IV, shareholders will have the opportunity to approve the Group's remuneration policy at the annual general meeting in June 2024.

The approval will focus on:

- A non-binding advisory vote on section 2 of this report.
- A non-binding advisory vote on section 3 of this report (excluding recommended fees for directors).
- The recommended fees for directors (included in section 3 of this report).

If there are 25% or more votes against the approval of the remuneration policy and its implementation, the Group undertakes to do the following:

- Provide an opportunity for dissenting shareholders to express their concerns.
- Provide an official response to shareholders that will outline actions to be taken on the issues raised.

Outcome of the 2023 AGM

Remuneration policy	2023 AGM	2022 AGM
For	**75.30%**	81.65%
Against	**24.70%**	18.35%

Remuneration implementation report	2023 AGM	2022 AGM
For	**81.70%**	74.82%
Against	**18.30%**	25.18%

We have engaged with large shareholders over the last few years to create an understanding of the Group's remuneration policy and implementation processes. Shareholder engagement on remuneration matters is ongoing and the remuneration committee continuously considers feedback received and incorporates it where appropriate. We are pleased with the shareholder support received at the last AGM, resulting in the passing of the remuneration policy and implementation report with the required majority votes. We thank our shareholders for their support.

Feedback relating to the 2023 remuneration implementation report and policy

At the AGM of 2023, shareholders questioned whether the existing shareholding of management created sufficient alignment between their respective interests. The chairman responded as follows:

- A share-settled incentive scheme was implemented in 2019 with the intention to increase management's shareholding on the basis of the achievement of performance criteria linked to profitability, shareholder returns and transformation goals. Limited shares have vested in the in the past. These were settled in cash.
- A new cash-settled scheme was implemented in 2022 which continues to be linked in valuation to the share price at award date and vesting date, and which incorporates a greater weighting (now 30% weighting from 20% previously) to the achievement of return on invested capital (ROIC) targets in addition to profitability targets (50% weighting).
- The board anticipates that the new schemes will result in better vesting of shares for management. We remain open to continued consultation on this and other matters.
- The leadership team increased their shareholding in the 2023 financial year as follows:
  - The CEO, Charl de Villiers, purchased 31 110* ordinary shares;
  - The CFO, Terri Ladbrooke, purchased 61 000 ordinary shares; and
  - Executive director, Cornél Lodewyks, purchased 26 500 ordinary shares.

* *Charl purchased an additional 28 400 ordinary shares on 15 March 2024.*

SECTION 1

Background statement

Our remuneration policy recognises the relative contribution of each employee to the performance of the Group as a whole. We value entrepreneurship by adopting remuneration strategies that encourage senior employees to think innovatively.

The remuneration committee

The remuneration committee members have the relevant skills and experience to perform their duties. The members have no business or other relationships that could materially affect their independent judgement. Executive directors are not allowed to participate in discussions regarding their own remuneration and are not entitled to vote at such meetings.

The remuneration committee comprises three independent non-executive directors.

The members of the committee during the year were Sandeep Khanna (chairman), Wendy Luhabe (member) and JP Landman (member).

Committee meetings are attended by the chief executive officer and chief financial officer and human resources executives.

Remuneration committee meetings during 2023^

	11/03/2023	22/06/2023	22/11/2023
Sandeep Khanna (chairman)	Y	Y	Y
JP Landman	Y	Y	Y
Wendy Luhabe	Y	Y	Y

^ *The committee held one additional ad hoc meeting on 11/04/2023 to consider the LTIP and STIP Performance indicators.*

Advice sought

Libstar used the services of an external remuneration consultant to advise on and assist with the implementation of the following:

- Best practice in terms of remuneration structuring and variable pay.
- Proposed changes to the long-term incentive programme.
- Drafting of the long-term incentive plan rules and the malus and clawback policy.

SECTION 2

Overview of remuneration policy

Remuneration principles

The Group's key remuneration principles are to:

- Ensure that Libstar's approach to remuneration is fair, equitable, transparent, market-related and considers both the strategic priorities and performance of the Group.
- Recognise the contribution of employees in the performance of the Group.
- Retain employees and incentivise talent.
- Maintain the value of entrepreneurship by adopting remuneration strategies that encourage senior employees to challenge boundaries.
- Ensure compliance with legislation and regulations relating to the remuneration of employees (including their benefits and incentives) and the related reporting.

Remuneration governance

The board is ultimately responsible for the implementation of the remuneration policy. The remuneration committee is mandated to assist the board to fulfil its duties.

The remuneration committee plays an active role in reviewing the remuneration policy, the remuneration philosophy, strategy and practices to align to industry best practice, as well as to the goals and strategic objectives of the Group.

The remuneration committee is constituted in accordance with its terms of reference in line with King IV. The composition of the committee is compliant with the JSE Listings Requirements and all statutory requirements. The committee consists of three independent non-executive directors. The chairman of the board serves as a member of the remuneration committee, but is not the chairman.

The responsibilities of the committee are to:

- Monitor, review and implement the remuneration policy.
- Ensure alignment with the latest governance standards.
- Assist the board to ensure that key employees are retained.
- Ensure that the remuneration policy enables Libstar to meet its strategic objectives.
- Advise the board on the determination of the remuneration payable to the non-executive directors of Libstar.
- Approve:
  - all short-term and long-term incentive structures and monitor overall liability.
  - annual salary increase parameters.
  - the total quantum, vesting criteria and allocations in the Libstar long-term incentive scheme.
- Review the remuneration packages for Libstar's executive management. These are recommended by the chief executive officer of the company.
- Ensure that a succession plan is in place, and that talent pool participants and the executive talent pipeline are regularly reviewed.

