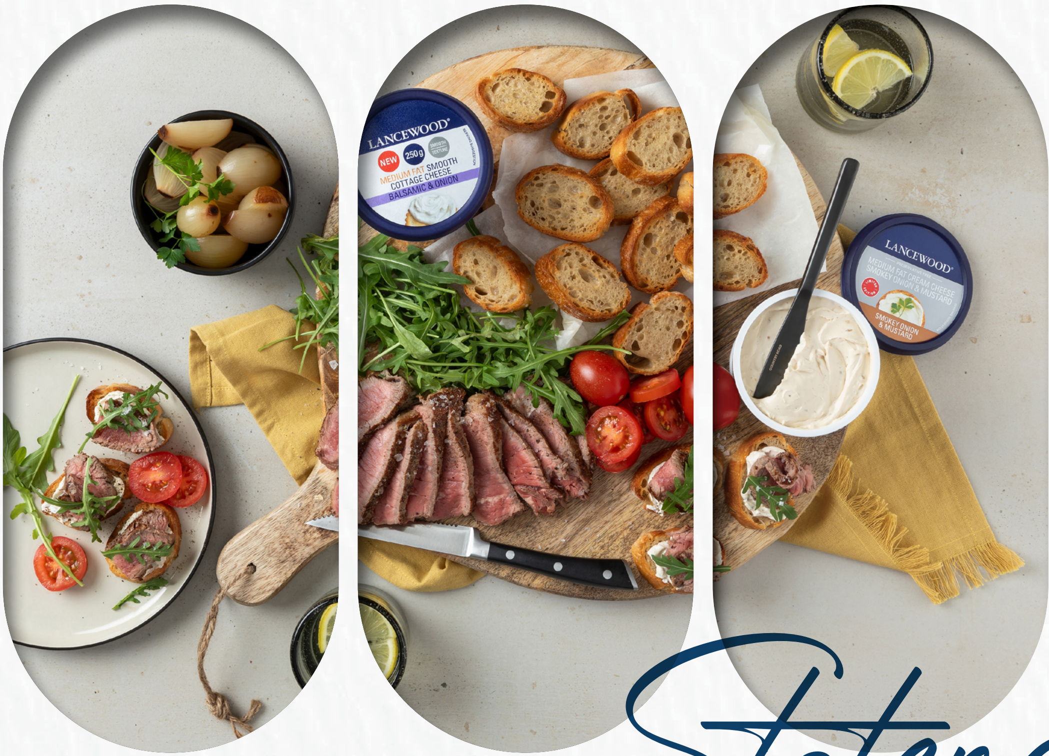
LIBSTAR




# Consolidated Annual Financial Statements

For the year ended 31 December 2024

QUALITY BRANDS GREAT FOOD SPECIAL MOMENTS

The consolidated annual financial statements of Libstar Holdings Ltd have been audited in compliance with section 30 of the Companies Act No 71 of 2008, as amended, and have been prepared under the supervision of Terri Lee Ladbrooke CA(SA), the Libstar Group Chief Financial Officer. These consolidated annual financial statements for the year ended 31 December 2024 were published on 18 March 2025.

# Contents

# Directors' responsibility and *approval*

**For the year ended 31 December 2024**

The board of directors ("the Board") is responsible for the preparation and integrity of the consolidated annual financial statements which conform with IFRS® Accounting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standards') and which fairly present the state of affairs of Libstar Holdings Limited and its subsidiaries ("the Group") as at 31 December 2024, the results of its operations and cash flows for the year then ended, the notes to the consolidated annual financial statements, which include a summary of significant accounting policies and other explanatory notes. In addition, the Board is responsible for the preparation of the directors' report and the report of the audit and risk committee.

The Board's responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these consolidated annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Board's responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Board has a reasonable expectation that the Group has adequate resources to continue operating in the foreseeable future and continue to adopt the going concern basis in preparing the consolidated annual financial statements.

It is the responsibility of the independent external auditor to report on the fair presentation of the consolidated annual financial statements.

## Responsibility statement

Each of the directors, whose names are stated below, hereby confirm that:

(a) The consolidated annual financial statements of the Group as set out on pages 8 to 75, fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS Accounting Standards;

(b) To the best of their knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated annual financial statements false or misleading;

(c) Internal financial controls have been put in place to ensure that material information relating to Libstar Holdings Limited and its consolidated subsidiaries have been provided to effectively prepare the consolidated annual financial statements;

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the consolidated annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

(f) We are not aware of any fraud involving directors.

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

## Approval of the consolidated annual financial statements

The consolidated annual financial statements which appear on pages 8 to 75 were approved by the board of directors on 18 March 2025 and are signed on behalf of the Board by:

**CB de Villiers**
Chief Executive Officer

**TL Ladbrooke**
Group Chief Financial Officer

# Company secretary's *certificate*

In accordance with section 88(2)(e) of the Companies Act, No 71 of 2008, for the year ended 31 December 2024, it is hereby certified that Libstar Holdings Limited and its subsidiaries have lodged with the Companies and Intellectual Property Commission (CIPC) all returns as required by a public company and all such returns are true, correct and up to date.

**Ntokozo Makomba**
Company Secretary
18 March 2025

# Independent auditor's report

**To the shareholders of Libstar Holdings Limited**

## Report on the Audit of the Consolidated Annual Financial Statements

### Opinion

We have audited the consolidated annual financial statements of Libstar Holdings Limited and its subsidiaries ("the Group") set out on pages 12 to 75, which comprise of the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated annual financial statement, including material accounting policy information.

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the group in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (the EAR Rule), we report:

### Final Materiality

The ISAs recognise that:

- Misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- Judgments about matters that are material to users of the financial statements consider users as a group rather than as specific individual users, whose needs may vary greatly.

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgment. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

### Group Final Materiality:

We determined final materiality for the Group to be R26 million, which is based on 5% of normalised earnings before interest and tax. We have identified earnings before interest and tax as the most appropriate basis as we typically believe that profit-making companies are principally evaluated by users on their ability to generate earnings. In using the earnings-based measure we did believe it was necessary to normalise the base as the Group incurred a number of non-recurring items which impacted earnings in the current period. In normalising the base, we adjusted for non-recurring items such as the loss on disposal relating to discontinued operations of R68.8 million, impairment loss on underperforming cash generating units of R148.9 million, and impairment of goodwill of R400 million as disclosed in note 13.3 of the consolidated annual financial statements.

### Group Audit Scope

Our assessment of audit risk, evaluation of materiality and allocation of performance materiality determines our audit scope for each component within the Group. Taken together, this enables us to form an opinion on the consolidated annual financial statements. We take into account the size and risk profile of the components in the Group. In addition, we further consider the organisation of the Group and effectiveness of Group wide controls, changes in the business environment, and other factors such as information obtained from the transition process and recent internal audit results when assessing the level of work to be performed at each component. Our process focuses on identifying and assessing the risk of material misstatement of the Group financial statements as a whole including the consolidation process.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors under our instruction.

In selecting components, we perform risk assessment activities across the Group and its components to identify risks of material misstatement. We then identify how the nature and size of the relevant classes of transactions, account balances or disclosures at the components contribute to those risks and thus determine which account balances require an audit response. We then consider for each component the degree of risk identified (whether pervasive or not) and the number of accounts requiring audit responses to assign either a full or specific scope (including specified procedures) to each component. We involved component auditors in this risk assessment process.

# *Independent auditor's report continued*

In our assessment of the residual account balances not covered by the audit procedures, we considered whether these could give rise to a risk of material misstatement of the Group financial statements. This assessment included performing overall analytical procedures at Group level.

Of the 19 components selected, we identified:

- 9 components ("full scope components") which were selected based on the pervasiveness of risk in those components and for which we therefore performed procedures on what we considered to be the entire financial information of the component.
- 10 components ("specific scope components") where our procedures were more focussed or limited to specific accounts which we considered had the potential for the greatest impact on the significant accounts in the financial statements given the specific risks identified.

At Group level we also tested the consolidation process, completed centralised testing over share-based payments, performed risk assessment procedures relating to IT applications, and impairment of non-financial assets.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated annual financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated annual financial statements.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

The key audit matter to the audit of the consolidated annual financial statements.

| Key audit matter | How the matter was addressed in the audit |
|---|---|
| **Impairment of non-financial assets relating to Cash Generating Units (CGUs)** | |
| Disclosures relating to goodwill are included in note 12, note 13.1 and note 13.3 of the financial statements. The disclosures of the impairment of property, plant and equipment is reflected in note 10 and the impairment of intangible assets is reflected in note 13.1, note 13.2 and note 13.3 of the financial statements. | |
| Goodwill for the Group has a carrying value of R1 653.8 million on 31 December 2024 (2023: R2 053.8 million). The Group's acquisition history has generated a significant level of goodwill, definite life and indefinite useful life intangible assets. Property, plant, equipment has a carrying value of R1 551.2 million (2023: R1 735.5 million), customer relationship have a carrying value of R715.9 million (2023: R860.8 million) and brands has a carrying amount of R369.9 million (2023: R433.9 million).<br><br>*IAS 36 – Impairment of Assets* requires an impairment test to be performed annually on cash generating units ("CGUs") or groups CGUs where goodwill and indefinite life intangible assets exist, and for all other CGUs when there are indicators that these may be impaired.<br><br>The Group considers each business unit to be a separate CGU per IAS 36, as each business unit can generate their own independent cash flows.<br><br>In the past year, high input costs, heightened competition, loss of customer contracts and margin pressures have adversely affected the economy and the individual cash generating units within the Group. These operational and macroeconomic challenges have raised concerns regarding potential impairment indicators for specific CGUs. Given the current challenges, there is a heightened need for auditor attention on the impairment assessment. | The following audit procedures, amongst others, were executed with the involvement of our valuation experts:<br>– Obtained an understanding of management's impairment process through discussion with management and documentation of key components of the process.<br>– Performed a walkthrough of the impairment process including the governance thereof.<br>– Assessed management's determination of the CGUs in relation to the legal entity structure of the Group, focusing on the main operating entity and its underlying divisions which includes how the divisions operate and generate cash flows, and evaluated whether this aligns to the requirements of IAS 36.<br>– Assessed the reasonability of the carrying values of each CGU used within the impairment models by agreeing the carrying value to underlying audited financial information (reporting packages).<br>– Evaluated that the carrying amount of each CGU is in line with IAS 36 requirements by performing a like-for-like comparison of the recoverable amount and the carrying amount.<br>– Calculated a range of possible impairments by performing a sensitivity analysis around the key assumptions of revenue growth, EBITDA growth, margin growth, terminal growth rates and the pre-tax discount rate used in the models as well and the fair value of the asset.<br>– For the value-in-use calculations, we compared the cash flow forecasts used in the impairment model to the approved budgets.<br>– Assessed the reasonableness of the recoverable amount assessments for the CGUs held at FVLCTS with reference to potential offers from independent purchasers. |

# *Independent auditor's report continued*

| Key audit matter | How the matter was addressed in the audit |
|---|---|
| **Impairment of non-financial assets relating to Cash Generating Units (CGUs)** | |
| The impairment assessment involves substantial estimation uncertainty as significant judgment is applied by management in the discounted cash flow models used to determine recoverable amounts based on either value-in-use ("VIU") or fair value less costs to sell (FVLCTS) assessments of the CGU.<br><br>Significant effort occurred in the assessment of the critical inputs to the discounted cash flow models which included projected future cash flows (notably Revenue and Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")), margin growth, terminal growth rates, and pre-tax discount rates. | – Assessed the appropriateness of the valuation methodology for consistency with International Valuation Standards used in the models to determine the value in use of the CGUs.<br>– Assessed the reasonability of the discount rate used by management by computing an independent discount rate using the Capital Asset Pricing Model (CAPM). This included comparing management's beta to external data for comparable companies for reasonability.<br>– Independently calculated the discount rate by using external market data applied in the CAPM model which was applied to the value-in-use calculation for the CGUs.<br>– Evaluated and assessed management's future cash flow forecasts and tested the underlying value in use calculations by comparing the future cash flows to prior period actual results to assess management's forecast accuracy rate including comparing growth rates assumption for revenue, EBITDA, working capital and capital expenditure growth rates to comparable peers in the same industry.<br>– Conducted earnings multiple reasonability assessments against industry averages for the respective CGUs. |
| | **Key Observations – Impairment of non-financial assets relating to Cash Generating Units (CGUs)**<br>Based on the procedures performed over the Impairment of non-financial assets relating to Cash Generating Units (CGUs), we did not identify any significant matters requiring further consideration in concluding our procedures. |

## Other Matter

The consolidated annual financial statements of Libstar Group Limited for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 15 March 2024.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the 78-page document titled "Libstar Consolidated Annual Financial Statements for the year ended 31 December 2024", which includes the Directors' responsibility and approval, Company secretary's certificate as required by the Companies Act of South Africa, Directors' report, Report of the audit and risk committee and Annexure 1: Shareholder Analysis. The other information that will be available after this report date is the Integrated Annual Report. The other information does not include the consolidated annual financial statements and our auditor's report thereon.

Our opinion on the consolidated annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated annual financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Consolidated Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, the directors are responsible for assessing the group ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

# *Independent auditor's report continued*

## Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the group, as a basis for forming an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Libstar Holdings Limited for 1 year.

*Ernst & Young Inc.*

**Ernst & Young Inc.**
Director: Tina Lesley Rookledge
Registered Auditor
Chartered Accountant (SA)

3rd Floor, Waterway House
3 Dock Road, V&A Waterfront
Cape Town

18 March 2025

# Directors' *report*

**for the year ended 31 December 2024**

## 1. Nature of activities

Libstar Holdings Ltd and its subsidiaries ("the Group") 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.

The Group currently operates across a number of business units, each of which has its own infrastructure, employees and products. Although the Group operates a decentralised business model, with each business unit being responsible for its own procurement, production, distribution, logistics and customer relationships, Libstar continues to implement strategic simplifications of the Group's operating model.

The operating results and state of affairs of the Group are fully set out in the attached consolidated annual financial statements and do not in our opinion require any further comment.

## 2. Going concern

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

## 3. Dividends

The Board has approved and declared a final cash dividend (inclusive of treasury shares) of 15 cents per ordinary share in respect of the year ended 31 December 2024 totaling R102.3m ("the dividend"). The dividend is payable on 14 April 2025 to shareholders recorded as such in the share register of the Company on 11 April 2025 (the record date). The last date of trading cum dividend will be 08 April 2025.

The Board paid a final cash dividend (inclusive of treasury shares) of 15 cents per ordinary share on 15 April 2024 in respect of the year ended 31 December 2023 totaling R102.3m.

## 4. Events after the reporting period

### Product recall

Subsequent to year end, the company initiated a recall of large grinders that were produced from September 2023 to May 2024 due to a potential defect in the mechanism of the grinders which may result in plastic pieces breaking off and being released during use. No other grinder products are affected by this issue. The recall was deemed necessary to ensure the safety and well-being of our customers. The Company is working diligently to address the issue and has implemented corrective measures to prevent future occurrences. The Group has recognised a provision of R6.0m to provide for the potential future financial impact of the recall.

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

The directors are not aware of any other events after the reporting date which significantly impacts the financial position of the Group or the results of its operations.

## 5. Authorised and issued share capital

Authorised share capital remained unchanged during the current and prior year. Refer to Note 19 for further information.

## 6. Directors

The directors of the holding company, Libstar Holdings Ltd, are responsible for the activities and reports related to the Group.

W Luhabe, Chairman of Libstar, will not be available for re-election with effect from the 2025 annual general meeting. JP Landman, current lead independent non-executive director, was appointed as the new chairman with effect from the 2025 annual general meeting.

Full details of the directors appear in the integrated report.

Refer to Annexure 1 of the consolidated annual financial statements for the directors' shareholdings. Refer to Notes 9 and 22 for details related to the remuneration and share-based payment schemes.

## 7. Company Secretary

The group company secretary's responsibilities are fulfilled by Ntokozo Makomba. The board is satisfied that the company secretarial role is carried out by a person who has the necessary competence, qualifications and experience, and that there is an arm's-length relationship between the company secretarial function and the board members as required by JSE Listings Requirement 3.84(h).

# *Directors' report continued*

## 8. Auditor

At the annual general meeting of the Group held on 31 May 2024, Ernst & Young Inc. was appointed as external auditor from 1 January 2024.

## 9. Preparation of consolidated annual financial statements

These consolidated annual financial statements have been prepared under the supervision of TL Ladbrooke CA(SA), Chief Financial Officer.

