

LIBSTAR

REVIEWED INTERIM RESULTS
for the six months ended 30 June 2024



QUALITY
BRANDS

GREAT
FOOD

SPECIAL
MOMENTS

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ABOUT LIBSTAR

The Group's portfolio comprises Perishable Products, such as dairy, meat, convenience meals and fresh mushrooms, as well as Ambient Products that include dry and wet condiments, meal ingredients, baked goods, snacks, and spreads. The Group grows profitability by developing innovative category solutions and expanding its wide-ranging portfolio of quality food brands.

Libstar is a sustainable food company inspired by consumers. The Group operates as a world-class manufacturer, distributor and marketer of leading branded and private label consumer packaged goods. The Group's branded food solutions serve customers in the retail & wholesale, food service, export and industrial & contract manufacturing channels.

SALIENT FEATURES OF THE 2024 INTERIM RESULTS

The Group's results for the six-month period under review (H1 2024) reflect continued progress in executing its simplification, growth, and sustainability strategies implemented in 2023.

Amidst a challenging market landscape, intensified by adverse economic conditions, the Group achieved the following results:

Revenue increased by **5.2%**
(Volumes lower by -0.2%; price/mix up 5.4%)

Gross profit margins increased to **21.5%**
(H1 2023: 21.2%)

Normalised EBITDA increased by **13.4%**

Basic headline earnings per share (HEPS) increased by **32.4%**

Normalised HEPS increased by **11.4%**

Gearing ratio improved to **1.6x**
(H1 2023: 2.1x)

Adjusted ROIC improved to **9.6%**
(H1 2023: 8.0%)

Portfolio simplified by post-period closure of beverage manufacturing plant and exit from Chet Chemicals HPC business.

GROUP FINANCIAL PERFORMANCE

Results summary

The Group uses Normalised EBITDA, Normalised Earnings per Share (EPS) and Normalised Headline Earnings per Share (HEPS), which exclude non-recurring, non-trading and non-cash items, as the key measures which management believes are valuable indications of operating performance.

Libstar's key measures of financial performance for the half-year results are summarised in the table below:

(R'000)	H1 2024	Change %	H1 2023
Total revenue	5 813 180	5.2%	5 523 605
Gross profit margin	21.5%	0.3pp	21.2%
Normalised operating profit (margin)	260 533 4.5%	5.3%	247 385 4.5%
Normalised EBITDA (margin)	448 937 7.7%	13.4%	396 056 7.2%
Diluted EPS (cents)	14.0	30.8%	10.7
Diluted HEPS (cents)	13.9	32.4%	10.5
Normalised EPS (cents)	20.6	11.4%	18.5
Normalised HEPS (cents)	20.5	11.4%	18.4
Balance sheet and cash flow indicators			
Net interest-bearing debt to Normalised EBITDA	1.6		2.1
Cash generated from operating activities (excluding net working capital)	444 377	10.4%	402 611
Cash generated from operations (including net working capital)	281 379	0.7%	279 297
Capital investment in plant and equipment	80 400	(35.7%)	125 115
Cash conversion ratio	54%		59%



Revenue

Libstar recorded H1 2024 revenue growth of 5.2% driven by the strong performance of the Ambient Products category, which grew revenue by 9.1%. Selling price inflation and mix changes contributed 5.4% to sales growth. Sales volumes declined marginally by 0.2% as volumes in the industrial and export channels increased, whilst retail and food service channel volumes declined.

Gross profit margins

The Group's gross profit margin increased to 21.5% (H1 2023: 21.2%) due to effective price realisation, cost management, improved product basket mix and production efficiencies.

The cost of diesel to power generators during load shedding was reduced to R13 million (H1 2023: R45 million). The lower diesel cost was partly offset by an R14 million increase in electricity cost.

Other income and foreign exchange gains

Realised foreign currency translation gains increased to R3.4 million compared to a R13.5 million loss in H1 2023.

Unrealised foreign currency translation gains of R7.6 million compared to R13.1 million loss H1 2023.

Other income for the period under review decreased from R22.3 million to R7.3 million mainly as a result of insurance proceeds of R10.3 million in H1 2023 relating to inventory destroyed in the Denny Mushrooms Shongweni fire.

The net effect of the above increased operating profit by R24.5 million before taxation relative to the comparative period.

Normalised operating profit and Normalised EBITDA

Group normalised operating profit increased by 5.3% at a margin of 4.5% (H1 2023: 4.5%).

Group depreciation of property, plant and equipment increased by 37.2%, mainly due to a reduced depreciation charge during the prior period of R32.2 million resulting from revised estimated useful lives of assets with zero book value.

Group Normalised EBITDA increased by 13.4% at an improved margin of 7.7% (H1 2023: 7.2%).

Operating expenses

Operating expenses increased by 8.2%, driven by higher insurance costs due to the group expanding its riot wrap cover and adjusting industry risk rates. Consulting fees also rose, reflecting the costs associated with strategic initiatives such as operating model planning, the launch of the culture program, and fees for divestment advisors. Additionally, salaries and wages increased, in line with CPI adjustments and the filling of vacant positions compared to the previous period.

Investment income and finance costs

The Group's net finance cost (including IFRS 16 lease liabilities) decreased by 11.1% from R108.6 million to R96.5 million.

Group net finance costs (excluding IFRS 16 lease liabilities) decreased by 13.2% from R82.1 million to R70.9 million, reflecting lower average borrowings during the period under review.

Finance charges incurred on lease liabilities (IFRS 16) decreased by 3.2% from R26.4 million to R25.6 million.

Taxation

The Group's effective tax rate for the period was 25.1% (H1 2023: 16.6%). The prior period's effective tax rate was lower than the statutory rate of 27% due to the finalisation of prior years' tax assessments, resulting in a R13 million lower tax liability.

Earnings and headline earnings

Diluted EPS and HEPS increased by 30.8% and 32.4% respectively, aided by improved operating margins and lower finance costs relative to the comparative period.

Normalised Headline Earnings

Normalised HEPS, which excludes unrealised foreign currency movements and other non-recurring, non-trading and non-cash items, increased by 11.4% from 18.4 cps to 20.5 cps.

The difference between the growth in Diluted HEPS and Normalised HEPS is mainly attributable to after-tax unrealised foreign currency exchange gains of R5.5 million (H1 2023: R9.5 million loss) which are included in Diluted HEPS but excluded from Normalised HEPS.

The weighted average number of shares in issue remained unchanged at 595.8 million.

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

(R'000)	H1 2024	Change %	H1 2023
Normalised EBITDA	448 937	13.4%	396 056
Less:			
Depreciation and amortisation	(188 404)		(148 671)
Net finance cost	(96 535)		(108 568)
Tax and the tax effect on normalisation adjustments	(41 286)		(28 477)
Plus: Non-controlling interest loss	116		100
Normalised earnings	122 828	11.2%	110 440
Impairment losses (after tax)	-		11
Gain on disposal of plant and equipment (after tax)	(594)		(1 070)
Normalised headline earnings	122 234	11.7%	109 381

Cash flows and balance sheet

Cash generated from operations increased by R2.1 million from R279.3 million to R281.4 million. Group net working capital increased to 17.6% (H1 2023: 16.6%) of Group revenue following an investment of R114.1 million in inventory and lower creditor days compared to the prior reporting period. The increase in inventory was mainly driven by the increased stock holding of dairy products, export finished goods awaiting shipments as well as imported raw materials and finished goods in transit. Inventory subject to importation and exportation continued to be affected by shipment delays during the period under review. The Group target range is expected to increase to 15% – 17% of revenue in the medium term given the continued shipment delays.