The operations of the remuneration committee are regulated by terms of reference applicable to the committee. The composition of the committee is compliant with JSE Listings Requirements and any applicable laws. The committee consists of directors of the Group, the majority of whom are independent non-executive directors. The chairperson of the board may serve as a member of the committee, but may not serve as chairman.

Remuneration structure

The remuneration policy covers the following reward elements:

TOTAL REWARD		Element	Who is eligible?	What is the objective?	How is the pay level set?
Total remuneration	Variable pay	**Long-term incentive scheme** (Share plan and long-term incentive plan)	Executive directors, executives, senior management, other key employees	Rewards individual and company performance, attraction/retention, recognition of individual contribution to operating business success	Allocation based on total guaranteed pay and/or short-term incentive achievement, subject to financial performance
Total remuneration	Variable pay	**Short-term incentives** (deferred cash bonus)	Executives, senior management, other key employees	Rewards individual and company performance, attraction/retention	Business unit required to achieve 90% of EBIT* target
Total remuneration	Variable pay	**Short-term incentives** (annual cash bonus)	Executive directors, executives, senior management, other key employees	Rewards individual and company performance, attraction/retention	Business unit required to achieve 90% of EBIT* target
Total remuneration	Variable pay	**13th cheque**	Employees not participating in STI	Motivation	Aligned with business unit financial performance
Total remuneration	Total guaranteed pay (TGP)	**Benefits** (pension/provident fund, medical aid, death benefits)	Facilitated by business units	Motivation	Market-linked practices
Total remuneration	Total guaranteed pay (TGP)	**Allowances** (cars, phones)	Where appropriate	Attraction/motivation	Linked to market practices
Total remuneration	Total guaranteed pay (TGP)	**Basic** (monthly salary, weekly/hourly wage)	All employees		
Non-financial benefits		**Recognition**	All employees	Motivation	Provided for in Budgets
Non-financial benefits		**Personal growth**			
Non-financial benefits		**Positive workplace**			
Non-financial benefits		**Career progression**			

* *Earnings before interest and taxation.*

Remuneration composition

Remuneration packages consist of total guaranteed pay and variable pay. Libstar's variable pay methods include a short-term incentive, a long-term incentive and a Group share plan. Although the share plan remains in place, there are no pending awards.

The remuneration mix for senior levels places the emphasis on variable pay, making it a more "at risk" structure. For employees at more junior levels, the mix is weighted towards guaranteed pay.

1 TOTAL GUARANTEED PAY (TGP)

Description

- A TGP approach is followed, which may include items such as car and phone allowances.
- An annual review of TGP is conducted, considering the size and complexity of the business units.
- Increases are considered against factors such as projected annual increases in CPI, company performance and affordability, performance of businesses in the consumer packaged goods sector of the JSE Limited, external market conditions, internal equity and the performance of the individual.

The company facilitates the following plans:

– Pension and provident funds for permanent employees.
– Insured risk benefits.
– Medical aid benefits.

2 SHORT-TERM INCENTIVES (STIs)

Description

STIs are performance bonuses designed to incentivise participants to improve short-term business performance. An employee may qualify for an STI once the earnings before interest and tax (EBIT) targets for the year have been achieved.

Employees

The company is committed to rewarding employees for their contribution to the company's success. Employees are granted bonuses at the sole discretion of the company, subject to company performance.

During the year, all bargaining unit employees received bonuses. These varied between business units.

Not all administration and management level employees participate in the short-term incentive scheme. Employees in administration and management received a bonus where the company performance warranted this.

Fair and responsible remuneration

Remuneration is one of a number of factors that contributes to the attraction and retention of employees. Other indirect ways of rewarding employees include recognising the performance of individuals and the Libstar Group as a whole, providing avenues to pursue individual personal growth, creating a positive and nurturing workplace, and creating career progression opportunities for individuals. Additional programmes to promote the development of strategic skills, employee wellness, financial training and career mapping add to a work environment that empowers employees to gain the necessary experience and qualifications to progress their careers with the Libstar Group.

Libstar is dedicated to improving the conditions of employment for all employees and implement programmes to proactively achieve fair and responsible remuneration for all of its employees. Internal salary/wage benchmarking is conducted to promote fair and equitable remuneration across all levels of employment, where possible. The Group recognises that there are historical inequalities in the environment where it operates that must be addressed. To realise a concept of fair and responsible remuneration, our remuneration aims to promote diversity, employment equity and equality at all levels in the workforce, while understanding that the business operates in a complex and competitive environment. This requires ongoing and constant analysis of the payment practices to assess whether equal work is rewarded with equal pay and that employees are remunerated fairly and responsibly at all times.

Executive directors and senior management

The Group and/or business units must achieve at least 90% of their EBIT budget before bonuses become payable. STI payments are made in two tranches to obviate a clawback provision in the rules#:

- 70% payable in December, based on October business forecasts.
- 30% payable in the following April based on the audited results.