## 10. Confirmation of compliance with Companies Act

The directors confirm that Libstar Holdings Ltd is:

(a) in compliance with the provisions of the Companies Act and the relevant laws applicable to its establishment, specifically relating to its incorporation; and

(b) operating in conformity with its memorandum of incorporation.

# Report of the audit and risk committee

**for the year ended 31 December 2024**

The audit and risk committee ("the committee") is pleased to present its report in terms of section 94(7)(f) of the Companies Act, No 71 of 2008, as amended from time to time ("the Companies Act") and the King IV Report on Corporate Governance for South Africa 2016 ("King IV"). This report sets out how the committee discharged its statutory and Board assigned duties in respect of the financial year ended 31 December 2024.

## Members of the audit and risk committee

The committee has four members, all of whom are independent, non-executive directors. The committee is chaired by an independent non-executive director. Each of the committee members is required to act objectively and independently. The committee members are considered to be suitably skilled directors having extensive and relevant financial experience.

Refer to Note 9 of the consolidated annual financial statements for the fees paid to the committee members.

## Meeting attendance

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

| Name | Designation | Qualification | 08 March 2024 | 19 June 2024 | 04 September 2024 | 19 November 2024 |
|---|---|---|---|---|---|---|
| A Andrews | Chair | CA (SA) | Present | Present | Present | Present |
| JP Landman | Member | BA.LLB, Mphil | Present | Present | Present | Present |
| S Khanna | Member | Chartered Global Management Accountant | Present | Present | Present | Present |
| S Masinga | Member | BCom | Present | Present | Not present | Present |
| W Luhabe | Invitee | BCom, Management Advancement Programme – Wits Business School | Present | Present | Present | Present |
| CB de Villiers | Invitee | CA (SA) | Present | Present | Present | Present |
| TL Ladbrooke | Invitee | CA (SA) | Present | Present | Present | Present |
| C Lodewyks | Invitee | BCom Management | Present | Present | Present | Present |

The external auditor and management representatives are invited to attend committee meetings with no voting rights.

## Roles and responsibilities

The committee discharged its responsibilities as set out in its charter in accordance with the provisions of the Companies Act and King IV as follows:

- Reviewed the interim results and year-end consolidated annual financial statements culminating in a recommendation to the Board to adopt them. In the course of its review, the committee:
  - took appropriate steps to ensure that the consolidated annual financial statements are prepared in accordance with IFRS Accounting Standards and in the manner required by the Companies Act and JSE Listings Requirements;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with matters relating to accounting policies, internal audit, the consolidated annual financial statements and internal financial controls;
- Reviewed the external audit reports on the consolidated annual financial statements;
- Approved the internal audit plan;
- Reviewed the internal audit findings, and where relevant, made recommendations to the Board;
- Considered quarterly Information, Communication and Technology (ICT) reports from a risk and optimal business contribution perspective, including disaster recovery plans and improved business intelligence information;
- Evaluated the effectiveness of risk management, controls and the governance processes;
- Considered the independence and objectivity of the newly appointed external auditor, Ernst & Young Inc.;
- Approved the audit fees and engagement terms of the external auditor; and
- Determined there were no non-audit services provided by the external auditor and subsequently concluded that no approval of contract terms was required.

In addition, in fulfilling its key responsibilities, the committee placed specific focus on the significant judgements in the 2024 financial year and reviewed the following key aspects:

- Annual impairment testing of intangible assets with indefinite useful lives;
- Measurement of the fair values of foreign exchange contracts;

# *Report of the audit and risk committee continued*

- Measurement of the fair values of share-based payments;
- Useful lives of intangible assets and property, plant and equipment;
- Valuation of biological assets;
- Impairment of financial assets; and
- Restatement of the results attributable to reclassifications identified during a general ledger analysis and compliance review over IAS 7. Focus was also placed on the circumstances that led to the restatement and measures implemented to prevent the reoccurrence thereof.

## Internal control

The committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and for considering the findings of any major internal investigations, fraud or misconduct, and management's response thereto.

The committee delegates the responsibility to management to continuously identify, assess, mitigate and manage risks within the business. Mitigating controls are formulated to address the risks. The committee is kept abreast of progress on the Group's risk management plan.

During the year under review, the committee considered control issues identified from the various reports reviewed by the committee. These reports included internal and external audit reports, as well as specific reports on the Group's IT environment.

Where deficient controls or matters were raised, the committee reviewed the remediation plans prepared by management and was satisfied that any material impact on the Group's annual financial statements had been appropriately mitigated by management through manual controls and increased oversight, where necessary. The committee will continue to monitor and evaluate management's remediation plans during 2025.

Having considered, analysed, reviewed and discussed information provided by management, internal audit and the external auditors, the committee is of the opinion that the internal controls of the Group, together with management's additional procedures performed to mitigate identified control deficiencies, can be relied upon as a reasonable basis for the preparation of the annual financial statements.

## Internal audit

The internal audit function is performed internally. The internal audit function facilitates and supports the establishment and maintenance of an effective system of internal control for managing business risks and evaluating governance processes. The internal audit function is mandated by the Board. The internal audit charter is reviewed annually by the committee to ensure compliance with King IV. The committee is also responsible for the appointment and removal of the Head of internal audit.

The committee has satisfied itself as to the effectiveness of the internal audit function.

## External audit

The committee reviewed the independence, expertise and objectivity of the external auditor, Ernst & Young Inc. and the designated audit partner, Tina Lesley Rookledge, as well as approved the terms of engagement and audit fees for the 2024 financial year.

The committee reviewed the representation made by the external auditor and satisfied itself that the external auditor is independent of the Group, as set out in section 94(8) of the Companies Act, and complies with the JSE Limited Listings Requirements.

There is a formal policy governing the approval of non-audit services provided by the appointed external auditor. The committee noted there were no non-audit services provided by the external auditor during the 2024 financial year. Refer to Note 3 of the consolidated annual financial statements for the breakdown of the audit fees and fees for the rendering of non-audit services in the 2023 financial year.

In the prior year, pursuant to the mandatory audit firm rotation requirements of the Independent Regulatory Board for Auditors, the committee recommended the appointment of Ernst & Young Inc. as external auditor for the 2024 financial year which was presented and approved at the annual general meeting of the Group held on 1 June 2023. The setting aside of the Mandatory Audit Firm Rotation by the Supreme Court of Appeal on 31 May 2023, did not impact the change in the external auditor. At the annual general meeting of the Group held on 31 May 2024, Tina Lesley Rookledge was appointed as the audit partner for the 2024 financial year.

## Evaluation of the Chief Financial Officer

The Group's Chief Financial Officer, TL Ladbrooke (Terri) is a Chartered Accountant who has held various financial and leadership roles within Libstar since joining the Group in 2015, including that of Group Financial Controller and Internal Audit Manager at Libstar Operations as well as Management Accountant and Finance Executive at Rialto. The committee is satisfied that the in-depth expertise and experience of Terri is appropriate to meet the responsibilities of the position. This is based on the qualifications, continuing professional education, in-depth experience and the committee's assessment of the financial knowledge of the Chief Financial Officer.

## Going Concern

The committee considered and reviewed management's short to medium term plans, and the Group's associated projections. It has thus satisfied itself of the going concern status of the Group, in alignment with the applicable requirements outlined in the Companies Act. The committee also reviewed the solvency and liquidity test of the Group and is satisfied that there are adequate resources to support the proposed dividend.

## Approval of the committee report

The committee confirms that it has functioned in accordance with its terms of reference for the 2024 financial year and that its report to shareholders has been approved by the Board.

**A Andrews**
Non-Executive Audit and Risk Committee Chairman

# Accounting *policies*

**for the year ended 31 December 2024**

## Statement of compliance

These audited consolidated annual financial statements have been prepared in accordance with IFRS Accounting Standards and comply with the IFRS interpretations issued by the IFRS Interpretations Committee (IFRIC) and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the JSE Listings Requirements and the requirements of the Companies Act, No 71 of 2008.

## Basis of preparation

The consolidated annual financial statements have been prepared on a going concern basis and on the historical cost basis except for certain financial instruments and biological assets which are stated at fair value.

The principal accounting policies are set out below.

## Functional and presentation currency

The consolidated annual financial statements are presented in South African Rand, which is the Company's functional and the Group's presentation currency. All financial information presented in Rand has been rounded to the nearest thousand (R'000), unless otherwise stated.

## Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and entities controlled by the Company (its Subsidiaries).

Inter-company transactions, balances and unrealised gains on transactions between the group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Total comprehensive income of Subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the results and equity of Subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

The Group does not have material non-controlling interests in the context of the Group and accordingly detailed non-controlling interest disclosure are not required in terms of IFRS 12 Disclosure of Interests in Other Entities. In determining whether non-controlling interests are material, the Group considered the share of the non-controlling interest in the consolidated net assets of the Group.

## Revenue

### – Sale of goods

The Group predominantly sells consumer packaged goods in three product categories, namely Perishable Products, Ambient Products and Household & Personal Care. These products are sold to customers in the retail and wholesale, food service, industrial and export channels. Revenue is recognised at the point in time when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue is measured based on the transaction price with the customer, net of value-added tax, rebates, discount allowances, other customer allowances and claims.

Rebates, discount allowances, other customer allowances and claims ("variable consideration") are recognised as a reduction in revenue and trade receivables.

The variable consideration is calculated monthly based on the relevant monthly sales and the contractual customer trading terms. The expected value method together with accumulated historic industry and customer trends are used to estimate the variable consideration.

It is the Group's policy to sell its products to the customer with a right to return. Therefore, the value of estimated returns is deducted from revenue and trade receivables for products expected to be returned, based on past experience and the expected value method at the reporting date.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. No significant financing component is deemed present as the credit terms for sales with customers are short periods of time that vary throughout the Group. No material judgement is required to determine the transaction price and the allocation thereof.

### – Sales commission

The Group has secured contracts with international suppliers to transfer goods within the Ambient Products segment from the supplier to the customer. The Group is responsible to maintain these supply contracts and acts as an agent, facilitating the transaction between the supplier and the customer, rather than controlling the inventory. Commission income is earned and recognised upon the shipment of the goods to the customer.

Refer to the Segmental Information for detailed revenue disclosure.

# *Accounting policies continued*

## Interest received

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Government grants

The Group receives grants from the Manufacturing Competitiveness Enhancement Program, Skills Development Program and the Employer Tax Incentive program. These grants are recognised as other income in the same period as the related employee expense.

## Foreign currencies

### – Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in other gains/(losses) within profit or loss.

## Employee benefits

### – Short-term employee benefits

Short-term employee benefits are those that are due to be settled within 12 months after the end of the period in which the services have been rendered. The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amounts which the Group has a present obligation to pay as a result of employees' services provided to the Group at the reporting date.

Short-term employee benefits are measured on an undiscounted basis and are recognised as employee benefit expenses within either cost of sales or operating expenses in profit or loss in the period in which the employee renders the related service.

### – Defined benefit plans

The Group has post-retirement medical aid contribution liabilities that are classified as defined benefit plans. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The plans create an obligation on the Group to provide agreed benefits to current and past employees and effectively places actuarial and investment risk on the Group. The gross obligations are determined by estimating the future benefits attributable to employees in return for services rendered to date.

This future benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Independent actuaries perform this calculation annually using the projected unit credit method.

Past service costs are recognised in profit or loss at the earlier of when:

(i) plan amendment or curtailment occurs; or

(ii) the Group recognises the relating restructuring or termination benefits.

To the extent that the benefits are already vested, past service costs are recognised immediately. Improvements to a defined benefit pension plan relating to past service are recognised in profit or loss and expensed on a straight-line basis over the period during which the benefits vest.

The Group recognises actuarial gains and losses in respect of defined benefit obligation in other comprehensive income.

## Share-based payments

The Group issues cash-settled share-based payments to certain employees. The Group has a Long Term Incentive Plan ("LTIP") which is classified as a cash-settled share-based payment.

The fair value of the amounts payable to employees in respect of the LTIP, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date based on the fair value of the awards. Any changes in the liability are recognised in profit or loss.

## Leasing

### – The Group as lessee

The Group leases various offices, warehouses, manufacturing facilities and equipment. Rental contracts are typically made for fixed periods of 6 months to 10 years with fixed escalations, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

# *Accounting policies continued*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Right-of-use assets are depreciated over the lease terms for the majority of the Group's leases, which are shorter compared to the assets' useful lives. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are not revalued by the Group.

Payments associated with short-term leases and low-value assets leases are recognised on a straight-line basis as an expense within profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets are assets with an initial value of R100 000 or less.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

When there has been a change or extension to the lease term, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate and a corresponding adjustment is made to the related right-of-use asset. When a lease contract has been modified in this manner, the lease modification is not accounted for as a separate lease and the lease liability is remeasured with the corresponding adjustment made to the right-of-use asset. If the carrying amount of the right-of-use assets has been reduced to zero, then the remaining difference is recorded in profit or loss.

## Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### – Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### – Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### – Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

## Discontinued operation and disposal group held for sale and sold

A discontinued operation is a component of the Group that has been classified as held for sale and that represents a separate major line of business and is part of a single co-ordinated plan to dispose of such a line of business. The results of discontinued operations are presented separately in the statement of profit or loss. The comparative profit or loss is restated as if the operation had been discontinued from the start of the previous reporting period.

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

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

The Chet Chemicals division was classified as held for sale at 24 August 2024 and was sold on 30 December 2024. Refer to Note 7 for further information.

## Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is recognised to write off the cost of an asset over its useful life, using the straight-line method. The estimated useful lives of the assets are re-assessed annually with the effect of any changes accounted for on a prospective basis. Freehold land is not depreciated. The estimated useful lives of the other assets are as follows:

- Buildings – 20 years
- Plant, vehicles, machinery and equipment – range from 4 – 12 years

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within operating expenses in profit or loss.

## Goodwill

Goodwill arises from the acquisition of businesses.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill is not amortised but is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The calculation of the recoverable amount requires the use of estimates and assumptions concerning future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors, such as discount rates, could also impact this calculation. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Refer to Judgements and key sources of estimation uncertainty and Note 13 for more information on judgements and estimates.

## Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method is reviewed annually and may vary depending on a number of factors, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful lives of intangible assets are as follow:

- Brands – indefinite
- Computer software and website costs – range from 3 – 6 years
- Customer relationships – range from 5 – 20 years

Brands acquired in a business combination are assessed as having indefinite useful lives and are not amortised, but tested for impairment annually.

# *Accounting policies continued*

## Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately within operating expenses in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## Financial assets

Financial assets are classified as financial assets 'at amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Refer to the policy for Derivative financial instruments for further information on the accounting policy applicable to hedging instruments.

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Transaction costs on the financial instruments measured at fair value through profit or loss are immediately recognised in profit or loss.

### – Recognition of financial assets

The Group initially recognises a financial asset only when it becomes party to the contractual provisions of the instrument.

### – Financial assets at amortised cost

Trade and other receivables, loans and advances receivable and cash and cash equivalents are classified as financial assets at amortised cost if the asset is held in terms of the Group's business model where the objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. Financial assets at amortised cost are measured at amortised cost using the effective interest method, less any impairment allowance. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

### – Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### – Impairment of financial assets

Impairment provisions for trade receivables and other receivables, consisting of sundry debtors, are recognised based on the simplified approach within IFRS 9. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. Sundry debtors have similar credit risk characteristics and ageing profile as trade receivables. A provision matrix for trade receivables and other receivables is used in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the debtors is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the debtors. For debtors, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within operating expenses in profit or loss. On confirmation that the debtors will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other financial assets are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12 month expected credit losses are recognised. There were no significant increases in credit risk in any of the Group's other financial assets.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due and when the debtor is unlikely to pay its credit obligations to the Group in full.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. Financial assets are written off as bad debt where there is no reasonable expectation of recovery. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# *Accounting policies continued*

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- The failure of a debtor to engage in a repayment plan with the Group;
- A breach of contract such as a default or being more than 120 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

Refer to Note 31.6 for further details on impairment of financial assets and the credit risk policy of the Group.

### – Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

## Financial liabilities

Financial liabilities are classified as financial liabilities at 'amortised cost'. Refer to the policy for Derivative financial instruments for further information on the accounting policy applicable to hedging instruments.

### – Recognition of financial liabilities

The Group initially recognises a financial liability only when it becomes party to the contractual provisions of the instrument.

### – Financial liabilities at amortised cost

Financial liabilities at amortised cost, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

### – Derecognition of financial liabilities

The Group derecognises financial liabilities with any gains or losses arising, recognised in profit or loss when, and only when, the Group's obligations are discharged, cancelled or they expire.