The Group continued its focused capital allocation strategy of investing in capacity-enhancing projects in identified growth areas, as well as in maintenance, quality, safety and efficiency-enhancing projects. Capital expenditure of R80.4 million (H1 2023: R125.1 million), represented 1.4% of net revenue (H1 2023: 2.3%). The Group's target range remains between 2.0% to 3.0% of net revenue for the full year.

The Group's EBITDA to term debt gearing ratio improved to 1.6x (H1 2023: 2.1x) normalised EBITDA. This is in line with the stated internal target of 1x to 2x, and below the lender covenant of 2.5x.

Net interest cover to EBITDA improved to 5.6x from 5.2x in H1 2023, remaining above the Group's minimum stated target of 3.5x.

The Group's capital expenditure comprised of:

- A R36.0 million investment in capacity enhancing projects, including:
 - R10.6 million in Lancewood on an effluent treatment plant and a new natural cheese slicing line,
 - R5.8 million in facility upgrades and new lines to increase chicken capacity in Finlar Fine Foods,
 - R5.1 million in facility upgrades for Cecil Vinegar,
- R36.2 million investment in replacement and maintenance projects as well as quality and improvement projects; and
- A further R8.2 million investment in energy and electricity generation projects to mitigate the impact of load-shedding and to maintain customer service levels.

Adjusted return on invested capital (Adjusted ROIC)

The Group continues to monitor capital productivity as part of the execution of its strategy. During the period under review, the latest 12-month (LTM) Adjusted ROIC improved to 9.6% (H1 2023: 8.0%) compared to a WACC of 12.2%. The Group is committed to its long-term target Adjusted ROIC of WACC of 12.2% (H1 2023: 12.7%) plus 200 basis points.





CATEGORY AND CHANNEL SALES ANALYSIS

Performance by category

Libstar has simplified its category reporting segments as part of its new strategic direction to significantly reduce the Group's operating structure complexity. Therefore, the Group's business units have been aggregated into reportable segments based on product categories.

Historically, the Group has reported on five categories namely Perishables, Groceries, Baking & Baking Aids, Snacks & Confectionery, as well as Household & Personal Care. Libstar's quality food brands have now been organised into two super-categories, namely Perishable Products (previously Perishables) and Ambient Products (previously Groceries, Baking & Baking Aids and Snacks & Confectionery), with Household & Personal Care remaining as a third category whilst the Group's efforts to reduce its exposure to non-food categories continues.

The Group's category-led strategy and organisation structure are designed to leverage its strengths and resources to maximise efficiency, responsiveness, and growth potential. By organising around specific product categories, Libstar can better meet the needs of its customers, consumers, drive innovation and cost savings, and achieve its strategic objectives.

In alignment with the Group's category-led strategy, Libstar has established sub-categories within the two super-categories. Perishable Products sub-categories are dairy, convenience meals, value-added meats, and fresh mushrooms. Ambient Products sub-categories are dry condiments, wet condiments, meal ingredients, baking, snacking and spreads.

Rialto's perishable foods are now also reported under the Ambient Products category as they follow the same route to market and are managed in the same manner as the other products in this category.

Category revenue is summarised as follows:

Revenue by category (R'000)	Group revenue growth		Contribution to Group revenue		
	Six months ended 30 June 2024	Change %	Six months ended 30 June 2023	Six months ended 30 June 2024	Six months ended 30 June 2024
Ambient Products	2 782 716	9.1%	2 550 497	47.9%	46.2%
Perishable Products	2 726 438	2.0%	2 673 113	46.9%	48.4%
Household & Personal Care	304 026	1.3%	299 995	5.2%	5.4%
Total Group net revenue	5 813 180	5.2%	5 523 605	100.0%	100.0%

Category Normalised EBITDA (before corporate costs) is summarised below:

Normalised EBITDA before corporate costs (R'000)	Group Normalised EBITDA growth		Contribution to Group Normalised EBITDA		
	Six months ended 30 June 2024	Change %	Six months ended 30 June 2023	Six months ended 30 June 2024	Six months ended 30 June 2024
Ambient Products	311 002	14.2%	272 317	63.1%	62.5%
Perishables Products	159 313	11.8%	142 550	32.3%	32.7%
Household & Personal Care	22 792	9.8%	20 760	4.6%	4.8%
Total	493 107	13.2%	435 628	100.0%	100.0%

LIBSTAR
AMBIENT
PRODUCTS

48% of
Group revenue

63% of Group
Normalised EBITDA before
corporate costs

Revenue from Ambient Products increased by 9.1%. Category volume sales increased by 1.6% and price/mix increased by 7.5%. The result was driven by a strong performance of the Group's retail wet condiment offerings and the recovery of wet condiment volumes of 32.3% in the industrial channel relative to the weak demand in the comparative period.

Retail and wholesale channel revenue within this category increased by 5.0%, contributing 56.1% of category revenue.

Dry condiments sales in the export channel delivered growth of 8.4% as existing private label offerings performed strongly and the Group expanded its own-branded market penetration in export retail markets.

The category's gross profit margin declined marginally to 25.2% (H1 2023: 25.7%). While improved demand for wet condiments resulted in improved recoveries of overhead costs, export channel margins reduced as a result of a stronger Rand compared to international currencies, increased shipping costs arising from limited shipment container availability and unprecedented increases in global peppercorn pricing.

Normalised EBITDA increased by 14.2% at an improved margin of 11.2% (H1 2023: 10.7%).



RIALTO

CapeHerb&Spice™



**MONTAGU
FOODS**

RETAILER BRANDS
QUALITY ASSURED



CAPE FOODS
Partnership of Global Brands



CAPE COASTAL
Honey

LIBSTAR
PERISHABLE
PRODUCTS

47% of
Group revenue

32% of Group
Normalised EBITDA before
corporate costs



Perishable Products category revenue increased by 2.0%, of which 4.2% was due to positive price/mix changes. Volumes declined by 2.2%, driven by lower beef volumes in the food service channel.

The retail and wholesale channel, which contributed 58.8% (H1 2023: 54.5%) of category revenue, increased by 10.1% due to strong sales of hard and soft cheese, yogurt, and value-added chicken products.

The category's gross profit margin increased to 17.3% (H1 2023: 16.7%), driven by improved production volumes at Denny Mushrooms.

Normalised EBITDA increased by 11.8% at an improved margin of 5.8% (H1 2023 margin: 5.3%).

LANCEWOOD®



Umatie

DENNY

HOUSEHOLD AND PERSONAL CARE PRODUCTS

5% of
Group revenue

5% of Group
Normalised EBITDA before
corporate costs

LIBSTAR
Household & Personal Care



Revenue from this category increased by 1.3%, while volumes declined by 0.9% and price/mix increased by 2.2%.

Improved production efficiencies, procurement savings and cost control resulted in the improvement of gross profit margins from 20.5% to 22.9%.

Normalised EBITDA increased by 9.8% to R22.8 million at an improved margin of 7.5% (H1 2023: 6.9%).

