LIBSTAR

Notice of Annual General Meeting

for the year ended
31 December

2020

From our Home to Yours

Contents

LIBSTAR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2014/032444/06)
("**Company**")

Dear shareholder

Notice of publication of Libstar's integrated annual report, audited annual financial statements and notice of annual general meeting for the financial year ended 31 December 2020 ("**AGM**")

Please find enclosed the notice of annual general meeting of Libstar Holdings Limited ("**Libstar**" or the "**Company**"), to be held on **Tuesday**, **1 June 2021 at 10:00** through electronic communication.

Similar to the previous year, the shareholders are informed that this notice of AGM and abridged annual financial statements ("AGM Notice") were distributed to the registered shareholders of the Company through electronic communication only.

As a result of the ongoing COVID-19 pandemic, the resultant health distancing imperatives, the official restrictions on gatherings and the health of stakeholders, the Company believes it is prudent to again conduct the AGM entirely through electronic communication to allow shareholders to safely exercise their right to vote and ask questions at the AGM.

It is therefore confirmed that the AGM of Libstar will be held through electronic communication at **10:00 on Tuesday, 1 June 2021**. Shareholders wishing to participate will need to register before **09:00 on Monday, 31 May 2021**. A "registration to participate" form and a "virtual meeting guide for shareholders" are included as Annexures D and E in the notice of the AGM.

In accordance with section 31(1) of the Companies Act, No 71 of 2008, as amended ("**Companies Act**") shareholders are notified that the Libstar Holdings Limited 2020 integrated annual report ("**integrated annual report**") and audited annual financial statements have been made available on the Libstar website (**www.libstar.co.za/investors/publications-and-presentations**) from Friday, 23 April 2021. Should shareholders wish to receive a printed copy of the 2020 integrated annual report or the audited annual financial statements, they may request these from the company secretary at compsecretary@libstar.co.za.

The Company has retained the services of The Meeting Specialist (Pty) Ltd ("TMS") to host the AGM on an interactive electronic platform to facilitate remote participation and voting by shareholders. TMS will also act as scrutineer.

We request that shareholders send their proxies to TMS at proxy@tmsmeetings.co.za by no later than **10:00 on Monday, 31 May 2021** to allow time for the tallying of votes and completion of the administrative processes relating to the meeting. Forms of proxy submitted on the day of the AGM must be emailed to TMS at proxy@tmsmeetings.co.za prior to the commencement of the AGM, before any proxy seeks to exercise any right granted to it.

Further details for the form of proxy submission are contained in point 7 on page 3 and in the notes to the form of proxy on page 14 of this notice of AGM.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement with their CSDP or Broker:

- to furnish them with their voting instructions; and
- in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.

CorpStat Governance Services (Pty) Ltd

Company secretary

23 April 2021

Notice to the shareholders of the annual general meeting of the Company

LIBSTAR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2014/032444/06)
("**Company**")

1. Notice

1.1 Notice is hereby given to the shareholders that the annual general meeting ("**AGM**") of Libstar Holdings Limited ("**the Company**" or "**Libstar**") in respect of the financial year ended 31 December 2020 will be held at **10:00 on Tuesday, 1 June 2021, entirely through electronic communication** as permitted by the Companies Act, 71 of 2008, as amended ("**Companies Act**") and the Company's Memorandum of Incorporation ("**MoI**").

1.2 Shareholders will need to register by 09:00 on **Monday, 31 May 2021** to attend and participate in the AGM. Details to register are explained under point 4 on this page and on the "Registration form to participate", marked as **Annexure D**, on page 15. "A virtual meeting guide for shareholders" is included as **Annexure E** on page 17.

1.3 The purpose of this AGM is to:

1.3.1 present the audited annual financial statements of the Company and its subsidiaries for the year ended 31 December 2020, the directors' report and the Group audit committee report in accordance with section 30(3)(d) and section 61(8)(a) of the Companies Act;

1.3.2 consider and approve certain business required to be dealt with at an AGM in respect of the Company's MoI, the Companies Act, and the JSE Listings Requirements. Such matters are set out in the ordinary and special resolutions under the meeting agenda on page 4. Shareholders will be required to consider and, if deemed fit, pass such resolutions, with or without modification; and

1.3.3 consider any other matters raised by the shareholders.

2. Reports available online

The following documents are available online at **www.libstar.co.za**:

- Notice of AGM 2020*, including the Abridged Annual Financial Statements which have been distributed via electronic communication to all the registered shareholders of the Company;
- Audited annual financial statements 2020;
- Integrated annual report 2020;
- Governance report 2020;
- The social and ethics committee report 2020, as required in terms of Regulation 43 of the Companies Act Regulations, 2011;
- Remuneration policy 2020; and
- Libstar B-BBEE Certificate, and B-BBEE Compliance Report.

3. Record dates

1. The date for the purpose of determining which shareholders are entitled to receive this Notice of AGM is **Friday, 16 April 2021**;
2. Last date for shareholders to trade is on **Tuesday, 18 May 2021**;
3. Shareholders entitled to participate and vote at the meeting are those registered in the Libstar securities register as on **Friday, 21 May 2021**;
4. To allow time for the tallying of votes and completion of the administrative processes relating to the meeting, the last date for lodging proxy forms electronically is at **10:00 on Monday, 31 May 2021**;

   (Any proxy forms not received by this time can still be submitted prior to the commencement of the AGM)
5. In the interest of logistical arrangements and verification, the last date to register to attend and participate in the AGM is at **09:00 on Monday, 31 May 2021**;

   This will not in any way affect the rights of shareholders to register for participation in the AGM after this date nor to vote at the AGM, if fully verified and registered at its commencement.

4. Electronic participation

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement with their CSDP or Broker:

- to furnish them with their voting instructions; and
- in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.

The Company has retained the services of The Meeting Specialists (Pty) Ltd ("TMS") to host the AGM on an interactive electronic platform to facilitate remote participation and voting by shareholders. TMS will also act as scrutineer.

* Reference to 2020 means the financial year-end dated 31 December 2020.

Shareholders who intend to participate in the virtual meeting and who wish to vote at the meeting are required to contact TMS at **proxy@tmsmeetings.co.za** by submitting the completed registration form, attached to this notice of AGM on page 15 as soon as possible, but no later than **09h00 on Monday, 31 May 2021. Shareholders who wish to attend the virtual meeting should instruct their CSDP or Broker to issue them with the necessary letter of representation to attend the meeting as stipulated in the agreement with their Custodians.**

A virtual meeting guide for shareholders is included in this notice of AGM as **Annexure E** (page 17).

Although the electronic platform provides for voting during the meeting, shareholders are strongly encouraged to submit their votes by proxy prior to the meeting to TMS at proxy@tmsmeetings.co.za.

5. Identification

In terms of section 63(1) of the Companies Act, any person attending or participating in an AGM must present reasonably satisfactory identification. Upon receiving the registration form, TMS will follow a verification process to be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as proxy for a shareholder) has been verified.

TMS will request certain particulars from shareholders when receiving the registration form to comply with this verification process and the following identification will be required:

- if the shareholder is an individual, a certified copy of his/her identity document and/or passport and/or driver's licence;
- if the shareholder is not an individual, a certified copy of a resolution by the relevant entity to represent the entity, and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. This resolution must set out who from the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication;
- a valid email address and/or mobile telephone number.

6. Voting

6.1 In terms of clause 25.1 of the MoI, as read with section 65(7) of the Companies Act, for an ordinary resolution to be approved by the shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution;

6.2 In terms of clause 25.2 of the MoI, as read with section 65(9) of the Companies Act, for a special resolution to be approved by the shareholders, it must be supported by the holders of at least 75% of the voting rights exercised on the resolution.

7. Proxies

7.1 In terms of section 62(3)(e) of the Companies Act and clause 24 of the MoI, the shareholders are hereby notified that:

7.1.1 each shareholder entitled to attend and vote at the AGM is entitled to appoint one (or two or more proxies concurrently) to participate in, speak and vote at the AGM in place of the shareholder; and

7.1.2 such proxy need not be a shareholder.

7.2 Shareholders who are unable to attend the AGM, but who wish to be represented at the meeting, are required to complete and return the form of proxy attached hereto as **Annexure B** on page 13 to **proxy@tmsmeetings.co.za**, by no later than **10:00 on Monday, 31 May 2021**. Any proxy forms not received by this time can still be submitted to **proxy@tmsmeetings.co.za** prior to the commencement of the meeting.

7.3 If you are the beneficial shareholder and not the registered shareholder:

7.3.1 and wish to attend the meeting, you must obtain the necessary letter of authority to represent the registered shareholder of your shares from your CSDP or Broker; or

7.3.2 do not wish to attend the meeting but would like your vote to be recorded at the meeting, you should contact the registered shareholder of your shares through your CSDP or Broker and furnish them with your voting instructions;

7.3.3 you must NOT complete the attached form of proxy.

7.4 Shareholders are also referred to the notes of the proxy form, as set out in **Annexure C**.

AGENDA

Presentation of annual financial statements – 31 December 2020 (non-voting agenda point)

The audited annual financial statements of the Company for the period ended 31 December 2020, including the directors' report, the independent auditor's report and various sub-committee reports, to be presented at an AGM, as required in terms of section 30(3)(d) of the Companies Act, No 71 of 2008, as amended ("**the Companies Act**"), are hereby presented. The abridged annual financial statements for the year ended 31 December 2020 are included in this notice of AGM, having been circulated to shareholders and available on the Company's website **www.libstar.co.za**.

Ordinary resolutions

1. Ordinary Resolution Number 1: Election of director

*"**IT IS RESOLVED**, as an ordinary resolution of the shareholders, that the appointment of Ms Anneke Andrews as a director of the Company be and is hereby approved."*

A brief resume for this director appears in **Annexure A**.

Explanatory note:

The reason for proposing Ordinary Resolution Number 1 is that clauses 25.3 and 25.4 of the MoI require that the appointment of a director by the board of the Company ("**Board**"), whether to fill a vacancy or as an additional appointment, be approved at the next shareholders' meeting and that section 68 of the Companies Act contemplates that directors must be elected by the persons entitled to exercise voting rights.

The board approved the appointment of Ms Anneke Andrews with effect from 1 November 2020.

The percentage voting rights required for Ordinary Resolution Number 1 to be adopted: more than 50% of the voting rights exercised on the resolution.

2. Ordinary Resolution Numbers 2.1 and 2.2: Rotation and re-election of directors

*"**IT IS RESOLVED**, as ordinary resolutions of the shareholders, that the following independent non-executive directors be re-elected by way of separate resolutions following their retirement due to rotation.*

2.1 Ms Sibongile Masinga; and

2.2 Mr Sandeep Khanna."

Brief resumes of these directors appear in **Annexure A**.

Explanatory note:

In terms of clauses 27.3.2.2, 27.3.2.3 and 27.3.2.4 of the MoI and the JSE Listings Requirements, at least one third of the non-executive directors who have been in office the longest shall retire from office at each AGM. It is noted that as both the directors are eligible, they made themselves available for re-election with immediate effect. The board of the Company has assessed the performance of Ms Masinga and Mr Khanna and has found them suitable for re-election.

The percentage voting rights required for Ordinary Resolution Numbers 2.1 and 2.2 to be adopted: more than 50% of the voting rights exercised on each resolution.

3. Ordinary Resolution Numbers 3.1 to 3.4: Appointment of audit and risk committee members

*"**IT IS RESOLVED**, as ordinary resolutions of the shareholders, that the following independent non-executive directors be appointed by way of separate resolutions as members of the Company's audit and risk committee, with immediate effect until the next AGM:*

3.1 Mr JP Landman;

3.2 Ms Anneke Andrews, (subject to her election as director in terms of Ordinary Resolution 1);

3.3 Ms Sibongile Masinga, (subject to her re-election as director in terms of Ordinary Resolution 2.1); and

3.4 Mr Sandeep Khanna (subject to his re-election as director in terms of Ordinary Resolution 2.2);

Explanatory note:

In terms of section 94 of the Companies Act and clause 21.2.4.3 of the MoI, the Company must at each AGM appoint the members of the audit and risk committee for the following financial year. It is expressly noted that the board is satisfied that these directors have the necessary qualifications and/or experience in the areas required to fulfil their responsibilities as members of the audit and risk committee. Further, the Company has satisfied itself of the independence of Mr JP Landman, Ms Andrews, Ms Masinga and Mr Khanna. In respect of Mr Khanna, please refer to the detailed governance review at **https://www.libstar.co.za/investors/governance/** for further details relating to his independence.

