**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**")

**RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND CASH DIVIDEND DECLARATION**

**INTRODUCTION - Continuing Operations***

Libstar's results for the year ended 31 December 2024 reflect both promising, sustainable successes achieved from the execution of the Group's simplification, growth and sustainability strategy, as well as the material impact of limited, yet notable, challenges.

The Group has made strong progress in executing in each of the three focus areas of its strategy, supported by a strong performance of the Ambient Products category. However, this positive trajectory has been tempered by the impact of the loss of significant production volumes related to a Food Service customer in its Perishable Products category. While material, this challenge does not detract from the overall strategic progress and resilience demonstrated by the Group.

The Ambient Products category outperformed, delivering revenue growth of 5.4%, marginally lower gross profit margins of 25.5% (2023: 25.6%) and Normalised EBITDA growth of 12.2%.

The Group's Perishable Products category faced headwinds, reflected in revenue growth of 1.2%, a reduction in gross profit margins to 16.1% (2023: 16.7%) and a reduction in Normalised EBITDA of 13.7%.

Libstar's cash conversion and interest cover ratio's improved which, together with proceeds raised from the disposal of the Group's Chet Chemicals business, resulted in the achievement of the Group's 2024 leverage target.

Against this backdrop, the salient features include:

- Revenue growth of 3.1% (Volumes -3.2%, Price mix +6.3%)
- Gross profit of 21.0% (2023: 21.3%)
- Normalised EBITDA of R974 million (2023: R974 million)
- Normalised HEPS of 53.4 (2023: 57.1)
- Gearing ratio of 1.5x Normalised EBITDA (ex-IFRS 16) (2023: 1.6x)
- Adjusted ROIC of 8.6% (2023: 9.8%)
- Cash dividend maintained at 15 cents per share (gross) (2023: 15 cents)

**It is important to note the Group's continuing operations result for the year under review is reported against a prior period which has been restated due to the Chet Chemicals division being disposed of and consequently classified as a discontinued operation.*

**RESULTS SUMMARY**

The Group uses Normalised EBITDA, Normalised Earnings per Share (EPS) and Normalised Headline Earnings per Share (HEPS) from continuing operations, which exclude non-recurring, non-trading, and non-cash items, as the key measures to indicate its true operating performance.

Libstar's full-year results are summarised in the table below:

| (R'000) | 2024 | % change | 2023*^ |
|---|---|---|---|
| **Continuing operations** | | | |

| | | | |
|---|---|---|---|
| Total revenue | 11 773 771 | 3,1% | 11 418 919 |
| *Gross profit margin* | *21,0%* | *-0.3pp* | *21,3%* |
| Normalised operating profit | 631 143 | -6,3% | 673 785 |
| *(margin)* | *5,4%* | | *5,9%* |
| Normalised EBITDA | 974 143 | 0,0% | 974 227 |
| *(margin)* | *8,3%* | | *8,5%* |
| Basic EPS (cents) | -46,8 | -225,5% | 37,3 |
| Basic HEPS (cents) | 39,4 | -16,2% | 47,0 |
| Normalised EPS (cents) | *-32,7* | -185,2% | *38,4* |
| Normalised HEPS (cents) | *53,4* | -6,5% | *57,1* |
| **Balance sheet and cash flow indicators** | | | |
| Net interest-bearing debt to Normalised EBITDA (excl. IFRS 16) | *1.5* | | *1.6* |
| Cash generated from operating activities (excl. net working capital) | *983 427* | -5.5% | *1 040 136* |
| Cash generated from operations (incl. net working capital) | *794 410* | 3.7% | *766 260* |
| Capital investment in property, plant and equipment | *195 164* | -20.2% | *244 647* |
| Cash conversion ratio | *80%* | | *66%* |

* The results for Chet Chemicals are disclosed in the Group's discontinued operations for the year ended 31 December 2024. The comparative prior period statement of comprehensive income has been re-presented to provide a like-for-like comparison.

