

**Libstar Holdings Limited**

(Incorporated in the Republic of South Africa)

(Registration number 2014/032444/06)

(JSE share code: LBR)

(ISIN: ZAE000250239)

("Libstar" or the "Group")

**Trading update and trading statement for the year ended 31 December 2021****INTRODUCTION**

Libstar provides a trading update and trading statement ahead of the publication of the Group's annual results on 16 March 2022.

**Classification of the assets and liabilities of Contactim and Chet Chemicals divisions as held for sale**

Shareholders are referred to the announcement dated 21 February 2022 wherein it was advised that Libstar has received an offer to acquire a 70% equity interest in two of the household and personal care businesses of Libstar, Contactim and Chet Chemicals, for a purchase consideration of R174.6 million (the "**Transaction**"). Implementation of the Transaction is subject to the fulfilment or waiver, as the case may be, by no later than 30 June 2022 (or such later date as the parties may agree), of such conditions precedent as are usual for a transaction of this nature.

The assets and liabilities attributable to these divisions have been classified as a disposal group held for sale at 31 December 2021 ("**Discontinued Operations**") and are separately presented in the statement of financial position in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations* ("**IFRS 5**"). The post-tax loss of R64.2 million attributable to the Discontinued Operations and the post-tax loss of R84.1 million recognised on the measurement of the assets and liabilities of the Discontinued Operations to fair value less cost to sell, are presented as a single amount in the statement of comprehensive income. The prior period's statement of comprehensive income has been re-presented to provide a like-for-like comparison.

**Classification of Glenmor Soap (Pty) Ltd as a continuing operation**

The remaining business in the Household and Personal Care category, Glenmor Soap (Pty) Ltd ("**Glenmor**"), does not form part of the Transaction. Glenmor, therefore, has been reported as a continuing operation for the year ended 31 December 2021. In line with Libstar's stated strategy of focusing on the growth of its existing food categories, the Group intends to exit its 70% equity interest in Glenmor during the 2022 financial year.

The results of continuing operations for this period include the post-tax impairment of all intangible assets attributable to Glenmor in the amount of R59.8 million.

## Presentation of the information contained in this trading statement

Unless otherwise stated, the results contained in this trading statement are presented for continuing operations only, which comprise Libstar's existing food categories as well as Glenmor ("**Continuing Operations**"). Glenmor contributed less than 1% of Group revenue and Normalised EBITDA during the year under review. The Group results therefore mainly represent Libstar's food-related businesses.

## TRADING UPDATE IN RELATION TO CONTINUING OPERATIONS

### Group revenue (Continuing Operations)

Group revenue increased by 5.5%, with Group volume sales up 0.5%. Price increases and changes in sales mix contributed 5.0% to Group sales growth.

### Normalised EBITDA (Continuing Operations)

The Group expects to report Normalised EBITDA for the year ended 31 December 2021 within the following ranges:

	Percentage change	Expected for the year ended 31 December 2021	Reported for the year ended 31 December 2020
		R'000	R'000
Normalised EBITDA	+0.9% to +3.9%	R1,053,033 to R1,084,342	R1,043,621

The slower growth rate of Normalised EBITDA compared to revenue resulted in the Group Normalised EBITDA margin being lower than the prior year. The key reasons for this are:

- Reduced export margins (as reported in H1 2021); and
- The effects of rapidly rising costs of critical raw materials and packaging due to local and international supply chain volatility. The immediate impact of these cost increases were exacerbated as there is a lag between the cost increases and the timing of recovering them through selling price increases.

## TRADING STATEMENT

In terms of paragraph 3.4(b) of the Listings Requirements of the JSE Limited, companies are required to publish a trading statement as soon as there is a reasonable degree of certainty that the financial results for the period to be reported upon next, will differ by at least 20% from the financial results for the previous corresponding period.

Accordingly, shareholders are advised that the Group expects to report Earnings Per Share (EPS), Headline Earnings Per Share (HEPS), Normalised EPS and Normalised HEPS, within the ranges reflected in the table below:

		<b>Expected for the year ended 31 December 2021</b>	<b>Reported for the year ended 31 December 2020</b>
	<b>Percentage change</b>	<b>(cents)</b>	<b>(cents)</b>
<b>Total Diluted EPS (Continuing and Discontinued Operations)</b>	+110.6% to +120.3%	25.9 to 27.1	12.3
<b>Total Diluted HEPS (Continuing and Discontinued Operations)</b>	+3.2% to +13.0%	48.3 to 52.9	46.8
<b>Normalised EPS (Continuing Operations)</b>	+109.6% to +114.5%	69.6 to 71.2	33.2
<b>Normalised HEPS (Continuing Operations)</b>	+16.3% to +21.3%	78.7 to 82.1	67.7

Total Diluted EPS and Normalised EPS are expected to increase by more than 20%, mainly due to:

1. The performance of Libstar's food categories as noted above;
2. A 10% reduction in interest incurred on interest-bearing banking facilities and right-of-use liabilities to R156.6 million from R174.0 million;
3. A reduction in the impairment of intangible assets attributable to continuing operations (Glenmor) in the current year of R59.8 million compared to the prior year amount of R198.0 million (Denny); and
4. A reduction in the Group's income tax expense to R53.1 million from R106.5 million due to the finalisation of an income tax refund in relation to a prior year's assessment in the amount of R26.0 million and the utilisation of trading losses arising from Discontinued Operations by the Group's main operating legal entity, Libstar Operations (Pty) Ltd.

Normalised HEPS is expected to increase by more than 20%, mainly as a result of 1,2 and 4 above.

The diluted weighted average number of shares in issue at the end of the reporting period was 597,430,000 (2020: 596,932,000).

The financial information in this announcement has not been reviewed or reported on by Libstar's external auditors.

**7 March 2022**

Sponsor  
The Standard Bank of South Africa Limited