Brief resumes for each of the committee members appear in **Annexure A**.

The percentage voting rights required for Ordinary Resolution Numbers 3.1 to 3.4 to be adopted: more than 50% of the voting rights exercised on each resolution.

4. Ordinary Resolution Number 4: Re-appointment of the independent external auditors

*"**IT IS RESOLVED**, as an ordinary resolution of the shareholders, that Moore Cape Town Incorporated ("Moore"), practice number 900908, be and is hereby re-appointed as the Company's independent external auditor until the next AGM. Mr Alan Billson (IRBA number 509327) is the individual designated auditor who has undertaken the audit of the Company for the financial year."*

Explanatory note:

The reason for proposing Ordinary Resolution Number 4 is that the Company's independent external auditors must be appointed or re-appointed at each AGM in compliance with section 90 of the Companies Act and clause 21.2.4.3 of the Company's MoI and the JSE Listings Requirements. The audit and risk committee and the board has evaluated the performance of Moore, having regard to the matters enumerated in section 94(8) of the Companies Act and the applicable provisions of the JSE Listings Requirements, and has recommended their re-appointment as independent external auditors.

The percentage voting rights required for Ordinary Resolution Number 4 to be adopted: more than 50% of the voting rights exercised on the resolution.

5. Ordinary Resolution Number 5: Endorsement of the remuneration policy

*"**IT IS RESOLVED**, as an ordinary resolution of the shareholders, that as a non-binding advisory vote of the shareholders, the remuneration policy of the Libstar Group be and is hereby endorsed."*

Explanatory note:

The reason for Ordinary Resolution Number 5 is that section 3.8.4(j) of the JSE Listings Requirements requires that the remuneration policy must be tabled every year for a non-binding advisory vote by shareholders at the AGM. The remuneration report appears on pages 76 to 90 in the integrated annual report and the full remuneration policy appears on the Group's website, **www.libstar.co.za**.

If the remuneration policy is voted against by 25% or more of the votes exercised, the board shall afford such dissenting shareholders the opportunity to engage with the Company regarding the contents of the remuneration policy.

6. Ordinary Resolution Number 6: Endorsement of the remuneration implementation report

*"**IT IS RESOLVED**, as an ordinary resolution of the shareholders, that as a non-binding advisory vote of the shareholders, the remuneration implementation report of the Libstar Group be and is hereby endorsed."*

Explanatory note:

The reason for Ordinary Resolution Number 6 is that section 3.8.4(j) of the JSE Listings Requirements requires that the remuneration implementation report must be tabled every year for a non-binding advisory vote by shareholders at the AGM. The remuneration report appears on pages 76 to 90 in the integrated annual report.

If the remuneration implementation report is voted against by 25% or more of the votes exercised, the board shall afford such dissenting shareholders the opportunity to engage with the Company regarding the contents of the remuneration implementation report.

7. Ordinary Resolution Number 7: General authority to issue shares for cash

*"**IT IS RESOLVED**, as an ordinary resolution of the shareholders, that the board be and is hereby authorised by way of a general authority, to allot and issue ordinary shares in the capital of the Company for cash, including within the scope of such authority the ability to issue options and securities that are convertible into ordinary shares, subject to the limitations, as set out in the MoI, the provisions of the Companies Act and the JSE Listings Requirements from time to time on the following basis:*

(i) the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;

(ii) there will be no restrictions with regard to the parties to whom the shares may be issued to, provided that such shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) and not to related parties (as defined by the JSE Listings Requirements);

(iii) the total aggregate number of ordinary shares which may be issued for cash in terms of this authority may not exceed an amount equal to 5% of the aggregate number of ordinary shares in the total issued share capital of the Company immediately before such issue (which, at the date of this notice, constitutes 34 096 070 ordinary shares (excluding treasury shares));

(iv) in the event of sub-division or consolidation prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;

(v) this authority shall be valid until the Company's next AGM or for 15 months from the date of the passing of the ordinary resolution, whichever is the earlier, provided that it shall not extend beyond 15 months from the date that this authority is given;

(vi) the maximum discount at which the shares may be issued is 10% of the weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is determined or agreed to between the Company and the party/ies subscribing for the shares. The JSE should be consulted for a ruling if the Company's shares have not traded in such a 30-business day period; and

(vii) upon any issue of ordinary shares which, together with prior issues of ordinary shares during the same financial year, will constitute, on a cumulative basis, 5% or more of the total number of ordinary shares in issue prior to that issue, the Company shall publish an announcement in terms of section 11.22 of the JSE Listings Requirements, giving full details hereof, including:

(a) the number of ordinary shares issued;

(b) the average discount to weighted average traded price of the ordinary shares over the 30 business days prior to the date that the issue is agreed in writing between the Company and the party/ies subscribing for the shares; and

(c) in respect of:

(A) an issue of options and convertible securities issued for cash, the effects of the issue on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share; or

(B) an issue of shares for cash, an explanation, including supporting information (if any), of the intended use of funds."

Explanatory note:

The reason for Ordinary Resolution Number 7 is to authorise the directors of the Company to allot and issue ordinary shares in the capital of the Company for cash.

The percentage voting rights required for Ordinary Resolution Number 7 to be adopted: at least 75% of the voting rights exercised on the resolution in terms of the JSE Listings Requirements.

8. Ordinary Resolution Number 8: General authorisation

*"**IT IS RESOLVED**, as an ordinary resolution of the shareholders, that any one director of the Company be and is hereby authorised to do all such things, perform all such actions and sign all such documents as may be necessary to implement the ordinary and special resolutions, as set out in this notice of AGM."*

The percentage voting rights required for Ordinary Resolution Number 8 to be adopted: more than 50% of the voting rights exercised on the resolution.

Special resolutions

1. Special Resolution Numbers 1.1 to 1.10: Remuneration of directors

*"**IT IS RESOLVED** to approve in terms of section 66(8), read with section 66(9), the remuneration to the non-executive directors, by way of separate special resolutions, for their services to the Company, as follows:*

	2021 Proposed fee 1 January 2021 to 31 December 2021 Rand	2020 1 January 2020 to 31 December 2020 Rand
Board of directors		
1.1 Chairman	**735 000**	735 000
1.2 Independent director	**283 500**	283 500
Audit and risk committee		
1.3 Chairman	**273 000**	273 000
1.4 Committee member	**147 000**	147 000
Remuneration and nomination committee		
1.5 Chairman – Remuneration	**262 500**	262 500
1.6 Committee member – Remuneration	**115 500**	115 500
1.7 Chairman – Nomination	**210 000**	210 000
1.8 Committee member – Nomination	**105 000**	105 000
Social and ethics committee		
1.9 Chairman	**210 000**	210 000
1.10 Committee member	**105 000**	105 000
Investment committee		
1.11 Chairman	**210 000**	210 000
1.12 Committee member	**105 000**	105 000

In November 2020, the remuneration committee and nomination committee were combined into one committee and the remuneration for the chairmen and members of the combined committee are set out under 1.5 to 1.8 above.

Explanatory note:

In terms of section 66(8), read with section 66(9) of the Act, except to the extent that the MoI provides otherwise, the Company may pay remuneration to its directors for their service as directors. Any such remuneration must be approved by special resolution of shareholders within the previous two years. In light of ongoing challenging operating conditions resulting from the COVID-19 pandemic, the remuneration and nomination committee proposed not to increase directors' fees for the period 1 January 2021 to 31 December 2021. The board has accepted the recommendations of the committee.

2. Special Resolution Number 2: Financial assistance to related or inter-related companies

*"**IT IS RESOLVED**, as a special resolution of the shareholders, that, in terms of section 45 of the Companies Act, the Company be and is hereby authorised, at any time and from time to time during the period of two years commencing on the date of adoption of this special resolution, to provide any direct or indirect financial assistance as contemplated in such section of the Companies Act, to any related or inter-related Company or corporation within the Libstar Group, provided that –*

(i) the recipient or recipients of such financial assistance, and the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the board from time to time; and

(ii) the board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the board is satisfied that all those requirements of section 45 of the Companies Act which is required to be met in order to authorise the Company to provide such financial assistance, have been met; and

(iii) such financial assistance to a recipient thereof is, in the opinion of the board, required for the purpose of (i) meeting all or any of such recipient's operating expenses (including capital expenditure), and/or (ii) funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient, and/or (iii) funding such recipient for any other purpose which in the opinion of the board is directly or indirectly in the interests of the Company, including the acquisition of securities in the Company or in a related or inter-related Company, as contemplated in section 44 of the Companies Act."

The reason for and effect of Special Resolution Number 2 is to grant the board the general authority to provide such direct or indirect financial assistance, including in the form of loans or guarantees. This authority will be in place for a period of two years from the date of adoption of this resolution in terms of section 45(3)(a)(ii) of the Companies Act. The board of directors of a Company may not authorise any financial assistance unless pursuant to a special resolution of the shareholders adopted within the previous two years, either as general or specific authority.

The percentage voting rights required for Special Resolution Number 2 to be adopted: at least 75% of the voting rights exercised on the resolution.

3. Special Resolution Number 3: General authority to repurchase shares

*"**IT IS RESOLVED**, as a special resolution of the shareholders, that the Company and/or any subsidiary of the Company be and is hereby authorised, by way of a general authority, to acquire ordinary shares in the capital of the Company (either directly or through a subsidiary) upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, in terms of and subject to:*

(i) a limit of 5% of the aggregate number of ordinary shares in issue (excluding treasury shares) on the date of the passing of this Special Resolution Number 3;

(ii) sections 4, 46 and 48 of the Companies Act;

(iii) the applicable provisions of the MoI; and

(iv) the JSE Listings Requirements, being, as at the date of this resolution, that:

(a) any acquisition of ordinary shares shall be purchased through the order book of the trading system of the JSE, and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty (provided that if the Company purchases its own ordinary shares from any wholly-owned subsidiary of the Company for the purposes of cancelling such treasury shares pursuant to this general authority, the above provisions will not be applicable to such purchase transaction);

(b) the general repurchase by the Company, and by its subsidiaries, of the Company's ordinary shares is authorised by the MoI (or the MoI of such subsidiaries, as applicable);

(c) this general authority shall be valid until the Company's next AGM or for 15 months from the date of adoption of this special resolution, whichever period is shorter;

(d) repurchases must not be made at a price greater than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction is effected and the JSE should be consulted for a ruling if the applicant's securities have not traded in the five-day period;

(e) at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;

(f) the passing of a resolution by the board authorising the repurchase, that the Company and the relevant subsidiaries passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Libstar Group;

(g) subject to the exceptions contained in the JSE Listings Requirements, the Company and the relevant subsidiaries will not repurchase ordinary shares during a prohibited period (as defined in the JSE Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in writing to the JSE prior to the commencement of the prohibited period; and

(h) The Company may not, in any one financial year, acquire in excess of 5% of the aggregate number of ordinary shares in issue (excluding treasury shares) as it stands on the date of the passing of this Special Resolution Number 3.

(i) an announcement complying with section 11.27 of the JSE Listings Requirements will be published by the Company or its subsidiary (i) when the Company and/or its subsidiary/ies have cumulatively repurchased 3% of the ordinary shares in issue as it stands on the date of the passing of this Special Resolution Number 3; and (ii) for each 3% in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries."

The directors will utilise the general authority conferred by the shareholders in terms of this resolution to repurchase ordinary shares, as and when suitable opportunities present themselves, which may require expeditious and immediate action.

Explanatory note:

The reason for Special Resolution Number 3 is to afford the Company or a subsidiary of the Company, a general authority to effect a repurchase of the Company's ordinary shares listed on the JSE. The resolution will allow the directors to have the authority, subject to the JSE Listings Requirements and the Companies Act, to effect repurchases of the Company's shares on the JSE.

The board shall authorise and implement a repurchase of the Company's shares only if prevailing circumstances (including the tax dispensation and market conditions) warrant same. After considering the impact of the maximum share repurchase, as allowed in terms of Special Resolution Number 3, the board is satisfied that:

(i) for a period of 12 months after the date of this notice of AGM, the consolidated assets of the Company and the Libstar Group, fairly valued in accordance with International Financial Reporting Standards and in accordance with the accounting policies used in the integrated annual report, will be in excess of the consolidated liabilities of the Company and the Libstar Group;

(ii) the Company and the Libstar Group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 months after the date of the notice of AGM;

(iii) the issued share capital and reserves of the Company and the Libstar Group will be adequate for the ordinary business purposes of the Company and the Libstar Group for a period of 12 months after the date of the notice of AGM; and

(iv) the Company and the Libstar Group will have adequate working capital for ordinary business purposes for a period of 12 months after the date of the notice of AGM.

