LIBSTAR

QUALITY **BRANDS**

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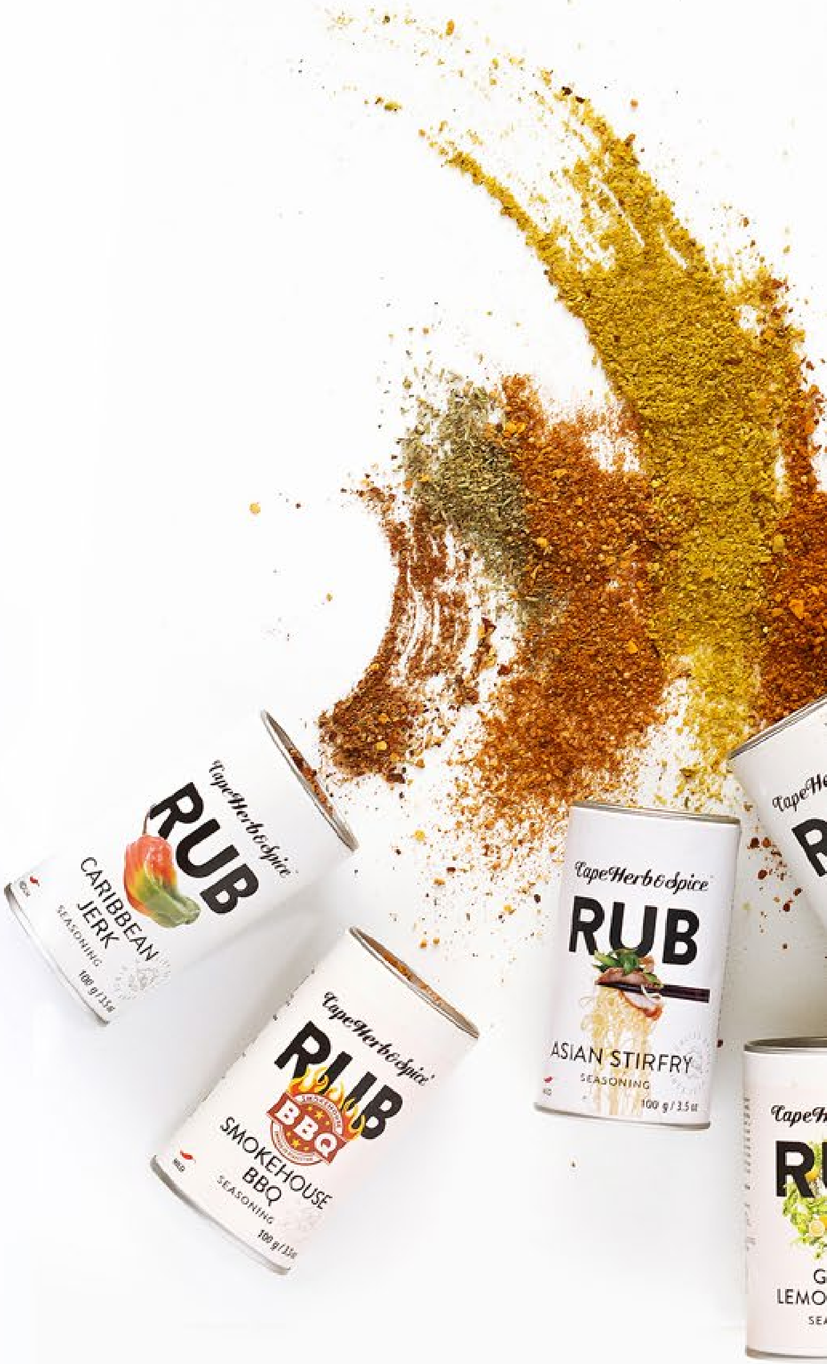
SPECIAL **MOMENTS**



Notice of Annual General Meeting

For the year ended 31 December 2023

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 notice of annual general meeting for the financial year ended 31 December 2023 ("AGM")

Please find enclosed the notice of annual general meeting of Libstar Holdings Limited, to be held on Friday, 31 May 2024 through electronic communication.