PERFORMANCE BY SALES CHANNEL

Group revenue performance by sales channel is summarised below:

Group	Period-on-period revenue growth/(decline)		Contribution to Group revenue
	Six-month period ended 30 June 2024	Six-month period ended 30 June 2023	
REVENUE BY CHANNEL			
Retail and wholesale	7.0%	59.2%	58.3%
Food service	(5.8%)	18.7%	20.8%
Exports	2.7%	10.5%	10.8%
Industrial and contract manufacturing	20.4%	11.6%	10.1%
TOTAL GROUP REVENUE	5.2%	100.0%	100.0%

The retail and wholesale channel revenue contribution increased slightly to 59.2% (H1 2023: 58.3%) of Group revenue, whilst the food service channel revenue contribution decreased to 18.7% (H1 2023: 20.8%) of Group revenue.

During the period under review, retail and wholesale channel revenue increased by 7.0%. Sales volumes decreased by 5.3%, and price mix contributed 12.3%. Retail volumes declined predominantly due to a customer's implementation of a direct import model of meal ingredients.

Food service channel revenue decreased by 5.8%, driven by lower demand for beef products in quick service restaurants. Sales volumes declined by 4.3% and price mix changes by 1.5%.

Export revenue increased by 2.7% and sales volumes improved by 8.4%.






Industrial and contract manufacturing channel revenue increased by 20.4%, with sales volumes up by 14.6%. The demand for contract-manufactured wet condiments recovered from the low base in H1 2023. Price/mix increased by 5.8%.

STRATEGY UPDATE

Libstar's strategic objective is to deliver sustainable, profitable growth and stakeholder value.

The Group is actively advancing its five key value-driving initiatives (KVIs) to enhance its cost-competitiveness, improve Libstar's earnings quality, and increase return on invested capital (Adjusted ROIC).

The five KVIs that were scoped and approved by the board as part of the Group's new strategic direction, include the following:

-  Simplifying the Group's portfolio and operating model
-  Optimising the Group's operating model and structure
-  Growing profitably and investing in our people
-  Reducing costs and improving operational efficiency to increase operating profit
-  Improving capability and building capacity to identify, acquire and integrate value accretive categories in 2025 and beyond

The Group's strategy is underpinned by three key themes: Simplify, Grow and Sustain. Progress relating to each theme for the six-month period under review (H1 2024) can be outlined as follows:

1 Simplify the Group's portfolio and operating model

The Group is on track to finalise the simplification of its operating structures within the newly established Perishables Products and Ambient Products super-categories by the end of 2024. The segmental information in this report reflects the new operating categories.

Subsequent to the reporting period, the Group entered into a sale agreement to dispose of its Chet Chemicals business unit, marking tangible progress in the Group's efforts to reduce its exposure to non-food categories. Libstar will continue to explore strategic options related to its only remaining non-food business, Contactim.

The Group resolved to exit its current beverage manufacturing operations by closing the Franschhoek-based Chamonix Spring Water plant effective 31 August 2024.

The Group is progressing with value-unlocking initiatives in the Denny Mushrooms business.



2 Grow the Group's categories, channels and people

Categories and channels

Category growth initiatives introduced in 2023 remain a top priority.

Enhancing customer service levels and achieving cost efficiencies through targeted projects continues to be a central focus for driving sustainable improvements in operational performance and margins.

The following progress was made:

LIBSTAR PERISHABLE PRODUCTS

Additional contract manufacturing volumes were secured in the value-added meats sub-category.

The Group invested in a natural cheese slicing line to grow its Lancewood brand share in the dairy category.

The Group implemented a category-based operating structure, leveraging existing expertise within the Group to improve efficiencies in its value-added meat facilities.

People

With the Group's human capital being the heart of the organisation, the One Libstar high-performance culture programme will remain a key initiative during H2 following its successful launch in H1 2024. The programme has set a strong foundation for the Group to work as one united team in achieving its strategic goals for 2027.

LIBSTAR AMBIENT PRODUCTS

The Cape Herb & Spice and Khoisan Gourmet divisions were integrated, yielding rationalisation benefits.

Cape Foods assumed production of dry condiment products previously produced by the Retailer Brands business unit, leveraging its existing procurement and manufacturing capabilities to enhance category profitability.

A new leadership structure was implemented for wet condiments, yielding rationalisation benefits and improved profitability of the baking aids business unit.

A food service channel strategic review was completed, with an enhanced sale structure and portfolio offering to be implemented from H2 2024.

3

Sustain the Group's operations, profits, cash flows and returns

The following progress was made:

Sustainable operations

- A roof-top solar system and generator integration was completed at Amaro Foods with further projects underway to improve energy-efficiency;
- Large common-spend items were identified for targeted cost-saving initiatives across the Group.

Sustainable cash flows

- The Group's focused capital allocation resulted in the reduction of Group gearing ratio from 2.1x to 1.6x, with Libstar on track to achieve its targeted ratio of lower than 1.5x by the end of the financial year.

Sustainable business practices

- Water- and electricity-saving metrics were implemented in leadership scorecards across the Group.





OUTLOOK

Management is pleased with the Group's progress on its new strategic direction to date. The Group remains committed to delivering further tangible positive outcomes from its KVIs during the traditionally more profitable second half of the year.

Notwithstanding the recent moderation in food inflation, consumers remain financially constrained, evidenced by a moderation in retail and food service channel Group sales growth in the eight-week period after the reporting date. Libstar remains committed to the implementation of its portfolio and operating model simplification strategy to further enhance returns and create value for its stakeholders.

In the Ambient Products category, the Group will remain focused on executing on its strong pipeline of export orders and growing its food service product range both locally and internationally.

In the Perishable Products category, the Group will continue to drive operational efficiencies and market opportunities within its integrated operating model in H2 2024.

Enhancing customer service and achieving cost efficiencies through targeted initiatives will continue to be a key priority for driving sustainable improvements in operational performance and margins.

DIVIDEND

In line with the Group's policy, of one dividend per annum declared at year-end, no interim dividend has been declared.

CHANGES TO THE BOARD

There were no changes to the composition of Libstar's board during the period under review.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2024



REVIEWED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024

	Notes	Six months ended 30 Jun 2024 Reviewed R'000	Restated* Six months ended 30 Jun 2023 Reviewed R'000	Restated* Year ended 31 Dec 2023 Audited R'000
Profit for the period				
Revenue*		5 813 180	5 523 605	11 861 013
Cost of sales*		(4 562 964)	(4 355 139)	(9 278 540)
Gross profit		1 250 216	1 168 466	2 582 473
Other income	6	7 274	22 306	146 025
Other gains/(losses)	7.1	11 766	(25 072)	(26 356)
Operating expenses*	7.2	(1 061 273)	(980 927)	(2 172 880)
Operating profit		207 983	184 773	529 262
Finance income		18 055	9 051	20 221
Finance costs		(114 590)	(117 619)	(240 675)
Profit before tax		111 448	76 205	308 808
Income tax expense		(28 012)	(12 649)	(82 443)
Total profit for the period		83 436	63 556	226 365
Other comprehensive loss for the period, net of tax items that may be reclassified to profit or loss		(2 939)	(13 585)	(1 564)
Gains/(losses) on hedging reserves		9 289	(17 954)	5 463
Hedging (gains)/losses reclassified to profit or loss		(12 228)	4 361	(6 932)
Foreign currency translation reserve adjustments		–	8	(169)
Items that will never be reclassified to profit or loss				
Defined benefit plan actuarial gains		–	–	74
Total comprehensive income for the period		80 497	49 971	224 801
Profit/(loss) attributable to:				
Equity holders of the parent		83 552	63 656	226 515
Non-controlling interest		(116)	(100)	(150)
		83 436	63 556	226 365
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent		80 613	50 071	224 951
Non-controlling interest		(116)	(100)	(150)
		80 497	49 971	224 801
Basic and diluted earnings per share (cents)	8.1	14.0	10.7	38.0

* Refer to note 11 for details on restatements.