The percentage voting rights required for Special Resolution Number 3 to be adopted: at least 75% of the voting rights exercised on the resolution.

Disclosures for the purposes of Special Resolution Number 3

The following disclosures are required in terms of section 11.26(b) of the JSE Listings Requirements:

(i) major shareholders in the Company – refer to page 37 of the abridged annual financial statements, included in this notice of AGM;

(ii) statement of material change – refer to material change statement, included in this notice of AGM;

(iii) share capital of the Company – refer to pages 35 to 36 of the abridged annual financial statements, included in this notice of AGM; and

(iv) directors' responsibility statement – refer to the directors' responsibility statement, included in this notice of AGM.

Statement of material change

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the Company and the Libstar Group since the date of signature of the Annual Financial Statements for the financial year ended 31 December 2020 and approval thereof by the board.

Directors' responsibility statement

Each of the directors of the Company, collectively and individually, accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 3, and certify that:

(i) to the best of their knowledge and belief there are no other facts, if omitted, would make any statement false or misleading;

(ii) they have made all reasonable enquiries to ascertain such facts; and

(iii) Special Resolution Number 3 contains all information required by law and the JSE Listings Requirements.

Other business

To transact any other business that may be transacted at an AGM.

BY ORDER OF THE BOARD

CorpStat Governance Services (Pty) Ltd

Company Secretary

23 April 2021

Annexure A

Profiles of directors offering themselves for election or re-election

Election as a director and a member of the audit and risk committee

ANNEKE ANDREWS (52)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom Accounting (Honours), CTA - University of Pretoria

CA(SA)

Date of board appointment: November 2020

Committees: Audit and risk

Anneke is a chartered accountant who served as a partner and director for 19 of 28 years at Deloitte where she held several leadership roles within the consulting practice. She served as a Deloitte lead client service 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 future trends and technologies offer are valuable in challenging existing paradigms.

Re-election as a member of the audit and risk committee

JP LANDMAN (65)

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

Committees: Audit and risk, remuneration and nomination* (chairman), investment (chairman)

JP is an independent analyst, focusing on trends in politics, economics, demographics and social capital. As a previously top-rated analyst in the listed environment, he has a good understanding of listed entities and relevant market forces.

JP has also previously served on President Thabo Mbeki's economic advisory panel and was a member of the National Planning Commission. This in-depth knowledge of the economy and market environment has provided key input to the board and management, especially as Libstar's strategy is built on identifying market trends and implementing a strategy that withstands economic cycles.

* The remuneration and nomination committees were combined in November 2020. JP is the chairman of the nomination-related aspects of the combined committee.

Annexure A – Profiles of directors offering themselves for election or re-election continued

Re-election as a director and as a member of the audit and risk committee

SIBONGILE MASINGA (54)

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom – UNISA

US-SA Leadership & Entrepreneurship Programme – Wharton School of Business

Date of board appointment: 2018

Committees: Audit and risk (chairman), social and ethics (chairman)

Sibongile is a co-founder and shareholder of Afropulse Group, a women-led investment, corporate advisory and investor relations group. She has served as a non-executive director of a number of JSE-listed companies. This enables her to offer relevant perspectives to the board of Libstar.

Her past directorship on the finance and grant committee of the manufacturing, engineering, and related services sector (merSETA) has empowered her with relevant knowledge to Libstar as a manufacturer.

As the chairman of the audit and risk committee, Sibongile has provided valuable advice on the formulation of Libstar's risk management framework. She also serves on the boards of Botshilu Private Hospital, PetroSA and is the chairman of PetroSA Ghana. She is currently interim CEO of Delta Property Fund Limited.

Re-election as a director and as a member of the audit and risk committee

SANDEEP KHANNA (47)

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chartered Global Management Accountant

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

Date of board appointment: 2014

Committees: Audit and risk, investment, remuneration and nomination* (chairman)

Sandeep is a seasoned investor and pioneer of private equity, with over 25 years of investing and fund management in Africa. His 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 investing, 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 potential acquisitions to ensure growth.

As a chartered management accountant in the United Kingdom, Sandeep also understands global markets to which Libstar exports. This has allowed him to provide critical input on the investment committee.

* The remuneration and nomination committees were combined in November 2020. Sandeep remains the chairman of remuneration-related aspects of the combined committee.

Annexure B

Form of proxy

LIBSTAR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2014/032444/06)
("**Company**")

Annual General Meeting ("AGM")

Tuesday, 1 June 2021 at **10:00** entirely through electronic communication.

I/We, ______________________________

being a Shareholder of Libstar Holdings Limited do hereby appoint ______________________________

or, failing him/her ______________________________

or, failing him/her, the chairman of the AGM, as my/our proxy to vote or abstain from voting on my/our behalf at the AGM of the Company to be held through electronic communication on **Tuesday, 1 June 2021 at 10:00** and at any adjournment thereof, in respect of the resolutions below (with our without modifications thereto) as follows:

	Number of voting rights (shares)		
Ordinary Resolutions	**In favour**	**Against**	**Abstain**
1. Election of Ms A Andrews as director			
2. Re-election of directors			
2.1 Re-election of Ms S Masinga as director			
2.2 Re-election of Mr S Khanna as director			
3. Appointment of audit and risk committee members			
3.1 Election of Mr JP Landman as member			
3.2 Election of Ms A Andrews as member			
3.3 Election of Ms S Masinga as member			
3.4 Election of Mr S Khanna as member			
4. Appointment of Moore Cape Town Incorporated as independent external auditor			
5. Endorsement of remuneration policy			
6. Endorsement of remuneration implementation report			
7. General authority to issue shares for cash			
8. General signatory authority			
Special Resolutions			
1. Approval of the remuneration of directors			
1.1 Chairman of the board of directors			
1.2 Independent non-executive director			
1.3 Chairman of the audit and risk committee			
1.4 Member of the audit and risk committee			
1.5 Chairman of the remuneration committee			
1.6 Member of the remuneration committee			
1.7 Chairman of the nomination committee			
1.8 Member of the nomination committee			
1.9 Chairman of the social and ethics committee			
1.10 Member of the social and ethics committee			
1.11 Chairman of the investment committee			
1.12 Member of the investment committee			
2. General authority to provide financial assistance			
3. General authority to repurchase shares			

(Indicate instructions to proxy by way of a cross in the spaces provided above, failing which the proxy may vote as he/she thinks fit.)

Signed at ______________________________ on ______________________________ 2021

Signature ______________________________

Each holder entitled to attend and vote at the meeting is entitled to appoint one or more individuals as proxy/ies to attend, participate in, speak and vote or abstain from voting in his/her/its stead.

A proxy need not be a person entitled to vote at the meeting. My/our proxy may (subject to any restriction set out herein)/may not delegate the proxy's authority to act on behalf of me/us to another person (delete as appropriate).

This form of proxy will lapse and cease to be of force and effect immediately after the AGM of the Company or any adjournment(s) thereof, unless it is revoked earlier.

Annexure C

Notes to the form of proxy

LIBSTAR HOLDINGS Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2014/032444/06)
("**Company**")

1. Shareholders are advised that the Company has appointed The Meeting Specialists (Pty) Ltd ("TMS") as its proxy receiving agent.
2. Proxy appointment must be in writing, dated and signed by the shareholder.
3. Forms of Proxy must be presented via email to TMS at **proxy@tmsmeetings.co.za** to be received on or before **10:00 on Monday, 31 May 2021.**
4. A shareholder may insert the name of a proxy or the names of two alternative proxies of the holder's choice in the space provided, with or without deleting "the chairman of the meeting". Any such deletion must be initialled by the shareholder.
5. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant percentage of voting rights exercisable by that holder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the meeting, as he deems fit, in respect of all the shareholder's voting rights exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution.
6. A shareholder or his proxy is not obliged to use all the voting rights exercisable by the shareholder or by his proxy, but the total of the voting rights cast and in respect whereof abstention is recorded may not exceed the total of the voting rights exercisable by the shareholder or by his proxy.
7. A shareholder's authorisation to the proxy, including the chairman of the meeting, to vote on his or her behalf, shall be deemed to include the authority to vote on procedural matters at the meeting.
8. The completion and lodging of this Form of Proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat and the exclusion of any proxy appointed in terms hereof should such shareholder wishes to do so.
9. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this form. Without limiting the generality hereof, the Company will accept a valid identity document, a valid driver's licence or a valid passport as satisfactory identification.
10. Any alteration to this form must be initialled by the signatory(ies).
11. A shareholder may revoke the proxy appointment by: (i) cancelling it in writing with a copy to the Company secretary, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to **proxy@tmsmeetings.co.za** to be received before the replacement proxy exercises any rights of the shareholder, or any adjournment(s) thereof.
12. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's/proxies' authority to act on behalf of the shareholder as of the later of: (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument was delivered as required in paragraph 11.

In compliance with the provisions of Section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented, as set out in Section 58 of the Act, is set out immediately below:

1. A shareholder entitled to attend and vote at the AGM may appoint any individual (or two or more individuals) as a representative/proxy or as representatives/proxies to attend, participate in and vote at the AGM. A representative/proxy need not be a shareholder of the Company.
2. A letter of representation or proxy appointment must be in writing, dated and signed by the shareholder appointing a representative/proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the AGM.
3. A representative/proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the representative/proxy.
4. The appointment of a representative/proxy is suspended at any time and to the extent that the shareholder who appointed such representative/proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
5. The appointment of a representative/proxy is revocable by the shareholder in question cancelling it in writing or making a later inconsistent appointment of a representative/proxy, and delivering a copy of the revocation instrument to the representative/proxy and to the Company. The revocation of a representative/proxy appointment constitutes a complete and final cancellation of the representative/proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
6. If the instrument appointing the representative/proxy or representatives/proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Act or the Company's MoI to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the representative/s, proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Annexure D

Registration form to participate in the virtual annual general meeting

To be held on 1 June 2021 at 10:00

LIBSTAR HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2014/032444/06)
("**Company**")

- Shareholders or their proxies who wish to participate in the annual general meeting via electronic communication ("**Participants**"), must register with the Company's meeting scrutineers to do so by sending the signed form below ("**the application**") to The Meeting Specialists (Pty) Ltd ("**TMS**") at email **proxy@tmsmeetings.co.za** by no later than **09:00 on 31 May 2021.**
- The application may also be delivered to The Meeting Specialists (Pty) Ltd, JSE Building, One Exchange Square, 2 Gwen Lane, Sandown, 2196, so as to be received by the meeting scrutineers by no later than the time and date set out above.
- Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant ("**CSDP**") or Broker in the manner and time stipulated in their agreement with their CSDP or Broker:
  – to furnish them with their voting instructions; and
  – in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.
- Participants will be able to vote during the AGM through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the AGM, must provide TMS with the information requested below.
- Each shareholder, who has complied with the requirements below, will be contacted between **27 May 2021 to 31 May 2021** via email/mobile with a unique link to allow them to participate in the virtual general meeting.
- The cut-off time, for administrative purposes, to participate in the meeting will be at **09:00 on 31 May 2021.**
- The Participant's unique access credentials will be forwarded to the email/cell number provided below.
- Please take note of the virtual meeting guide for shareholders in Annexure E.

Application form	
Name and surname of shareholder	
Name and surname of shareholder representative (If applicable)	
ID number of shareholder or representative	
Email address	
Cell number	
Telephone number	
Name of CSDP or Broker (If shares are held in dematerialised format)	
SCA number/Broker account number or own name account number	
Number of shares	
Signature	
Date	

Annexure D – Registration form to participate in the virtual annual general meeting continued

- The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the general meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
- The Participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies Libstar Holdings Limited, the Johannesburg Stock Exchange Limited ("**JSE**"), The Meeting Specialists (Pty) Ltd ("**TMS**") (virtual platform service provider) and/or its third party service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Libstar Holdings Limited, the JSE, TMS and/or its third party service providers, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the annual general meeting.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the annual general meeting, must act in accordance with the requirements set out above.
- Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
- The application will only be deemed successful if this application form has been fully completed and signed by the Participant and delivered or e-mailed to TMS at **proxy@tmsmeetings.co.za**.

By signing this registration form, I agree and consent to the processing of my personal information above for the purpose of participation in the annual general meeting.