This notice of AGM which includes the Audited annual financial statements was distributed to the registered shareholders of the Company through electronic communication only.

The AGM of Libstar will be held through electronic communication at 10:00 on Friday, 31 May 2024. Shareholders wishing to participate will need to register before 09:00 on Tuesday, 28 May 2024. 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 shareholders are notified that the Libstar Holdings Limited 2023 integrated annual report is available on the Libstar website (www.libstar.co.za/investors/results-centre) from Friday, 26 April 2024. Should shareholders wish to receive a printed copy of the 2023 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 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 09:00 on Tuesday, 28 May 2024 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 Annexure C on page 11 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.

Ntokozo Makomba
Company secretary

26 April 2024

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 2023 will be held at **10:00 on Friday, 31 May 2024**, **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 **Tuesday, 28 May 2024** to attend and participate in the AGM. Details to register are explained under point 4 and on the "Registration form to participate", marked as **Annexure D**, on page 12 "A virtual meeting guide for shareholders" is included as **Annexure E** on page 13.

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 2023, 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 matters 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 to 8. 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** and were distributed via electronic communication to all the registered shareholders of the Company:

- Notice of AGM 2023*, which includes the Audited Annual Financial Statements;
- Integrated annual report 2023 which includes:
  - The Social, ethics and transformation committee report 2023, as required in terms of Regulation 43 of the Companies Act Regulations, 2011;
  - Remuneration review 2023; and
- Libstar's B-BBEE Certificate, and B-BBEE Compliance Report (available online only).

3 Record dates

1. The date for the purpose of determining which shareholders are entitled to receive this Notice of AGM is **Friday, 19 April 2024.**
2. Last date for shareholders to trade is on **Tuesday, 14 May 2024.**
3. Shareholders entitled to participate and vote at the meeting are those registered in the Libstar securities register as at **Friday, 17 May 2024**.
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 **09:00 on Tuesday, 28 May 2024**.

   (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 Tuesday, 28 May 2024**.

   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.

* *Reference to 2023 means the financial year-end dated 31 December 2023.*

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

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.

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 12 as soon as possible, but no later than **09:00 on Tuesday, 28 May 2024. 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 13).

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 license;
- 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, 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 needs 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 10 to **proxy@tmsmeetings.co.za**, by no later than **09:00** on **Tuesday, 28 May 2024**. 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** on page 11.

Agenda

Presentation of annual financial statements

31 December 2023 (non-voting agenda point)

The Audited annual financial statements of the Company for the period ended 31 December 2023, 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 Audited annual financial statements for the year ended 31 December 2023 are included in this notice of AGM. These have been circulated to shareholders and are available on the Company's website **www.libstar.co.za.**

1. Ordinary Resolution Numbers 1.1. and 1.2: 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.*

1.1 Mr JP Landman; and

1.2 Ms Sibongile Masinga."

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 Nominations Committee has considered the proposed re-election of Mr Landman and Ms Masinga and recommends them for re-election as directors of the Company.

The percentage voting rights required for Ordinary Resolution Numbers 1.1 and 1.2 to be adopted: more than 50% of the voting rights exercised on each resolution.

2. Ordinary Resolution Numbers 2.1 – 2.4: 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:*

2.1 Ms Anneke Andrews;

2.2 Mr Sandeep Khanna;

2.3 Mr JP Landman (subject to his re-election as a director in terms of Ordinary Resolution 1.1.); and

2.4 Ms Sibongile Masinga. (subject to her re-election as a director in terms of Ordinary Resolution 1.2.)."

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 Ms Andrews, Mr Khanna, Mr Landman and Ms Masinga. In respect of Mr Khanna, please refer to the Governance review, as set out in the Integrated report on the Group's website, www.libstar.co.za 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 2.1 – 2.4 to be adopted: more than 50% of the voting rights exercised on each resolution.