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

	Note	At 30 Jun 2024 Reviewed R'000	Restated* At 30 Jun 2023 Reviewed R'000	Restated* At 31 Dec 2023 Audited R'000
ASSETS				
Non-current assets		5 479 946	5 806 962	5 537 526
Property, plant and equipment	9	1 686 069	1 765 433	1 735 457
Right-of-use assets		466 435	477 841	421 065
Goodwill		2 053 842	2 096 842	2 053 842
Intangible assets		1 264 047	1 450 108	1 315 506
Other financial assets		4 721	4 904	4 653
Deferred tax assets		4 832	11 834	7 003
Current assets		4 278 116	3 983 291	4 228 550
Inventories		1 920 268	1 880 322	1 807 355
Trade and other receivables*		1 953 628	1 677 886	1 950 428
Biological assets		27 298	27 477	26 616
Other financial assets		24 643	3 601	6 540
Current tax receivable		56 645	56 007	40 359
Cash and bank balances		295 634	337 998	397 252
Total assets		9 758 062	9 790 253	9 766 076
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the parent		5 286 558	5 120 053	5 295 317
Share capital		4 727 314	4 727 314	4 727 314
Other reserves		(75 892)	(84 974)	(72 953)
Retained earnings		635 136	477 713	640 956
Non-controlling interests		(961)	(795)	(845)
Total equity		5 285 597	5 119 258	5 294 472
Non-current liabilities		2 306 495	2 668 283	2 296 463
Other financial liabilities		1 269 491	1 604 213	1 284 958
Lease liabilities		527 953	537 427	492 367
Deferred tax liabilities		498 173	514 195	508 865
Employee benefits		8 464	8 284	8 738
Share-based payments		2 414	4 164	1 535
Current liabilities		2 165 970	2 002 712	2 175 141
Trade and other payables*		1 584 799	1 561 248	1 619 107
Other financial liabilities		269 369	131 415	256 079
Lease liabilities		108 919	109 418	97 965
Current tax payable		2 782	607	1 985
Bank overdraft		200 101	200 024	200 005
Total liabilities		4 472 465	4 670 995	4 471 604
Total equity and liabilities		9 758 062	9 790 253	9 766 076

* Refer to note 11 for details on restatements.

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024

	Share capital R'000	Other reserves ¹ R'000	Retained earnings R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2023	4 727 314	(68 061)	543 811	(695)	5 202 369
Total comprehensive income/(loss) for the period	–	(13 585)	63 656	(100)	49 971
Profit/(loss) for the period	–	–	63 656	(100)	63 556
Other comprehensive loss for the period	–	(13 585)	–	–	(13 585)
Contributions and distributions	–	–	(131 653)	–	(131 653)
Dividends declared and paid	–	–	(131 653)	–	(131 653)
Share-based payment expenses	–	(3 328)	1 898	–	(1 430)
Payment	–	(1 430)	–	–	(1 430)
Group share plan awards forfeited	–	(1 898)	1 898	–	–
Balance at 30 June 2023	4 727 314	(84 974)	477 712	(795)	5 119 257
Total comprehensive income/(loss) for the period	–	12 021	162 859	(50)	174 830
Profit/(loss) for the period	–	–	162 859	(50)	162 809
Other comprehensive income for the period	–	12 021	–	–	12 021
Share-based payment expenses	–	–	385	–	385
Payment	–	385	–	–	385
2020 Group share plan awards forfeited	–	(385)	385	–	–
Balance at 31 December 2023	4 727 314	(72 953)	640 956	(845)	5 294 472
Total comprehensive income/(loss) for the period	–	(2 939)	83 552	(116)	80 497
Profit/(loss) for the period	–	–	83 552	(116)	83 436
Other comprehensive loss for the period	–	(2 939)	–	–	(2 939)
Contributions and distributions	–	–	(89 372)	–	(89 372)
Dividends declared and paid	–	–	(89 372)	–	(89 372)
Balance at 30 June 2024	4 727 314	(75 892)	635 136	(961)	5 285 597

¹ Other reserves comprises of reserves separately disclosed in the prior year interim results. The reserves were aggregated in the December 2023 consolidated annual financial statements.

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2024

	Six months ended 30 Jun 2024 Reviewed R'000	Restated* Six months ended 30 Jun 2023 Reviewed R'000	Restated* Year ended 31 Dec 2023 Audited R'000
	Note		
Net cash flow from operating activities	133 909	108 567	426 250
Cash generated from operations*	10	281 379	279 297
Finance income received		18 055	9 051
Finance costs paid*		(114 590)	(117 619)
Tax paid		(50 935)	(62 162)
Net cash flow from investment activities	(44 700)	(104 708)	(80 399)
Purchase of property, plant and equipment and computer software		(50 962)	(109 408)
Proceeds on disposal of property, plant and equipment and computer software		6 025	4 700
Proceeds from insurance		305	–
Loans and other receivables advanced		(68)	–
Net cash flow from financing activities	(195 510)	(104 702)	(386 303)
Capital portion of lease payments*		(56 702)	(58 226)
Proceeds from bank loans		–	130 000
Repayment of bank loans and asset-based financing		(49 436)	(44 824)
Dividend paid		(89 372)	(131 652)
Net decrease in cash and cash equivalents		(106 301)	(100 843)
Cash and cash equivalents at the beginning of the period*		397 247	449 171
Effects of exchange rate changes on cash and cash equivalents*		4 587	(10 354)
Cash and cash equivalents at the end of the period*	295 533	337 974	397 247

* Refer to note 11 for details on restatements.

REVIEWED CONDENSED CONSOLIDATED SEGMENTAL INFORMATION

for the six months ended 30 June 2024

Basis of segmentation

The Group operates over multiple business units which are aggregated into reportable segments per product category. Four segments presented in the prior year have been combined into two super-categories in the current year, in order to simplify the portfolio and operating model of the Group. Household and Personal Care remains separate from these two super-categories and represents the third operating segment. Information on these three segments is reported to the chief operating decision maker for the purposes of resource allocation and the assessment of segment performance.

Groceries, Snacks and Confectionery, and Baking and Baking Aids are now included in the Ambient Products super-category. Rialto's perishable foods are now also reported under the Ambient Products segment because they follow the same route to market and are managed in the same manner as the other products in this segment. Libstar Properties (Pty) Ltd (the property holding company) was moved from Perishable Products to the Corporate segment. The comparative information presented in the segmental report has been restated into these three segments for comparability.

The following summary describes each segment:

LIBSTAR PERISHABLE PRODUCTS

The Perishables Products category comprises of products that are refrigerated or frozen and includes dairy, convenience meals, value-added meats and fresh mushrooms.



LIBSTAR AMBIENT PRODUCTS

The Ambient Products segment includes wet and dry condiments, meal ingredients, baking, snacking and spreads.



HOUSEHOLD AND PERSONAL CARE PRODUCTS

The Household and Personal Care segment includes household cleaning products, as well as personal care products.