Shareholder name ____________________

Signature ____________________

Date ____________________

Annexure E

Virtual meeting guide for shareholders

How to access the virtual meeting

1. In order to participate and vote in the meeting, each user must have an internet-enabled device (phone, laptop, desktop) capable of browsing to a regular website (in order to vote and participate).
2. Closer to the meeting date or on the day of the virtual meeting, you will receive a link and a password to enter the virtual meeting room.
3. Click on the link and you will be directed to the meeting platform.
4. An additional unique link will be sent, individually, to each shareholder who has made contact with The Meeting Specialist (Pty) Ltd at **proxy@tmsmeetings.co.za** and who has successfully been validated to vote at the meeting.
5. Guests will only be allowed to observe and listen to the proceedings of the meeting.

Navigating the meeting platform

1. Shareholders who would like to pose questions, please click on the Q&A icon on the bottom of your screen, to ask your question.
2. If you have a question on a particular resolution, please type your name, the resolution number, followed by your question and press enter or send.
3. Alternatively, if you would like to address the meeting directly, please click on the raise your hand icon. Once the chairperson has identified you, your microphone will be un-muted, and you will be able to address the meeting.

How to exercise your votes

1. All shareholders or their representatives, who have requested to vote, would have received a link from Digital Cabinet to either their phone number or email address.
2. The voting will be available on all the resolutions when the chairman opens the meeting.
3. Please click on the **vote now** link and it will direct you to the voting platform.
4. You will notice that the voting platform contains all the resolutions which have been published in the notice of meeting, with your votes automatically defaulted to Abstain.
5. Please note – Once you click submit, your votes can not be retracted and re-voted.
6. You may vote on all the resolutions simultaneously by defaulting all your votes as either “For” or “Against” or keeping it as an “Abstained” vote and then clicking on the submit button on the bottom of the electronic ballot form.
7. You may also indicate your votes individually, per resolution, by selecting the relevant option (For, Against or Abstain), on a resolution by resolution basis.
8. Once you have voted on all the resolutions, scroll down to the bottom of the page and click submit.
9. You will receive a message on your screen confirming that your votes have been received.
10. Once again, please ensure that you have selected the correct option on a resolution. Either For or Against or Abstain before clicking the submit button.

You will only be able to access both the meeting platform and the voting platform 10 minutes prior to commencement of the virtual meeting.

Annexure F

Abridged annual financial statements 2020

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2020

	Notes	2020 Audited R'000	2019 Audited R'000
CONTINUING OPERATIONS			
Revenue		**10 285 881**	9 892 545
Cost of sales		**(7 856 448)**	(7 513 655)
Gross profit		**2 429 433**	2 378 890
Other income	6	**47 172**	52 725
Operating expenses		**(2 111 168)**	(1 729 857)
Operating profit	7	**365 437**	701 758
Investment income		**44 720**	54 025
Finance costs		**(230 130)**	(262 774)
Profit before tax		**180 027**	493 009
Income tax expense		**(106 496)**	(136 325)
Profit for the year from continuing operations		**73 531**	356 684
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations		–	(77 057)
Profit for the year		**73 531**	279 627
Other comprehensive income for the year, net of tax		**3 340**	7 735
Items that may be reclassified to profit or loss			
Gains on hedging reserves		**10 241**	8 067
Hedging gains reclassified to profit or loss		**(8 067)**	–
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)		**1 166**	(332)
Total comprehensive profit for the year		**76 871**	287 362
Profit attributable to:			
Equity holders of the parent		**73 713**	278 395
Non-controlling interest		**(182)**	1 232
		73 531	279 627
Total comprehensive income attributable to:			
Equity holders of the parent		**77 053**	286 130
Non-controlling interest		**(182)**	1 232
		76 871	287 362
Basic earnings per share (cents)			
From continuing operations	8	**12.4**	59.5
From continuing and discontinued operations	8	**12.4**	46.6
Diluted earnings per share (cents)			
From continuing operations	8	**12.3**	59.4
From continuing and discontinued operations	8	**12.3**	46.5
Headline earnings per share (cents)			
From continuing operations	8	**46.9**	59.9
From continuing and discontinued operations	8	**46.9**	55.7
Diluted headline earnings per share (cents)			
From continuing operations	8	**46.8**	59.8
From continuing and discontinued operations	8	**46.8**	55.6

Annexure F – Abridged annual financial statements 2020 continued

Condensed consolidated statement of financial position

as at 31 December 2020

	Notes	2020 Audited R'000	2019 Audited R'000
ASSETS			
Non-current assets		**6 445 545**	6 685 881
Property, plant and equipment	10	**1 507 815**	1 392 678
Right-of-use assets	11	**649 533**	655 596
Goodwill		**2 337 192**	2 534 656
Intangible assets		**1 938 095**	2 092 060
Other financial assets		**11 402**	5 824
Deferred tax assets		**1 508**	5 067
Current assets		**4 089 453**	4 141 076
Inventories		**1 314 971**	1 199 619
Trade and other receivables		**1 752 824**	1 763 463
Biological assets		**31 294**	29 407
Other financial assets		**37 962**	31 593
Current tax receivable		**16 189**	16 742
Cash and bank balances		**936 213**	1 100 252
Total assets		**10 534 998**	10 826 957
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent		**5 357 635**	5 424 601
Share capital	12	**4 727 314**	4 727 314
Defined benefit plan reserve		**(923)**	(2 089)
Share-based payment reserve		**7 798**	2 211
Retained earnings		**688 373**	764 266
Premium on acquisition of non-controlling interests		**(75 168)**	(75 168)
Hedging reserves		**10 241**	8 067
Non-controlling interests		**9 711**	9 893
Total equity		**5 367 346**	5 434 494
Non-current liabilities		**3 446 977**	3 490 774
Other financial liabilities		**2 073 079**	2 087 970
Lease liabilities	11	**692 372**	677 674
Deferred tax liabilities		**659 191**	707 000
Employee benefits		**8 400**	9 583
Share-based payments	14	**13 935**	8 547
Current liabilities		**1 720 675**	1 901 689
Trade and other payables		**1 456 852**	1 462 502
Other financial liabilities		**171 325**	111 737
Lease liabilities	11	**90 596**	75 712
Share-based payments	14	**–**	4 156
Current tax payable		**1 717**	1 945
Bank overdraft		**185**	245 637
Total liabilities		**5 167 652**	5 392 463
Total equity and liabilities		**10 534 998**	10 826 957

Annexure F – Abridged annual financial statements 2020 continued

Condensed consolidated statement of changes in equity

for the year ended 31 December 2020

	Share capital R'000	Defined benefit plan reserve[1] R'000	Share-based payment reserve[2] R'000	Premium on acquisition of non-controlling interests[3] R'000	Retained earnings R'000	Hedging reserves[4] R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2019 (including adoption of IFRS 16)	4 818 884	(1 757)	–	(75 168)	617 560	–	8 661	5 368 180
Total comprehensive income for the year	–	(332)	–	–	278 395	8 067	1 232	287 362
Profit for the year	–	–	–	–	278 395	–	1 232	279 627
Other comprehensive income for the year	–	(332)	–	–	–	8 067	–	7 735
Transactions with owners of the Company								
Contributions and distributions	(91 570)	–	–	–	(131 689)	–	–	(223 259)
Share repurchase	(91 570)	–	–	–	–	–	–	(91 570)
Dividends paid	–	–	–	–	(131 689)	–	–	(131 689)
Share-based payment expenses	–	–	2 211	–	–	–	–	2 211
Group share plan	–	–	2 211	–	–	–	–	2 211
Balance at 31 December 2019	**4 727 314**	**(2 089)**	**2 211**	**(75 168)**	**764 266**	**8 067**	**9 893**	**5 434 494**
Total comprehensive income for the year	**–**	**1 166**	**–**	**–**	**73 713**	**2 174**	**(182)**	**76 871**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**73 713**	**–**	**(182)**	**73 531**
Other comprehensive income for the year	**–**	**1 166**	**–**	**–**	**–**	**2 174**	**–**	**3 340**
Transactions with owners of the Company								
Contributions and distributions	**–**	**–**	**–**	**–**	**(149 606)**	**–**	**–**	**(149 606)**
Dividends paid	**–**	**–**	**–**	**–**	**(149 606)**	**–**	**–**	**(149 606)**
Share-based payment expenses	**–**	**–**	**5 587**	**–**	**–**	**–**	**–**	**5 587**
Group share plan	**–**	**–**	**5 587**	**–**	**–**	**–**	**–**	**5 587**
Balance at 31 December 2020	**4 727 314**	**(923)**	**7 798**	**(75 168)**	**688 373**	**10 241**	**9 711**	**5 367 346**
Notes	**12**		**14**					

1. Defined benefit plan reserve: Reserves comprises actuarial gains or losses in respect of defined benefit obligations that are recognised in other comprehensive income.
2. Share-based payment reserve is used to recognise the grant date fair value of the Group's equity settled share-based payments (GSP) over the vesting period of GSP.
3. Premium on non-controlling interests: Represents the difference between the carrying amount of the non-controlling interests and the fair value of the consideration given on acquisition of non-controlling interests.
4. Hedging reserves: Represents the gains relating to foreign currency transactions recognised in other comprehensive income.

Annexure F – Abridged annual financial statements 2020 continued

Condensed consolidated statement of cash flows

for the year ended 31 December 2020

	Notes	**2020 Audited R'000**	2019 Audited R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**637 218**	579 769
Cash generated from continuing operations	15	**908 679**	944 777
Finance income received		**44 720**	54 025
Finance costs paid		**(165 760)**	(207 689)
Taxation paid		**(150 421)**	(191 404)
Cash utilised by discontinued operations		**–**	(19 940)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(322 189)**	(394 730)
Purchase of property, plant and equipment and computer software		**(328 042)**	(400 902)
Proceeds on disposal of property, plant and equipment and computer software		**8 085**	7 155
Proceeds from sale of discontinued operations		**–**	46 716
Other loans repaid to the Group		**4 772**	2 301
Other loans granted by the Group		**(8 200)**	–
Loans repaid by shareholders to the Group		**1 812**	–
Acquisition of business		**(616)**	(50 000)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(233 616)**	(159 764)
Share repurchase		**–**	(91 570)
(Repayment of)/proceeds from other loans payable		**(2 235)**	2 235
Proceeds from/(repayment of) related party loans payable		**614**	(846)
Capital portion of lease payments	11	**(149 132)**	(127 547)
Proceeds from term loans and asset based financing		**156 727**	270 765
Repayment of term loans and asset based financing		**(89 984)**	(81 112)
Dividend paid		**(149 606)**	(131 689)
Net increase in cash and cash equivalents		**81 413**	25 275
Cash and cash equivalents at the beginning of the year		**854 615**	829 340
Cash and cash equivalents at the end of the year		**936 028**	854 615
Continuing operations		**936 028**	854 615

Condensed consolidated segmental information

Basis of segmentation

The executive management team of the Group, the chief operating decision maker, has chosen to organise the Group into categories and manage the operations in that manner. The information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is based on five categories.

The following summary describes each segment:

PERISHABLES

Perishable products are products that are refrigerated.

GROCERIES

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

SNACKS & CONFECTIONERY

Premium snacks and confectionery products.

BAKING & BAKING AIDS

Baked goods, specialised gluten free offerings and baking aids.