3. Ordinary Resolution Numbers 3: Election of independent external auditors

*"**IT IS RESOLVED,** as an ordinary resolution of the shareholders, that Ernst & Young Inc. ("EY"), be re-appointed as the Company's independent external auditor in respect of the financial year ending 31 December 2024. Ms Tina Rookledge 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 3 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 considered the independence of EY, 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 3 to be adopted: more than 50% of the voting rights exercised on the resolution.

4. Ordinary Resolution Number 4: 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 and to related parties (as defined by the JSE Listings Requirements) through a bookbuild process, provided all the requirements set out in paragraph 5.52(f) of the JSE Listings Requirements are met;*

(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 4 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 4 to be adopted: at least 75% of the voting rights exercised on the resolution in terms of the JSE Listings Requirements.

5. Ordinary Resolution Numbers 5.1 and 5.2: Non- binding advisory votes

5.1 Ordinary Resolution Number 5.1: Endorsement of the remuneration policy

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

5.2 Ordinary Resolution Number 5.2: Endorsement of the remuneration implementation report

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

Explanatory note:

The reason for Ordinary Resolution Number 5.1 is that section 3.84(j) of the JSE Listings Requirements requires that the remuneration policy must be tabled for a non-binding advisory vote by shareholders at the AGM.

The reason for Ordinary Resolution Number 5.2 is that section 3.84(j) of the JSE Listings Requirements requires that the implementation report must be tabled for a non-binding advisory vote by shareholders at the AGM.

The remuneration report and policy can be found in the integrated report on the Group's website, www.libstar.co.za.

If the remuneration policy or the 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 policy.

6 Ordinary resolution number 6: 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 6 to be adopted: more than 50% of the voting rights exercised on the resolution.

Special resolutions

1. Special Resolution Numbers 1.1, 1.2 and 1.3: Remuneration of directors

*"**IT IS RESOLVED** to approve in terms of section 66(8), read with section 66(9) of the Companies Act, the remuneration to the non-executive directors, by way of separate and independent special resolution (1.1, 1.2 and 1.3), for their services to the Company, as follows:*

	2024 Proposed fee 1 January 2024 to 31 December 2024 Rand	2023 Actual fee 1 January 2023 to 31 December 2023 Rand
1.1 Board of directors		
Chairman	**866 251**	825 001
Member	**334 131**	318 220
1.2 Board committees		
Audit and risk committee		
Chairman	**321 750**	306 429
Committee member	**173 250**	165 000
Remuneration committee		
Chairman – Remuneration	**309 380**	294 648
Committee member – Remuneration	**136 130**	129 648
Nomination committee		
Chairman – Nomination	**247 501**	235 715
Committee member – Nomination	**123 750**	117 857
Social, ethics and transformation committee		
Chairman	**247 501**	235 715
Committee member	**123 750**	117 857
Investment committee		
Chairman	**231 525**	235 715
Committee member	**123 750**	117 857
1.3 Additional once-off fee*		
Chairman of the Audit and risk committee (only)	**250 000**	–

An increase of 5% is proposed from the prior year.

* *The additional remuneration of R250 000 is proposed for the Audit and risk committee Chairman for the increased responsibilities and time commitment involved in overseeing the transition from Moore Inc. to EY. The total remuneration payable to the Audit and risk Chairman will total R571 750 for the year, but if Special Resolution Number 1.3 is not approved the Audit and risk committee Chairman will still be remunerated under Special Resolution Number 1.2 if same is passed.*

Explanatory note:

In terms of section 66(8), read with section 66(9) of the Companies 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.