^ Refer to note 34 in Annual Financial Statements for details on restatements in 2023.

**Revenue**

Libstar recorded 2024 revenue growth of 3.1%. Selling price inflation and mix changes contributed 6.3% to sales growth. Sales volume declined by 3.2% as the Group experienced a decline in its Retail and Food Service channels.

**Gross Profit Margins**

Libstar's year-on-year gross profit margin decreased from 21.3% in the prior year to 21.0% in the current year. Margin pressures in the Dairy and Dry Condiments sub-categories, as well as the margin impact in value-added meats impacted the Group margin.

**Other Gains and Losses**

Realised foreign currency translation losses of R37.1 million were recognised in the current year compared to a R29.6 million loss in the prior year.

Unrealised foreign currency translation gains of R0.4 million were recognised compared to a R2.9 million loss in the prior year.

**Operating Expenses**

Operating expenses increased by 7.0%, driven by higher consulting fees, reflecting the costs associated with strategic initiatives such as operating model planning, the launch of the Group's One Libstar culture program, and fees for divestment advisors. Additionally, salaries and wages increased, in line with CPI adjustments and the filling of vacant positions compared to the previous period.

Libstar's expense margin increased to 17.2% (2023: 16.5%).

**Capital Items**

The Group received insurance proceeds of R120 million in the prior year relating to the Denny Mushrooms (Shongweni plant) fire.

An impairment charge of R400 million net of tax was recognised in relation to the Finlar Fine Foods business unit owing to the supplier diversification implemented by a major customer impacting beef volumes in the Food Service channel. Additionally, an impairment charge of R98.2 million net of tax was recognised in the Denny Mushrooms division to recognise the business unit at its recoverable value. Customer relationships of R10.5 million net of tax were impaired due to the termination of customer contracts in Dickon Hall Foods and Cape Herb and Spice.

The impairment charges decreased Total Diluted EPS and Normalised EPS, but are added back for purposes of the calculation of Total Diluted HEPS and Normalised HEPS.

**Normalised Operating Profit and Normalised EBITDA**

Group Normalised operating profit decreased by 6.3% at a margin of 5.4% (2023: 5.9%).

During the prior year, the Group re-evaluated the estimated useful lives of assets with zero book value, resulting in a decline in prior year depreciation of plant and equipment of 6.3% or R14 million. As the re-evaluation only impacted the 2023 financial results, the 2024 year-to-date depreciation expense has increased by 22.9% or R44 million relative to the prior corresponding period.

Group Normalised EBITDA was R974 million (2023: R974 million) at a margin of 8.3% (2023: 8.5%).

**Investment Income and Finance Costs**

The Group's net finance cost (including IFRS 16 lease liabilities) decreased by 1.6% from R213.7 million to R210.4 million.

Group net finance costs on interest-bearing debt (excluding IFRS 16 lease liabilities), decreased by 13.7% from R165.5 million to R142.8 million, mainly due to the decrease in the Johannesburg interbank average lending rate (JIBAR) in the current prior period.

Finance charges incurred on lease liabilities (IFRS 16) increased by 32.1% from R45.7 million to R60.4 million.

**Taxation**

The Group's effective tax rate of 10.7% (2023: 28.3%), is mainly a result of the impact of impairments on intangible assets. The effective tax rate excluding the effect of impairments is 24.3% (2023: 24.9%).

**Earnings and Headline Earnings**

Total Diluted earnings per share (EPS) decreased from 38.0 cps to a loss per share of 54.0 cps. The decrease is mainly attributable to higher impairment charges and lower insurance proceeds relative to the prior year.

Total Diluted headline earnings per share (HEPS) decreased by 11.7% to 42.1 cps (2023: 47.7 cps). The decrease is mainly attributable to the receipt of insurance proceeds in the prior year.