	Six months ended 30 Jun 2024 Reviewed R'000	Restated* Six months ended 30 Jun 2023 Reviewed R'000	Change %	Restated* Year ended 31 Dec 2023 Audited R'000
INFORMATION ABOUT REPORTABLE SEGMENTS				
Revenue from contracts with customers*				
Ambient Products	2 782 716	2 550 497	9.1	5 533 942
Perishable Products	2 726 438	2 673 113	2.0	5 712 401
Household and Personal Care Products	304 026	299 995	1.3	614 670
	5 813 180	5 523 605	5.2	11 861 013
Revenue comprised as follows:				
Total revenue for reportable segments*	5 864 302	5 590 582		11 959 858
Elimination of inter segment revenue	(51 122)	(66 977)		(98 845)
Ambient Products	(35 850)	(50 095)		(91 952)
Perishable Products	(15 272)	(16 877)		(6 893)
Household and Personal Care Products	–	(5)		–
	5 813 180	5 523 605		11 861 013
Operating profit (EBIT)				
Ambient Products	194 688	152 869	27.4	350 863
Perishable Products	60 590	63 068	(3.9)	227 297
Household and Personal Care Products	6 699	8 945	(25.1)	19 698
Corporate	(53 994)	(40 109)	34.6	(68 596)
	207 983	184 773	12.6	529 262
Reconciliation of operating profit per segment to profit before tax				
Operating profit	207 983	184 773	12.6	529 262
Finance income	18 055	9 051	99.5	20 221
Finance costs	(114 590)	(117 619)	(2.6)	(240 675)
	111 448	76 205	46.2	308 808

* Refer to note 11 for details on restatements.

The chief operating decision maker reviews the revenue and operating profit, including normalised EBIT and EBITDA, on a regular basis.

Reviewed condensed consolidated segmental information continued

	Ambient Products R'000	Perishable Products R'000	Household and Personal Care R'000	Corporate R'000	Group Total R'000
NORMALISED EBIT AND EBITDA					
Six months ended 30 June 2024					
Operating profit/(loss)	194 688	60 590	6 699	(53 994)	207 983
Amortisation of customer relationships	31 937	21 805	–	–	53 742
Due diligence costs	–	–	–	1 187	1 187
Expense relating to share-based payments	–	–	–	1 355	1 355
Government grants	(2 401)	(791)	–	–	(3 192)
Insurance proceeds	–	(305)	–	–	(305)
Loss/(gain) on disposal of property, plant and equipment	(995)	128	3	50	(814)
Retrenchment and settlement costs	4 850	1 122	–	–	5 972
Strategic advisory fees	544	900	145	584	2 173
Unrealised loss/(gain) on foreign exchange	(8 409)	874	(33)	–	(7 568)
Normalised EBIT	220 214	84 323	6 814	(50 818)	260 533
Amortisation of software and website costs	1 984	1 701	192	303	4 180
Depreciation of property, plant and equipment and right-of-use assets	88 804	73 289	15 786	6 345	184 224
Normalised EBITDA	311 002	159 313	22 792	(44 170)	448 937
Less: lease payments and lease modifications	(48 029)	(27 281)	(7 255)	(1 596)	(84 161)
Normalised EBITDA (excluding effect of IFRS 16)	262 973	132 032	15 537	(45 766)	364 776
Six months ended 30 June 2023					
Operating profit/(loss)	152 869	63 068	8 945	(40 109)	184 773
Amortisation of customer relationships	41 827	21 910	–	–	63 737
Credits relating to share-based payments	–	–	–	(3 915)	(3 915)
Government grants	(1 423)	(544)	–	–	(1 967)
Insurance proceeds ¹	–	(10 207)	–	–	(10 207)
Impairment losses on goodwill and other assets	–	15	–	–	15
(Gain)/loss on disposal of property, plant and equipment	1 128	(1 857)	(737)	–	(1 466)
Retrenchment and settlement costs	389	1 395	1 459	–	3 243
Strategic advisory fees	117	–	–	–	117
Unrealised (gain)/loss on foreign exchange	13 271	(196)	(20)	–	13 055
Normalised EBIT	208 178	73 584	9 647	(44 024)	247 385
Amortisation of software and website costs	1 948	670	77	(1 045)	1 650
Depreciation of property, plant and equipment and right-of-use assets	62 191	68 296	11 036	5 498	147 021
Normalised EBITDA	272 317	142 550	20 760	(39 571)	396 056
Less: lease payments and lease modifications	(47 436)	(26 855)	(6 785)	(1 491)	(82 567)
Normalised EBITDA (excluding effect of IFRS 16)	224 881	115 695	13 975	(41 062)	313 489

¹ The Group's normalisation policy was amended to adjust for insurance proceeds during the last six months of the prior year.

	Ambient Products R'000	Perishable Products R'000	Household and Personal Care R'000	Corporate R'000	Group Total R'000
NORMALISED EBIT AND EBITDA					
Year ended 31 December 2023					
Operating profit/(loss)	350 863	227 297	19 698	(68 596)	529 262
Amortisation of customer relationships	91 274	38 229	–	–	129 503
Credits relating to share-based payments	–	–	–	(6 544)	(6 544)
Government grants	(4 290)	(1 473)	–	–	(5 763)
Insurance proceeds	(117)	(108 543)	–	(11 441)	(120 101)
Impairment losses on goodwill and other assets	43 000	100 000	–	–	143 000
Loss/(gain) on disposal of property, plant and equipment	(5 844)	363	(775)	10	(6 246)
Onerous contracts	2 900	–	–	–	2 900
Retrenchment and settlement costs	1 261	4 547	2 166	500	8 474
Strategic advisory fees	226	–	–	685	911
Unrealised (gain)/loss on foreign exchange	5 095	(2 116)	(44)	–	2 935
Normalised EBIT	484 368	258 304	21 045	(85 386)	678 331
Amortisation of software and website costs	3 858	2 606	198	(875)	5 787
Depreciation of property, plant and equipment and right-of-use assets	138 588	137 687	26 572	11 186	314 033
Normalised EBITDA	626 814	398 597	47 815	(75 075)	998 151
Less: lease payments and lease modifications	(96 388)	(51 032)	(14 101)	(2 983)	(164 504)
Normalised EBITDA (excluding effect of IFRS 16)	530 426	347 565	33 714	(78 058)	833 647

Reviewed condensed consolidated segmental information continued

	Six months ended 30 Jun 2024 Reviewed R'000	Restated* Six months ended 30 Jun 2023 Reviewed R'000	Change %	Restated* Year ended 31 Dec 2023 Audited R'000
Export revenue				
The Group mainly operates in South Africa. Revenue derived from end customers domiciled within South Africa is classified as revenue from South Africa. Revenue from end customers domiciled outside of South Africa is classified as export revenue.				
Export revenue for the period	612 762	596 610	2.7	1 279 342

* Refer to note 11 for details on restatements.

	Six months ended 30 Jun 2024 Reviewed R'000	Six months ended 30 Jun 2023 Reviewed R'000	Change %	Year ended 31 Dec 2023 Audited R'000
Major customers				
During the period under review, revenue from certain customers exceeded 10% of total revenue.				
Customer A	21%	21%		20%
Customer B	18%	17%		17%
The above customers trade with the Group across all three segments. The contribution of each customer to total revenue is therefore spread across multiple segments.				