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."*

Explanatory note:

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 to be executed by an independent third party. The repurchase programme must be submitted to the JSE in writing prior to the commencement of the prohibited period and must include the information required in terms of paragraph 5.72(h) of the JSE Listings Requirements;*

(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; and*

(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 Audited annual financial statements, 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 repurchase;

(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 completing the repurchase; 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 repurchase.

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 pages 69 – 70 of ***Annexure F****;*

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

(iii) share capital of the Company – refer to page 46 on ***Annexure F****; 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 Audited annual financial statements for the financial year ended 31 December 2023 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

ANNEXURE A

Profiles of directors offering themselves for re-election or for election as a member of the audit and risk committee

Election as a member of the audit and risk committee

ANNEKE ANDREWS (56)

Independent non-executive director

BCom Accounting (Honours); CTA – University of Pretoria; CA(SA)

Date of board appointment: 2020

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

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

SANDEEP KHANNA (51)

Independent non-executive director

Chartered Global Management Accountant; Associate Member of the Chartered Institute of Management Accountants (UK)

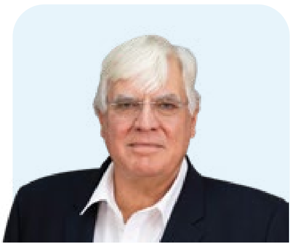
Date of board appointment: 2014

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

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

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

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



JP LANDMAN (69)

Lead independent non-executive director

BA LLB – University of Stellenbosch; MPhil in Future Studies (Cum Laude) – University of Stellenbosch; Programme on Macroeconomic Policy Management – Harvard; The Economies of the BRICS countries – Oxford University, Continuing Education

Date of board appointment: 2018

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

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

SIBONGILE MASINGA (57)

Independent non-executive director

BCom – University of Johannesburg; US-SA Leadership and Entrepreneurship Programme – Wharton School of Business; Programme on designing and executing corporate revitalisation - Harvard Business School

Date of board appointment: 2018

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

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

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

ANNEXURE B

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

Form of proxy

Annual General Meeting ("AGM")

Friday, 31 May 2024 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 **Friday 31 May 2024 at 10:00** and at any adjournment thereof, in respect of the resolutions below (without modifications thereto) as follows:

	Number of voting rights (shares)		
Ordinary resolutions	**In favour**	**Against**	**Abstain**
1. Re-election of directors			
1.1 Mr JP Landman			
1.2 Ms Sibongile Masinga			
2. Appointment of audit and risk committee members			
2.1 Ms Anneke Andrews			
2.2 Mr Sandeep Khanna			
2.3 Mr JP Landman			
2.4 Ms Sibongile Masinga			
3. Re-appointment of Ernst & Young as independent external auditors in respect of the year ending 31 December 2024, and designated auditor being Ms Tina Rookledge			
4. General authority to issue shares for cash			
5. Non-Binding Advisory Votes			
5.1 Endorsement of remuneration policy			
5.2 Endorsement of remuneration implementation report			
6. General signatory authority			
Special resolutions			
1. Approval of the remuneration of directors			
1.1 Board of Directors			
1.2 Board Committees			
1.3 Additional once-off fee for the Chairman of the Audit and risk 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 ______________________ 2024

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

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 **09:00 on Tuesday, 28 May 2024**.
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.

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

ANNEXURE D

Registration form to participate in the virtual annual general meeting

To be held on 31 May 2024 at 10:00

- 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 **28 May 2024**.
- 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
  - 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 **28 May 2024 to 31 May 2024** 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 **28 May 2024**.
- 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 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

Audited annual financial statements 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

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

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

CONSOLIDATED SEGMENTAL INFORMATION

for the year ended 31 December 2023

Basis of segmentation

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

The following summary describes each segment:

Perishables
Perishable products are products that are refrigerated or frozen.

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

Snacks and Confectionery
Premium snacks and confectionery products.

Baking and Baking Aids
Baked goods, specialised gluten free offerings and baking aids.