 # Business units forecast to exceed their budget were paid in accordance with the tranches above. Business units exceeding the qualifying EBIT threshold, but performing below budget, were paid in the following April. Payment after the availability of audited financials was implemented where business units' performance was close to the qualifying threshold and based on the importance of the last quarter on business units' achievement of the threshold and/or budget.

STI payments are subject to the discretion of and approval by the remuneration committee and board.

	% of qualifying "on target" STI	
EBIT (actual vs budget)*	50%	Financial
Return on net assets (RONA)*	20%	Financial
Savings on net working capital days	10%	Financial
Individual key performance indicators (KPIs) and B-BBEE compliance**	20%	Performance and ESG

** In line with shareholder requests and the Group's strategic focus areas, the weighting of RONA increased from 10% to 20% and the EBIT weighting reduced from 60% to 50% from 2023.*

***In line with the Group's ESG strategy, the current B-BBEE compliance element has been broadened to include the below performance criteria from 2024:*

- B-BBEE (8%): Group target;
- Water (4%): Achieving a 0% increase on the prior year, relative to production performance outputs;
- Electricity (4%): Achieving a 0% increase in KW/Ton consumed; and
- Disabling Injury Frequency Rate (DIFR) (4%): A reduction of 0.1 from the prior year.

The Group revised the short-term incentive plan in 2022 to include a deferred cash component for eligible participants.

The purpose of the plan is to align shareholder and participant interests by providing an annual incentive that will reward participants for:

- outstanding business performance.
- achieving and/or exceeding targeted performance levels annually.
- applying critical skills that drive business performance and growth in key areas of the organisation.
- fostering and contributing to the embedding of a high-performance culture within the Group.

The deferred cash component is an important retention lever for talent in the Group.

Executive directors are not eligible for the deferred cash component.

The "on-target" bonus levels as a percentage of TGP are:

	STI (annual bonus scheme) As a % of TGP	STI (deferred cash component) As a % of TGP
Group chief executive officer	50%	–&
Group chief financial officer and executive director	45%	–&
Group central office executives and managing executives of business units	35% – 45%	Up to 25% over 3 years
Senior management	20% – 35%	Up to 25% over 3 years

& Do not qualify

The deferred short-term incentive is deferred over three years. It commences one year after the financial year-end in which the short-term incentive was earned. Payments are made in December each year and are subject to participants remaining in employment at the date of payment.

SECTION 2
Overview of remuneration policy continued

3 LONG-TERM INCENTIVES (LTIs) 2019–2021

Libstar implemented two long-term incentive schemes when it listed in 2018. The one was a share-settled scheme (Libstar Group Share Plan) which was applicable to a limited number of participants, and the other a cash-settled scheme (Long-Term Incentive Plan) which was applicable to a broader scope of participants.

The Libstar Group Share Plan (Share Plan) and Long-Term Incentive Plan (LTIP) were approved by shareholders at the annual general meeting held in May 2019.

Libstar's long-term incentive scheme structures are outlined below:

1. The **Libstar Group Share Plan (Share Plan)** is offered to key strategic executives. It is settled in shares and focuses on Group performance.
2. The **Libstar Long-Term Incentive Plan (LTIP)** is offered to key operational executive and senior management. It is settled in cash and focuses predominantly on operational performance.

Under the Libstar Group Share Plan and Libstar Long-Term Incentive Plan, executives and senior employees may be offered the following on an annual basis:

- allocations of share appreciation rights.
- awards of performance shares/units.
- grants of forfeitable shares/units.

The fundamental difference between the two plans is that the Share Plan settles in equity (transfer of shares) compared to the LTIP that settles through a cash payment equal to equity value.

The 2020 GSP and LTIP awards vested in 2023. The vesting overview is presented below:

	GSP	LTIP
SARs	0% vesting	0% vesting
Performance units	0% vesting	0% vesting
Forfeitable units	100% vesting	100% vesting
Total Rand value vested	R0.99m	R0.99m

Libstar Group LTIP and Share Plan	Performance shares	Forfeitable shares	Share appreciation rights
Eligibility	Executive directors and selected executives		Executive directors, executives, senior managers and selected other managers
Grant basis	% of annual TGP	% of STI	% of annual TGP
Appreciation basis	Full value		Appreciation only
Performance conditions on vesting	TSR[1] versus JSE Consumer Packaged Goods peer group (40%) **40th percentile**: 0% vesting **Median**: 100% vesting **Upper quartile (pro rata between 0% to 300%)**: 300% vesting Libstar's three-year performance (60%) Targeted ROAA[2] versus WACC[3] **Below WACC**: 0% vesting **WACC**: 75% vesting **WACC+1%**: 100% vesting **WACC+5%**: Pro rata between 100% and 300% vesting Libstar Group CAGR[4] in normalised headline earnings **Below CPI**: 0% **CPI + 2%**: 100% **CPI + 4% (pro rata between 0% to 300%)**: 300%	Achievement of Libstar Group B-BBEE^ targets	Achievement of real growth (CPI +2%) in normalised headline earnings **Below CPI**: 0% vesting **CPI + 2% or greater**: 100% vesting (pro rata between 0% to 100%)
Vesting period	Third anniversary		
Settlement	▪ Group Share Plan: shares issued or acquired in the market ▪ LTIP: cash		
Termination (unless the board, in its discretion, decides otherwise)	▪ **No fault termination:** vests on a pro rata basis to the extent of company performance ▪ **Fault termination:** forfeited and cancelled		▪ **No fault termination:** vests automatically ▪ **Fault termination:** cancelled
Link to business strategy	▪ Rewards for individual and company performance ▪ Recognition of individual contribution to company success		

1. TSR: total shareholder return. 2. ROAA: return on adjusted assets. 3. WACC: weighted average cost of capital. 4. CAGR: compound annual growth rate.
^ Broad-based black economic empowerment.