	Six months ended 30 Jun 2024 Reviewed R'000	Restated* Six months ended 30 Jun 2023 Reviewed R'000	Change %	Restated* Year ended 31 Dec 2023 Audited R'000
Revenue by channel				
Retail and wholesale	3 442 475	3 216 946	7.0	6 794 929
Food service	1 084 389	1 150 766	(5.8)	2 494 603
Exports	612 762	596 610	2.7	1 279 342
Industrial and contract manufacturing	673 554	559 283	20.4	1 292 139
Total Group revenue	5 813 180	5 523 605	5.2	11 861 013

* Refer to note 11 for details on restatements.

	Six months ended 30 Jun 2024 Reviewed %	Six months ended 30 Jun 2023 Reviewed %	Year ended 31 Dec 2023 Audited %
Contribution to Group revenue			
Retail and wholesale	59.2	58.3	57.3
Food service	18.7	20.8	21.0
Exports	10.5	10.8	10.8
Industrial and contract manufacturing	11.6	10.1	10.9
Total Group revenue	100.0	100.0	100.0

	Perishable Products R'000	Ambient Products R'000	Household and Personal Care R'000	Group Total R'000
REVENUE BY CHANNEL				
Six months ended 30 June 2024				
Retail and wholesale	1 603 038	1 560 831	278 606	3 442 475
Food service	749 669	334 720	–	1 084 389
Exports	129 341	476 465	6 956	612 762
Industrial and contract manufacturing	244 390	410 700	18 464	673 554
	2 726 438	2 782 716	304 026	5 813 180
Six months ended 30 June 2023				
Retail and wholesale	1 456 278	1 486 006	274 662	3 216 946
Food service	832 907	317 859	–	1 150 766
Exports	150 711	438 431	7 468	596 610
Industrial and contract manufacturing	233 217	308 201	17 865	559 283
	2 673 113	2 550 497	299 995	5 523 605
Year ended 31 December 2023				
Retail and wholesale	3 120 315	3 115 183	559 431	6 794 929
Food service	1 795 037	699 566	–	2 494 603
Exports	314 021	952 242	13 079	1 279 342
Industrial and contract manufacturing	483 028	766 951	42 160	1 292 139
	5 712 401	5 533 942	614 670	11 861 013

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2024

1 Reporting entity

Libstar manufactures, distributes and markets leading branded and private label consumer packaged goods. Its portfolio comprises: Perishable Products, such as dairy, meat, fresh mushrooms and convenience meals; Ambient Products that include dry and wet condiments, meal ingredients, baked goods, snacks and spreads; and Household and Personal Care products. Products are sold in South Africa and globally across four channels (Retail and wholesale, Food service, Exports and Industrial and contract manufacturing). The Group operates principally in South Africa.

2 Basis of accounting

The condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards, IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

These condensed consolidated financial statements have been prepared under the supervision of Terri Lee Ladbrooke CA(SA), the Libstar Group Chief Financial Officer.

The financial results presented have been reviewed by the Group's independent external auditors, Ernst & Young Inc, who expressed an unqualified review conclusion. A copy of the auditor's review report is available for inspection at the registered office of the Company.

3 Accounting policies

The accounting policies applied by the Group in these reviewed condensed consolidated financial statements are consistent with those applied in the consolidated annual financial statements for the year ended 31 December 2023. There were no new accounting standards implemented by the Group in these condensed consolidated financial statements.

4 Accounting judgements and estimates

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

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those that applied to the consolidated annual financial statements for the year ended 31 December 2023.

5 Normalised EBIT, Normalised EBITDA, Normalised EPS and Normalised HEPS

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

5.1 Normalised EBIT and Normalised EBITDA

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

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

5 Normalised EBIT, Normalised EBITDA, Normalised EPS and Normalised HEPS continued

5.2 Normalised EPS, Normalised HEPS and Adjusted ROIC

Normalised EPS, Normalised HEPS and Adjusted Return on Invested Capital (ROIC) is considered Pro Forma Financial Information in terms of the JSE listings requirements. The Pro Forma Financial Information has been prepared for illustrative purposes only. Due to its nature, the Pro Forma Financial Information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.

The Pro Forma Financial Information, including the adjustments, is based on the reviewed condensed consolidated financial statements of the Group for the six-month period ended 30 June 2024. The Pro Forma Financial Information has been prepared using the accounting policies of the Group as at 30 June 2024 and 31 December 2023, which are in compliance with IFRS Accounting Standards, and in accordance with the applicable criteria specified in the JSE Listings Requirements. The Pro Forma Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors.

Normalised EPS and Normalised HEPS

Normalised EPS and Normalised HEPS illustrates an EPS and HEPS view where non-recurring and non-trading items (detailed in note 5.1) are excluded. The Normalised Earnings adjustments, which is used in the calculation of Normalised EPS, include all the Normalised EBIT adjustments (refer to note 5.1) unless they are adjustments that are also made in the calculation of Headline Earnings (as detailed in circular 01/2023). Normalised Headline Earnings, which is used in the calculation of Normalised HEPS, includes all the Normalised Earnings adjustments, as well as the headline earnings adjustments detailed in circular 01/2023.

Adjusted ROIC

Normalised EBIT used in the Adjusted ROIC calculation is further adjusted by:

- Impact of IFRS 16 (depreciation on right-of-use assets) and replaced with the straight-line rent cost previously recognised with respect to operating leases under IAS 17; and
- Amortisation of intangible assets recognised during the 2014 Group restructuring.

Invested capital is adjusted to exclude the intangible assets that were recognised during the 2014 Group restructuring. The ROIC calculation is consistent with the prior reporting periods.

6 Other income

	Six months ended 30 Jun 2024 Reviewed R'000	Six months ended 30 Jun 2023 Reviewed R'000	Year ended 31 Dec 2023 Audited R'000
Insurance proceeds ¹	305	10 298	120 101
Sundry income	3 777	11 459	20 161
Government grants ²	3 192	549	5 763
	7 274	22 306	146 025

1 The prior year insurance proceeds includes R120.0m relating to losses suffered in 2022 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 Income from government grants includes income received under the Manufacturing Competitiveness Enhancement Program, Skills Development and the Employer Tax Incentive Program.

7 Operating profit

	Six months ended 30 Jun 2024 Reviewed R'000	Restated* Six months ended 30 Jun 2023 Reviewed R'000	Restated* Year ended 31 Dec 2023 Audited R'000
7.1 Other gains/(losses)			
Gain/(loss) on foreign exchange	10 952	(26 538)	(32 602)
Realised gain/(loss) on foreign exchange	3 384	(13 483)	(29 667)
Unrealised gain/(loss) on foreign exchange	7 568	(13 055)	(2 935)
Gain on disposal of property, plant and equipment	814	1 466	6 246
	11 766	(25 072)	(26 356)
7.2 Operating expenses			
Depreciation of property, plant and equipment*	22 543	17 516	44 723
Depreciation of right-of-use assets*	20 738	19 786	37 333
Amortisation of computer software and website costs	4 180	1 650	5 787
Amortisation of customer relationships	53 742	63 737	129 503
Employee benefits	330 427	300 802	607 619
Salaries and wages*	324 523	301 868	606 682
Retrenchment and settlement costs*	4 549	2 849	7 481
Charges/(reversal) relating to long-term incentive scheme	1 355	(3 915)	(6 544)
Impairment loss on goodwill	–	–	43 000
Impairment loss on intangible assets	–	–	68 660
Impairment loss on property, plant and equipment	–	15	31 340
Auditor's remuneration	7 270	5 993	10 912
Short-term lease charges*	12 105	11 140	21 054
Other selling and distribution costs*	384 411	360 351	742 028
Other general and administrative costs*	225 857	199 937	430 921