HOUSEHOLD & PERSONAL CARE

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

Annexure F – Abridged annual financial statements 2020 continued

	Year ended 31 December 2020 R'000	Year ended 31 December 2019 R'000
INFORMATION ABOUT REPORTABLE SEGMENTS		
Revenue from contracts with customers		
Perishables	**4 698 998**	4 688 126
Groceries	**3 345 616**	3 177 811
Snacks & Confectionery	**574 257**	537 972
Baking & Baking Aids	**815 584**	699 841
Household & Personal Care	**851 426**	788 795
	10 285 881	9 892 545
Revenue comprised as follows:		
Total revenue for reportable segments	**10 323 980**	9 917 389
Elimination of inter segment revenue	**(38 099)**	(24 844)
Perishables	**(7 552)**	(8 328)
Groceries	**(23 965)**	(12 141)
Snacks & Confectionery	**(3 203)**	(722)
Baking & Baking Aids	**(3 179)**	(3 434)
Household & Personal Care	**(200)**	(219)
	10 285 881	9 892 545
Operating profit (EBIT)		
Perishables	**13 383**	402 686
Groceries	**344 019**	313 249
Snacks & Confectionery	**53 538**	60 666
Baking & Baking Aids	**55 710**	60 916
Household & Personal Care	**17 028**	(6 364)
Corporate	**(118 241)**	(129 395)
	365 437	701 758
Reconciliation of operating profit per segment to profit before tax		
Operating profit	**365 437**	701 758
Investment income	**44 720**	54 025
Finance costs	**(230 130)**	(262 774)
Profit before tax	**180 027**	493 009

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

Annexure F – Abridged annual financial statements 2020 continued

	Year ended 31 December 2020 R'000	Year ended 31 December 2019 R'000
Normalised EBIT and EBITDA		
GROUP – CONTINUING OPERATIONS		
Operating profit	**365 437**	701 758
Amortisation of customer contracts and brands with definitive useful lives	**150 172**	150 172
Due diligence costs	**286**	2 884
Expenses relating to share based payments	**13 990**	6 948
Government grants	**(840)**	(155)
Impairment losses on goodwill and other assets	**203 820**	–
Loss on disposal of property, plant and equipment	**2 683**	466
Retrenchment and settlement costs	**16 758**	16 646
Securities transfer tax	**–**	281
Strategic advisory fees	**–**	301
Unrealised loss on foreign exchange	**21 787**	11 035
Normalised EBIT	**774 093**	890 336
Amortisation of software	**12 031**	10 913
Depreciation of property, plant and equipment and right-of-use assets	**329 131**	272 427
Normalised EBITDA (including effect of IFRS 16)	**1 115 255**	1 173 676
Less: lease payments and lease modifications	**(149 133)**	(138 927)
Normalised EBITDA (excluding effect of IFRS 16)	**966 122**	1 034 749
PERISHABLES		
Operating profit	**13 383**	402 686
Amortisation of customer contracts	**43 610**	43 610
Due diligence costs	**–**	797
Government grants	**(72)**	(155)
Impairment losses on goodwill and other assets	**203 820**	–
(Profit)/loss on disposal of property, plant and equipment	**(1 261)**	45
Retrenchment and settlement costs	**5 128**	6 610
Unrealised loss on foreign exchange	**6 488**	2 094
Normalised EBIT	**271 096**	455 687
Amortisation of software	**4 146**	2 090
Depreciation of property, plant and equipment and right-of-use assets	**133 626**	90 160
Normalised EBITDA (including effect of IFRS 16)	**408 868**	547 937
Less: lease payments and lease modifications	**(44 069)**	(37 502)
Normalised EBITDA (excluding effect of IFRS 16)	**364 799**	510 435

Annexure F – Abridged annual financial statements 2020 continued

	Year ended 31 December 2020 R'000	Year ended 31 December 2019 R'000
GROCERIES		
Operating profit	**344 019**	313 249
Amortisation of customer contracts	**71 239**	71 239
Government grants	**(607)**	–
Loss on disposal of property, plant and equipment	**3 006**	371
Retrenchment and settlement costs	**4 341**	357
Unrealised loss on foreign exchange	**14 525**	8 578
Normalised EBIT	**436 523**	393 794
Amortisation of software	**1 897**	2 404
Depreciation of property, plant and equipment and right-of-use assets	**90 494**	93 161
Normalised EBITDA (including effect of IFRS 16)	**528 914**	489 359
Less: lease payments and lease modifications	**(50 209)**	(54 317)
Normalised EBITDA (excluding effect of IFRS 16)	**478 705**	435 042
SNACKS & CONFECTIONERY		
Operating profit	**53 538**	60 666
Amortisation of customer contracts	**4 402**	4 402
Loss/(profit) on disposal of property, plant and equipment	**564**	(4)
Retrenchment and settlement costs	**2 109**	790
Strategic advisory fees	**–**	118
Unrealised loss on foreign exchange	**666**	589
Normalised EBIT	**61 279**	66 561
Amortisation of software	**2 099**	3 821
Depreciation of property, plant and equipment and right-of-use assets	**26 283**	19 957
Normalised EBITDA (including effect of IFRS 16)	**89 661**	90 339
Less: lease payments and lease modifications	**(12 450)**	(7 383)
Normalised EBITDA (excluding effect of IFRS 16)	**77 211**	82 956
BAKING & BAKING AIDS		
Operating profit	**55 710**	60 916
Amortisation of customer contracts	**6 870**	6 870
Loss on disposal of property, plant and equipment	**458**	98
Retrenchment and settlement costs	**391**	–
Unrealised loss/(gain) on foreign exchange	**55**	(61)
Normalised EBIT	**63 484**	67 823
Amortisation of software	**986**	876
Depreciation of property, plant and equipment and right-of-use assets	**39 537**	35 091
Normalised EBITDA (including effect of IFRS 16)	**104 007**	103 790
Less: lease payments and lease modifications	**(16 833)**	(17 029)
Normalised EBITDA (excluding effect of IFRS 16)	**87 174**	86 761

Annexure F – Abridged annual financial statements 2020 continued

	Year ended 31 December 2020 R'000	Year ended 31 December 2019 R'000
HOUSEHOLD & PERSONAL CARE		
Operating profit/(loss)	**17 028**	(6 364)
Amortisation of customer contracts and brands with definitive useful lives	**24 051**	24 051
Profit on disposal of property, plant and equipment	**(139)**	(27)
Retrenchment and settlement costs	**1 009**	8 655
Strategic advisory fees	**–**	183
Unrealised loss/(gain) on foreign exchange	**53**	(163)
Normalised EBIT	**42 002**	26 335
Amortisation of software	**23**	23
Depreciation of property, plant and equipment and right-of-use assets	**34 280**	29 140
Normalised EBITDA (including effect of IFRS 16)	**76 305**	55 498
Less: lease payments and lease modifications	**(21 716)**	(19 165)
Normalised EBITDA (excluding effect of IFRS 16)	**54 589**	36 333
CORPORATE		
Operating loss	**(118 241)**	(129 395)
Due diligence costs	**286**	2 087
Expenses relating to share based payments	**13 990**	6 948
Government grants	**(161)**	–
Loss/(profit) on disposal of property, plant and equipment	**55**	(17)
Retrenchment and settlement costs	**3 780**	234
Securities transfer tax	**–**	281
Unrealised gain on foreign exchange	**–**	(2)
Normalised EBIT	**(100 291)**	(119 864)
Amortisation of software	**2 880**	1 699
Depreciation of property, plant and equipment and right-of-use assets	**4 911**	4 918
Normalised EBITDA (including effect of IFRS 16)	**(92 500)**	(113 247)
Less: lease payments and lease modifications	**(3 856)**	(3 531)
Normalised EBITDA (excluding effect of IFRS 16)	**(96 356)**	(116 778)
Export revenue		
The Group mainly operates in South Africa. Revenue derived from customers domiciled within South Africa is classified as revenue from South Africa. Revenue from customers domiciled outside of South Africa is classified as export revenue.		
Export revenue for the year	**1 239 636**	1 220 092
Major customers		
During the period under review, revenue from certain customers exceeded 10% of total revenue.		
Customer A	**22%**	19%
Customer B	**16%**	13%
Customer C	**10%**	10%

Notes to the condensed consolidated financial statements

for the year ended 31 December 2020

1. Reporting entity

Libstar is a leading producer and supplier of high-quality products in the CPG industry and markets a wide range of products in South Africa and globally. The Group provides a multi-product offering in several categories across multiple channels, while strategically positioning itself within the food and beverage and HPC sectors and maintaining the flexibility to capitalise on growth areas in the CPG industry.

2. Basis of preparation and report of the independent auditor

The summarised consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements ("The Listings Requirements") for preliminary reports, and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, to contain the information required by IAS 34 – Interim Financial Reporting. This summarised report is extracted from audited information, but has not been audited.

These summarised consolidated financial statements and the audited consolidated financial statements, were prepared by P Makate CA(SA) under the supervision of CB de Villiers CA(SA), the Group Chief Financial Officer. The results were approved by the board of directors on 16 March 2021 and the directors take full responsibility for the preparation thereof.

The consolidated financial statements were audited by Moore Cape Town Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

3. Accounting policies

The accounting policies used in the preparation of the summarised consolidated financial statements were derived from and are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The Group has applied the following standards and amendments for the first time for their annual financial statements commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. Accounting judgements and estimates

Management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates.

In preparing these summarised consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were consistent with those applied in the prior year.

The effects of COVID-19 have resulted in certain judgements and estimates being significant in the current period when they had not been in the past. This is due to the uncertainty introduced by the effects of the pandemic, such as collection risk for customers and the cash flows included in estimates of recoverable amounts. Refer to note 18 for further information related to the impact of COVID-19 on the Group.

5. Normalised EBIT and normalised EBITDA

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

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

	Adjustment included in calculation of:	
	Normalised EBITDA	Normalised EBIT
Add back: amortisation of intangible assets in relation to customer contracts and brands with definitive useful lives	Yes	Yes
Add back: amortisation of intangible assets in relation to computer software and website costs	Yes	No
Add back: depreciation on property, plant and equipment and right-of-use assets	Yes	No
Add back: impairment losses on property, plant and equipment, goodwill and intangible assets	Yes	Yes
Add back or deduct: unrealised foreign exchange translation gains or losses	Yes	Yes
Add back: non-recurring items of an operating nature including government grants, due diligence costs in respect of business acquisitions, strategic advisory fees, retrenchment and settlement costs and restructuring costs including amounts payable in respect of onerous contracts.	Yes	Yes
Add back: securities transfer tax paid	Yes	Yes
Add back or deduct: gains and losses on disposal of property, plant and equipment, gains and losses on disposals of assets or disposal groups (businesses) held for sale.	Yes	Yes
Add back: the cost of the long-term management incentive scheme (LTI Scheme), the long-term incentive plan (LTIP) and the Group Share Plan (GSP).	Yes	Yes

Normalised EPS and Normalised HEPS

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

To arrive at Normalised HEPS, the normalised EPS is adjusted for the after-tax impact of the Headline Earnings Re-measurements, the most common examples of which are (i) impairment losses on property, plant and equipment, goodwill and intangible assets and (ii) gains and losses on disposal of property, plant and equipment, excluding the after-tax impact of separately identifiable re measurements as defined in accordance with circular 1/2019 Headline Earnings, read with IAS 33 Earnings per share.

Annexure F – Abridged annual financial statements 2020 continued

	2020 R'000	2019 R'000
6. Other income		
Bad debts recovered	**315**	–
Commissions received	**40**	38
Gain on foreign exchange	**2 917**	26 927
Realised gain on foreign exchange	**24 704**	37 962
Unrealised loss on foreign exchange	**(21 787)**	(11 035)
Government grants[1]	**1 253**	206
Insurance claims received	**532**	385
Discounts and incentives received	**–**	871
Rental income	**4 103**	5 577
Sundry income[2]	**38 012**	18 721
	47 172	52 725

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

2 Included in current year are two loans payable that were previously provided for as amounts due to related parties, which were written back following the favourable outcome of an arbitration process (R19.7 million) and R10 million lapsed following the termination of the Group's relationship with the counterparty in question.