SECTION 2
Overview of remuneration policy continued

LONG-TERM INCENTIVES (LTIs) 2019-2021 continued

Offer methodology

1

The rules applicable to the Libstar Group Share Plan and the LTIP provide for allocations, awards and grants in accordance with a methodology and plan determined by the board, in conjunction with the remuneration committee, from time to time.

2

The methodology informs the allocations, awards and grants under the Libstar Share Plan and LTIP. The reward strategy remuneration mix of Libstar is determined with reference to:

- the relationship between guaranteed pay and variable pay; and
- the participation in and balance of the various variable pay structures within Libstar.

3

Each senior employee's remuneration mix consists of:

- a short-term bonus paid in terms of the STI scheme (with a deferred cash component where applicable); and
- the expected future accrual in terms of the Libstar long-term incentive plan in which the senior employee participates, resulting from targeted share and financial performance. These are expressed as a percentage of the senior employee's guaranteed pay at the time of an allocation, award or grant under either the Libstar Group Share Plan or the LTIP.

4

The board has developed an implementation schedule which governs the expected value to be derived from each of the instruments that are offered to participants under the Libstar Group Share Plan, LTIP and STIP (deferred component). These consider an employee's current status, role and remuneration.

The implementation schedule will:

1. Translate the long-term component of the reward strategy pay mix into a value apportionment between the methods of allocation in the Libstar Group Share Plan and the LTIP.
2. Dictate the face value (Rands) of offers to be made. This is expressed as a percentage of a guaranteed short-term incentive bonus.

The face value (Rands) derived from the application of the implementation schedule is converted for each individual into the number of instruments that will be offered to participants by dividing the Rand value by the current price of an ordinary share in the company at the time the offer is made.

The implementation schedule may sometimes be adjusted for future offers based on evolving economic, market, performance or strategic considerations.

Amendments to LTIP

The Group revised the cash-settled long-term incentive plan (LTIP) in 2022 following concerns tabled by internal and external stakeholders regarding the complexity of the scheme and the achievement of the scheme's objectives.

The 2019-2021 scheme comprised of share appreciation rights, performance units and forfeitable units.

The 2022 LTIP scheme was reduced to performance units only.

Libstar Group LTIP (2019-2021)

The LTIP was introduced in 2019 to:

- Reward individual and company performance.
- Attract/retain talent.
- Recognise individual contribution to operating business success.

Group LTIP awards during 2019 to 2021 were offered to executive directors, executives, senior management and other key employees.

The 2019-2021 LTIP comprised of share appreciation rights, performance units and forfeitable units.

Revised Libstar Group LTIP (2022-2023)

The LTIP was revised in 2022 to attract, motivate, reward and retain eligible employees who can influence the Group's performance to align their interests with those of the Group's shareholders and the business's strategy.

Group LTIP awards during 2022 and 2023 were offered to executive directors. The revised LTIP was simplified to only include performance units.

Executives, senior management and other key employees were invited to participate in the deferred cash bonus scheme from 2022.

Libstar Group LTIP (2024 onwards)

The performance criteria of the LTIP were amended, with the weighting of B-BBEE reduced with the inclusion of specific ESG targets.

SECTION 2
Overview of remuneration policy continued

3 REVISED LONG-TERM INCENTIVE SCHEME 2022-2023

How ROAA vs WACC is calculated

$$\frac{\text{(Normalised EBIT} - \text{amortisation of customer relationships created during the 2014 restructuring of the Group)} \times (1 - 28\%)}{\text{Average invested capital}^{*} \text{ (current and preceding financial year)}}$$

* *(total equity + total debt − cash and cash equivalents − intangible assets and goodwill created during the 2014 restructuring of the Group)*

Libstar Group LTIP and Share Plan	Performance shares
Eligibility	Executive directors and selected executives
Grant basis	% of annual TGP
Appreciation basis	Full value
Performance conditions on vesting	See table below
Vesting period	Third anniversary
Settlement	▪ Group Share Plan: shares issued or acquired in the market ▪ LTIP: cash
Termination (unless the board, in its discretion, decides otherwise)	▪ **No fault termination:** vests on a pro rata basis to the extent of company performance ▪ **Fault termination:** forfeited and cancelled
Link to business strategy	▪ Rewards for individual and company performance ▪ Recognition of individual contribution to company success

Performance conditions on vesting:

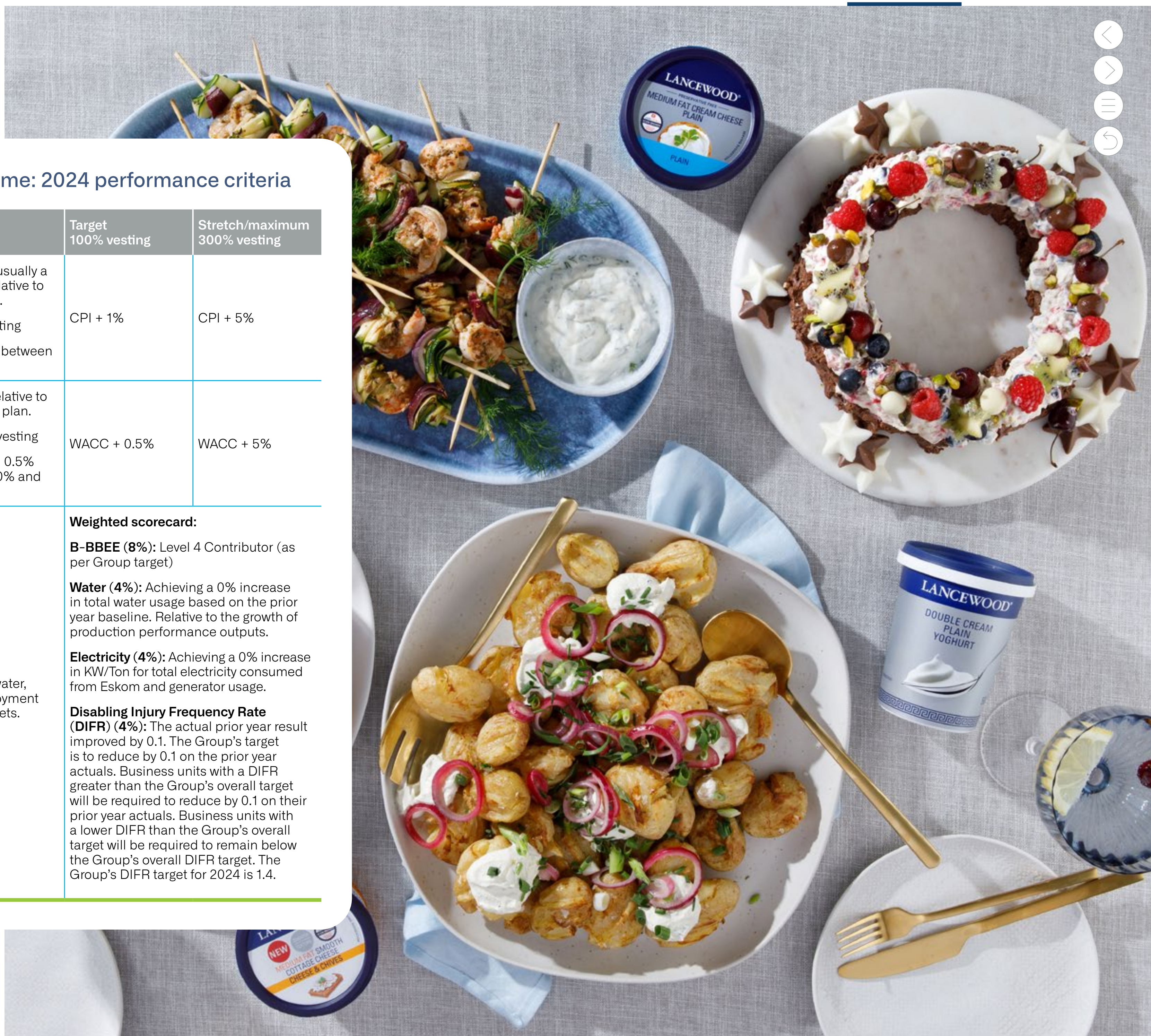
KPI and weightings		Threshold vesting	Target 100% vesting	Stretch/ maximum 300% vesting
Profit (50%)	Normalised HEPS growth over performance period	Measurements are usually a three-year CAGR relative to CPI plus a premium. Below CPI = 0% vesting CPI = 50% vesting	CPI CPI + 0.5%	CPI + 4%
Shareholder value (30%)	Return on invested capital	Measure of return relative to the three-year business plan. Below WACC = 0% vesting WACC = 75% vesting	WACC + 0.5%	WACC + 1.5%
ESG (20%)	A measure of ESG and/or other strategic initiatives.	Measures such as water, recycling and employment equity/B-BBEE targets.	Weighted scorecards	

^ *Broad-based black economic empowerment.*

SECTION 2
Overview of remuneration policy continued

Revised long-term incentive programme: 2024 performance criteria

KPI and weightings	Explanation	Threshold vesting	Target 100% vesting	Stretch/maximum 300% vesting
Profit (50%)	Normalised HEPS growth over performance period	Measurements are usually a three-year CAGR relative to CPI plus a premium. Below CPI = 0% vesting CPI + 1 % = pro rata between 0% and 100%	CPI + 1%	CPI + 5%
Shareholder value (30%)	ROIC	Measure of return relative to the 3-year business plan. Below WACC = 0% vesting WACC and WACC + 0.5% = pro rata between 0% and 100%	WACC + 0.5%	WACC + 5%
ESG (20%)	A measure of ESG and/or other strategic initiatives.	Measures such as water, recycling and employment equity/B-BBEE targets.	**Weighted scorecard:** **B-BBEE (8%):** Level 4 Contributor (as per Group target) **Water (4%):** Achieving a 0% increase in total water usage based on the prior year baseline. Relative to the growth of production performance outputs. **Electricity (4%):** Achieving a 0% increase in KW/Ton for total electricity consumed from Eskom and generator usage. **Disabling Injury Frequency Rate (DIFR) (4%):** The actual prior year result improved by 0.1. The Group's target is to reduce by 0.1 on the prior year actuals. Business units with a DIFR greater than the Group's overall target will be required to reduce by 0.1 on their prior year actuals. Business units with a lower DIFR than the Group's overall target will be required to remain below the Group's overall DIFR target. The Group's DIFR target for 2024 is 1.4.	