## Supplier finance arrangements

The Group classifies financial liabilities that arise from supplier finance arrangements within trade and other payables in the consolidated statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangements are not substantially different from the terms of the trade payables that are not part of the arrangement.

## Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, through foreign exchange forward contracts.

The Group applies hedge accounting when the Group uses the instruments as a designated hedging instruments. The Group uses designated hedging instruments within the major divisions of the Group.

The Group hedges the majority of its foreign currency exposures. Import-related exposures are hedged to the value of 3 to 9 months' firm commitment imports and export-related exposures are hedged to the value of 9 to 12 months' firm commitment exports, or within 48 hours of receipt of a firm order, whichever date is earlier. Hedging instruments are limited to standard foreign exchange contracts (FEC's), Zero Cost Collars and Discount Collars.

### – Hedge accounting

The Group designates its derivatives as cash flow hedges. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge. If these cash flow hedges meet the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised within other losses in profit or loss.

Amounts deferred to the hedging reserves are recognised through profit and loss in the same period in which the hedged item affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for firm commitment transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the firm commitment transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## Inventories

Inventories are initially measured at cost and subsequently measured at the lower of cost and net realisable value.

Costs of inventories comprise all costs of purchase, direct production costs and other costs incurred in bringing the inventories to their present condition and location ready to sell. The majority of inventories are valued on a first-in-first-out basis.

The cost of inventories recognised as cost of sales within profit or loss, consists of those costs previously included in the measurement of inventories that has now been sold. Cost of sales also includes an allocation of indirect production costs such as insurance costs, security costs and maintenance costs, that is considered necessary for the production of inventories.

An allowance is raised to write inventories down to the lower of cost or net realisable value.

# *Accounting policies continued*

## Biological assets

Biological assets comprise mushroom production which are measured at fair value less estimated costs to sell, with any resultant gain or loss recognised within profit or loss. Costs to sell includes the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

## Share capital

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of shares and share options are recognised as a deduction from equity, net of any tax effects.

## Judgements and key sources of estimation uncertainty

The preparation of the consolidated annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about key areas of estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated annual financial statements are as follows:

- Impairment of goodwill and other long-lived assets (Estimate of future cash flows and determination of the discount rate) – refer to Note 13
- Useful lives of property, plant and equipment – refer to Note 10
- Useful lives on intangible assets – refer to Note 13
- Valuation of biological assets – refer to Note 17
- Impairment of financial assets – refer to Note 31.6

## 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.

### 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 consolidated annual 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). | Yes | Yes |

# *Accounting policies continued*

## Normalised EPS, Normalised HEPS and Adjusted Return on Invested Capital (ROIC)

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 audited consolidated annual financial statements of the Group for the year ended 31 December 2024. The Pro Forma Financial Information has been prepared using the accounting policies of the Group as at 31 December 2024, 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 the table above) are excluded. The Normalised Earnings adjustments, which is used in the calculation of Normalised EPS, include all the Normalised EBIT adjustments (refer to the table above) 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.

# New and amended standards and interpretations

## New and amended standards adopted by the Group

During the current year, the Group adopted all the new and amended standards issued by the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2024. While these standards are relevant to the Group's operations, they did not have a material impact on amounts recognised in the current or prior periods and are not expected to significantly affect future periods:

- Amendment to IAS 1 – Classification of Liabilities as Current and Non-current;
- Amendment to IAS 1 – Non-current Liabilities with Covenants; and
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements.*

* Refer to Note 24 for disclosures related to supplier finance arrangements.

## New and amended standards not yet adopted by the Group

Certain new and amended standards have been published that are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted. However, the Group intends to adopt these new and amended standards when they become effective. The Group has considered all the new and amended standards.

The following amended standards are not expected to have a material impact on the consolidated annual financial statements:

- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments;
- Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 – Annual Improvements to IFRS Accounting Standards; and
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity.

The following new standard is expected to have a material impact on the consolidated annual financial statements:

- IFRS 18 – Presentation and Disclosure in Financial Statements
  IFRS 18 introduces new categories and subtotals in the consolidated statement of profit or loss and other comprehensive income. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information. The new standard is effective for annual periods beginning or after 1 January 2027.

# Consolidated statement of profit or loss and other comprehensive *income*

**for the year ended 31 December 2024**

| | Notes | 2024 R'000 | Restated* 2023 R'000 |
|---|---|---|---|
| **(Loss)/profit for the year** | | | |
| **CONTINUING OPERATIONS** | | | |
| Revenue* | 1 | **11 773 771** | 11 418 919 |
| Cost of sales* | | **(9 306 750)** | (8 983 262) |
| **Gross profit** | | **2 467 021** | **2 435 657** |
| Other income[1] | 2 | **28 000** | 25 924 |
| Other gains/(losses)[1] | | **37 431** | (32 561) |
| Capital items[1] | | **(554 163)** | (16 575) |
| Operating expenses*[1] | | **(2 019 720)** | (1 886 687) |
| **Operating (loss)/profit** | 3 | **(41 431)** | **525 758** |
| Finance income | 4 | **27 049** | 20 221 |
| Finance costs | 5 | **(237 418)** | (233 920) |
| **(Loss)/profit before tax** | | **(251 800)** | **312 059** |
| Income tax expense | 6 | **(26 962)** | (90 033) |
| **(Loss)/profit for the year from continuing operations** | | **(278 762)** | **222 026** |
| **DISCONTINUED OPERATION** | | | |
| Loss for the year from discontinued operation | 7 | **(42 743)** | 4 339 |
| **Total (loss)/profit for the year** | | **(321 505)** | **226 365** |
| **Other comprehensive loss for the year, net of tax** | | **(4 088)** | **(1 564)** |
| *Items that may be reclassified to profit or loss* | | | |
| Gains on hedging reserves | 31.2 | **308** | 5 463 |
| Hedging gains reclassified to profit or loss | 31.2 | **(5 118)** | (6 932) |
| Foreign currency translation reserve adjustments | | **160** | (169) |
| *Items that will never be reclassified to profit or loss* | | | |
| Defined benefit plan actuarial gains | | **562** | 74 |
| **Total comprehensive (loss)/income for the year** | | **(325 593)** | **224 801** |
| (Loss)/profit attributable to: | | | |
| Equity holders of the parent | | **(321 555)** | 226 515 |
| Non-controlling interest | | **50** | (150) |
| | | **(321 505)** | **226 365** |
| Total comprehensive (loss)/income attributable to: | | | |
| Equity holders of the parent | | **(325 643)** | 224 951 |
| Non-controlling interest | | **50** | (150) |
| | | **(325 593)** | **224 801** |
| Total comprehensive (loss)/income attributable to equity holders of the parent arises from: | | | |
| Continuing operations | | **(282 900)** | 220 612 |
| Discontinued operation | 7 | **(42 743)** | 4 339 |
| | | **(325 643)** | **224 951** |
| Basic and diluted (loss)/earnings per share (cents) | 8.1 | **(54.0)** | 38.0 |
| From continuing operations | 8.1 | **(46.8)** | 37.3 |
| From discontinued operation | 8.1 | **(7.2)** | 0.7 |

1 Capital items comprises impairment losses (included in operating expenses in prior years), gains/(losses) on disposal of property, plant and equipment (included in other gains/(losses) in prior years) and insurance proceeds (included in other income in prior years). Capital items were reclassified in the current year in order to enhance the users' ability to understand operating expenses. The comparatives presented are restated for comparability. Refer to Note 3 for the amounts reclassified to capital items.

* Refer to note 34 for details on restatements. The comparative profit or loss is further restated as if the discontinued operation had been discontinued from the start of the prior year.

# Consolidated statement of financial *position*

**as at 31 December 2024**

| | Notes | 2024 R'000 | Restated* 2023 R'000 | Restated* 2022 R'000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | **4 810 091** | **5 537 526** | **5 882 970** |
| Property, plant and equipment | 10 | **1 551 278** | 1 735 457 | 1 738 924 |
| Right-of-use assets | 11 | **497 620** | 421 065 | 521 469 |
| Goodwill | 12 | **1 653 842** | 2 053 842 | 2 096 842 |
| Intangible assets | 13 | **1 097 034** | 1 315 506 | 1 513 831 |
| Other financial assets | 18 | **7 115** | 4 653 | 4 971 |
| Deferred tax assets | 14 | **3 202** | 7 003 | 6 933 |
| **Current assets** | | **4 464 424** | **4 228 550** | **3 946 491** |
| Inventories | 15 | **1 934 008** | 1 807 355 | 1 671 138 |
| Trade and other receivables* | 16 | **1 960 500** | 1 950 428 | 1 785 060 |
| Biological assets | 17 | **27 414** | 26 616 | 26 742 |
| Other financial assets | 18 | **10 757** | 6 540 | 5 738 |
| Current tax receivable | | **37 401** | 40 359 | 8 597 |
| Cash and cash equivalents | 25.1 | **494 344** | 397 252 | 449 216 |
| **Total assets** | | **9 274 515** | **9 766 076** | **9 829 461** |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and reserves attributable to equity holders of the parent** | | **4 880 302** | **5 295 317** | **5 203 064** |
| Share capital | 19 | **4 727 314** | 4 727 314 | 4 727 314 |
| Other reserves | 20 | **(1 873)** | (72 953) | (68 061) |
| Retained earnings | | **154 861** | 640 956 | 543 811 |
| **Non-controlling interests** | | **(795)** | **(845)** | **(695)** |
| **Total equity** | | **4 879 507** | **5 294 472** | **5 202 369** |
| **Non-current liabilities** | | **2 335 940** | **2 296 463** | **2 625 193** |
| Other financial liabilities | 23 | **1 363 111** | 1 284 958 | 1 508 651 |
| Lease liabilities | 11 | **531 656** | 492 367 | 580 411 |
| Deferred tax liabilities | 14 | **428 916** | 508 865 | 516 499 |
| Employee benefits | 21 | **10 065** | 8 738 | 8 618 |
| Share-based payments | 22 | **2 192** | 1 535 | 11 014 |
| **Current liabilities** | | **2 059 068** | **2 175 141** | **2 001 899** |
| Trade and other payables* | 24 | **1 620 619** | 1 619 107 | 1 588 663 |
| Other financial liabilities | 23 | **120 924** | 256 079 | 98 397 |
| Lease liabilities | 11 | **111 168** | 97 965 | 114 260 |
| Current tax payable | | **4 881** | 1 985 | 534 |
| Bank overdraft | | **201 476** | 200 005 | 200 045 |
| **Total liabilities** | | **4 395 008** | **4 471 604** | **4 627 092** |
| **Total equity and liabilities** | | **9 274 515** | **9 766 076** | **9 829 461** |

* Refer to Note 34 for details on restatements.

# Consolidated statement of changes in *equity*

**for the year ended 31 December 2024**

| | Share capital R'000 | Other reserves 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 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) |
| **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** |
| **Total comprehensive loss for the year** | **–** | **(4 088)** | **(321 555)** | **50** | **(325 593)** |
| (Loss)/profit for the year | **–** | **–** | **(321 555)** | **50** | **(321 505)** |
| Other comprehensive loss for the year | **–** | **(4 088)** | **–** | **–** | **(4 088)** |
| **Contributions and distributions** | **–** | **–** | **(89 372)** | **–** | **(89 372)** |
| Dividends declared and paid* | **–** | **–** | **(89 372)** | **–** | **(89 372)** |
| **Transfer of reserve to Retained earnings** | **–** | **75 168** | **(75 168)** | **–** | **–** |
| **Balance at 31 December 2024** | **4 727 314** | **(1 873)** | **154 861** | **(795)** | **4 879 507** |
| Notes | **19** | **20** | | | |

* On 15 April 2024 (2023: 11 April 2023) the Board paid a dividend of 15 cents (2023: 22 cents) per ordinary share totaling R89.4m (2023: R131.7m).

# Consolidated statement of cash *flows*

**for the year ended 31 December 2024**

| | Notes | 2024 R'000 | Restated* 2023 R'000 |
|---|---|---|---|
| **Net cash flow from operating activities** | | **484 958** | **426 250** |
| Cash generated from operations* | 25 | **794 410** | 766 260 |
| Finance income received | | **27 147** | 20 221 |
| Finance costs paid | | **(243 947)** | (240 675) |
| Taxation paid | 26 | **(92 652)** | (119 556) |
| **Net cash flow from investment activities** | | **(73 890)** | **(80 399)** |
| Purchase of property, plant and equipment and computer software | | **(129 550)** | (174 907) |
| Proceeds on disposal of property, plant and equipment and computer software | | **9 088** | 21 037 |
| Proceeds from insurance | | **8** | 73 471 |
| Proceeds on sale of Chet Chemicals | 7.3 | **46 564** | – |
| **Net cash flow from financing activities** | | **(330 319)** | **(386 303)** |
| Capital portion of lease payments | 25.3 | **(95 175)** | (113 643) |
| Proceeds from bank loans | 25.3 | **–** | 130 000 |
| Repayment of bank loans and asset based finance | 25.3 | **(145 772)** | (271 007) |
| Dividend paid | | **(89 372)** | (131 653) |
| Net increase/(decrease) in cash and cash equivalents | | **80 749** | (40 452) |
| Cash and cash equivalents at the beginning of the year* | 25.1 | **397 247** | 449 171 |
| Effects of exchange rate changes on cash and cash equivalents* | | **14 872** | (11 472) |
| **Cash and cash equivalents at the end of the year*** | | **492 868** | **397 247** |
| Cash flows of discontinued operation | 7.2 | **1 639** | **(6 970)** |

* Refer to Note 34 for details on restatements.

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

# Consolidated segmental *information*

**for the year ended 31 December 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:

### 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.

### 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.

# *Consolidated segmental information continued*

| **Information about reportable segments[1]** | **Ambient Products R'000** | **Perishable Products R'000** | **Household and Personal Care R'000** | **Corporate R'000** | **Group Total R'000** |
|---|---|---|---|---|---|
| **Year ended 31 December 2024** | | | | | |
| Revenue | **5 832 950** | **5 781 849** | **158 972** | **–** | **11 773 771** |
| Total segmental revenue | **5 956 447** | **5 814 937** | **158 972** | **–** | **11 930 356** |
| Elimination of inter-segment revenue | **(123 497)** | **(33 088)** | **–** | **–** | **(156 585)** |
| Cost of sales | **4 345 843** | **4 850 692** | **114 097** | **(3 882)** | **9 306 750** |
| Employee benefits | **323 642** | **193 713** | **19 828** | **49 087** | **586 270** |
| Sales and distribution expenses | **407 924** | **349 717** | **18 991** | **(149)** | **776 483** |
| General and administrative expenses | **191 008** | **156 181** | **5 516** | **56 638** | **409 343** |
| Operating profit/(loss) | **455 027** | **(382 174)** | **(3 438)** | **(110 846)** | **(41 431)** |

| **Information about reportable segments[1]** | Ambient Products R'000 | Perishable Products R'000 | Household and Personal Care R'000 | Corporate R'000 | Group Total R'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2023*** | | | | | |
| Revenue* | 5 533 818 | 5 712 526 | 172 575 | – | 11 418 919 |
| Total segmental revenue | 5 625 770 | 5 719 419 | 172 575 | – | 11 517 764 |
| Elimination of inter-segment revenue | (91 952) | (6 893) | – | – | (98 845) |
| Cost of sales* | 4 115 234 | 4 758 127 | 109 634 | 267 | 8 983 262 |
| Employee benefits* | 281 551 | 193 443 | 23 074 | 41 001 | 539 069 |
| Sales and distribution expenses* | 395 464 | 337 388 | 18 674 | – | 751 526 |
| General and administrative expenses* | 160 810 | 133 343 | 3 993 | 48 757 | 346 903 |
| Operating profit/(loss) | 350 863 | 227 297 | 16 194 | (68 596) | 525 758 |

| **Information about reportable segments** | **2024 R'000** | Restated* 2023 R'000 |
|---|---|---|
| Reconciliation of operating (loss)/profit per segment to (loss)/profit before tax | | |
| Operating (loss)/profit | **(41 431)** | 525 758 |
| Finance income | **27 049** | 20 221 |
| Finance costs | **(237 418)** | (233 920) |
| **(Loss)/profit before tax** | **(251 800)** | 312 059 |

* Refer to note 34 for details on restatements.

1 Additional line items have been added to enhance disclosure, following the IFRS Interpretation Committee's finalised agenda decision issued in June 2024.