7. Operating profit

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

	2020 R'000	2019 R'000
Operating expenditure		
Depreciation of property, plant and equipment	**205 159**	168 824
Depreciation of right-of-use assets (refer note 11)	**123 659**	103 387
Amortisation of brands	**11 867**	11 867
Amortisation of computer software	**12 031**	10 913
Amortisation of customer relationships	**138 305**	138 305
Impairment loss on goodwill (refer note 17)	**198 000**	–
Impairment loss on building	**5 820**	–
Loss on disposal of property, plant and equipment	**2 683**	466
Employee benefits	**1 398 179**	1 307 546
Salaries and wages	**1 381 421**	1 290 900
Retrenchment and settlement costs	**16 758**	16 646
Strategic advisory fees	**–**	301
Due diligence costs	**286**	2 884
Credits relating to share appreciation rights granted (LTI scheme)	**(2 370)**	(1 456)
Charges relating to long-term incentive scheme (LTIP scheme)	**7 741**	6 194
Charges relating to share based payments (GSP)	**8 619**	2 211
Securities transfer tax	**–**	281
Research and development costs expensed as incurred	**1 420**	1 773
Auditors remuneration	**8 343**	8 407

Annexure F – Abridged annual financial statements 2020 continued

	2020 R'000	2019 R'000
8. Earnings per share		
8.1 Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Earnings used in the calculation of basic earnings per share	**73 713**	278 395
From continuing operations	**73 713**	355 452
From discontinued operations	**–**	(77 057)
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**595 812**	597 519
Basic earnings per share in cents		
From continuing operations	**12.4**	59.5
From discontinued operations	**–**	(12.9)
From continuing and discontinued operations	**12.4**	46.6
8.2 Diluted earnings per share		
The earnings used in the calculation of diluted earnings per share does not require adjustments. Refer to note 8.1 above for the earnings used in the calculation of diluted earnings per share.		
The weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:		
Weighted average number of ordinary shares for the purposes of diluted earnings per share ('000)	**596 932**	598 481
Diluted earnings per share in cents		
From continuing operations	**12.3**	59.4
From discontinued operations	**–**	(12.9)
From continuing and discontinued operations	**12.3**	46.5
Reconciliation of weighted average number of shares used as the denominator:		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**595 812**	597 519
Adjustments for calculation of diluted earnings per share:		
Deferred Shares – GSP[1]	**1 120**	962
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**596 932**	598 481

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

Annexure F – Abridged annual financial statements 2020 continued

	2020 Audited R'000	2019 Audited R'000
8. Earnings per share continued		
8.3 Normalised earnings per share (EPS)		
To arrive at Normalised EPS, the after-tax earnings from continuing operations is adjusted for the after-tax impact of the following:		
Profit for the year from continuing operations	**73 713**	355 452
Normalised for:	**145 395**	136 368
Amortisation of customer contracts and brands with definitive useful lives	**108 124**	108 124
Due diligence costs	**286**	2 884
Expenses relating to share based payments	**10 073**	5 002
Government grants	**(840)**	(155)
Retrenchment and settlement costs	**12 066**	11 985
Securities transfer tax	**–**	281
Strategic advisory fees	**–**	301
Unrealised forex losses	**15 686**	7 946
Normalised earnings used in the calculation of basic earnings per share	**219 108**	491 820
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**595 812**	597 519
Normalised basic earnings per share in cents	**36.8**	82.3

8. Earnings per share continued

8.4 Headline earnings

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

2020	**Gross**	**Net of tax**
Basic earnings from continuing operations	**73 713**	**73 713**
Adjustments	**206 503**	**205 902**
Loss on disposal of property, plant and equipment	**2 683**	**2 082**
Impairment of building	**5 820**	**5 820**
Impairment of goodwill (refer note 17)	**198 000**	**198 000**
Headline earnings from continuing operations	**280 216**	**279 615**

2019	Gross	Net of tax
Basic earnings from continuing operations	355 452	355 452
Adjustments	466	2 322
Loss on disposal of property, plant and equipment	466	2 322
Headline earnings from continuing operations	355 918	357 774

	2020 R'000	2019 R'000
Basic earnings from discontinued operations	–	(77 057)
Adjustments (net of tax)	–	52 258
Profit on disposal of property, plant and equipment and customer contracts	–	(7 000)
Impairment of brands	–	34 258
Impairment of goodwill	–	25 000
Headline earnings from discontinued operations	–	(24 799)
Headline earnings from continuing and discontinued operations	**279 615**	332 975
Headline earnings per share in cents		
From continuing operations	**46.9**	59.9
From discontinued operations	–	(4.2)
From continuing and discontinued operations	**46.9**	55.7
Diluted headline earnings per share in cents		
From continuing operations	**46.8**	59.8
From discontinued operations	–	(4.2)
From continuing and discontinued operations	**46.8**	55.6

8. Earnings per share continued

8.5 Normalised headline earnings per share (HEPS)

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

2020	Net
Normalised basic earnings from continuing operations	219 108
Adjustments	205 902
Impairment of goodwill (refer note 17)	198 000
Impairment of property, plant and equipment	5 820
Loss on disposal of property, plant and equipment	2 082
Normalised headline earnings from continuing operations	425 010
Normalised headline earnings per share from continuing operations (cents)	71.3

2019	Net
Normalised basic earnings from continuing operations	491 820
Adjustments	2 322
Loss on disposal of property, plant and equipment	2 322
Normalised headline earnings from continuing operations	494 142
Normalised headline earnings per share from continuing operations (cents)	82.7

9. Directors' remuneration

Name/designation	Basic salary R'000	Bonuses R'000	Total remuneration and benefits R'000
2020			
AV van Rensburg (Executive Director)	6 111	2 065	8 176
RW Smith (Executive Director)	4 200	621	4 821
CB de Villiers (Executive Director)	3 500	928	4 428
W Luhabe (Chairman Non-Executive Director)	1 110	–	1 110
JP Landman (Lead Independent Non-Executive Director)	720	–	720
S Masinga (Independent Non-Executive Director)	730	–	730
S Khanna (Independent Non-Executive Director)	860	–	860
A Andrews (Independent Non-Executive Director)	72	–	72
Total – 2020	17 303	3 614	20 917
2019			
AV van Rensburg (Executive Director)	5 820	3 123	8 943
RW Smith (Executive Director)	4 000	1 858	5 858
W Luhabe (Chairman Non-Executive Director)	1 060	–	1 060
JP Landman (Lead Independent Non-Executive Director)	610	–	610
S Masinga (Independent Non-Executive Director)	730	–	730
S Khanna (Independent Non-Executive Director)	720	–	720
Total – 2019	12 940	4 981	17 921

Mr CB de Villiers was appointed as executive director effective 1 January 2020 and Ms A Andrews was appointed effective 1 November 2020.

10. Property, plant and equipment

During the year ended 31 December 2020, the Group had capital expenditure of plant, equipment and computer software in the amount of R345 million (2019: R401 million). Significant capital expenditure projects continued during the year within the Perishables category, included a further R8 million investment in relation to milk receiving and distribution centre upgrades within the Lancewood division following a R45 million investment in 2019. Hard-cheese manufacturing and packaging upgrades continued at a cost of R65 million following the R42 million investment in the prior year.

Within the Groceries category, Montagu Foods upgraded lines and invested in a new honey packing facility at a total cost of R10 million and R15 million was invested within the Baking & Baking Aids category to upgrade Amaro Foods' artisanal facility and acquire generator capacity.

Within the Snacks & Confectionery category, upgrades to Ambassador Foods' facilities, which included the relocation of its confectionery operations, totalled R24 million, and R31 million was invested to consolidate four HPC manufacturing and warehousing facilities into a new facility.

There has been no major change in the nature of property, plant and equipment, the policy regarding the use thereof, or the encumbrances over the property, plant and equipment as disclosed in the audited financial statements for the year ended 31 December 2019.

11. Leases

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

	2020 R'000	2019 R'000
Amounts recognised in the consolidated statement of financial position		
Non-current right-of-use assets	**649 533**	655 596
Non-current lease liabilities	**(692 372)**	(677 674)
Current lease liabilities	**(90 596)**	(75 712)
Right-of-use assets[1]		
Right-of-use assets at 1 January	**655 596**	510 304
Lease modifications[2]	**(761)**	110 829
Additions and derecognitions	**118 357**	137 850
Depreciation for the year	**(123 659)**	(103 387)
Right-of-use assets at 31 December	**649 533**	655 596
Deferred tax asset		
Opening balance at 1 January	**25 852**	19 662
Movement for the year	**12 642**	6 189
Balance at 31 December	**38 494**	25 851
Lease Liabilities		
Lease liabilities recognised as at 1 January	**(753 386)**	(588 230)
Lease modifications[2]	**761**	(110 829)
Additions and derecognitions	**(115 105)**	(126 789)
Add: finance costs	**(64 370)**	(55 085)
Less: lease payments	**149 132**	127 547
Balance at 31 December	**(782 968)**	(753 386)

[1] The majority of the value of the right-of-use assets relate to property leases. The other equipment related leases are deemed not to be material and as such are not disclosed separately.

[2] Lease modifications mainly consist of lease extensions that occurred in the current and prior year.

	2020 R'000	2019 R'000
Amounts recognised in the consolidated statement of profit or loss and other comprehensive income		
Depreciation of right-of-use asset	**(123 659)**	(103 387)
Finance costs in respect of lease liability	**(64 370)**	(55 085)
Short-term and low value lease charges*	**31 535**	11 458

* Short-term and low value lease charges are due within the next twelve months.
The total cash outflow for leases in the current year was R149.1 million (2019: R127.5 million).
There were no significant variable payments in the current and prior year.

Annexure F – Abridged annual financial statements 2020 continued

	2020 R'000	2019 R'000
12. Share capital		
Share capital	**4 727 314**	4 727 314
Authorised capital comprises:		
10,000,000,000 ordinary shares of no par value		
1,000,000 preference shares		
Issued capital comprises:		
595,812,254 (2019: 595,812,254) fully paid ordinary shares of no par value	**4 727 314**	4 727 314
1,000,000 preference shares of no par value	**–**	–
	4 727 314	4 727 314

12.1 Movements in fully paid ordinary shares

R'000	Number of shares[1]	Share capital
Balance at 1 January 2019	607 759 505	4 818 884
Share repurchase	(11 947 251)	(91 570)
Balance at 31 December 2019	595 812 254	4 727 314
Balance at 31 December 2020	**595 812 254**	**4 727 314**

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

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

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

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

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

Alterations to authorised and issued shares

During the prior year 11 974 251 shares were repurchased at an average price of R7.66.

13. Shareholder analysis

Ordinary shares as at 31 December 2020

DIRECTORS' INTERESTS

DIRECTOR	December 2020 Direct shares held	December 2020 Held indirectly or by an associate	December 2020 Total shares held	December 2020 Total % held	December 2019 Direct shares held	December 2019 Held indirectly or by an associate	December 2019 Total shares held	December 2019 Total % held
AV van Rensburg	**6 040 381**	**–**	**6 040 381**	**0.89%**	5 954 592	–	5 954 592	0.87%
RW Smith	**3 947 915**	**–**	**3 947 915**	**0.58%**	3 947 915	–	3 947 915	0.58%
CB de Villiers[2]	**7 742**	**–**	**7 742**	**0.00%**	–	–	–	0.00%
W Luhabe	**–**	**–**	**–**	**0.00%**	–	–	–	0.00%
JP Landman[1]	**–**	**95 000**	**95 000**	**0.01%**	–	75 000	75 000	0.01%
S Masinga	**–**	**–**	**–**	**0.00%**	–	–	–	0.00%
S Khanna	**–**	**–**	**–**	**0.00%**	–	–	–	0.00%
A Andrews[2]	**–**	**–**	**–**	**0.00%**	–	–	–	0.00%
WS Hamid^	**–**	**–**	**–**	**0.00%**	–	–	–	0.00%

^ Resignations in the prior period: WS Hamid

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

2 Appointed in the current period: CB de Villiers, A Andrews

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

The only change in directors' interests or any share dealings by directors in the ordinary shares of the Company subsequent to 31 December 2020 and to the date of this report, was the purchase of 10 000 shares by the Ruland Trust, an associate of JP Landman.

Preference share capital

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

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

- van Rensburg held 12.9 units at the close of the current and prior period;
- Smith held 11.1 units at the close of the current and prior period;

13. Shareholder analysis continued

ORDINARY SHAREHOLDER SPREAD	Number of shareholders	Number of shares	% of shares in issue
Public	1 848	249 066 641	36.5%
Non-public	9	432 854 767	63.5%
■ Directors	3	9 996 038	1.5%
■ Associates of directors	1	95 000	0.0%
■ The trustees of any employees' share scheme or pension fund established for the benefit of any directors or employees of the applicant and its subsidiaries;	2	73 049 783	10.7%
■ Treasury shares ^	1	13 059 362	1.9%
■ Persons interested in 10% or more (other than directors or associates of directors)	2	336 654 584	49.4%
Total issued shares	1 857	681 921 408	100.0%

^ Libstar Operations Proprietary Limited an subsidiary of Libstar Holdings Limited, purchased 13,059,363 treasury shares during the 2018 and 2019 financial year at an average price of R7,62 per share and these shares reverted to authorised but unissued.