Short-term incentive programme: 2024 onwards – performance criteria

KPI and weightings		Further detail	Threshold target (R'000)	Target 100% (R'000)	Maximum target (R'000)
Financial (80%)	Profitability (50%)	Earnings before interest and tax (EBIT)	Measured against current year budget or prior year actuals, whichever figure is greater.		
	Working capital management (5%)	Net working capital days (NWC) or cash conversion ratio – December 2024	Measured against budget		
	Working capital management (5%)	Net working capital days (NWC) or cash conversion ratio – Average 2024	Measured against budget		
	Ratio (20%)	Return on net assets* (RONA)	Measured against budget		
ESG (20%)	Measures of ESG and/or other strategic initiatives.	Measures, such as water, recycling, and employment equity/B-BBEE targets.	**Weighted scorecard:** **B-BBEE (8%):** Level 4 contributor (in line with group target) **Water (4%):** Achieving a 0% increase in total water usage based on the prior year baseline. Relative to the growth of production performance outputs. **Electricity (4%):** Achieving a 0% increase in KW/Ton for total electricity consumed from Eskom and generator usage. **Disabling Injury Frequency Rate (DIFR) (4%):** The actual prior year result improved by 0.1. The Group's target is to reduce by 0.1 on the prior year actuals. Business units with a DIFR greater than the Group's overall target will be required to reduce by 0.1 on their prior year actuals. Business units with a lower DIFR than the Group's overall target will be required to remain below the Group's overall DIFR target. The Group's DIFR target for 2024 is 1.4.		

RONA = $\dfrac{\text{* Normalised EBIT (after Tax)}}{\text{Invested Capital**}}$

*** Average Invested Capital excluding intangible assets and cash*

STIP performance criteria F2024

B-BBEE (8% weighting) – The 2024 target will be to achieve a Level 4 compliance status. This could be amended in following years, for example, to Level 3.

- **Water (4% weighting)** – Achieving a 0% increase in total water usage based on the prior year baseline, relative to the growth of production performance outputs (measured per kilogram produced). It is acknowledged that increased production will result in a greater usage of water. This measure is, therefore, not intended to limit growth but rather to manage overall water consumption.
- **Electricity (4% weighting)** – Achieving a 0% increase in KW/Ton for total electricity consumed from Eskom and generator usage. Overall, the Group aims to reduce electricity usage and promote conscious consumption.
- **Disabling Injury Frequency Rate (DIFR) (4% weighting)** – The Group's target is to reduce its DIFR by 0.1 relative to the prior year actual DIFR. Business units with a DIFR greater than the Group's overall target will be required to reduce their respective DIFRS by 0.1 relative to their prior year (2023) actuals. Business units with a lower DIFR than the Group's overall target for 2024 will be required to remain below the Group's overall DIFR. The Group's DIFR target for 2024 is 1.4.

Disabling Injury Frequency Rate (DIFR)

- Group DIFR Actual for 2023 1.5
- Group DIFR Target for 2024 1.4

SECTION 3

Implementation of the remuneration policy

Salary increases

	2024 %	2023 %	2022 %	2021 %	2020 %
Executive directors	**5.0**	*	5.4	5.0	5.0
Group office executives and managing executives of business units	**-0.1****	**-5.3**	2.5	2.5	3.8
Employees	The company uses CPI and remuneration benchmarking as a guideline to determine increases.				
Bargaining unit employees	Bargaining unit employees are remunerated either in line with relevant sectoral determinations, as set out by the Department of Labour, or in line with collective agreements concluded with respective trade unions.				

*Executive directors

Charl de Villiers was appointed as the Group CEO and Cornél Lodewyks was appointed as an executive director (ED) from 1 January 2023. Terri Ladbrooke was appointed as the new Group CFO in March 2023. A market benchmarking exercise was conducted to establish the salary levels of all three roles in 2023. The executive team member increases were in line with inflation.

R'000	% Increase	Total guaranteed pay 2024	Total guaranteed pay 2023
Charl de Villiers – CEO	**5.0**	**5 357**	**5 102**
Cornél Lodewyks – ED	**5.0**	**4 333**	**4 127**
Terri Ladbrooke – CFO	**5.0**	**3 675**	**3 500**

**Group office executives and managing executives of business units

An increase of 5% was approved, however, due to the reorganisation of certain positions and to ensure appropriate remuneration benchmarking pay alignment, the total payment of salaries to Group office executives and managing executives of business units reduced by 0.1%.

STI payments

Based on the Group's performance during the year under review, the executive directors and group office executives received no short-term incentives compared to discretionary short-term incentive payments in the amount of 8.3% of TGP in 2022.

Managing executives of the business units were paid STIs in line with the performance of the relevant business unit against budget.