# *Consolidated segmental information continued*

| Normalised EBIT and EBITDA | Ambient Products R'000 | Perishable Products R'000 | Household and Personal Care R'000 | Corporate R'000 | Group Total R'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2024** | | | | | |
| Operating profit/(loss) | 455 027 | (382 174) | (3 438) | (110 846) | (41 431) |
| Amortisation of customer relationships | 61 301 | 43 617 | – | – | 104 918 |
| Due diligence costs | – | 196 | – | 3 199 | 3 395 |
| Expenses relating to share-based payments | – | – | – | 1 355 | 1 355 |
| Government grants | (3 926) | (2 500) | – | – | (6 426) |
| Insurance proceeds | (283) | (915) | – | – | (1 198) |
| Impairment losses on goodwill and other assets | 14 375 | 534 515 | – | – | 548 890 |
| Loss on disposal of property, plant and equipment | 2 172 | 4 232 | – | 67 | 6 471 |
| Retrenchment and settlement costs | 5 533 | 1 469 | 120 | – | 7 122 |
| Strategic advisory fees | – | 3 844 | 301 | 4 279 | 8 424 |
| Unrealised (gain)/loss on foreign exchange | (1 296) | 825 | 94 | – | (377) |
| **Normalised EBIT** | 532 903 | 203 109 | (2 923) | (101 946) | 631 143 |
| Amortisation of software and website costs | 3 811 | 9 287 | – | 902 | 14 000 |
| Depreciation of property, plant and equipment and right-of-use assets | 166 410 | 131 684 | 13 760 | 17 146 | 329 000 |
| **Normalised EBITDA** | 703 124 | 344 080 | 10 837 | (83 898) | 974 143 |
| Less: lease payments and lease modifications | (97 128) | (57 833) | (4 619) | (3 210) | (162 790) |
| **Normalised EBITDA (excluding effect of IFRS 16)** | 605 996 | 286 247 | 6 218 | (87 108) | 811 353 |

# *Consolidated segmental information continued*

| Normalised EBIT and EBITDA | Ambient Products R'000 | Perishable Products R'000 | Household and Personal Care R'000 | Corporate R'000 | Group Total R'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2023** | | | | | |
| Operating profit/(loss) | 350 863 | 227 297 | 16 194 | (68 596) | 525 758 |
| 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 |
| (Gain)/loss on disposal of property, plant and equipment | (5 844) | 363 | (853) | 10 | (6 324) |
| Onerous contracts | 2 900 | – | – | – | 2 900 |
| Retrenchment and settlement costs | 1 261 | 4 547 | 1 202 | 500 | 7 510 |
| Strategic advisory fees | 226 | – | – | 685 | 911 |
| Unrealised loss/(gain) on foreign exchange | 5 095 | (2 116) | (44) | – | 2 935 |
| **Normalised EBIT** | **484 368** | **258 304** | **16 499** | **(85 386)** | **673 785** |
| Amortisation of software and website costs | 3 858 | 2 606 | – | (875) | 5 589 |
| Depreciation of property, plant and equipment and right-of-use assets | 138 588 | 137 687 | 7 392 | 11 186 | 294 853 |
| **Normalised EBITDA** | **626 814** | **398 597** | **23 891** | **(75 075)** | **974 227** |
| Less: lease payments and lease modifications | (96 388) | (51 032) | (5 005) | (2 983) | (155 408) |
| **Normalised EBITDA (excluding effect of IFRS 16)** | **530 426** | **347 565** | **18 886** | **(78 058)** | **818 819** |

# Consolidated segmental information continued

| | **2024** R'000 | Restated* 2023 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 year | **1 355 488** | 1 259 840 |

* Refer to note 34 for details on restatements.

| | | |
|---|---|---|
| **Revenue from external customers attributed to individual foreign countries material to the Group:** | | |
| United States of America | **321 229** | 272 619 |
| Namibia | **176 639** | 139 349 |
| Australia | **159 230** | 109 530 |
| Botswana | **125 527** | 103 105 |
| Japan | **120 729** | 121 711 |
| United Kingdom | **72 502** | 67 484 |
| United Arab Emirates | **34 656** | 108 099 |
| Germany | **32 606** | 46 127 |
| **Total** | **1 043 118** | **968 024** |
| **Major customers** | | |
| During the period under review, revenue from certain customers exceeded 10% of total revenue. | | |
| Customer A | **20%** | 20% |
| Customer B | **19%** | 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.

# *Consolidated segmental information continued*

| Revenue by channel | Note | 2024 R'000 | Restated* 2023 R'000 | Change % |
|---|---|---|---|---|
| Retail and wholesale | | **6 685 861** | 6 449 043 | 3.7 |
| Food service | | **2 376 770** | 2 529 814 | (6.0) |
| Exports | | **1 355 488** | 1 259 840 | 7.6 |
| Industrial and contract manufacturing | | **1 355 652** | 1 180 222 | 14.9 |
| **Total Group revenue** | 1 | **11 773 771** | **11 418 919** | **3.1** |

* Refer to Note 34 for details on restatements.

| Contribution to Group revenue | 2024 % | 2023 % |
|---|---|---|
| Retail and wholesale | **56.8** | 56.5 |
| Food service | **20.2** | 22.2 |
| Exports | **11.5** | 11.0 |
| Industrial and contract manufacturing | **11.5** | 10.3 |
| **Total Group revenue** | **100.0** | **100.0** |

* Refer to Note 34 for details on restatements.

| Revenue by channel per segment | Ambient Products R'000 | Perishable Products R'000 | Household and Personal Care R'000 | Group Total R'000 |
|---|---|---|---|---|
| **Year ended 31 December 2024** | | | | |
| Retail and wholesale | **3 124 127** | **3 414 484** | **147 250** | **6 685 861** |
| Food service | **831 600** | **1 545 170** | **–** | **2 376 770** |
| Exports | **1 074 365** | **274 167** | **6 956** | **1 355 488** |
| Industrial and contract manufacturing | **802 858** | **548 028** | **4 766** | **1 355 652** |
| | **5 832 950** | **5 781 849** | **158 972** | **11 773 771** |
| **Year ended 31 December 2023 – restated*** | | | | |
| Retail and wholesale | 3 138 267 | 3 147 061 | 163 715 | 6 449 043 |
| Food service | 762 138 | 1 767 676 | – | 2 529 814 |
| Exports | 942 712 | 314 040 | 3 088 | 1 259 840 |
| Industrial and contract manufacturing | 690 701 | 483 749 | 5 772 | 1 180 222 |
| | **5 533 818** | **5 712 526** | **172 575** | **11 418 919** |

* Refer to Note 34 for details on restatements.

# Notes to the consolidated annual financial statements

**for the year ended 31 December 2024**

| | | Notes | 2024 R'000 | Restated* 2023 R'000 |
|---|---|---|---|---|
| **1** | **Revenue** | | | |
| | Revenue from the sale of goods* | | **11 758 905** | 11 418 919 |
| | Sales commission | | **14 866** | – |
| | | | **11 773 771** | **11 418 919** |

* Refer to Note 34 for details on restatements.

Refer to the Segmental Information for detailed revenue disclosure by reportable segment.

| | | Notes | 2024 R'000 | Restated* 2023 R'000 |
|---|---|---|---|---|
| **2** | **Other income** | | | |
| | Sundry income | | **21 573** | 20 161 |
| | Government grants[1] | | **6 427** | 5 763 |
| | | | **28 000** | **25 924** |

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

## 3 Operating (loss)/profit

Operating (loss)/profit from continuing operations is calculated after taking into account the following:

| | Notes | 2024 R'000 | Restated* 2023 R'000 |
|---|---|---|---|
| **Nature of income and expenses included in other gains/(losses)** | | | |
| Gain/(loss) on foreign exchange | | **37 431** | (32 561) |
| Realised gain/(loss) on foreign exchange | | **37 054** | (29 626) |
| Unrealised gain/(loss) on foreign exchange | | **377** | (2 935) |
| **Nature of expenses/(income) included in capital items** | | | |
| Impairment loss on goodwill | 13.3 | **400 000** | 43 000 |
| Impairment loss on intangible assets | 13.3 | **103 963** | 68 660 |
| Impairment loss on property, plant and equipment | 13.3 | **44 927** | 31 340 |
| Loss/(gain) on disposal of property, plant and equipment | | **6 471** | (6 324) |
| Insurance proceeds[1] | | **(1 198)** | (120 101) |
| **Nature of expenses included in operating expenses** | | | |
| Depreciation of property, plant and equipment | | **50 239** | 38 385 |
| Depreciation of right-of-use assets | | **28 615** | 33 533 |
| Amortisation of computer software | 13 | **14 000** | 5 589 |
| Amortisation of customer relationships | 13 | **104 918** | 129 503 |
| Employee benefits | | **586 270** | 539 069 |
| Salaries and wages | | **579 818** | 539 096 |
| Retrenchment and settlement costs | | **5 097** | 6 517 |
| Charges/(reversals) relating to long-term incentive scheme | 22.2 | **1 355** | (6 544) |
| Net impairment loss on trade and other receivables | 16.1 | **3 522** | 516 |
| Research and development costs expensed as incurred | | **8 970** | 8 746 |
| Auditor's remuneration* | | **13 605** | 10 222 |
| Short-term lease charges | | **12 066** | 10 945 |
| Low-value lease charges | | **11 686** | 11 750 |
| Sales and distribution expenses | | **776 483** | 751 526 |
| General and administrative expenses | | **409 343** | 346 903 |

* Included in auditor's remuneration is Rnil (2023: R1.4m) related to non-audit fees.

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).

# Notes to the consolidated annual financial statements continued

| | **2024 R'000** | 2023 R'000 |
|---|---|---|
| **3 Operating (loss)/profit** *continued* | | |
| **Nature of expenses included in cost of sales[2]** | | |
| Depreciation of property, plant and equipment | **186 514** | 154 191 |
| Depreciation of right-of-use assets | **63 632** | 68 744 |
| Employee benefits | **931 941** | 804 987 |
| Salaries and wages | **929 916** | 803 994 |
| Retrenchment and settlement costs | **2 025** | 993 |
| Short-term lease charges | **2 422** | 3 181 |
| Low-value lease charges | **19 755** | 18 325 |

2 Refer to Note 15 for the cost of inventories recognised as an expense during the current and prior year.

## 4 Finance income

| | **2024 R'000** | 2023 R'000 |
|---|---|---|
| Interest income on financial assets calculated using the effective interest rate method: | | |
| Bank deposits | **24 829** | 19 336 |
| Other interest received | **2 220** | 885 |
| | **27 049** | **20 221** |

## 5 Finance costs

| | **2024 R'000** | 2023 R'000 |
|---|---|---|
| Interest on lease liabilities | **60 354** | 45 683 |
| Interest on bank overdraft, bank loans and asset based finance[1] | **169 853** | 185 759 |
| Other interest | **7 038** | 2 010 |
| Interest on late payment of tax | **173** | 468 |
| | **237 418** | **233 920** |

1 Included in the interest on bank overdraft, bank loans and asset based finance is interest paid on bank loans amounting to R122.9m (2023: R129.0m).

# Notes to the consolidated annual financial statements continued

| | Notes | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| **6 Income tax expense** | | | |
| **Income tax recognised in statement of profit or loss and other comprehensive income** | | | |
| Current income tax | | **98 506** | 89 245 |
| Current year | | **97 574** | 110 770 |
| Under/(over) provision previous years | | **932** | (21 525) |
| Deferred tax | 14 | **(74 576)** | (6 802) |
| Current year from continuing operations | | **(67 006)** | (11 837) |
| (Over)/under provision previous years | | **(4 538)** | 12 625 |
| Current year from discontinued operation | | **(3 032)** | (7 590) |
| **Total tax expense for the year** | | **23 930** | **82 443** |
| The tax expense for the year can be reconciled to the accounting profit as follows: | | | |
| (Loss)/profit before tax | | | |
| Continuing operations | | **(251 800)** | 312 059 |
| Discontinued operation | | **(45 775)** | (3 251) |
| (Loss)/profit before tax from all operations | | **(297 575)** | 308 808 |
| Income tax calculated at statutory rate of 27% | | **(80 345)** | 83 378 |
| Non-taxable income[1] | | **(3 990)** | (4 937) |
| Non-deductible expenditure[2] | | **3 918** | 1 359 |
| Impairment loss on goodwill | | **108 000** | 11 610 |
| Unutilised assessed loss | | **(47)** | (67) |
| Prior period under/(over) provision – current tax | | **932** | (21 525) |
| Prior period (over)/under provision – deferred tax | | **(4 538)** | 12 625 |
| **Tax expense for the year recognised in profit or loss** | | **23 930** | **82 443** |
| Tax expense for the year is attributable to: | | | |
| Profit from continuing operations | | **26 962** | 90 033 |
| Loss from discontinued operation | 7.2-7.3 | **(3 032)** | (7 590) |
| | | **23 930** | **82 443** |

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.

# *Notes to the consolidated annual financial statements continued*

| | **2024** R'000 | 2023 R'000 |
|---|---|---|

## 7 Loss from discontinued operation

### 7.1 Loss from discontinued operation

| | **2024** R'000 | 2023 R'000 |
|---|---|---|
| **Loss from discontinued operation** | **(42 743)** | 4 339 |

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

**Discontinued operation sold – Chet Chemicals within the Household and Personal Care segment**

The Group signed the sale of business agreement for the sale of the Chet Chemicals business unit within 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. Chet Chemicals was classified as held for sale at 24 August 2024 and was sold on 30 December 2024.

Financial information relating to the Chet Chemicals discontinued operation is set out below.

### 7.2 Discontinued operation's financial information

**Financial performance and cash flow information**

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

| | **2024** R'000 | 2023 R'000 |
|---|---|---|
| Revenue | **436 961** | 442 095 |
| Cost of sales | **(345 599)** | (380 335) |
| Gross profit | **91 362** | 61 760 |
| Other gains/(losses) | **10 457** | (120) |
| Operating expenses | **(72 358)** | (58 137) |
| **Operating profit** | **29 461** | 3 503 |
| Finance income | **98** | – |
| Finance costs | **(6 529)** | (6 754) |
| **Profit/(Loss) before tax** | **23 030** | (3 251) |
| Taxation | **(6 613)** | 7 590 |
| Loss on sale of Chet Chemicals after income tax | **(59 160)** | – |
| **(Loss)/Profit for the year from discontinued operation** | **(42 743)** | 4 339 |
| (Loss)/Profit from discontinued operation attributable to: | | |
| Equity holders of the parent | **(42 743)** | 4 339 |
| Non-controlling interest | **–** | – |
| **Cash flow information** | | |
| Net cash (outflow)/inflow from operating activities | **(11 736)** | 10 906 |
| Net cash inflow/(outflow) from investing activities | **36 157** | (11 171) |
| Net cash outflow from financing activities | **(22 782)** | (6 705) |
| **Net decrease in cash generated by the operations** | **1 639** | (6 970) |

# *Notes to the consolidated annual financial statements continued*

## 7 Loss from discontinued operation *continued*

### 7.3 Details of the sale of Chet Chemicals

| | 2024 R'000 |
|---|---|
| Disposal consideration: | |
| **Proceeds^** | **52 564** |
| Less: carrying amount of net assets sold | **(121 369)** |
| Property, plant and equipment | **(84 188)** |
| Inventory | **(42 275)** |
| Trade and other receivables | **(62 558)** |
| Trade and other payables | **66 007** |
| Provisions | **1 645** |
| **Loss on sale before income tax** | **(68 805)** |
| Income tax on loss | **9 645** |
| **Loss on sale after income tax** | **(59 160)** |

^ Proceeds are made up of R46.6m in cash and R6.0m relating to net working capital.

## 8 Earnings per share

### 8.1 Basic and diluted (loss)/earnings per share

| | Note | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| The (loss)/earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows: | | | |
| (Loss)/earnings used in the calculation of basic earnings per share | | **(321 555)** | 226 515 |
| From continuing operations attributable to equity holders of the parent | | **(278 812)** | 222 176 |
| From discontinued operation attributable to equity holders of the parent | | **(42 743)** | 4 339 |
| **Weighted average number of ordinary shares ('000)*** | 19 | **595 812** | 595 812 |
| Basic and diluted (loss)/earnings per share in cents | | | |
| From continuing operations | | **(46.8)** | 37.3 |
| From discontinued operation | | **(7.2)** | 0.7 |
| **From continuing and discontinued operations** | | **(54.0)** | **38.0** |

* There were no dilutive shares in the current and prior year. Therefore basic and diluted earnings per share are equal.