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

MAJOR ORDINARY SHAREHOLDERS	Number of shares	% of shares in issue
APEF Pacific Mauritius Limited	252 463 077	37.0%
Government Employees Pension Fund	84 191 507	12.3%
Business Venture Investments 2071 *	39 334 499	5.8%
Business Venture Investments 2072^	33 715 284	4.9%

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

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

ORDINARY SHAREHOLDER SPREAD	Number of shareholders	% of shareholders	Number of shares	% of shares in issue
1 – 1 000 000 shares	1 781	95.9%	70 325 709	10.3%
1 000 001 – 3 000 000 shares	39	2.1%	69 605 901	10.2%
3 000 001 – 6 000 000 shares	28	1.5%	119 357 569	17.5%
6 000 001 – 40 000 000 shares	7	0.4%	117 613 712	17.2%
More than 40 000 000 shares	2	0.1%	305 018 517	44.7%
	1 857	100.0%	681 921 408	100.0%

Annexure F – Abridged annual financial statements 2020 continued

	2020 R'000	2019 R'000
14. Share-based payments		
Non-current liabilities:		
Cash settled share appreciation rights (LTI scheme)	–	2 353
Cash settled share based payments (LTIP)	**13 935**	6 194
	13 935	8 547
Current liabilities		
Cash settled share appreciation rights (LTI scheme)	–	4 156
Equity:		
Equity settled share based payments (GSP)	**7 798**	2 211

14.1 Details of the cash settled share appreciation rights scheme of the Group (LTI scheme)

During 2016, the Group established a share appreciation rights scheme for executives and senior employees of the Group. In accordance with the terms of the plan, qualifying executives and senior employees may be awarded units annually, based upon their performance. Each unit allocated is the equivalent of an ordinary share in the Group. The units allocated are issued at the then prevailing market value of an ordinary share in the Group and incorporates a suitable discount factor. The units vest over a three year period from the date of issue. Upon vesting of a unit, the holder thereof is entitled to receive the difference between the then determined market value of the unit and its issue price, payable in cash.

The number of units granted is calculated in accordance with the performance-based formula approved by the Board and the remuneration committee. The formula rewards executives and senior employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial measures:

- Improvement in share price;
- Improvement in net profit; and
- Employee performance bonus for the prior financial year.

The number of units previously granted were adjusted for subdivision allocations prior to Initial Public Offering. Issue prices were adjusted to take into account a suitable discount factor.

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

The following share appreciation rights were awarded to date:

Unit series	Number	Vesting date	Issue price
(1) Granted on 1 January 2016	**4 086 513**	**31/12/2018**	**9.79**
(2) Granted on 1 January 2017	**4 593 946**	**31/12/2019**	**11.87**
(3) Granted on 1 January 2018	**7 150 161**	**31/12/2020**	**12.92**

14. Share-based payments continued

14.1 Details of the cash settled share appreciation rights scheme of the Group (LTI scheme) continued

14.1.1 MOVEMENTS IN SHARE APPRECIATION RIGHTS DURING THE YEAR

The following table reconciles the share appreciation rights outstanding:

	Number of units issued (vested)	Weighted average issue price R	Value R'000
Balance at 1 January 2018	8 680 459	11.87	34 019
Movement in fair value of units vested in 2018	(4 086 513)	–	(18 945)
Allocated during the year	7 150 161	12.92	5 737
Balance at 1 January 2019	11 744 107	12.92	20 811
Movement in fair value of units vested in 2019	(4 593 946)	–	(14 302)
Balance at 31 December 2019	7 150 161	12.77	6 509
Movement in fair value of units vested in 2020	(6 451 943)	–	(4 139)
Movement in fair value of units forfeited in 2020	(698 218)	–	(2 370)
Balance at 31 December 2020	–	–	–

The first allocation of units vested in full on 31 December 2018. The second allocation of units vested in full on 31 December 2019 and the last units vested in full on 31 December 2020. Vested units have been fully settled in the current year. Refer to note 14.1 for the share-based payments in terms of LTI scheme.

14.2 Details of the Long-term Incentive Scheme of the Group – (LTIP scheme)

In the prior year the Group developed a new cash-settled long term incentive scheme (known as the LTIP). The LTIP is designed as a cash-settled incentive scheme whereby senior employees may be awarded notional units which are linked to the price of ordinary shares of the Group. The LTIP is regulated by a detailed set of rules. As with the previous LTI scheme, the LTIP seeks to attract and retain senior employees and promote ongoing loyalty, commitment and motivation. All Senior Employees are eligible to participate in the LTIP. The LTIP is implemented by the Board through the direction of the Remuneration Committee. On an annual basis, Senior Employees may be offered three components (i) allocations of Share Appreciation Rights ("SARs"), (ii) awards of the Performance Share Plan ("PSP"), or (iii) grants of the Forfeitable Share Plan ("FSP").

A summary of each component of offer under LTIP is set out below.

14.2.1 SHARE APPRECIATION RIGHTS (SARS)

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

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

N = number of vested rights exercised

X = N x A

Award holders are not entitled to dividend during the life of the award. The awards vest 3 years after allocation, from which point the rights may be exercised to the extent that the performance condition, as described below, has been met. The awards may be exercised for the next 4 years, i.e.: between the vesting date of 4 April 2022 and the maturity date of 4 April 2026 for the 2019 grant; and between the vesting date of 8 April 2023 and the maturity date of 8 April 2027 for the 2020 grant. PSP and FSP also have a 4 year exercise period similar to the SARs.

The performance condition is measured over a minimum of a three year period starting at the allocation date and ending at the vesting date. The real growth in normalised headline earnings ("NHE") of Libstar is compared to the consumer price index ("CPI") using a vesting scale of the NHE versus CPI to determine the portion of awards that will vest. Vesting is further contingent on the award holder remaining employed by the Group.

14. Share-based payments continued

14.2 Details of the Long-term Incentive Scheme of the Group – (LTIP scheme) continued

14.2.1 SHARE APPRECIATION RIGHTS (SARS) continued

The SARs was valued by utilising the Binomial Tree approach valuation method. The result of which represent the fair value per unit (excluding pre-vesting forfeiture), which is fixed in time. A range of expected vesting percentages for the NHE vs. CPI performance condition were utilised. The number of awards was adjusted by these expected vesting percentages as well as adjusted for pre-vesting forfeiture to arrive at a number of awards expected to vest. The fair value per unit was then multiplied by the number of awards expected to vest to arrive at a total value. Refer to 14.2.4 for the inputs and assumptions used in the measurement of the fair values at grant date and reporting date.

Refer to 14.2.5 for number of awards issued during the current and prior year. None of the SARs had vested as at 31 December 2020.

14.2.2 PERFORMANCE SHARE PLAN (PSP)

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

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

The awards vest 3 years after allocation at 4 April 2022 for the 2019 grant and 8 April 2023 for the 2020 grant, when the rights may be exercised to the extent that the performance condition, as described below, has been met.

The performance conditions are measured over the three year period starting at the allocation date and ending at the vesting date.

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

1. NHE vs. CPI performance condition (as described in section 14.2.1) – 30%;

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

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

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

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

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

Refer to 14.2.5 for number of awards issued during the current and previous year. None of the PSPs had vested as at 31 December 2020.

14.2.3 DETAILS OF THE FORFEITABLE SHARE PLAN (FSP)

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

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

N = number of vested rights exercised

X = N x S

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

The awards vest 3 years after allocation at 4 April 2022 for the 2019 grant and 8 April 2023 for the 2020 grant, when the rights may be exercised to the extent that the performance condition, as described below, has been met.

The performance condition is measured over the three year period starting at the allocation date and ending at the vesting date. Subject to the discretion of the Board and remuneration committee, the awards will vest if Libstar attains a “Compliant Contributor” status in terms of B-BBEE and Transformation on an all-or-nothing basis. Vesting is further contingent on the award holder remaining employed by the Group.

Refer to 14.2.5 for number of awards issued during the current and prior year. None of the FSPs had vested as at 31 December 2020.

14. Share-based payments continued

14.2 Details of the Long-term Incentive Scheme of the Group – (LTIP scheme) continued

14.2.4 FAIR VALUE OF THE LTIP

Valuation methods:

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

The PSP was valued in two parts:

1. Fair value per unit (excluding performance conditions)

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

2. Proportion of shares vesting under the performance conditions

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

The FSP was valued in two parts:

1. Fair value per unit (excluding forfeiture)

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

2. Proportion of shares expected to vest

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

14. Share-based payments continued

14.2 Details of the Long-term Incentive Scheme of the Group – (LTIP scheme) continued

14.2.4 FAIR VALUE OF THE LTIP continued

	2020	2019
Valuation date – 31 December 2020		
Grant date	8 April 2020	4 April 2019
Vesting date	8 April 2023	4 April 2022
Maturity date	8 April 2027	4 April 2026
Allocation price	R6.33	R8.08
Share price at valuation date	R6.33	R6.33
Awards issued – SARs	10 165 185	6 156 748
Awards issued – PSP	1 664 576	1 101 830
Awards issued – FSP	415 989	275 444
Forfeiture rate p.a	5.00%	5.00%
Dividend yield p.a	See Table below	See Table below
Risk-Free interest rate	BESA Swap Curve	BESA Swap Curve
Volatility	See Table below	See Table below
Exercise Multiple	1.8	1.8
Non-Market performance conditions vesting percentages	See Table below	See Table below

	Expected Dividend Yields and Volatility Range at 31 December 2020
Expected Dividend Yields	
Scenario	
Lower Bound	2.50%
Mid Estimate	2.75%
Upper Bound	3.00%
Volatility Range	
Scenario	
Lower Bound	42.35%
Mid Estimate	44.85%
Upper Bound	47.35%

Volatility was calculated based on the daily returns of the share price, under the assumption that the natural logarithm of the share price returns are normally distributed. Since Libstar share price data only exists from 8 May 2018, the standard deviation of the daily log returns on the available data as at the valuation date of 31 December 2020 was considered to arrive at a range which is deemed to be reasonable.

Non-Market Performance Conditions Vesting Percentages

	Expected Vesting Percentage at 31 December 2020
Expected NHE vs. CPI Performance Condition Vesting Percentages	
Scenario	
Lower Bound	60.00%
Mid Estimate	65.00%
Upper Bound	70.00%
Expected ROAA vs. WACC Performance Condition Vesting Percentages	
Scenario	
Lower Bound	70.00%
Mid Estimate	75.00%
Upper Bound	80.00%
Expected B-BBEE Performance Condition Vesting Percentages	
Scenario	
Lower Bound	65.00%
Mid Estimate	70.00%
Upper Bound	75.00%

14. Share-based payments continued

14.2 Details of the Long-term Incentive Scheme of the Group – (LTIP scheme) continued

14.2.5 MOVEMENTS IN LTIP COMPONENTS DURING THE YEAR

The following table reconciles the three LTIP components outstanding:

	Number of units issued (forfeited)	Value R'000
Share Appreciation Rights (SARs)		
Balance at 1 January 2019	–	–
Awards issued – 4 April 2019	8 474 882	3 743
Movement in 2019 units and fair value	(1 364 053)	(969)
Balance at 31 December 2019	7 110 829	2 774
2019 Awards forfeited in current year	(954 081)	–
Movement in fair value of 2019 units (including forfeiture)	–	636
Awards issued – 8 April 2020	11 610 050	–
2020 Awards forfeited in current year	(1 444 865)	–
Movement in fair value of 2020 units (including forfeiture)	–	2 996
Balance at 31 December 2020	**16 321 933**	**6 406**
Performance Share Plan (PSP)		
Balance at 1 January 2019	–	–
Awards issued – 4 April 2019	1 586 360	3 158
Movement in 2019 units and fair value	(208 416)	(418)
Balance at 31 December 2019	1 377 944	2 740
2019 Awards forfeited in current year	(276 114)	–
Movement in fair value of 2019 units (including forfeiture)	–	1 330
Awards issued – 8 April 2020	1 897 120	–
2020 Awards forfeited in current year	(232 544)	–
Movement in fair value of 2020 units (including forfeiture)	–	2 490
Balance at 31 December 2020	**2 766 406**	**6 560**
Forfeitable Share Plan (FSP)		
Balance at 1 January 2019	–	–
Awards issued – 4 April 2019	396 659	736
Movement in 2019 units and fair value	(52 066)	(56)
Balance at 31 December 2019	344 593	680
2019 Awards forfeited in current year	(69 149)	–
Movement in fair value of 2019 units (including forfeiture)	–	(62)
Awards issued – 8 April 2020	474 226	–
2020 Awards forfeited in current year	(58 237)	–
Movement in fair value of 2020 units (including forfeiture)	–	351
Balance at 31 December 2020	**691 433**	**969**
Total balance of the 2019 LTIP at 31 December 2019	8 833 366	6 194
Total balance of the 2019 LTIP at 31 December 2020	**7 534 022**	**8 098**
Total balance of the 2020 LTIP at 31 December 2020	**12 245 750**	**5 837**
Total balance of the LTIP at 31 December 2020	**19 779 772**	**13 935**

14. Share-based payments continued

14.3 Details of the Group Share Plan – GSP

In the prior year the Group also developed a new share-settled Group Share Plan (known as the "GSP"). On an annual basis, Senior Employees may be offered three components (i) allocations of Share Appreciation Rights ("SARs"), (ii) awards of the Performance Share Plan ("PSP"), or (iii) grants of the Forfeitable Share Plan ("FSP").