Household and Personal Care
Detergents and household cleaning products as well as personal care products.

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

Consolidated segmental information continued

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

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

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

Annexure F – Audited annual financial statements 2023 continued

Consolidated segmental information continued

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

Annexure F – Audited annual financial statements 2023 continued

Consolidated segmental information continued

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

Consolidated segmental information continued

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

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

Annexure F – Audited annual financial statements 2023 continued

Consolidated segmental information continued

Revenue by channel

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

Contribution to Group revenue

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

Revenue by channel per segment

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

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

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

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

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

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

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

Notes to the consolidated annual financial statements continued

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

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

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

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

Notes to the consolidated annual financial statements continued

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

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

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

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

Notes to the consolidated annual financial statements continued

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

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

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

Notes to the consolidated annual financial statements continued

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

7.4 Headline earnings per share

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

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

Notes to the consolidated annual financial statements continued

7 Earnings per share continued

7.4 Headline earnings per share continued

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

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

7.5 Normalised headline earnings per share (HEPS)

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

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

Annexure F – Audited annual financial statements 2023 continued

Notes to the consolidated annual financial statements continued

8 Directors' remuneration

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

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

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

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

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

Notes to the consolidated annual financial statements continued

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

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

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

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

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

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

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

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

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

10 Leases

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

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

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

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

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

	Notes	2023 R'000	2022 R'000
Expenses recognised in the consolidated statement of profit or loss and other comprehensive income			
The statement of profit or loss shows the following amounts relating to leases:			
Depreciation of right-of-use assets from continuing operations	3.2 & 3.3	**109 313**	115 173
Depreciation of right-of-use assets from discontinued operations		–	665
Finance costs in respect of lease liabilities from continuing operations	5	**50 589**	55 389
Finance costs in respect of lease liabilities from discontinued operations		–	117
Short-term lease charges*	3.2 & 3.3	**67 198**	56 972