# *Notes to the consolidated annual financial statements continued*

| | **2024** **R'000** | 2023 R'000 |
|---|---|---|
| **8 Earnings per share** *continued* | | |
| **8.2 Normalised (loss)/earnings per share (EPS)** | | |
| Normalised EPS is a non-IFRS measure. To arrive at Normalised EPS, the after-tax (loss)/earnings is adjusted for the after-tax impact of the following: | | |
| (Loss)/profit for the year from continuing operations | **(278 812)** | 222 176 |
| Normalised for: | **83 830** | 6 730 |
| Amortisation of customer contracts | **76 590** | 94 537 |
| Due diligence costs | **2 478** | – |
| Expenses/(credits) relating to share-based payments | **989** | (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 | **(875)** | (87 674) |
| Government grants | **(6 426)** | (5 763) |
| Onerous contracts | **–** | 2 117 |
| Retrenchment and settlement costs | **5 199** | 5 482 |
| Strategic advisory fees | **6 150** | 665 |
| Unrealised (gain)/loss on foreign exchange | **(275)** | 2 143 |
| Normalised (loss)/earnings | **(194 982)** | 228 906 |
| Weighted average number of ordinary shares ('000) | **595 812** | 595 812 |
| Normalised basic (loss)/earnings per share in cents | **(32.7)** | **38.4** |

## 8.3 Headline/(loss) earnings per share

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

| | **2024** | | 2023 | |
|---|---|---|---|---|
| **Continuing operations** | **Gross** | **Net of tax** | Gross | Net of tax |
| Basic (loss)/earnings from continuing operations | | **(278 812)** | | 222 176 |
| Adjustments | **555 353** | **513 408** | 63 205 | 57 749 |
| Impairment of goodwill | **400 000** | **400 000** | 43 000 | 43 000 |
| Impairment of intangible assets | **103 963** | **75 893** | 68 660 | 50 122 |
| Impairment of property, plant and equipment | **44 927** | **32 797** | 31 340 | 22 878 |
| Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up | **(8)** | **(6)** | (73 471) | (53 634) |
| Loss/(gain) on disposal of property, plant and equipment | **6 471** | **4 724** | (6 324) | (4 617) |
| Headline earnings from continuing operations | | **234 596** | | **279 925** |

# *Notes to the consolidated annual financial statements continued*

## 8 Earnings per share *continued*

### 8.3 Headline/(loss) earnings per share *continued*

| Discontinued operation | 2024 Gross | 2024 Net of tax | 2023 Gross | 2023 Net of tax |
|---|---|---|---|---|
| Basic (loss)/earnings from discontinued operation | | **(42 743)** | | 4 339 |
| Adjustments | **68 601** | **59 011** | 78 | 57 |
| Loss on sale of Chet Chemicals | **68 805** | **59 160** | – | – |
| (Gain)/loss on disposal of property, plant and equipment | **(204)** | **(149)** | 78 | 57 |
| Headline earnings from discontinued operation | | **16 268** | | **4 396** |

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| **Headline earnings from continuing and discontinued operations** | **250 864** | 284 321 |
| Headline earnings and diluted headline earnings per share in cents: | | |
| From continuing operations | **39.4** | 47.0 |
| From discontinued operation | **2.7** | 0.7 |
| From continuing and discontinued operations | **42.1** | **47.7** |

### 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:

| | Net 2024 | Net 2023 |
|---|---|---|
| Normalised basic (loss)/earnings from continuing operations | **(194 982)** | 228 906 |
| Adjustments | **513 414** | 111 383 |
| Impairment of goodwill | **400 000** | 43 000 |
| Impairment loss on intangible assets | **75 893** | 50 122 |
| Impairment of property, plant and equipment | **32 797** | 22 878 |
| Loss/(gain) on disposal of property, plant and equipment | **4 724** | (4 617) |
| Normalised headline earnings | **318 432** | 340 289 |
| Normalised headline earnings per share in cents | **53.4** | **57.1** |

*Notes to the consolidated annual financial statements continued*

## 9 Directors' remuneration

| Name/designation | Basic salary R'000 | Company contributions R'000 | Bonuses R'000 | Share-based payments R'000 | Other benefits* R'000 | Director's fees R'000 | Total remuneration and benefits R'000 |
|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | |
| CB de Villiers (Executive Director) | **5 355** | **54** | – | **138** | – | – | **5 547** |
| TL Ladbrooke (Executive Director) | **3 675** | **40** | **410** | **32** | – | – | **4 157** |
| C Lodewyks (Executive Director) | **3 539** | **1 015** | **189** | **103** | **108** | – | **4 954** |
| W Luhabe (Chairman Independent Non-Executive Director) | – | – | – | – | – | **1 250** | **1 250** |
| JP Landman (Lead Independent Non-Executive Director) | – | – | – | – | – | **1 123** | **1 123** |
| S Masinga (Independent Non-Executive Director) | – | – | – | – | – | **755** | **755** |
| S Khanna (Independent Non-Executive Director) | – | – | – | – | – | **1 064** | **1 064** |
| A Andrews (Independent Non-Executive Director) | – | – | – | – | – | **1 030** | **1 030** |
| **Total** | **12 569** | **1 109** | **599** | **273** | **108** | **5 222** | **19 880** |
| **2023**** | | | | | | | |
| CB de Villiers (Executive Director) | 5 100 | 53 | – | 352 | – | – | 5 505 |
| TL Ladbrooke (Executive Director) | 3 250 | 115 | 983 | – | – | – | 4 348 |
| C Lodewyks (Executive Director) | 3 365 | 1 175 | 378 | 279 | 1 053 | – | 6 250 |
| A V van Rensburg (Retired Executive Director) | – | – | – | 2 367 | 1 500 | – | 3 867 |
| 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** | **11 715** | **1 343** | **1 361** | **2 998** | **2 553** | **4 691** | **24 661** |

* Other benefits include bursary fees for further education and retirement benefits.

** Prior period remuneration has been restated to accurately reflect compensation relating to the 2023 financial year. The update in disclosure did not have any impact on the financial position or performance of the Group.

W Luhabe, Chairman of Libstar, will not be available for re-election with effect from the 2025 annual general meeting. JP Landman, current lead independent non-executive director, was appointed as the new chairman with effect from the 2025 annual general meeting.

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

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.

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*

## 9 Directors' remuneration *continued*

### 9.1 Directors' share rights

**Long-Term Incentive Plan (LTIP)**

The table below sets out the awards to executive directors made in terms of the LTIP:

| Executive directors | Date of award | Vesting date | Expiry date (SARs) | Strike price (SARs)/ Price on grant | Number of rights as at 31 Dec 2023 | Number of instruments awarded during the year | Number of instruments vested during the year | Number of instruments forfeited during the year | Number of rights as at 31 Dec 2024 |
|---|---|---|---|---|---|---|---|---|---|
| **CEO (Charl de Villiers)** | | | | | | | | | |
| **LTIP** | | | | | | | | | |
| SARs | Apr 2021 | Apr 2024 | Apr 2028 | 6.75 | 199 630 | – | – | (199 630) | – |
| Performance shares | Apr 2021 | Apr 2024 | – | 6.75 | 148 867 | – | – | (148 867) | – |
| Forfeitable shares | Apr 2021 | Apr 2024 | – | 6.75 | 37 217 | – | (37 217) | – | – |
| Performance shares | Dec 2022 | Dec 2025 | – | 5.80 | 492 534 | – | – | – | 492 534 |
| Performance shares | Apr 2023 | Apr 2026 | – | 4.86 | 839 506 | – | – | – | 839 506 |
| Performance shares | Mar 2024 | Mar 2027 | – | 4.35 | – | 1 203 371 | – | – | 1 203 371 |
| **CFO (Terri Ladbrooke)** | | | | | | | | | |
| **LTIP** | | | | | | | | | |
| SARs | Apr 2021 | Apr 2024 | Apr 2028 | 6.75 | 98 948 | – | – | (98 948) | – |
| Performance shares | Apr 2021 | Apr 2024 | – | 6.75 | 34 357 | – | – | (34 357) | – |
| Forfeitable shares | Apr 2021 | Apr 2024 | – | 6.75 | 8 562 | – | (8 562) | – | – |
| Performance shares | Apr 2023 | Apr 2026 | – | 4.86 | 504 115 | – | – | – | 504 115 |
| Performance shares | Mar 2024 | Mar 2027 | – | 4.35 | – | 722 612 | – | – | 722 612 |
| **Executive Director (Cornél Lodewyks)** | | | | | | | | | |
| **LTIP** | | | | | | | | | |
| SARs | Apr 2021 | Apr 2024 | Apr 2028 | 6.75 | 139 630 | – | – | (139 630) | – |
| Performance shares | Apr 2021 | Apr 2024 | – | 6.75 | 110 741 | – | – | (110 741) | – |
| Forfeitable shares | Apr 2021 | Apr 2024 | – | 6.75 | 27 733 | – | (27 733) | – | – |
| Performance shares | Apr 2023 | Apr 2026 | – | 4.86 | 590 535 | – | – | – | 590 535 |
| Performance shares | Mar 2024 | Mar 2027 | – | 4.35 | – | 846 489 | – | – | 846 489 |

# Notes to the consolidated annual financial statements continued

| | Note | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| **10 Property, plant and equipment** | | | |
| Cost | | **2 947 535** | 2 972 364 |
| Accumulated depreciation and impairment | | **(1 396 257)** | (1 236 907) |
| | | **1 551 278** | 1 735 457 |

| | Note | Freehold land and buildings R'000 | Plant, vehicles, machinery and equipment* R'000 |
|---|---|---|---|
| **31 December 2024** | | | |
| **Carrying value** | | | |
| At 1 January 2024 | | **160 711** | **1 574 746** |
| Additions | | **–** | **195 164** |
| Transfer to intangible assets | | **–** | **(239)** |
| Transfer between classes | | **(8)** | **8** |
| Scrapping and disposals | | **–** | **(4 756)** |
| Reclassified as held for sale and disposed | 7.3 | **–** | **(84 188)** |
| Depreciation from continuing operations | | **(9 093)** | **(227 660)** |
| Depreciation from discontinued operation | | **–** | **(8 480)** |
| Impairment from continuing operations | 13.3 | **–** | **(44 927)** |
| **At 31 December 2024** | | **151 610** | **1 399 668** |
| **Total carrying value at 31 December 2024** | | | **1 551 278** |
| **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 from continuing operations | | (12 807) | (179 769) |
| Depreciation from discontinued operation | | – | (12 144) |
| Impairment from continuing operations | | – | (31 340) |
| **At 31 December 2023** | | **160 711** | **1 574 746** |
| **Total carrying value at 31 December 2023** | | | **1 735 457** |

* 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.

In the prior year, insurance proceeds were received for losses on plant and equipment and land and buildings and were recognised as other income. Refer to Note 3 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 31.7 Liquidity risk management for further details.

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

# Notes to the consolidated annual financial statements continued

## 11 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 | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| **Right-of-use assets** | | | |
| Non-current assets | | **497 620** | 421 065 |
| **Lease Liabilities** | | | |
| Non-current liabilities | | **(531 656)** | (492 367) |
| Current liabilities | | **(111 168)** | (97 965) |
| **Right-of-use assets**[1] | | | |
| Right-of-use assets at 1 January | | **421 065** | 521 469 |
| Lease modifications[2] | | **57 626** | (1 234) |
| Additions | | **115 866** | 10 611 |
| Derecognitions | | **–** | (468) |
| Depreciation charge from continuing operations | | **(92 247)** | (102 277) |
| Depreciation charge from discontinued operation | | **(4 690)** | (7 036) |
| **Right-of-use assets at 31 December** | | **497 620** | **421 065** |
| **Lease Liabilities** | | | |
| Lease liabilities recognised as at 1 January | | **(590 332)** | (694 671) |
| Lease modifications[2] | | **(31 911)** | 1 483 |
| Additions | | **(115 756)** | (10 787) |
| Derecognitions | | **–** | (23) |
| Finance costs from continuing operations | | **(60 354)** | (45 683) |
| Finance costs from discontinued operation | | **(4 526)** | (4 906) |
| Lease payments | | **160 055** | 164 255 |
| **Balance at 31 December** | | **(642 824)** | **(590 332)** |

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 and early lease terminations that occurred during the current and prior year. Included is the early lease termination of the Chet Chemicals lease agreement.

**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:

| | Notes | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| Depreciation of right-of-use assets from continuing operations | 3 | **92 247** | 102 277 |
| Depreciation of right-of-use assets from discontinued operation | | **4 690** | 7 036 |
| Finance costs in respect of lease liabilities from continuing operations | 5 | **60 354** | 45 683 |
| Finance costs in respect of lease liabilities from discontinued operation | | **4 526** | 4 906 |
| Short-term lease charges* | 3 | **14 488** | 14 126 |
| Low-value lease charges | 3 | **31 441** | 30 074 |

* 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 R206.0m (2023: R208.5m).

Refer to Note 31.7 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.

# Notes to the consolidated annual financial statements continued

| | Note | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| **12 Goodwill** | | | |
| Cost | | **2 661 879** | 2 664 099 |
| Accumulated impairment | | **(1 008 037)** | (610 257) |
| | | **1 653 842** | **2 053 842** |
| **Carrying value** | | | |
| At 1 January | | **2 053 842** | 2 096 842 |
| Impairment | 13.3 | **(400 000)** | (43 000) |
| **Carrying value at 31 December** | | **1 653 842** | **2 053 842** |

## 12.1 Allocation of goodwill to cash-generating units

For impairment testing purposes, goodwill is allocated to the lowest level of identifiable individual cash-generating units (CGUs) which are the business units within the Group. Refer to Note 13.1 for the allocation of the carrying value of goodwill to the CGUs.

| | Note | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| **13 Intangible assets** | | | |
| **Cost** | | **2 862 403** | 2 985 417 |
| Accumulated amortisation and impairment | | **(1 765 369)** | (1 669 911) |
| | | **1 097 034** | **1 315 506** |

| | Note | Brands* R'000 | Computer software and website costs R'000 | Customer relationships R'000 |
|---|---|---|---|---|
| **31 December 2024** | | | | |
| **Carrying value** | | | | |
| At 1 January 2024 | | **433 918** | **20 819** | **860 769** |
| Additions | | – | **6 071** | – |
| Scrapping and disposals | | – | **(1 661)** | – |
| Transfer from property, plant and equipment | | – | **239** | – |
| Amortisation charge from continuing operations | | – | **(14 000)** | **(104 918)** |
| Amortisation charge from discontinued operation | | – | **(240)** | – |
| Impairment | 13.3 | **(64 034)** | – | **(39 929)** |
| At 31 December 2024 | | **369 884** | **11 228** | **715 922** |
| **Total carrying value at 31 December 2024** | | | | **1 097 034** |

# *Notes to the consolidated annual financial statements continued*

| | Note | Brands* R'000 | Computer software and website costs R'000 | Customer relationships R'000 |
|---|---|---|---|---|
| **13 Intangible assets** *continued* | | | | |
| **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 | | – | (5 589) | (129 503) |
| Amortisation charge from discontinued operation | | – | (198) | – |
| Impairment | 13.3 | (46 690) | – | (21 970) |
| At 31 December 2023 | | 433 918 | 20 819 | 860 769 |
| **Total carrying value at 31 December 2023** | | | | 1 315 506 |

* 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.

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

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **Carrying value** | **Remaining weighted average useful lives – years** | Carrying value | Remaining weighted average useful lives – years |
| **Useful lives of customer relationships** | | | | |
| **Segment*** | | | | |
| Perishable Products | **322 492** | **7.14** | 391 656 | 9.82 |
| Ambient Products | **393 430** | **6.24** | 469 113 | 8.22 |
| | **715 922** | **8.00** | **860 769** | **8.65** |

* Refer to the consolidated segmental information for details related to the change in segments in the current year. The comparative information presented has been restated into the new segments for comparability.

Brands are pledged as security for the financing facilities detailed in Note 31.7

# *Notes to the consolidated annual financial statements continued*

## 13 Intangible assets *continued*

### 13.1 Total value of goodwill and brands

For impairment testing purposes, the carrying values of goodwill and brands are allocated to the lowest level of identifiable individual CGUs which are the business units within the Group. The carrying values of goodwill and brands so allocated to each CGU are not significant in comparison with the Group's total carrying values of goodwill and brands. Therefore, the aggregate carrying values of goodwill and brands are disclosed per segments as follows:

| | Goodwill R'000 | Brands R'000 | Total R'000 |
|---|---|---|---|
| **2024** | | | |
| Perishable Products | **362 510** | **301 553** | **664 063** |
| Ambient Products | **1 291 332** | **68 331** | **1 359 663** |
| | **1 653 842** | **369 884** | **2 023 726** |
| **2023*** | | | |
| Perishable Products | 762 510 | 365 586 | 1 128 096 |
| Ambient Products | 1 291 332 | 68 332 | 1 359 664 |
| | **2 053 842** | **433 918** | **2 487 760** |

* Refer to the consolidated segmental information for details related to the change in segments in the current year. The comparative information presented has been restated into the new segments for comparability.