7 Operating profit continued

	Six months ended 30 Jun 2024 Reviewed R'000	Restated* Six months ended 30 Jun 2023 Reviewed R'000	Restated* Year ended 31 Dec 2023 Audited R'000
7.3 Nature of operating expenses in cost of sales			
Depreciation of property, plant and equipment*	101 927	73 204	159 997
Depreciation of right-of-use assets*	39 016	36 515	71 980
Impairment loss on inventory	1 193	–	–
Employee benefits	457 560	417 016	848 671
Salaries and wages*	456 137	416 622	847 678
Retrenchment and settlement costs*	1 423	394	993
Short-term lease charges*	16 201	8 928	27 153

* Refer to note 11 for details on restatements.

8 Earnings per share

	Six months ended 30 Jun 2024 Reviewed R'000	Six months ended 30 Jun 2023 Reviewed R'000	Year ended 31 Dec 2023 Audited R'000
8.1 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	83 552	63 656	226 515
Basic and diluted earnings per share in cents:	14.0	10.7	38.0
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share ('000)	595 812	595 812	595 812
There were no dilutive shares in the current period or prior year.			

8 Earnings per share continued

	Six months ended 30 Jun 2024 Reviewed R'000	Six months ended 30 Jun 2023 Reviewed ¹ R'000	Year ended 31 Dec 2023 Audited ¹ R'000
8.2 Normalised earnings per share (EPS)			
Normalised EPS is a non-IFRS measure. To arrive at Normalised EPS, the after-tax earnings is adjusted for the after-tax impact of the following:			
Profit for the period	83 552	63 656	226 515
Normalised for:	39 276	46 784	7 434
Amortisation of customer relationships	39 232	46 528	94 537
Due diligence costs	1 187	–	–
Expenses/(credits) relating to share-based payments	989	(2 858)	(4 777)
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 ¹	(223)	(7 451)	(87 674)
Government grants	(2 330)	(1 436)	(5 763)
Onerous contracts	–	–	2 117
Retrenchment and settlement costs	4 360	2 386	6 186
Strategic advisory fees	1 586	85	665
Unrealised (gain)/loss on foreign exchange	(5 525)	9 530	2 143
Normalised earnings	122 828	110 440	233 949
Weighted average number of ordinary shares ('000)	595 812	595 812	595 812
Normalised basic earnings per share in cents	20.6	18.5	39.3

¹ The Group's normalisation policy was amended in the prior year to normalise for insurance proceeds, in order to facilitate a like-for-like comparison of the Group's trading results. The June 2023 comparatives have been restated to reflect the change in policy.

8 Earnings per share continued**8.3 Headline earnings per share**

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

	Notes	Gross	Net of tax
Six months ended 30 June 2024			
Basic earnings			83 552
Adjustments		(1 119)	(817)
Gain on disposal of property, plant and equipment	7.1	(814)	(594)
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up		(305)	(223)
Headline earnings			82 735
Six months ended 30 June 2023			
Basic earnings			63 656
Adjustments		(1 451)	(1 059)
Gain on disposal of property, plant and equipment	7.1	(1 466)	(1 070)
Impairment of property, plant and equipment		15	11
Headline earnings			62 597
Year ended 31 December 2023			
Basic earnings			226 515
Adjustments		63 283	57 807
Impairment of goodwill		43 000	43 000
Impairment of intangible assets		68 660	50 122
Impairment of property, plant and equipment		31 340	22 878
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up		(73 471)	(53 634)
Gain on disposal of property, plant and equipment	7.1	(6 246)	(4 560)
Headline earnings			284 322
	Six months ended 30 Jun 2024	Six months ended 30 Jun 2023	Year ended 31 Dec 2023
	Reviewed R'000	Reviewed R'000	Audited R'000
Headline earnings per share in cents			
Headline earnings and diluted headline earnings per share in cents:	13.9	10.5	47.7

8 Earnings per share continued**8.4 Normalised headline earnings per share (HEPS)**

Normalised HEPS is a non-IFRS measure. To arrive at normalised HEPS, the normalised EPS is adjusted for the after-tax impact of the below:

	Six months ended 30 Jun 2024 Reviewed R'000	Six months ended 30 Jun 2023 Reviewed R'000	Year ended 31 Dec 2023 Audited R'000
Normalised basic earnings	122 828	110 440	233 949
Adjustments	(594)	(1 059)	111 440
Impairment of goodwill	–	–	43 000
Impairment of intangible assets	–	–	50 122
Impairment of property, plant and equipment	–	11	22 878
Gain on disposal of property, plant and equipment	(594)	(1 070)	(4 560)
Normalised headline earnings	122 234	109 381	345 389
Normalised headline earnings per share in cents	20.5	18.4	58.0

9 Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired plant and equipment in the amount of R80.4 million (2023: R125.1 million).

There has been no major change in the nature of property, plant and equipment, the policy regarding the use thereof, or the encumbrances over the property, plant and equipment as disclosed in the audited financial statements for the year ended 31 December 2023.

10 Cash generated from operations

	Six months ended 30 Jun 2024 Reviewed R'000	Restated* Six months ended 30 Jun 2023 Reviewed R'000	Restated* Year ended 31 Dec 2023 Audited R'000
Profit before taxation from:	111 448	76 205	308 808
Adjustments for:			
Depreciation and amortisation	242 146	212 408	449 323
Gain on disposal of property, plant and equipment	(814)	(1 466)	(6 246)
Impairment loss on goodwill	–	–	43 000
Impairment loss on intangible assets	–	–	68 660
Impairment loss on property, plant and equipment	–	15	31 340
Inventory write down	1 193	–	–
Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	(305)	–	(73 471)
Expected credit loss allowance movement on trade and other receivables	3 021	2 412	516
Non-cash lease modifications	(1 884)	28	395
Finance income	(18 055)	(9 051)	(20 221)
Finance costs	114 590	117 619	240 675
Fair value adjustment on forward exchange contracts ¹	–	9 833	(6 089)
Unrealised (gain)/loss on foreign exchange ¹	(7 568)	3 222	9 024
Movements in employee benefits – medical aid plan	(274)	(334)	966
Employee benefits contributions paid	(313)	–	–
Other non-cash movements in employee benefits	39	(334)	966
Movements in share-based payments	879	(8 280)	(6 544)
Share-based payments	(476)	(1 430)	–
Other non-cash movements in share-based payments	1 355	(6 850)	(6 544)
Operating cash flows before working capital changes	444 377	402 611	1 040 136
Changes in working capital:	(162 998)	(123 314)	(273 876)
Increase in inventories	(114 106)	(209 184)	(136 217)
(Increase)/decrease in trade and other receivables*	(6 221)	107 047	(169 147)
(Increase)/decrease in biological assets	(682)	(735)	126
(Decrease)/increase in trade and other payables*	(41 989)	(20 442)	31 362
	281 379	279 297	766 260

¹ Fair value adjustment on forward exchange contracts, previously recorded separately is now disclosed within unrealised (gain)/loss on foreign exchange to present a more streamlined set of financial statements.