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

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

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

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

Annexure F – Audited annual financial statements 2023 continued

Notes to the consolidated annual financial statements continued

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

11.1 Allocation of Goodwill to cash-generating units

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

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

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

Notes to the consolidated annual financial statements continued

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

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

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

Annexure F – Audited annual financial statements 2023 continued

Notes to the consolidated annual financial statements continued

12 Intangible assets continued

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

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

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

12.1 Total value of Goodwill and Brands

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

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

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

Notes to the consolidated annual financial statements continued

12 Intangible assets continued

12.2 Impairment testing of cash-generating units

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

METHODS AND ASSUMPTIONS

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

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

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

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

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

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

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

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

Notes to the consolidated annual financial statements continued

12 Intangible assets continued

12.3 Impairments continued

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

2023 Impairment

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

2022 Impairment

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

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

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

2023 Impairment factors

DENNY MUSHROOMS IMPAIRMENT

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

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

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

KHOISAN GOURMET IMPAIRMENT

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

12 Intangible assets continued

12.3 Impairments continued

2022 Impairment factors

DENNY MUSHROOMS IMPAIRMENT

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

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

RETAILER BRANDS IMPAIRMENT

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

CECIL VINEGAR IMPAIRMENT

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

CHET CHEMICALS AND CONTACTIM IMPAIRMENT

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

12.4 Sensitivity Analysis – impact of possible changes in key assumptions

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

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

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

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

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

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

Notes to the consolidated annual financial statements continued

12 Intangible assets continued

12.4 Sensitivity Analysis – impact of possible changes in key assumptions

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

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

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

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

Notes to the consolidated annual financial statements continued

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

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

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

Notes to the consolidated annual financial statements continued

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

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

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

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

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

Notes to the consolidated annual financial statements continued

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

15.1 Trade receivables and other receivables

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

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

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

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

Notes to the consolidated annual financial statements continued

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

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

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

NATURE OF ACTIVITIES

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

FINANCIAL RISK MANAGEMENT

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

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

MEASURING BIOLOGICAL ASSETS AT FAIR VALUE

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

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

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

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

Notes to the consolidated annual financial statements continued

16 Biological assets continued

SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

FAIR VALUE HIERARCHY

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

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

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

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

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

Production yield

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

Overhead costs

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

Number of days in production

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

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

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

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

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

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

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

Annexure F – Audited annual financial statements 2023 continued

Notes to the consolidated annual financial statements continued

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

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

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

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

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

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

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

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

Notes to the consolidated annual financial statements continued

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

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

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

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

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

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

20 Other reserves

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

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

NATURE AND PURPOSE OF OTHER RESERVES

Defined benefit plan reserve

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

Share-based payment reserve

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

Premium on acquisition of non-controlling interest

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

Hedging reserves

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

Foreign currency translation reserve

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

Annexure F – Audited annual financial statements 2023 continued

Notes to the consolidated annual financial statements continued

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

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

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

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

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

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

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

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

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

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

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

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

22.1.1 Share Appreciation Rights (SARs)

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

22 Share-based payments continued

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

22.1.1 Share Appreciation Rights (SARs) continued

EQUITY-SETTLED SARs

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

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

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

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

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

CASH-SETTLED SARs

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

22.1.2 Performance Share Plan (PSP)

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

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

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

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

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

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

3. ESG performance condition - 20%.

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

AWARDS GRANTED DURING THE PERIOD

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

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

22 Share-based payments continued

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

22.1.2 Performance Share Plan (PSP)

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

22.1.3 Details of the Forfeitable Share Plan (FSP)

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

AWARDS GRANTED DURING THE PERIOD

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

22.2 Expenses arising from share-based payment transactions

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

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

Notes to the consolidated annual financial statements continued

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

23.1 Bank loans

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

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

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

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

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

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

Notes to the consolidated annual financial statements continued

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

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

Notes to the consolidated annual financial statements continued

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

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

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

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

Notes to the consolidated annual financial statements continued

25 Cash generated from operations continued

25.1 Non-cash investing and financing activities

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

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

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

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

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

26 Taxation paid

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

27 Related party disclosures

27.1 Related party relationships

Shareholders of ordinary share capital

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

APEF Pacific Mauritius Ltd

Government Employees Pension Fund

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

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

Shareholders of preference share capital

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

Directors

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

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

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

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

27.2 Related party transactions

Directors' remuneration

Refer to note 8.

Dividends paid to shareholders

Refer to consolidated statement of changes in equity.

Dealings in securities by directors:

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

27.3 Material subsidiaries

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

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

28 Subsequent Events

Dividend declared

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

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

29 Going concern

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

Notes to the consolidated annual financial statements continued

30 Risk management

30.1 Financial risk management objectives

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

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

30.2 Derivatives – designated cash flow hedges

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

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

Classification of derivatives

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

Fair value measurement

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

Hedging reserves

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

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

Notes to the consolidated annual financial statements continued

30 Risk management continued

30.2 Derivatives – designated cash flow hedges continued

Hedge effectiveness

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

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

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

30.3 Market risk

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

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

30.4 Foreign currency risk management

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

Foreign currency exposure at Statement of Financial Position date

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

30 Risk management continued

30.4 Foreign currency risk management continued

Forward exchange contracts which relate to future firm commitments

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

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

Instruments used by the Group

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

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

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

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

Notes to the consolidated annual financial statements continued

30 Risk management continued

30.4 Foreign currency risk management continued

Instruments used by the Group continued

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

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

Notes to the consolidated annual financial statements continued

30 Risk management continued

30.4 Foreign currency risk management continued

Foreign currency sensitivity analysis

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

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

30.5 Interest rate risk management

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

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

Interest rate sensitivity analysis

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

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

The Group does not have any fixed rate financial instruments.