Refer to Note 13.3 for the impairment losses recognised during the current and prior year.

### 13.2 Impairment testing of cash-generating units

Annually, or if there is an indication of impairment of goodwill and brands, the Group assesses the CGUs for impairment.

#### 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. The key assumptions are similar for the three segments.

| | 2024 % | 2023 % |
|---|---|---|
| **Discount rates** | | |
| Post-tax discount rates | **12.0% to 14.8%** | 12.7% to 13.7% |
| Pre-tax discount rates applied to the CGUs | **14.1% to 15.8%** | 15.0% to 18.2% |
| **Growth rates** | | |
| Revenue growth rates | **5.1% to 11.7%** | 5.0% to 10.2% |
| Terminal growth rates applied | **4.5%** | 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 business unit-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 countries) was also considered in determining the terminal growth rate. These rates are consistent with external market sources.

# *Notes to the consolidated annual financial statements continued*

## 13 Intangible assets *continued*

### 13.3 Impairments of cash-generating units

| | **2024** **R'000** | 2023 R'000 |
|---|---|---|
| **Recorded impairments from continued operations** | | |
| Goodwill | **400 000** | 43 000 |
| Intangibles | **103 963** | 68 660 |
| Plant, vehicles, machinery and equipment | **44 927** | 31 340 |
| | **548 890** | **143 000** |

The carrying values of the following CGUs 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:

**2024 Impairment**

| | | | **Impairment loss allocated to assets in CGU** | | | |
|---|---|---|---|---|---|---|
| **CGU (business unit)** | **Segment** | **Total impairment loss R'000** | **Goodwill R'000** | **Plant, vehicles, machinery and equipment R'000** | **Customer relationships R'000** | **Brands R'000** |
| Denny Mushrooms | Perishable Products | **134 516** | **–** | **44 927** | **25 555** | **64 034** |
| Finlar Fine Foods | Perishable Products | **400 000** | **400 000** | **–** | **–** | **–** |
| Dickon Hall Foods | Ambient Products | **7 856** | **–** | **–** | **7 856** | **–** |
| Cape Herb and Spice | Ambient Products | **6 518** | **–** | **–** | **6 518** | **–** |
| | | **548 890** | **400 000** | **44 927** | **39 929** | **64 034** |

**2023 Impairment**

| | | | Impairment loss allocated to assets in CGU | | | |
|---|---|---|---|---|---|---|
| **CGU (business unit)** | **Segment*** | Total impairment loss R'000 | Goodwill R'000 | Plant, vehicles, machinery and equipment R'000 | Customer relationships R'000 | Brands R'000 |
| Denny Mushrooms | Perishable Products | 100 000 | – | 31 340 | 21 970 | 46 690 |
| Khoisan Gourmet | Ambient Products | 43 000 | 43 000 | – | – | – |
| | | 143 000 | 43 000 | 31 340 | 21 970 | 46 690 |

* Refer to the consolidated segmental information for details related to the change in segments in the current year. The comparative information presented has been restated into the new segments for comparability.

Refer to Note 13.4 for the sensitivity analysis performed as at reporting date on other CGUs. The impairments losses in the current year impacted goodwill, plant, vehicles, machinery and equipment and intangible assets within the affected CGUs.

The impairment losses were driven by the following segment specific factors including the impact of high interest rates on business plans and discount rates:

#### 2024 Impairment factors

**Denny Mushrooms impairment**
The impairment relating to the Denny Mushrooms business unit within the Perishable Products segment was driven by continued poor yields which impacted production volumes.

**Finlar Fine Foods impairment**
The impairment of Goodwill attributable to the Finlar Fine Foods business unit within the Perishable Products segment was driven by significantly lower beef volumes in the food service channel due to supplier diversification strategies implemented by a customer.

**Dickon Hall Foods impairment**
The impairment relating to the Dickon Hall Foods business unit within the Ambient Products segment was driven by the reassessment of the carrying values of two customer contracts.

**Cape Herb and Spice impairment**
The impairment relating to the Cape Herb and Spice business unit within the Ambient Products segment was driven by the reassessment of the carrying value of a customer contract.

## 13 Intangible assets *continued*

### 13.3 Impairments *continued*

**2023 Impairment factors**

#### Denny Mushrooms impairment

The impairment relating to the Denny Mushrooms business unit within the Perishables Products segment 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 3 for further information.

Goodwill was fully impaired in 2022, therefore the impairment in the prior 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 business unit within the Ambient Products segment was driven by prolonged weak international demand for bulk tea.

### 13.4 Sensitivity Analysis – impact of possible changes in key assumptions

The Group has performed a sensitivity analysis of assumptions used in the goodwill and indefinite useful life intangible assets impairment test of CGUs. The recoverable amounts of the CGUs are based on similar key assumptions and therefore, the sensitivity analysis is disclosed at an aggregated segment level. 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 segment to be equal to its carrying amount.

| Segment* | **2024 Discount rate Movement %** | 2023 Discount rate Movement % |
|---|---|---|
| Perishable Products | **+1.7** | +1.0 |
| Ambient Products | **+4.1** | +4.1 |

* Refer to the consolidated segmental information for details related to the change in segments in the current year. The comparative information presented has been restated into the new segments for comparability.

The recoverable amount of the CGUs that hold a significant proportion of the Group's overall goodwill balance and indefinite useful life intangible assets are included in the following segments:

Perishable Products – recoverable amount of R1.1bn (2023: R1.5bn) exceeds its carrying amount by R0.5bn (2023: R0.4bn).

Ambient Products – recoverable amount of R3.3bn (2023: R3.3bn) exceeds its carrying amount by R2.0bn (2023: R1.9bn).

# *Notes to the consolidated annual financial statements continued*

## 13 Intangible assets continued

### 13.4 Sensitivity Analysis – impact of possible changes in key assumptions *continued*

The Group has, in respect of the Perishable Products and Ambient Products, extended its impairment testing to the business unit 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 business units, would cause the recoverable amount of each CGU to be equal to its carrying amount.

| | **2024 Discount rate Movement %** | 2023 Discount rate Movement % |
|---|---|---|
| Ambassador | **+1.0** | +1.7 |
| Millennium Foods | **+5.0** | +1.7 |
| Montagu Foods | **+1.4** | +0.6 |
| Dickon Hall Foods | **+1.4** | +2.6 |
| Cecil Vinegar | **+2.0** | +1.2 |
| Retailer Brands | **+1.9** | +1.1 |

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 CGUs to exceed its recoverable amount.

# Notes to the consolidated annual financial statements continued

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| **14 Deferred tax assets/(liabilities)** | | |
| Deferred tax asset | **3 202** | 7 003 |
| Deferred tax liability | **(428 916)** | (508 865) |
| | **(425 714)** | **(501 862)** |
| Balance at 1 January | **(501 862)** | (509 566) |
| Movement in profit or loss – continuing operations | **71 544** | (788) |
| Movement in profit or loss – discontinued operation | **3 032** | 7 590 |
| Group share plan awards paid | **–** | 386 |
| Recognised in other comprehensive income | **1 572** | 516 |
| Balance at 31 December | **(425 714)** | **(501 862)** |
| The balance at the end of the year is due to the following timing differences: | | |
| Property, plant and equipment | **(211 312)** | (228 872) |
| Right-of-use assets | **(134 216)** | (113 546) |
| Lease liabilities | **173 205** | 158 160 |
| Intangible assets | **(289 239)** | (345 902) |
| Accruals | **1 758** | 2 097 |
| Prepaid expenses | **(3 930)** | (7 159) |
| Farming operations produce | **(15 179)** | (13 555) |
| Income received in advance | **1 832** | 1 208 |
| Post retirement medical aid contribution liability | **2 718** | 2 359 |
| Forward exchange contracts | **643** | (1 579) |
| Provisions | **44 860** | 41 806 |
| Assessed loss | **2 554** | 2 707 |
| Share-based payments (Cash settled) | **592** | 414 |
| | **(425 714)** | **(501 862)** |
| The Group has R10 ('000) (2023: R590 ('000)) unrecognised deferred tax assets related to unutilised assessed losses. | | |
| **15 Inventories** | | |
| Raw materials and components* | **527 769** | 691 532 |
| Work in progress | **260 455** | 224 968 |
| Finished goods and merchandise | **772 604** | 562 551 |
| Consumable stores and spares* | **251 664** | 181 901 |
| Goods in transit | **158 780** | 189 131 |
| Provision for stock write-down: finished goods | **(37 264)** | (42 728) |
| | **1 934 008** | **1 807 355** |

* Packing materials, previously recognised as part of raw materials and components, have been reclassified under consumable stores and spares in the current year. The prior period presentation has been adjusted with R132.9m, accordingly.

All inventories are carried at cost, with the exception of certain items of finished goods against which a provision for stock write-down of R37.3m (2023: R42.7m) has been raised. The cost of inventories recognised as an expense during the year was R8.7bn (2023: R8.7bn).

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 31.7 Liquidity risk management for further details.

# *Notes to the consolidated annual financial statements continued*

## 16 Trade and other receivables

| | **2024 R'000** | Restated* 2023 R'000 |
|---|---|---|
| Trade receivables | **1 853 785** | 1 836 618 |
| Other receivables | **17 468** | 7 657 |
| Less: expected credit loss allowance | **(14 716)** | (12 485) |
| | **1 856 537** | 1 831 790 |
| Prepayments | **74 071** | 92 607 |
| Value-added tax receivable | **29 892** | 26 031 |
| | **1 960 500** | **1 950 428** |
| **Categories of financial and non-financial assets** | | |
| Financial assets | **1 856 537** | 1 831 790 |
| Non-financial assets | **103 963** | 118 638 |
| | **1 960 500** | **1 950 428** |

### 16.1 Trade receivables and other receivables

Trade receivables and other receivables, consisting of sundry debtors, disclosed above are classified as financial assets at amortised cost. No interest is charged on trade receivables and other receivables which exceed the normal credit days. The average credit days on sale of goods was 57 days (2023: 57 days).

| **Movement in the loss allowance** | **2024 R'000** | Restated* 2023 R'000 |
|---|---|---|
| Balance at 1 January | **12 485** | 15 737 |
| Expected credit loss recognised in profit or loss | **3 768** | 516 |
| Remeasurement of opening loss allowances | **(246)** | – |
| Bad debts written off | **(1 291)** | (3 768) |
| Balance at 31 December | **14 716** | **12 485** |

The Group's top three customers comprise 32.6% (2023: 35.8%) 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 R1.3m (2023: R3.8m) 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 31.6 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*

| | **2024** R'000 | 2023 R'000 |
|---|---|---|
| **17 Biological assets** | | |
| Mushrooms | **27 414** | **26 616** |
| **Reconciliation of the carrying value of biological assets:** | | |
| Balance at 1 January | **26 616** | 26 742 |
| Transferred after picking | **(30 860)** | (14 038) |
| Gain arising from change in fair value due to physical change | **31 804** | 13 473 |
| Gain arising from change in fair value less estimated point of sale costs | **481** | 1 142 |
| Changes attributable to raw materials and overheads | **(627)** | (703) |
| Balance at 31 December | **27 414** | **26 616** |
| **The biological asset valuation comprised:** | | |
| Compost production cycle | **4 254** | 5 380 |
| Growing room cycle | **14 780** | 14 281 |
| Rooms in cropping | **8 118** | 6 704 |
| Spent compost | **262** | 251 |
| | **27 414** | **26 616** |

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 31.7 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 2024, the Group had 154.0 tonnes (2023: 129.0 tonnes) of mushrooms in cropping rooms and 5 362.0 tonnes (2023: 5 141.0 tonnes) 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 tonnes yield per square metre. This average tonnes 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 tonnes 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 tonnes' 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*

## 17 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 | Total |
|---|---|---|---|
| **Quantitative inputs for significant unobservable inputs** | | | |
| **2024** | | | |
| **Production yield (in Tonnes)** | | | |
| Produced – Net of stained mushrooms | **2 323** | **3 674** | **5 997** |
| Produced – Inclusive of stained mushrooms | **2 671** | **4 097** | **6 768** |
| **Overhead costs (R'000)** | **86 479** | **107 158** | **193 637** |
| **Number of days in production** | | | |
| Typical cycle – big | **82** | **78** | |
| Typical cycle – small | **82** | **78** | |
| **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 | |

**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 increase(decrease) in production yield will result in the average yield used for determining expected tonnes to increase (decrease) resulting in a higher/(lower) fair value.

### Overhead costs

Significant increase(decrease) 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 tonnes 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 increase(decrease) in the number of days in production will result in:

- the number of days (and thus tonnes) 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 increase(decrease) 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.

# Notes to the consolidated annual financial statements continued

| | Note | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| **18 Other financial assets** | | | |
| **Financial assets carried at amortised cost** | | | |
| Loans to other entities* | | **4 720** | 4 653 |
| Deposits | | **6 495** | – |
| **Hedging instruments** | | | |
| Foreign exchange contracts – cash flow hedges** | 31.2 | **6 657** | 6 540 |
| | | **17 872** | **11 193** |
| Non-current assets | | **7 115** | 4 653 |
| Current assets | | **10 757** | 6 540 |
| | | **17 872** | **11 193** |

* Included in loans to other entities is a loan to Astratek (Pty) Ltd of R8.2m against which an 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 31.6 for further details on impairment of other financial assets and the credit risk policy of the Group.

| | 2024 R'000 | 2023 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 (2023: 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** |

* The number of issued share capital is shown net of 86 109 145 treasury shares (2023: 86 109 145) with a balance of R199.1m (2023: R188.1m). The wholly-owned Employee Share Trusts established for the benefit of employees of the Group hold 73 049 783 (2023: 73 049 783) and Libstar Operations (Pty) Ltd holds 13 059 362 (2023: 13 059 362) of the treasury shares.

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 shares transactions during the year

During the current year Business Venture Investments No 2072 (Pty) Ltd subscribed for 226 852 (2023: 378 569) subscription shares at a subscription price of R22.41 (2023: R19.74) per share on 6 May 2024 (2023: 23 May 2023). 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 264 965 (2023: 441 554) subscription shares at a subscription price of R22.41 (2023: R19.74) per share on 6 May 2024 (2023: 23 May 2023). Libstar Holdings Ltd repurchased the same number of Nominal BEE shares at R0.01 per share on the respective dates.

# *Notes to the consolidated annual financial statements continued*

## 20 Other reserves

Other Reserves and the movements in these reserves during the current and prior year are as follows:

| | 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 2023** | (690) | 3 328 | (75 168) | 4 034 | 435 | (68 061) |
| Other comprehensive income/(loss) for the year | 74 | – | – | (1 469) | (169) | (1 564) |
| Share-based payment expenses | – | (3 328) | – | – | – | (3 328) |
| Payment | – | (1 045) | – | – | – | (1 045) |
| 2019 Group share plan awards forfeited | – | (2 283) | – | – | – | (2 283) |
| **Balance at 31 December 2023** | **(616)** | **–** | **(75 168)** | **2 565** | **266** | **(72 953)** |
| Transfer of reserve to Retained earnings | **–** | **–** | **75 168** | **–** | **–** | **75 168** |
| Other comprehensive income/(loss) for the year | **562** | **–** | **–** | **(4 810)** | **160** | **(4 088)** |
| **Balance at 31 December 2024** | **(54)** | **–** | **–** | **(2 245)** | **426** | **(1 873)** |
| Notes | | 22 | | 31.2 | | |

### 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. GSP was fully paid and forfeited in the prior year.

#### 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.

# Notes to the consolidated annual financial statements continued

| | **2024 R'000** | 2023 R'000 |
|---|---|---|
| **21 Employee benefits** | | |
| **Post-retirement medical aid contribution liabilities** | | |
| Actuarially determined present value of unfunded obligations | **10 065** | 8 738 |

The Company has obligations 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 schemes are not a funded arrangements and no separate assets are held to meet the liabilities. The funded status of the schemes are therefore equal to the negative value of the accrued liabilities.

The actuarial valuation of the post-retirement medical aid contributions liabilities was performed at 31 December 2024.