* Refer to note 11 for details on restatements.

11 Corrections of prior period errors

Libstar management conducted an extensive analysis of the general ledger account classifications of its multiple business units during the six months ended 30 June 2024. The exercise was undertaken, during its transition of auditors following mandatory audit firm rotation, to review consistency of account classification and disclosure in terms of IFRS between the various business units forming part of the Group. This resulted in the following reclassifications being made for the six months ended 30 June 2024:

- Rebates and customer allowances were reclassified from Cost of sales to Revenue because they are not separately identifiable from other promises in customer contracts and the fair value of these allowances and rebates cannot be reasonably estimated. The rebates and allowances must therefore be accounted for as a reduction of the transaction price in terms of IFRS 15 Revenue from Contracts with Customers.
- Rebate accruals were reclassified from Trade and other payables to Trade and other receivables because they are deducted from payments received from customers and there is a legally enforceable right for the customers to settle on a net basis. The rebate accruals must therefore be deducted from Trade receivables in terms of IAS 32 Financial Instruments: Presentation. This further had an impact on the working capital movement within the cash flow statement.
- Accounts were reclassified from Operating expenses to Cost of sales, and vice versa, in order to consistently allocate production related costs to Cost of Sales and non-production costs to Operating expenses across the Group as required by IAS 1 Presentation of Financial Statements.

During the interim financial reporting period, the Group's auditors reviewed the Statement of Cash Flows for compliance with the provisions of IAS 7 Statement of Cash Flows. This resulted in the following reclassifications being made for the six months ended June 2024:

- Finance cost paid on IFRS 16 leases were reclassified from financing activities (Capital portion of lease payments) to operating activities (Finance cost paid) in order to classify interest paid consistently as required by IAS 7.33.
- The effect of exchange rate changes on cash and cash equivalents held in a foreign currency were reclassified from operating cash flows to a separate line item on the statement of cash flows as required by IAS 7.28.
- The bank overdraft balance has been excluded from Cash and cash equivalents as it does not form an integral part of the Group's cash management and therefore does not meet the definition of Cash and cash equivalents in terms of IAS 7.8.

The comparative amounts for June 2023 and December 2023 have been restated to facilitate comparability as required by IAS 8.

The corrections of the prior period errors were confined to reclassifications within the statement of profit or loss and other comprehensive income, statement of financial position, and statement of cash flows and had no impact on profit before tax, earnings per share, headline earnings per share, net asset value or net cash flows.

11 Corrections of prior period errors

The effect of the restatements on the prior year is as follows:

	Previously Reported R'000	Effect of change R'000	Restated R'000
Six months ended 30 June 2023			
Statement of profit or loss and other comprehensive income:			
Revenue	5 774 596	(250 991)	5 523 605
Cost of sales	(4 617 366)	262 227	(4 355 139)
Operating expenses	(969 691)	(11 236)	(980 927)
Statement of financial position:			
Trade and other receivables	1 745 233	(67 347)	1 677 886
Trade and other payables	1 628 595	(67 347)	1 561 248
Statement of cash flows:			
(Increase)/decrease in trade and other receivables	126 662	(19 615)	107 047
(Decrease)/increase in trade and other payables	(50 411)	29 969	(20 442)
Finance costs paid	(91 164)	(26 455)	(117 619)
Capital portion of lease payments	(84 681)	26 455	(58 226)
Effects of exchange rate changes on cash and cash equivalents	–	(10 354)	(10 354)
Cash and cash equivalents at the beginning of the period	249 171	200 000	449 171
Cash and cash equivalents at the end of the period	137 974	200 000	337 974
Year ended 31 December 2023			
Statement of profit or loss and other comprehensive income:			
Revenue	12 382 257	(521 244)	11 861 013
Cost of sales	(9 812 273)	533 733	(9 278 540)
Operating expenses	(2 160 391)	(12 489)	(2 172 880)
Statement of financial position:			
Trade and other receivables	2 026 856	(76 428)	1 950 428
Trade and other payables	1 695 535	(76 428)	1 619 107
Statement of cash flows:			
(Increase)/decrease in trade and other receivables	(158 613)	(10 534)	(169 147)
(Decrease)/increase in trade and other payables	9 356	22 006	31 362
Effects of exchange rate changes on cash and cash equivalents	–	(11 472)	(11 472)
Cash and cash equivalents at the beginning of the period	249 171	200 000	449 171
Cash and cash equivalents at the end of the period	197 247	200 000	397 247

12 Dividends

The Board paid a final cash dividend (inclusive of treasury shares) of 15 cents (2023: 22 cents) per ordinary share totalling R102.3 million (2023: R150.0 million) ("the dividend"). The dividend was paid on 15 April 2024 (2023: 11 April 2023) to shareholders recorded as such in the share register of the Company on 12 April 2024 (2023: 6 April 2023) (the record date). The last date of trading cum dividend was 9 April 2024 (2023: 3 April 2023).

13 Subsequent events

In alignment with Libstar's portfolio simplification strategy, the Board resolved to effect the closure of the Group's Chamonix Spring Water plant with effect from 31 August 2024. The impact of the closure is not material to the Group.

The Group signed the sale of business agreement for the sale of the Chet Chemicals business unit from the Household and Personal Care segment on 24 August 2024. The disposal is in line with Libstar's strategic direction to focus on value-added food categories. The sale of business agreement was concluded after the six months ended 30 June 2024, therefore Chet Chemicals is not classified as held for sale at 30 June 2024 and will only be classified held for sale and discontinued operations on 24 August 2024. Implementation of the transaction is subject to the fulfilment or waiver, as the case may be, by no later than 15 November 2024 (or such later date as the parties may agree), of conditions precedent as are customary for a transaction of this nature, including contractual consents where required and the approval of the Competition Commission of South Africa.

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

14 Going concern

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

15 Financial Instruments

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

The carrying amount of cash and bank balances and bank overdraft approximate their fair values due to the short maturity of these instruments. Trade and other receivables, other financial assets (loans to other entities) and trade and other payables reflected on the statement of financial position approximate their fair values thereof due to the short maturity of these instruments. Other financial liabilities (bank loans and asset based finance) and lease liabilities are measured at amortised cost using the effective interest rate method and the carrying amounts approximate their fair values.

	Fair value at 30 Jun 2024 Reviewed R'000	Fair value at 30 Jun 2023 Reviewed R'000	Fair value at 31 Dec 2023 Audited R'000
Foreign exchange contracts – cash flow hedges			
Foreign exchange contract assets	24 643	3 601	6 540
Foreign exchange contract liabilities	(12 044)	(29 991)	(577)
	12 599	(26 390)	5 963

Forward exchange contracts and are categorised as level 2 per the fair value hierarchy. 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. There were no transfers between level 2 and 3 of the fair value hierarchy during the reporting period and the comparative periods.

CORPORATE INFORMATION

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Anneke Andrews
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Sandeep Khanna
(independent non-executive director)

Sibongile Masinga
(independent non-executive director)

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(CEO)

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FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements. These include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the markets in which Libstar operates.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, expectations and results expressed in the forward-looking statements and other financial and/or statistical data within this announcement.

It is believed that the expectations reflected in this announcement are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements reflect knowledge and information available at the date of preparation of this announcement and the Group undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements. No statement in this communication is intended to be a profit forecast.



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