% of TGP	**2023**	2022	2021	2020	2019
Executive directors#: STI	–	–	13.6	17.6	36.6
Executive directors: Discretionary bonus	–	8.3	–	–	18.3
Total	–	8.3	13.6	17.6	54.9
Group office executives and managing executives of business units	**11.4**	15.3	19.3	21.5	25.8

Rand value R'000	**2023**	2022	2021	2020	2019
Executive directors: STI	–	–	1 968	2 428	3 592
Executive directors: Discretionary bonus	–	894	–	–	1 796
Total	–	894	1 968	2 428	5 388
Group office executives and managing executives of business units	**5 395**	9 131	10 878	11 742	17 982

STI deferred cash component

Managing executives of the business units who qualified for STIs were awarded a deferred cash component.

Rand value R'000	**2023**	2024	2025	2026
Executive directors^				
2021 Awards	**868***	434	–	–
2022 Awards	**165**	165	165	–
2023 Awards	–	–	–	–

Rand value R'000	**2023**	2024	2025	2026
Group office executives and managing executives of business units				
2021 Awards	**2 509***	1 254	–	–
2022 Awards	**1 005**	1 005	1 005	–
2023 Awards	–	3 474**	1 019	1 019

Executive directors include, where applicable, Andries van Rensburg who retired in December 2022 and Robin Smith who retired in December 2021. Charl de Villiers, Cornél Lodewyks and Terri Ladbrooke included as Executive Directors from 2023.

^ *Executive directors do not qualify for STI deferred payments, however Cornél Lodewyks and Terri Ladbrooke qualified for deferred payments before being appointed as executive directors.*

* *2021 awards were approved early in 2023, and the first payment due in December 2022 was paid in 2023.*

** *Deferred payments for the HPC managing executives will be paid out on a successful transaction and not over the three-year period.*

SECTION 3
Implementation of the remuneration policy continued

Explanation of payments

STI awards

Libstar is required to achieve at least 90% of its EBIT target against budget before any bonuses become payable.

The individual performance metrics used are outlined below:

Performance measure	Normalised EBIT	Net working capital days		RONA	ESG (B-BBEE)
Description	Budget (threshold 90% of budget)	December 2023	Average 2023	Budget	Compliance
Target for 2023	R778.1 million	71	75	13.6%	Level 5
Actual for 2023	R681.2 million	79	81	11.6%	Level 6
Results	Not achieved	Not achieved	Not achieved	Not achieved	Not achieved
Weighting	50%	5%	5%	20%	20%

Return on net assets (RONA) targets are established at business unit level. The Group aims to achieve ROIC in excess of its weighted average cost of capital (WACC). During 2023, the Group achieved ROIC of 9.9% (2022: 10.4%) against a WACC of 12.7% (2022: 13.1%).

LTIP and Libstar Group share plan awards

The LTIP and Libstar Group Share Plan were approved by shareholders at the AGM in May 2019.

Awards made in 2020 in terms of the former long-term incentive plan (LTIP) to 95 employees vested on 8 April 2023.

The SARs awards were cancelled by the committee following no appreciation and ten employees received R1 million in respect of the forfeitable units that vested.

Awards made in 2020 in terms of the Group Share Plan (Share Plan) to 18 employees vested on 8 April 2023.

The SARs awards were cancelled by the committee following no appreciation and ten employees received R1 million in respect of the forfeitable units that vested. The remuneration committee approved the settlement of the vested Group Share Plan awards in cash.

No awards were made under the Group Share Plan during 2023.

The table on this page sets out the awards to executive directors made in terms of the LTIP and Libstar Group Share Plan:

Executive director LTIP and Group Share Plan awards

Date of grant	Date of award	Vesting date	Expiry date (SARs only)	SAR strike price/LTIP & Share Plan price on grant	Number of instruments awarded	Number of instruments vested	Number of instruments lapsed	Closing number of unvested and/or vested but unexercised instruments
CEO (Charl de Villiers)								
LTIP								
SARS	Apr 2020	Apr 2023	Apr 2027	6.33	**193 523**	**195 523**	–	–
Performance shares	Apr 2020	Apr 2023	–	6.33	**144 313**	**144 313**	–	–
Forfeitable shares	Apr 2020	Apr 2023	–	6.33	**36 078**	**36 078**	–	–
SARS	Apr 2021	Apr 2024	Apr 2028	6.75	**199 630**	–	–	199 630
Performance shares	Apr 2021	Apr 2024	–	6.75	**148 867**	–	–	148 867
Forfeitable shares	Apr 2021	Apr 2024	–	6.75	**37 217**	–	–	37 217
LTIP								
Performance shares	Dec 2022	Apr 2025	–	5.80	**492 534**	–	–	492 534
Performance shares	Apr 2023	Apr 2026	–	4.86	**839 506**	–	–	839 506
Libstar Group Share Plan								
SARS	Apr 2020	Apr 2023	Apr 2027	6.33	**193 523**	**195 523**	–	–
Performance shares	Apr 2020	Apr 2023	–	6.33	**144 313**	**144 313**	–	–
Forfeitable shares	Apr 2020	Apr 2023	–	6.33	**36 078**	**36 078**	–	–
CFO (Terri Ladbrooke)								
LTIP								
SARS	Apr 2020	Apr 2023	Apr 2027	6.33	**155 800**	**155 800**	–	–
SARS	Apr 2021	Apr 2024	Apr 2028	6.75	**98 948**	–	–	98 948
Performance shares	Apr 2021	Apr 2024	–	6.75	**34 357**	–	–	34 357
Performance shares	Apr 2021	Apr 2024	–	6.75	**8 562**	–	–	27 733
LTIP								
Performance shares	Apr 2023	Apr 2026	–	4.86	**504 115**	–	–	504 115
ED (Cornél Lodewyks)								
LTIP								
SARS	Apr 2020	Apr 2023	Apr 2027	6.33	**144 313**	**144 313**	–	–
Performance shares	Apr 2020	Apr 2023	–	6.33	**114 455**	**114 455**	–	–
Forfeitable shares	Apr 2020	Apr 2023	–	6.33	**28 664**	**28 664**	–	–
SARS	Apr 2021	Apr 2024	Apr 2028	6.75	**139 630**	–	–	139 630
Performance shares	Apr 2021	Apr 2024	–	6.75	**110 741**	–	–	110 741
Forfeitable shares	Apr 2021	Apr 2024	–	6.75	**27 733**	–	–	8 562
LTIP								
Performance shares	Apr 2023	Apr 2026	–	4.86	**590 535**	–	–	590 535
Libstar Group Share Plan								
SARS	Apr 2020	Apr 2023	Apr 2027	6.33	**144 313**	**144 313**	–	–
Performance shares	Apr 2020	Apr 2023	–	6.33	**114 455**	**114 455**	–	–
Forfeitable shares	Apr 2020	Apr 2023	–	6.33	**28 664**	**28 664**	–	–