These allocation methods of the three components are substantially similar to those used in the LTIP. The difference is that the GSP is settled in Libstar shares to the value of the awards as opposed to the LTIP which is settled in cash. The GSP is an equity settled share scheme and the grant dates were 31 July 2019 and 8 April 2020. Further details of the GSP components are not included and should be read together with of the LTIP scheme components above. Refer to section 14.2.1 – 14.2.3.

14.3.2 FAIR VALUE OF THE GSP

The valuation methods used to value the three components of the GSP are substantially similar to the valuation methods of the LTIP, except that the GSP valuation is a once off valuation at grant date where the LTIP is at grant date and subsequently at every reporting date due to it being cash settled. Refer to section 14.2.4 for further details.

The following inputs were used as at 31 December 2020 to calculate a fair value for the three components of the GSP. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair values.

	2020	2019
31 July 2019 GSP		
Valuation date – GSP 31 July 2019		31 July 2019
Grant date		31 July 2019
Vesting date		31 July 2022
Maturity date		31 July 2026
Share price at grant date		R8.65
Awards issued – SARs		2 269 550
Awards issued – PSP		1 274 590
Awards issued – FSP		318 796
8 April 2020 GSP		
Valuation date – GSP 8 April 2020	**8 April 2020**	
Grant date	**8 April 2020**	
Vesting date	**8 April 2023**	
Maturity date	**8 April 2027**	
Share price at grant date	**R6.20**	
Awards issued – SARs	**2 824 546**	
Awards issued – PSP	**1 897 120**	
Awards issued – FSP	**474 226**	
Forfeiture rate p.a	**5.00%**	5.00%
Dividend yield p.a	**See Table in section 14.2.4**	See Table in section 14.2.4
Risk-Free interest rate	**BESA Swap Curve**	BESA Swap Curve
Volatility	**See Table in section 14.2.4**	See Table in section 14.2.4
Exercise Multiple	**1.8**	1.8
Non-Market performance conditions vesting percentages	**See Table in section 14.2.4**	See Table in section 14.2.4

14. Share-based payments continued

14.3 Details of the Group Share Plan – GSP

14.3.3 MOVEMENTS IN GSP COMPONENTS DURING THE YEAR

The following table reconciles the three GSP components as at 31 December 2020:

	Number of units issued	Value R'000
Share Appreciation Rights (SARs)		
Balance at 1 January 2019	–	–
Awards issued – 31 July 2019	2 269 550	597
Balance at 1 January 2020	**2 269 550**	**597**
Recognition of fair value of 2019 awards over vesting period	–	1 223
Awards issued – 8 April 2020	2 824 546	808
Balance at 31 December 2020	**5 094 096**	**2 628**
Performance Share Plan (PSP)		
Balance at 1 January 2019	–	–
Awards issued – 31 July 2019	1 274 590	1 391
Balance at 1 January 2020	**1 274 590**	**1 391**
Recognition of fair value of 2019 awards over vesting period	–	3 242
Awards issued – 8 April 2020	1 897 120	2 482
Balance at 31 December 2020	**3 171 710**	**7 115**
Forfeitable Share Plan (FSP)		
Balance at 1 January 2019	–	–
Awards issued – 31 July 2019	318 796	223
Balance at 1 January 2020	**318 796**	**223**
Recognition of fair value of 2019 awards over vesting period	–	493
Awards issued – 8 April 2020	474 226	371
Balance at 31 December 2020	**793 022**	**1 087**
Total balance of the 2019 GSP at 31 December 2019	3 862 936	2 211
Total balance of the 2019 GSP at 31 December 2020	**3 862 936**	**7 169**
Total balance of the 2020 GSP at 31 December 2020	**5 195 892**	**3 661**
Total balance of the GSP at 31 December 2020	**9 058 828**	**10 830**
Weighted average remaining contractual life of the GSP outstanding at end of period:		
2019 GSP		1,58 years
2020 GSP		2,27 years

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

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

None of the SARs, awards of the PSP and FSP vested as at 31 December 2020.

Annexure F – Abridged annual financial statements 2020 continued

14. Share-based payments continued

14.4 Expenses arising from share-based payment transactions

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

	2020	2019
Credits relating to share appreciation rights granted (LTI scheme)	(2 370)	(1 456)
Charges relating to long-term incentive scheme (LTIP scheme)	7 741	6 194
Charges relating to share based payments (GSP)	5 587	2 211
	10 958	6 949

14.5 Impact of current economic environment and COVID-19 on fair value measurements and awards

The LTIP and GSP share-based payments are valued based on the valuation results of the external valuator. These valuation results are based on the valuation inputs and assumptions as described above. The inputs and assumptions used in the current year valuations have been adjusted to factor in the current economic conditions and the impact of COVID-19. The valuation results include a lower bound, mid estimate and upper bound scenario. In the prior year, the mid estimate scenario was used to value the share-based payments.

Management, after consideration of the current economic conditions and potential impact of COVID-19, has taken a prudent approach and valued the 2019 LTIP, 2020 LTIP, 2019 GSP and 2020 GSP sharebased payments based on the lower bound scenario.

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

15. Cash generated from operations

	2020 Audited R'000	2019 Audited R'000
Cash generated from continuing operations		
Profit before taxation from continuing operations	180 027	493 009
Adjustments for:	846 312	641 345
Depreciation and amortisation	491 021	433 296
Loss on disposal of property, plant and equipment	2 683	466
Impairment loss on goodwill (refer note 17)	198 000	–
Impairment loss on building	5 820	–
Expected credit loss allowance movement on other financial assets	653	–
Expected credit loss allowance movement on trade and other receivables	(11 590)	11 398
IFRS 16 non-cash lease modifications	(3 252)	(11 275)
Investment income	(44 720)	(54 025)
Finance costs	230 130	262 774
Other financial assets written off	946	–
Sundry income – loans payable written off	(29 754)	–
Fair value adjustment on forward exchange contracts	(427)	4 276
Movements in employee benefits – medical aid plan	(17)	332
Employee benefits contributions paid	(585)	(620)
Other non-cash movements in employee benefits	568	952
Movements in share based payments	6 819	(5 897)
Share based payments in terms of LTI scheme	(4 139)	(12 846)
Other non-cash movements in share based payments	10 958	6 949
Changes in working capital:	(117 660)	(189 577)
Increase in inventories	(115 352)	(96 600)
Decrease/(increase) in trade and other receivables	5 229	(152 069)
Increase in biological assets	(1 887)	(2 745)
(Decrease)/increase in trade and other payables	(5 650)	61 837
	908 679	944 777

16. Subsequent events

The Board has resolved to pay a dividend of 25 cents per share (gross) in respect of the year ended 31 December 2020. There have been no other material subsequent events from the reporting date to the date of issue of this announcement. Specific consideration was given to the potential impact of COVID-19 subsequent to reporting date to the date of issue of this announcement.

17. Goodwill impairment

The carrying amount of the Denny Mushrooms business unit within the Perishables cash-generating group has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This impairment loss is included in operating expenditure in the statement of profit or loss and other comprehensive income.

The effect of COVID-19 has been most apparent in the Group's sales channels. In particular, the food service channel was most adversely affected by the closure of hospitality venues and restaurants due to the second quarter level 5 lockdown restrictions and subsequent lower restaurant occupancy rates during the second half of the current year. The food service channel slowdown had a particularly pronounced impact on the Denny Mushrooms business unit. The impact of the lower mushroom sales volumes on the innately high fixed-cost nature of Denny Mushrooms' farming operations, adversely impacted profitability.

Corrective actions taken by the Group included increased mushroom price realisation, the containment of costs and the significant recovery of its retail channel market share from previous lows. Despite these efforts, the prevailing competitive market conditions, high operating cost structure and declining sale volumes have interrupted Denny Mushrooms' recovery. Considering these factors, the Group has applied a conservative downward revision of Denny Mushrooms' five-year growth forecasts.

In so doing, an impairment loss of R198 million has been recognised in relation to goodwill attributable to Libstar's investment in Denny Mushrooms. The recoverable amount of Denny Mushrooms was calculated at a conservative terminal growth rate of 4.7% and an after-tax discount rate of 13.0%. No class of asset other than goodwill related to Denny Mushrooms was impaired.

18. Impact of COVID-19

In March 2020, the World Health Organization formally recognised COVID-19, the novel strain of coronavirus, as a pandemic. As a result of various actions taken by national and local governments worldwide to curb the pandemic, including the temporary closure of certain businesses, various travel restrictions, and the mandatory containment of large segments of the global population within their geographic regions, the pandemic is proving to have a profound human and economic impact across the globe.

The Group has been impacted by COVID-19 during the current year. Revenue from the Group's retail and wholesale channel increased, whilst revenue from its food service channel decreased relative to the prior year. The Group has also noted a marked increase in the cost of operations required to maintain a safe working environment for its employees. The total direct COVID-19 related expenses for the year amounted to R64.7 million.

The full extent of the impact of the COVID-19 pandemic on the Group has yet to be established. However, the Board expects the following factors to continue to have an impact on the Group:

- Changes in the Group's sales channel mix attributable to national or provincial lockdown restrictions;
- Additional operating costs attributable to the COVID-19-pandemic;
- Supply chain disruptions; and
- A weak macro-economic climate, high rate of national unemployment and weakening consumer disposable income.

Impact on the results of the Group

Libstar incurred extraordinary COVID-19 expenses of R64.7 million to maintain a safe working environment for its employees. This included donations in the amount of R5.3 million to needy communities, personnel-related benefits of R28.5 million and R30.9 million in direct operating expenses. Personnel-related expenses mainly comprised staff transport benefits. Direct operating expenses related mainly to the cost of personal protective equipment (PPE).

18. Impact of COVID-19 continued

Further consideration was given to the following matters as a result of COVID-19:

- There has been an increase in the provision for slow moving stock from R21.2 million to R36.8 million. The Group held higher inventory levels in the current year in order to respond to the potential negative impact of COVID-19 on the supply chain and meet customer demand. Due to the impact of COVID-19, management further increased the provision for stock write-down from 2% to 3% of inventory in the current year.
- The Group increased its provision for doubtful debtors from R6.4 million to R18.0 million as a result of the impact of COVID-19. In relation to trade receivables, management has considered forward-looking information (macro-economic forecast data such as the five-year CPI forecast) to evaluate the impact on expected future default rates, in particular with regards to trade receivables exposed to the food service channel. In the light of the current economic environment and the potential future impact of COVID-19, management increased the risk-to-default factor per each aged bucket.
- The LTIP and GSP share-based payments are valued based on the valuation results of the external valuator. These valuation results are based on the valuation inputs and assumptions as described above. The inputs and assumptions used in the current year valuations have been adjusted to factor in the current economic conditions and the impact of COVID-19. Management, after consideration of the current economic conditions and potential impact of COVID-19, has taken a prudent approach and valued the 2019 LTIP, 2020 LTIP, 2019 GSP and 2020 GSP share-based payments based on the lower bound scenario.
- There are no significant restructurings or planned restructurings as a result of COVID-19.
- Other than the impact of COVID-19 on Denny Mushrooms as disclosed in note 17, there are no significant impairment losses related to financial assets and non-financial assets as a result of COVID-19. An impairment loss of R198 million was recognised in relation to goodwill attributable to the Group's investment in the Denny Mushrooms division.
- There are no significant discontinued operations or planned discontinuations as a result of COVID-19.
- No contingent liabilities or litigation matters arose as a result of COVID-19.

Impact on segmental results of the Group

All segments produce and sell products within the Group's four sales channels. As a result, all segments were positively impacted by increased retail and wholesale channel demand, whilst all channels were also adversely impacted by reduced revenue from the food service channel. Refer to the segmental analysis for further details on the results of the segments.

Impact on EPS and HEPS

The Group's HEPS and EPS has been impacted by COVID-19, particularly in relation to extraordinary expenses in the amount of R64.7 million (pre-tax) incurred to maintain a safe working environment for employees. The extent and timing of further costs cannot be determined at this time, however the expenses are not expected to materially adversely impact the Group's access to liquidity used to manage its operations.

Impact on debt covenants

As at 31 December 2020, the Group's leverage ratio (Senior Borrowings to EBITDA) was 1.3 (2019: 1.3) against a covenant of no more than 2.5. EBITDA to senior interest cover ratio was 8.0 (2019: 7.0) against a covenant of at least 3.5.

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

The Board will continue to monitor the impact of COVID-19 on the Group's operations and its financial position to take timeous action where required.

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