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 STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

RE-CLASSIFICATION OF THE HOUSEHOLD AND PERSONAL CARE (HPC) CLUSTER AS A CONTINUING OPERATION

The Group remains committed to the repositioning of its portfolio towards value-added food categories and the strategic intent to dispose of the HPC cluster remains unchanged from prior reporting periods. However, Libstar is required to continue to consider the application of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations (IFRS 5). Following an evaluation thereof, the IFRS 5 criteria to disclose the HPC division as a Held for Sale and Discontinued Operation were not met at 31 December 2022. Consequently, the HPC division has been reclassified as a continuing operation in the current period. The prior period's statement of comprehensive income has therefore been re-presented to provide a like-for-like comparison.

OVERVIEW OF RESULTS

Libstar recorded revenue growth of 10.7% for the year ended 31 December 2022. Volumes were up 3.0%, whilst pricing and mix changes contributed 7.7% to sales growth. The Group achieved this result, notwithstanding significantly lower volume sales in its export channel due to continued shipment delays and weak demand for dry condiments (USA, Europe) and tea (Europe, Japan).

The Group's gross profit margin declined in the second half of the year (relative to H2 2021 and H1 2022) due to the under-recovery of overhead costs in its main export-facing divisions and continued raw material, packaging and manufacturing cost inflation in the balance of the portfolio. The Group's revenue growth of 10.7% was therefore diluted to a gross profit growth of 3.9%.

Libstar also contended with the operational cost and disruption brought about by unprecedented levels of loadshedding, particularly in H2. The Group continued to mitigate the effects of reduced electricity availability, investing a further R13.1 million in generator capacity during the year. In doing so, the Group's generation capacity increased by 5,395 KVA to 22,872 KVA. However, the ongoing operation of generators added R39 million of direct operating costs. R31 million of this was incurred in H2 and directly impacted the Group's gross profit margin.

General operating expenses, excluding the impairments discussed below, were contained to a below-inflationary 6.5% increase. This was achieved despite significant increases in distribution costs, driven by diesel cost increases.

Based on the above, the Group expects to report Normalised EBITDA (excluding unrealised foreign currency movements and other non-recurring, non-trading and non-cash items) of between R1,016.2 million and R1,048.5 million for the year ended 31 December 2022. This represents a decrease of between 2.6% and 5.6% compared to the prior year's Normalised EBITDA of R1,077.0 million.

IMPAIRMENTS

Following the annual impairment assessment of each business unit, as required by IFRS, the Company recognised impairments of R277 million (net of tax) in the 2022 financial year.

The Board carefully considered a number of factors in arriving at these impairments, including:

- The loss of production volume stemming from the fire that destroyed the Denny Mushrooms' Shongweni facility on 9 September 2022;
- Current and future trading margin scenarios; and
- The impact of rising interest rates on segmental business plans and discount rates.

These factors led to impairments of intangible assets attributable to the four business units below. The charges are included in the calculation of EPS and Normalised EPS, but are added back for purposes of calculating HEPS and Normalised HEPS.

• Denny fresh mushroom cash-generating unit (CGU)	R98 million
• Cecil Vinegar CGU	R70 million
• Retailer Brands CGU	R89 million
• HPC CGU	R20 million

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.

Shareholders are therefore advised that, for the 2022 financial year, the Group expects:

- Total Earnings Per Share (EPS) to be between -1.6 and -0.3 cents per share, compared to the prior year EPS of 25.8 cents per share (representing a decrease of between 101.0% and 106.0%) attributable mainly to the impairments discussed above;

- Total Headline Earnings Per Share (HEPS) to be between 43.7 and 46.3 cents per share, compared to the prior year HEPS of 50.6 cents per share (representing a decrease of between 8.6% and 13.6%);

- Normalised EPS from continuing operations to be between 17.3 and 20.3 cents per share, compared to the prior year Normalised EPS of 58.5 cents per share (representing a decrease of between 65.4% and 70.4%) attributable mainly to the impairments discussed above; and

- Normalised HEPS from continuing operations to be between 63.5 and 67.1 cents per share, compared to the prior year Normalised HEPS of 73.3 cents per share (representing a decrease of between 8.4% and 13.4%).

SHARES IN ISSUE

The diluted weighted average number of shares in issue at the end of the reporting period decreased by 0.2% to 596,147,000
(2021: 597,430,000).

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

Libstar's group results for the year ended 31 December 2022 will be published on 16 March 2023.

24 February 2023

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