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

| | **2024 R'000** | 2023 R'000 |
|---|---|---|
| **22 Share-based payments** | | |
| **Non-current liabilities:** | | |
| Performance Shares | **1 455** | 725 |
| Forfeitable Shares | **737** | 810 |
| Cash settled share-based payments (LTIP) | **2 192** | 1 535 |

## 22.1 Details of the Share-Based Payment Incentive Scheme of the Group

In the 2019 year the Group developed a share-based payment incentive scheme. The Long-term Incentive Scheme ("LTIP") is cash 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. The incentive scheme seeks to attract and retain senior employees and promote ongoing loyalty, commitment and motivation. All senior employees are eligible to participate. The incentive scheme is implemented by the Board through the direction of the Remuneration Committee. On an annual basis, senior employees may be offered three components:

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

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

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

A summary of each component of offer under 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 dividends during the life of the award. Once vested, the options remain exercisable for a period of four years.

**Cash-settled SARs**

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

# *Notes to the consolidated annual financial statements continued*

## 22 Share-based payments *continued*

### 22.1 Details of the Share-Based Payment Incentive Scheme of the Group *continued*

#### 22.1.2 Performance Share Plan (PSP)

On 2 December 2022, 12 April 2023 and 11 March 2024 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.

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 2 772 472 cash-settled awards were issued under the PSP at a fair value at reporting date of R4.35 each (2023: 1 934 156 cash-settled awards at R3.27 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.

| | **2024** | 2023 |
|---|---|---|
| Vesting assumptions at 31 December: | | |
| NHE vs. CPI Vesting Probability | **70.0%** | 60.0% |
| ROAA vs WACC Vesting Probability | **60.0%** | 70.0% |
| ESG Expected Vesting Probability | **75.0%** | 75.0% |
| Expected Forfeiture (per annum) | **9.2%** | 10.0% |

#### 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 dividends 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 Charges/(reversals) arising from share-based payment transactions

Total charges/(reversals) arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

| | **2024**<br>**R'000** | 2023<br>R'000 |
|---|---|---|
| Charges/(reversals) relating to long-term incentive scheme (LTIP scheme) | **1 355** | (6 544) |

*Notes to the consolidated annual financial statements continued*

## 23 Other financial liabilities and hedging instruments

| | Notes | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| **Financial liabilities carried at amortised cost** | | | |
| Bank loans | 23.1 | **1 200 000** | 1 230 000 |
| Asset based finance | 23.2 | **275 788** | 310 460 |
| **Hedging instruments** | | | |
| Foreign exchange contracts – cash flow hedges | 31.2 | **8 247** | 577 |
| | | **1 484 035** | **1 541 037** |
| Non-current | | **1 363 111** | 1 284 958 |
| Current | | **120 924** | 256 079 |
| | | **1 484 035** | **1 541 037** |

### 23.1 Bank loans

| | 2024 R'000 | 2023 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% (2023: 1.70%). The loans are payable in a single bullet payment in December 2026.

| | 2024 R'000 | 2023 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% (2023: 1.60%). During the period the repayment date has been revised and loans are repayable in a single bullet payment in December 2026.

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| **Senior Facility Term Loan C** | | |
| Nedbank Ltd | **25 000** | 40 000 |
| Standard Bank of South Africa Ltd | **10 000** | 16 000 |
| Rand Merchant Bank Holdings Ltd | **15 000** | 24 000 |
| | **50 000** | **80 000** |

The loans bear interest at the prevailing JIBAR rate plus 1.65% (2023: 1.65%). During the period the repayment date has been revised and loans are repayable in a single bullet payment in December 2026. During September 2024, the Group voluntarily repaid R30.0m.

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| | **1 200 000** | **1 230 000** |

The above loans are secured as detailed in Note 31.7.

The South African Reserve Bank has announced a transition from JIBAR to ZARONIA by 2026. Bank loans of R1.2bn are currently the only non-derivative financial liabilities impacted by the interest rate reform. The loan agreements have not yet been amended to contain clauses pertaining to the interest rate reform. The Group will evaluate the impact of the change to ZARONIA by the end of the next financial year.

# *Notes to the consolidated annual financial statements continued*

## 23 Other financial liabilities and hedging instruments *continued*

### 23.2 Asset based finance

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| Standard Bank of South Africa Ltd | **147 182** | 147 955 |
| Nedbank Ltd | **127 483** | 157 246 |
| Other | **1 123** | 5 259 |
| | **275 788** | 310 460 |
| Non-current | **163 111** | 204 958 |
| Current | **112 677** | 105 502 |
| | **275 788** | **310 460** |

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 31.7.

## 24 Trade and other payables

| | 2024 R'000 | Restated* 2023 R'000 |
|---|---|---|
| Trade payables | **1 259 997** | 1 286 594 |
| Accrued expenses | **280 860** | 268 782 |
| Value-added tax payable | **72 432** | 55 709 |
| Income received in advance | **6 783** | 5 602 |
| Other payables | **547** | 2 420 |
| | **1 620 619** | **1 619 107** |
| **Categories of financial and non-financial liabilities** | | |
| Financial liabilities | **1 462 257** | 1 479 833 |
| Non-financial liabilities | **158 362** | 139 274 |
| | **1 620 619** | **1 619 107** |

**Supplier finance arrangements**

The Group has entered into a supplier finance arrangement with Nedbank to manage its working capital more efficiently. Supplier finance arrangements are offered to some of the Group's key suppliers. Under these agreements, suppliers can choose to receive payments earlier than the standard credit terms of 60 days from invoice date. Suppliers can receive payments as soon as the invoice is loaded onto the Addendum platform. The annual borrowing rates applicable on the facility range between 4.47% and 7.45%. Payments to the supplier ahead of the due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date described above.

Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Group provides no security to the finance provider.

The group has available supplier finance facilities of R270.0m. At year end, R49.3m has been settled by Nedbank in respect of supplier finance arrangements. The amount which has been settled by Nedbank is presented within trade payables in the consolidated statement of financial position. The total balance of the suppliers (settled and unsettled) that are part of the supplier finance arrangement is R69.1m at year end.

# *Notes to the consolidated annual financial statements continued*

## 25 Cash generated from operations

| | Notes | 2024 R'000 | 2023 R'000 |
|---|---|---|---|
| (Loss)/profit before tax from: | | **(297 574)** | 308 808 |
| From continuing operations | | **(251 799)** | 312 059 |
| From discontinued operation | | **(45 775)** | (3 251) |
| Adjustments for: | | | |
| Depreciation and amortisation | | **461 328** | 449 323 |
| Loss/(gain) on disposal of property, plant and equipment | | **6 675** | (6 246) |
| Impairment loss on goodwill | 13.3 | **400 000** | 43 000 |
| Impairment loss on intangible assets | 13.3 | **103 964** | 68 660 |
| Impairment loss on property, plant and equipment | 13.3 | **44 927** | 31 340 |
| Impairment loss on inventories | | **(5 463)** | – |
| Impairment loss on trade and other receivables | | **3 653** | – |
| Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up | | **(8)** | (73 471) |
| Expected credit loss allowance movement on trade and other receivables | | **3 768** | 516 |
| Non-cash lease modifications, additions and terminations | | **(25 825)** | 395 |
| Loss on sale of Chet Chemicals | | **68 805** | – |
| Finance income | | **(27 147)** | (20 221) |
| Finance costs | | **243 947** | 240 675 |
| Fair value adjustment on forward exchange contracts | | **1 126** | (6 089) |
| Unrealised loss on foreign exchange | | **(1 503)** | 9 024 |
| Movements in employee benefits – medical aid plan | | **2 097** | 966 |
| Employee benefits contributions paid | | **(677)** | – |
| Other non-cash movements in employee benefits | | **2 774** | 966 |
| Movements in share-based payments | | **657** | (6 544) |
| Share-based payments | | **(698)** | – |
| Other non-cash movements in share-based payments | 22 | **1 355** | (6 544) |
| Operating cash flows before working capital changes | | **983 427** | 1 040 136 |
| Changes in working capital: | | **(189 017)** | (273 876) |
| Increase in inventories | | **(163 464)** | (136 217) |
| Increase in trade and other receivables* | | **(66 959)** | (169 147) |
| (Increase)/Decrease in biological assets** | | **(799)** | 126 |
| Increase in trade and other payables* | | **42 205** | 31 362 |
| | | **794 410** | **766 260** |

* Refer to Note 34 for details on restatements.

** Refer to Note 17 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.

There were no significant non-cash changes in the carrying value of the trade and other payables included in the Group's supplier finance arrangement.

# *Notes to the consolidated annual financial statements continued*

## 25 Cash generated from operations *continued*

### 25.1 Cash and cash equivalents

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| Cash and cash equivalents comprise the following amounts: | | |
| Cash on hand | **490** | 982 |
| Bank balances | **493 272** | 396 252 |
| Short-term deposits | **582** | 18 |
| Bank overdraft | **(1 476)** | (5) |
| | **492 868** | 397 247 |
| Current assets | **494 344** | 397 252 |
| Current liabilities* | **(1 476)** | (5) |

* A bank overdraft balance of R200.0m (2023: R200.0m) 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. Refer to Note 34 for further details on the restatement.

Refer to Note 31.7 Liquidity risk management for further information related to financing facilities and information related to securities for bank facilities.

### 25.2 Non-cash investing and financing activities

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

- Acquisition of right-of-use assets – refer to Note 11
- Share-based payments awards issued to employees under the LTIP for no cash consideration – refer to Note 22
- Acquisition of property, plant and equipment through asset based financing – refer to Note 23.2

### 25.3 Net debt reconciliation

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| 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 | **1 475 788** | 1 540 460 |
| Bank overdraft (excluded from Cash and cash equivalents) | **200 000** | 200 000 |
| Lease liabilities | **642 824** | 590 332 |
| Less: Cash and cash equivalents | **(492 868)** | (397 247) |
| Net debt (including IFRS 16 Lease liabilities)* | **1 825 744** | 1 933 545 |
| Net debt (excluding IFRS 16 Lease liabilities) | **1 182 920** | 1 343 213 |

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

*Notes to the consolidated annual financial statements continued*

# 25 Cash generated from operations *continued*

## 25.3 Net debt reconciliation *continued*

| | Liabilities from financing activities | | | | |
|---|---|---|---|---|---|
| | **Bank borrowings, asset based finance and loans payable[1] R'000** | **Lease liability R'000** | **Subtotal R'000** | **Less: Cash and cash equivalents* R'000** | **Total R'000** |
| Net debt as at 1 January 2023 | 1 803 365 | 694 671 | 2 498 036 | (449 171) | 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** | 1 740 460 | 590 332 | 2 330 792 | (397 247) | 1 933 545 |
| **Cashflows from financing activities:** | | | | | |
| Cash outflows | **(145 772)** | **(95 175)** | **(240 947)** | **(95 621)** | **(336 568)** |
| **Non-cash adjustments:** | | | | | |
| Lease modifications | **–** | **31 911** | **31 911** | **–** | **31 911** |
| Additions and derecognition | **81 100** | **115 756** | **196 856** | **–** | **196 856** |
| **Net debt as at 31 December 2024** | **1 675 788** | **642 824** | **2 318 612** | **(492 868)** | **1 825 744** |

1 Bank borrowings includes bank overdrafts that are excluded from Cash and cash equivalents.

* Refer to Note 34 for details on the restatements of cash and cash equivalent to exclude the bank overdraft balance.

# 26 Taxation paid

| | Note | **2024 R'000** | 2023 R'000 |
|---|---|---|---|
| Balance at 1 January | | **38 374** | 8 063 |
| Current tax for the year recognised in profit or loss | 6 | **(98 506)** | (89 245) |
| Balance at 31 December | | **(32 520)** | (38 374) |
| | | **(92 652)** | (119 556) |

# 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 Limited
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 |
| TL Ladbrooke | CFO |
| C Lodewyks | Executive director |

* 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.

^^ W Luhabe, Chairman of Libstar, will not be available for re-election with effect from the 2025 annual general meeting. JP Landman, current lead independent non-executive director, was appointed as the new chairman with effect from the 2025 annual general meeting.

## 27.2 Related party transactions

### Key management personnel compensation

Details of remuneration of directors and share-based payment instruments issued to directors are disclosed in note 9.
Other key management personnel* compensation is as follows:

| | **2024 R'000** | 2023 R'000 |
|---|---|---|
| Short-term employee benefits | **26 619** | 24 582 |

* Executive management and managing executives accountable for strategic initiatives are classified as key management.

### Transactions with key management personnel

| | **2024 R'000** | 2023 R'000 |
|---|---|---|
| Rental paid | **5 708** | 6 072 |

### Dealings in securities by directors:

In the current year, CB de Villiers purchased 28 400 (2023: 31 110) ordinary shares in one tranche at R3.50 per share (2023: three tranches of 6 360, 8 450 and 16 300 respectively at R3.50, R3.29 and R3.05 per share), TL Ladbrooke purchased Rnil (2023: 61 000 ordinary shares in two tranches of 29 000 and 32 000 respectively at R3.40 and R3.14 per share) and C Lodewyks purchased Rnil (2023: 26 500 ordinary shares in two tranches of 12 500 and 14 000 respectively at R3.68 and R3.43 per share) and the Ruland Trust (an associate of JP Landman) purchased 45 000 ordinary shares in two tranches of 3 300 and 41 700 respectively at R3.44 and R3.47 per share (2023: Rnil).

### Dividends paid to shareholders and non-controlling shareholders of subsidiaries

Refer to consolidated statement of changes in equity.

## 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.

# Notes to the consolidated annual financial statements continued

## 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 2024.

### Product recall

Subsequent to year end, the company initiated a recall of large grinders that were produced from September 2023 to May 2024 due to a potential defect in the mechanism of the grinders which may result in plastic pieces breaking off and being released during use. No other grinder products are affected by this issue. The recall was deemed necessary to ensure the safety and well-being of our customers. The Company is working diligently to address the issue and has implemented corrective measures to prevent future occurrences. The Group has recognised a provision of R6.0m to provide for the potential future financial impact of the recall.

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

## 29 Contingent assets and liabilities

During November 2024, a sequence of successive power outages at the Alrode production facility of Cecil Vinegar resulted in a loss of production for a period of 26 days. The event, which in the opinion of the directors constitutes a “force majeure” event, is the subject of an insurance claim which is currently being investigated with the Group’s insurers. The investigation includes the extent (if any) of the Group’s liability to its customers in relation to the event. As neither the quantum of the insurance proceeds receivable nor the Group liability to its customers can be determined with certainty until finalisation of the investigation, no asset nor liability has been accounted for in the reported results of the Group.

## 30 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*

## 31 Risk management

### 31.1 Financial risk management objectives

The business units 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.

### 31.2 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:

| | **2024 R'000** | 2023 R'000 |
|---|---|---|
| **Current assets** | | |
| **Other financial assets** | | |
| Foreign exchange contracts – cash flow hedges | **6 657** | 6 540 |
| **Current liabilities** | | |
| **Other financial liabilities** | | |
| Foreign exchange contracts – cash flow hedges | **(8 247)** | (577) |

**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 31.4.

**Fair value measurement**

For information about the methods and assumptions used in determining the fair value of derivatives refer to Note 33.2

**Hedging reserves**

| | **Cash flow hedging reserves R'000** |
|---|---|
| **Opening balance 1 January 2023** | 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** |
| Pre-tax change in fair value of hedging instrument recognised in other comprehensive income | **422** |
| Deferred tax on change in fair value of hedging instrument | **(114)** |
| Pre-tax reclassification from other comprehensive income to profit or loss – hedged item affected profit or loss | **(7 011)** |
| Deferred tax | **1 893** |
| **Closing balance 31 December 2024** | **(2 245)** |

The reclassifications from the cash flow hedging reserve to profit or loss in the current and prior year was recognised in Other gains/(losses) within profit or loss.

# Notes to the consolidated annual financial statements continued

## 31 Risk management *continued*

### 31.2 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.

### 31.3 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see Note 31.4) and interest rates (see Note 31.5). 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.