** Retired on 31 December 2022. ** Became CEO on 1 January 2023.*

SECTION 3
Implementation of the remuneration policy continued

Single figure remuneration

The following table discloses total remuneration received by executive directors.

R'000	Basic salary	Bonuses and incentives	Share-based payments	Retirement payment	Total
31 December 2023					
Charl de Villiers	**5 102**	**–**	**352**	**–**	**5 454**
Terri Ladbrooke	**3 324***	**983****	**–**	**–**	**4 307**
Cornél Lodewyks	**4 127**	**378#**	**279**	**–**	**4 784**
31 December 2022					
Andries van Rensburg	6 641	816	2 207	13 282	22 946
Charl de Villiers	4 081	494	827	–	5 402

* *Terri was appointed in March 2023 and her total guaranteed remuneration was pro-rated accordingly.*
** *Bonuses and incentives paid to Terri during the 2023 financial year related to deferred STI payments for 2021 and 2022 from Rialto.*
# *Bonuses and incentives paid to Cornél during the 2023 financial year related to deferred STI payments for 2021 from Lancewood.*

Non-executive directors' fees

The proposed fees for 2024 are set out below and are subject to approval by shareholders at the AGM in June 2024. The increase proposed equates to 5%. This is in line with inflation. The board believes that the fees are market-related and commensurate with the time and effort required by the directors to undertake their duties. Fees are compared to the data contained in the Willis Towers Watson and PWC reports on non-executive directors' remuneration and fees paid by peers in the consumer packaged goods sector.

The proposed fees also consider the qualifications, experience and opportunity cost of the targeted profile of non-executive directors for the Group, and are appropriate to retain existing, and attract potential new, non-executive directors. No non-executive directors participate in any incentive schemes and their remuneration is not linked to the performance of the Group or its share performance.

	2024 Proposed fees 1 January 2024 to 31 December 2024 Rand	2023 Fees 1 January 2023 to 31 December 2023 Rand
Board of directors		
Chairman	**866 251**	825 001
Independent director	**334 131**	318 220
Audit and risk committee		
Chairman	**321 750**	306 429
Additional once-off fee (Chairman only)&	**250 000**	
Committee member	**173 250**	165 000
Remuneration committee		
Chairman	**309 380**	294 648
Committee member	**136 130**	129 648
Nomination committee		
Chairman	**247 501**	235 715
Committee member	**123 750**	117 857
Social, ethics and transformation committee		
Chairman	**247 501**	235 715
Committee member	**123 750**	117 857
Investment committee		
Chairman	**231 525**	235 715
Committee member	**123 750**	117 857

& *The additional remuneration of R250 000 is proposed for the Audit and risk committee chairman for additional work that will be required, relating to the transition of auditors from Moore Inc. to EY.*

Corporate information

Company and registered office

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

Website

www.libstar.co.za

Directors

Wendy Yvonne Nomathemba Luhabe
(chairman – independent non-executive director)

Johannes Petrus (JP) Landman
(lead independent non-executive director)

Anneke Andrews
(independent non-executive director)

Sandeep Khanna
(independent non-executive director)

Sibongile Masinga
(independent non-executive director)

Charl Benjamin de Villiers
(CEO)

Terri Lee Ladbrooke
(CFO)

Cornél Lodewyks
(executive director)

Company secretary

Ntokozo Makomba
43 Bloulelie Crescent,
Plattekloof, Western Cape 7500

Sponsor

The Standard Bank of South Africa Limited
30 Baker Street, Rosebank,
Johannesburg, 2196, South Africa
(PO Box 61344, Marshalltown,
Johannesburg, 2107)

Auditors

Ernst & Young Inc.
3rd Floor, Waterway House,
3 Dock Road,
V & A Waterfront,
Cape Town
(P O Box 656, 8000, South Africa)

Transfer secretaries

computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue,
Rosebank, Johannesburg, 2196, South Africa
(PO Box 61051, Marshalltown,
Johannesburg, 2107)

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