30 Risk management continued

30.6 Credit risk management

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

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

Trade and other receivables

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

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

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

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

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

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

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

Security of trade receivables

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

Impairment matrix

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

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

Notes to the consolidated annual financial statements continued

30 Risk management continued

30.6 Credit risk management continued

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

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

Cash and cash equivalents and deposits with banks and financial institutions

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

Other financial assets carried at amortised cost

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

Favourable derivative financial instruments

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

Notes to the consolidated annual financial statements continued

30 Risk management continued

30.7 Liquidity risk management

Liquidity and interest risk tables

LIQUIDITY RISK - NON-DERIVATIVES

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

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

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

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

Notes to the consolidated annual financial statements continued

30 Risk management continued

30.7 Liquidity risk management continued

LIQUIDITY RISK - DERIVATIVES

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

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

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

Financing facilities

Collective financing facilities provided to the Group are as follows:

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

30 Risk management continued

30.7 Liquidity risk management continued

Financing facilities

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

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

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

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

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

Financing facilities

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

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

30.8 Fair values

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

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

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

31 Capital risk management

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

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

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

Gearing ratio

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

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

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

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

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

Notes to the consolidated annual financial statements continued

32 Financial Instruments

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

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

32.1 Categorisation of financial assets and liabilities

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

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

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

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

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

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

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

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

32 Financial Instruments continued

32.2 Measurement of fair values

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

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

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

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

ANNEXURE 1

Libstar Shareholder Analysis 2023

Ordinary shares as at 31 December 2023

Directors' interests

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

^ Resignations in the prior period: AV van Rensburg

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

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

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

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

PREFERENCE SHARE CAPITAL

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

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

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

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

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

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

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

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

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

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

Corporate information

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Directors

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(chairman – independent non-executive director)

Johannes Petrus (JP) Landman
(lead independent non-executive director)

Anneke Andrews
(independent non-executive director)

Sandeep Khanna
(independent non-executive director)

Sibongile Masinga
(independent non-executive director)

Charl Benjamin de Villiers
(CEO)

Terri Lee Ladbrooke
(CFO)

Cornél Lodewyks
(executive director)

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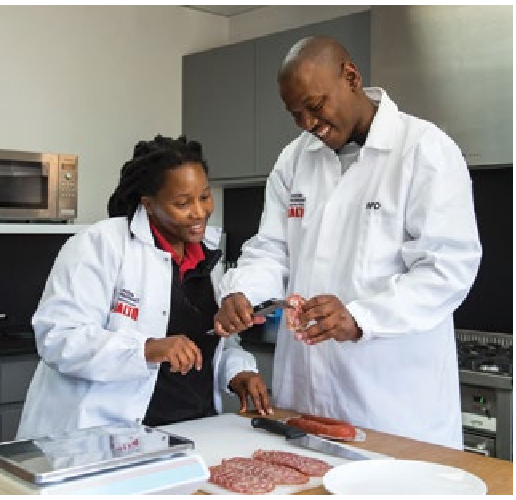

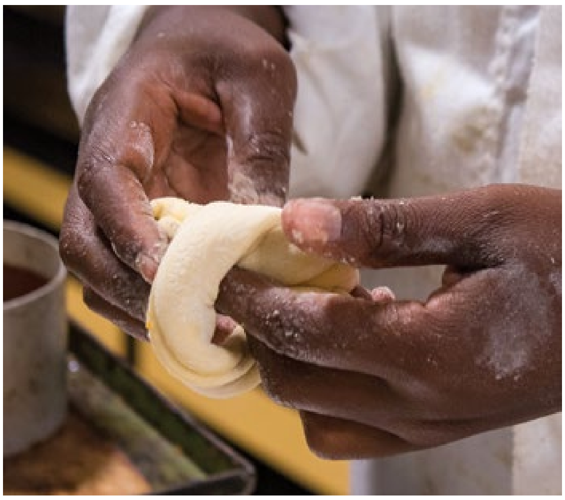

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