### 31.4 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**

| | **2024 Foreign currency '000** | 2023 Foreign currency '000 | **2024 R'000** | 2023 R'000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Trade debtors in USD | **5 920** | 6 256 | **109 806** | 114 720 |
| Trade debtors in EUR | **1 031** | 1 754 | **20 425** | 35 398 |
| Trade debtors in GBP | **782** | 625 | **18 322** | 14 574 |
| Trade debtors in AUD | **2 496** | 1 955 | **31 571** | 24 447 |
| Trade debtors in YEN | **175** | 598 | **21** | 78 |
| Trade debtors in THB | **1 398** | 3 607 | **767** | 1 915 |
| **Liabilities** | | | | |
| Trade creditors in USD | **2 388** | 3 903 | **45 583** | 71 570 |
| Trade creditors in EUR | **3 656** | 4 315 | **69 938** | 87 102 |
| Trade creditors in GBP | **–** | 54 | **–** | 1 253 |
| Trade creditors in SGD | **62** | – | **850** | – |
| Trade creditors in YEN | **–** | 485 | **–** | 63 |
| Trade creditors in THB | **3 987** | 7 881 | **2 283** | 4 184 |
| | | | | |
| **Exchange rates used for conversion of foreign items** | | | | |
| US Dollar (USD) | | | **18.55** | 18.34 |
| Euro (EUR) | | | **19.82** | 20.19 |
| Pound Sterling (GBP) | | | **23.42** | 22.32 |
| Australian Dollar (AUD) | | | **12.65** | 12.51 |
| Singapore Dollar (SGD) | | | **13.81** | – |
| Japanese Yen (YEN) | | | **0.12** | 0.13 |
| Thai Baht (THB) | | | **0.55** | 0.53 |

# *Notes to the consolidated annual financial statements continued*

## 31 Risk management *continued*

### 31.4 Foreign currency risk management *continued*

**Forward exchange contracts which relate to future firm commitments**

| | Foreign amount '000 | Rand amount R'000 | Fair value R'000 |
|---|---|---|---|
| **31 December 2024** | | | |
| US Dollar | **(13 007)** | **240 942** | **(7 640)** |
| Euro | **6 498** | **(126 335)** | **1 399** |
| Pound Sterling | **(1 732)** | **41 092** | **(185)** |
| Australian Dollar | **(8 353)** | **103 237** | **4 528** |
| Japanese Yen | **(20 000)** | **2 728** | **295** |
| Thai Baht | **648** | **(342)** | **13** |
| | **(35 946)** | **261 323** | **(1 590)** |
| **31 December 2023** | | | |
| 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** |

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, Euro and Australian Dollar. 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*

## 31 Risk management *continued*

### 31.4 Foreign currency risk management *continued*

**Instruments used by the Group** *continued*

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| **Foreign currency forwards** | | |
| Foreign exchange contracts – cash flow hedges (included in other financial assets) | **6 657** | 6 540 |
| Foreign exchange contracts – cash flow hedges (included in other financial liabilities) | **(8 247)** | (577) |
| **Notional amount (exposure to the ZAR)** | | |
| **FECs used for hedging imports** | | |
| US Dollar | **(114 145)** | 150 373 |
| Euro | **(170 254)** | 224 540 |
| Pound Sterling | **2 006** | 519 |
| Australian Dollar | **8 844** | 357 |
| Japanese Yen | **–** | 1 101 |
| Thai Baht | **(342)** | 2 417 |
| **FECs used for hedging exports** | | |
| US Dollar | **355 087** | 386 635 |
| Euro | **43 919** | 111 201 |
| Pound Sterling | **39 086** | 38 247 |
| Australian Dollar | **94 393** | 86 421 |
| Japanese Yen | **2 728** | 2 429 |
| Maturity date | **1 January 2025 – 12 November 2025** | 2 January 2024 – 13 December 2024 |
| Hedge ratio* | **1:1** | 1:1 |
| Loss in discounted pre-tax spot value of outstanding hedging instruments since inception of the hedge | **422** | 7 484 |
| **Weighted average hedged rate for outstanding hedging instruments (including forward points)** | | |
| **FECs used for hedging imports** | | |
| US Dollar | **17.94** | 18.80 |
| Euro | **19.58** | 20.46 |
| Pound Sterling | **23.67** | 23.32 |
| Australian Dollar | **11.75** | 12.51 |
| Japanese Yen | **–** | 0.14 |
| Thai Baht | **0.53** | 0.54 |
| **FECs used for hedging exports** | | |
| US Dollar | **18.33** | 18.99 |
| Euro | **19.97** | 20.90 |
| Pound Sterling | **23.72** | 23.32 |
| Australian Dollar | **12.42** | 12.59 |
| Japanese Yen | **0.14** | 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*

## 31 Risk management *continued*

### 31.4 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.

| | **2024 R'000** | 2023 R'000 |
|---|---|---|
| **Impact on profit and equity** | | |
| US Dollar | **6 551** | 4 315 |
| Euro | **(5 203)** | (5 171) |
| Pound Sterling | **1 832** | 1 274 |
| Australian Dollar | **3 158** | 2 446 |
| Thai Baht | **(142)** | (227) |
| Singapore Dollar | **(85)** | – |
| Japanese Yen | **2** | 1 |

### 31.5 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 31.7.

**Interest rate sensitivity analysis**

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% per annum increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of 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 2024 would decrease/increase by R16.8m (2023: R17.4m). 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.

# 31 Risk management *continued*

## 31.6 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.

# *Notes to the consolidated annual financial statements continued*

## 31 Risk management *continued*

### 31.6 Credit risk management *continued*

#### Impairment matrix

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

| 2024 | Gross R'000 | Impairment loss allowance R'000 | Expected credit loss rate % |
|---|---|---|---|
| Not past due | **1 183 447** | **1 869** | **0.16%** |
| Past due 1 – 30 days | **574 709** | **747** | **0.13%** |
| Past due 31 – 60 days | **73 864** | **825** | **1.12%** |
| Past due 61 days – 90 days | **19 275** | **1 392** | **7.22%** |
| Past due 91 days and greater | **19 958** | **9 883** | **49.52%** |
| **Total** | **1 871 253** | **14 716** | **0.79%** |

| 2023 | Gross R'000 | Impairment loss allowance R'000 | Expected credit loss rate % |
|---|---|---|---|
| Not past due | 1 059 930 | 1 660 | 0.16% |
| Past due 1 – 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** | **1 844 275** | **12 485** | **0.86%** |

The expected credit loss allowance increased in the current year as a result of greater debt accumulated in the 61 day and older aging buckets. This was partially set off by the improved aging profile of trade and other receivables in the 1 – 60 days aging buckets from the prior year to the current year.

#### Cash and cash equivalents and deposits with banks and financial institutions

The Group holds cash with BB- (2023: BB-) approved rated financial institutions. The amount of exposure to any counterparty is subject to the limits imposed by the Group's treasury policy in order to achieve a spread of risk and opportunity.

#### Other financial assets carried at amortised cost

Other financial assets at amortised cost include loans to 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- (2023: BB-) with a positive outlook status. Management does not expect Nedbank Ltd to fail to meet its obligations.

# Notes to the consolidated annual financial statements continued

## 31 Risk management *continued*

### 31.7 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 | Payable on demand[3] R'000 | Less than 1 year[3] 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 2024** | | | | | | | | | | |
| Trade and other payables[1] | | **1 462 257** | **–** | **1 462 257** | **–** | **–** | **–** | **–** | **–** | **1 462 257** |
| Bank overdraft | | **201 476** | **201 476** | | **–** | **–** | **–** | **–** | **–** | **201 476** |
| Other financial liabilities[2] | **8.72%** | **1 475 788** | **–** | **224 849** | **1 388 650** | **62 517** | **48 018** | **16 772** | **97** | **1 740 903** |
| Lease liabilities | **8.41%** | **642 824** | **–** | **153 735** | **142 560** | **119 360** | **87 860** | **51 516** | **305 093** | **860 124** |
| | | **3 782 345** | **201 476** | **1 840 841** | **1 531 210** | **181 877** | **135 878** | **68 288** | **305 190** | **4 264 760** |
| **31 December 2023** | | | | | | | | | | |
| Trade and other payables[1] | | 1 479 833 | – | 1 479 833 | – | – | – | – | – | 1 479 833 |
| Bank overdraft | | 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 |
| | | **3 810 630** | **200 005** | **2 029 719** | **413 461** | **1 277 658** | **147 179** | **85 043** | **236 814** | **4 189 875** |

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.

3 The bank overdraft balance, which was included as "Less than 1 year" in the prior year, has been classified as "Payable on demand" in the current year in order to present the liquidity risk more accurately. The comparatives have been restated for comparability.

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.

# 31 Risk management *continued*

## 31.7 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 2024** | | | | |
| FECs used for hedging | | | | |
| – Imports | **10 865** | **(384 502)** | **(24 312)** | **(408 814)** |
| – Exports | **(12 455)** | **457 098** | **213 039** | **670 137** |
| | **(1 590)** | **72 596** | **188 727** | **261 323** |
| **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** |

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 revised 5 year bullet profile (2023: 3 year bullet profile) - fully utilised;
- Senior facility C of R200 000 000 with a revised 5 year bullet profile (2023: 4 year bullet profile) - R50m 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).

# 31 Risk management continued

## 31.7 Liquidity risk management *continued*

**Financing facilities** *continued*

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, 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.
- 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.

## 31.8 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 33.2 for further information.

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

FEC derivative instruments are measured as disclosed in Note 31.2 and the fair values are disclosed in Note 33.2.

## 32 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.

The Group has established a supplier finance arrangement to manage its working capital. Refer to Note 24.

### Gearing ratio

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

| | **2024**<br>**R'000** | 2023<br>R'000 |
|---|---|---|
| Bank loans, asset based finance and loans payable | **1 475 788** | 1 540 460 |
| Lease liabilities | **642 824** | 590 332 |
| Less: Cash and cash equivalents (including overdraft) | **(292 868)** | (197 247) |
| Net debt (including IFRS 16 Lease liabilities) | **1 825 744** | 1 933 545 |
| Net debt (excluding IFRS 16 Lease liabilities) | **1 182 920** | 1 343 213 |
| Total equity | **4 879 507** | 5 294 472 |
| Net debt to equity ratio (including IFRS 16 Lease liabilities) | **0.37** | 0.37 |

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 2024, the Group's leverage ratio (Senior Borrowings to EBITDA excl. IFRS 16) was 1.5 (2023: 1.6) against a covenant of no more than 2.5. EBITDA (Excl. IFRS 16) to senior interest cover ratio was 5.4 (2023: 4.9) 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

## 33 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.

### 33.1 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 at amortised cost R'000 |
|---|---|---|
| **31 December 2024** | | |
| Other financial assets | **6 657** | **11 215** |
| Trade and other receivables | **–** | **1 856 537** |
| Cash and bank balances | **–** | **494 344** |
| **Total assets** | **6 657** | **2 362 096** |
| Other financial liabilities | **8 247** | **1 475 788** |
| Trade and other payables | **–** | **1 462 257** |
| Lease liabilities | **–** | **642 824** |
| Bank overdraft | **–** | **201 476** |
| **Total liabilities** | **8 247** | **3 782 345** |
| **31 December 2023** | | |
| Other financial assets | 6 540 | 4 653 |
| Trade and other receivables | – | 1 831 790 |
| Cash and bank balances | – | 397 252 |
| **Total assets** | **6 540** | **2 233 695** |
| Other financial liabilities | 577 | 1 540 460 |
| Trade and other payables | – | 1 479 833 |
| Lease liabilities | – | 590 332 |
| Bank overdraft | – | 200 005 |
| **Total liabilities** | **577** | **3 810 630** |

* 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 31. 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.

# *Notes to the consolidated annual financial statements continued*

## 33 Financial Instruments *continued*

### 33.2 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 2024 or 2023.

| 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:<br>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 |

# *Notes to the consolidated annual financial statements continued*

## 34 Corrections of prior period errors

Libstar management conducted an extensive analysis of the general ledger account classifications of its multiple business units during the year ended 31 December 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 the IFRS Accounting Standards between the various business units forming part of the Group. This resulted in the following reclassifications being made for the year ended 31 December 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 Statement of Cash Flows.
- 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 year, the Group 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 year ended 31 December 2024:

- 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 have been restated as of the beginning of the prior year 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.

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

| | Previously reported R'000 | Effect of change R'000 | Restated R'000 |
|---|---|---|---|
| **Year ended 31 December 2023** | | | |
| **Statement of Profit or Loss and Other Comprehensive Income:** | | | |
| Revenue | 11 825 637 | (406 718) | 11 418 919 |
| Cost of sales | (9 301 576) | 318 314 | (8 983 262) |
| Operating expenses | (1 975 091) | 88 404 | (1 886 687) |
| **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 in trade and other receivables | (158 613) | (10 534) | (169 147) |
| 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 |
| **Year ended 31 December 2022 (balances as at 1 January 2023)** | | | |
| **Statement of Financial Position:** | | | |
| Trade and other receivables | 1 877 464 | (92 404) | 1 785 060 |
| Trade and other payables | 1 681 067 | (92 404) | 1 588 663 |

# Annexure 1

## Shareholder Analysis

### Ordinary shares as at 31 December 2024

**Directors' interests**

**ORDINARY SHARE CAPITAL**

| | Dec 2024 | | | | Dec 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| 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 |
| CB de Villiers | **67 252** | **–** | **67 252** | **0.01%** | 38 852 | – | 38 852 | 0.01% |
| TL Ladbrooke[1] | **72 900** | **–** | **72 900** | **0.01%** | 72 900 | – | 72 900 | 0.01% |
| C Lodewyks[1] | **26 500** | **–** | **26 500** | **0.00%** | 26 500 | – | 26 500 | 0.00% |
| JP Landman[2] | **–** | **200 000** | **200 000** | **0.03%** | – | 155 000 | 155 000 | 0.02% |
| W Luhabe | **–** | **–** | **–** | **–** | – | – | – | – |
| S Masinga | **–** | **–** | **–** | **–** | – | – | – | – |
| S Khanna | **–** | **–** | **–** | **–** | – | – | – | – |
| A Andrews | **–** | **–** | **–** | **–** | – | – | – | – |

1 Appointments effective in the prior year: TL Ladbrooke and C Lodewyks
2 Indirect shares held by Ruland Trust, an associate of JP Landman

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 2024 and to the date of this report.

# *Annexure 1 continued*

## 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 | 3 220 | 274 747 772 | 40.3% |
| Non-public | 9 | 407 173 636 | 59.7% |
| – Directors | 3 | 166 652 | 0.0% |
| – Associates of directors | 1 | 200 000 | 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 | 320 697 839 | 47.0% |
| **Total issued shares** | **3 229** | **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 | 68 234 762 | 10.0% |
| Business Venture Investments 2071* | 39 334 499 | 5.8% |
| Business Venture Investments 2072^ | 33 715 284 | 4.9% |

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

^ Business Venture Investments No 2072 (RF) Proprietary Limited (BDT SPV), is wholly-owned by a 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 | 3 160 | 97.9% | 67 744 253 | 9.9% |
| 1 000 001 – 3 000 000 shares | 39 | 1.2% | 67 181 290 | 9.9% |
| 3 000 001 – 6 000 000 shares | 13 | 0.4% | 54 329 674 | 8.0% |
| 6 000 001 – 40 000 000 shares | 15 | 0.5% | 171 968 352 | 25.2% |
| More than 40 000 000 shares | 2 | 0.1% | 320 697 839 | 47.0% |
| | **3 229** | **100.0%** | **681 921 408** | **100.0%** |

# Corporate information

## COMPANY AND REGISTERED OFFICE

**Libstar Holdings Limited**
Registration Number: 2014/032444/06
Libstar House, 43 Bloulelie Crescent,
Plattekloof, Western Cape, 7500
South Africa
(PO Box 15285, Panorama, Western Cape, 7506)

## WEBSITE

**www.libstar.co.za**

## DIRECTORS

**Wendy Yvonne Nomathemba Luhabe**
(Chairman – Independent Non-Executive Director)

**Johannes Petrus (JP) Landman**
(Lead Independent Non-Executive Director)

**Anneke Andrews**
(Independent Non-Executive Director)

**Sandeep Khanna**
(Independent Non-Executive Director)

**Sibongile Masinga**
(Independent Non-Executive Director)

**Charl Benjamin de Villiers**
(Chief Executive Officer)

**Terri Lee Ladbrooke**
(Chief Financial Officer)

**Cornél Lodewyks**
(Executive Director)

## COMPANY SECRETARY

**Ntokozo Makomba**
43 Bloulelie Crescent,
Plattekloof, Western Cape, 7500

## SPONSOR

**The Standard Bank of South Africa Limited**
30 Baker Street, Rosebank,
Johannesburg, 2196, South Africa
(PO Box 61344, Marshalltown, Johannesburg, 2107)

## AUDITOR

**Ernst & Young Inc.**
3rd Floor, Waterway House
3 Dock Road, V & A Waterfront
Cape Town, 8001
South Africa

## TRANSFER SECRETARIES

**Computershare Investor Services Proprietary Limited**
Rosebank Towers, 15 Biermann Avenue,
Rosebank, Johannesburg, 2196, South Africa
(PO Box 61051, Marshalltown, Johannesburg, 2107)

STUDIO 5

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