**Normalised earnings from continued operations**

Normalised EPS, which excludes insurance proceeds, unrealised foreign currency movements and other non-recurring, non-trading, and non-cash items, decreased from 38.4 cps to a loss per share of 32.7 cps. The reduction is mainly attributable to higher impairment charges relative to the prior year.

Normalised HEPS, which also excludes the aforementioned items, as well as insurance proceeds and impairment charges, decreased by 6.5% from 57.1 cps to 53.4 cps.

The weighted average number of shares in issue remained unchanged at 595.8 million and is equal to the diluted number of shares in issue.

**Cash Flows and Balance Sheet**

Cash generated from operating activities increased by R28.1 million from R766.3 million to R794.4 million.

Group net working capital increased to 19.1% of Group revenue (2023: 18.0%), resulting from an increase in inventory days, mainly driven by excess milk volumes.

The Group target range is expected to remain elevated between 16% – 18% of revenue in the medium term given continued shipment delays, and excess milk volumes.

The Group focused its capital allocation on capacity-enhancing projects in identified growth areas, critical maintenance, and safety projects. Capital expenditure was reduced by R47.9 million to R195.2 million (2023: R244.6 million), representing 1.7% of net revenue (2023: 2.1%). The Group's target range remains between 2.0% to 3.0%.

The Group's EBITDA to term debt gearing ratio reduced to 1.5x (2023: 1.6x) normalised EBITDA within the stated target of 1x to 2x.

Net interest cover to EBITDA remains strong at 5.4x from 4.9x in the prior year and compares favourably to the Group's minimum stated target of greater than 3.5x.

## OUTLOOK

### Introduction

Consumers are expected to remain under pressure in the short to medium term, notwithstanding some improving macro-economic indicators. Within this context, Libstar remains resolute in the execution of its simplification, growth and sustainability strategy.

### Portfolio and Operating Model Simplification

In the coming year, the Group's operating model will be further simplified within the Ambient Products category, where a shared-services structure will be created in the Wet Condiments subcategory. This new structure will consist of Montagu Foods, Dickon Hall Foods, Retailer Brands and Cecil Vinegar Works, with the goal of improving operational capabilities while preserving the unique market positions of each business unit.

Furthermore, as part of the Group's ongoing commitment to optimising our operational execution, the divisions of Rialto (Retail Division), Ambassador Foods (Snacks Division) and Cape Coastal Honey (Spreads Division) will be integrated in the coming year. The integration of these divisions into a newly formed sub-category of the Ambient Products category, better positions the business for growth and improves customer alignment. The integration will, furthermore, strengthen the categories' leadership structure and succession planning, while simultaneously advancing technical and product development capabilities.

### Category and Channel Growth

The new financial year marks a special milestone for the Group as Libstar celebrates its 20$^{th}$ anniversary– a testament to the dedication, innovation, and resilience of the Company. Forming part of its revised business strategy, Libstar's key focus for the year ahead will be on the achievement of category and channel growth, the development and upliftment of its people and the continued strength of its culture.

Within the Perishable Products category, Libstar will continue to develop markets for its quality, value-added meat products. The Group anticipates a more balanced supply-demand dynamic in the Dairy sub category as industry-wide production and pricing pressures normalise. However, cost inflation in key inputs such as feed, logistics and costs related to disease outbreaks remains a risk, requiring continued focus on operational efficiency and procurement strategies. The Group will continue to invest in high-margin categories, expanding its Soft Cheese and Yoghurt offerings.

The Ambient Products category remains well-positioned to benefit from the continued growth of its Exports and Food Service offerings, supported by the operating model simplification aforementioned.

**Unlocking Stakeholder Value**

Although Libstar faced isolated challenges in 2024, the Group's broader performance and resilient balance sheet reflects the strength of its strategy, and we remain confident in our long-term growth trajectory.

In light of the above, the Board believes the timing to be optimal for Libstar to assess further potential strategies through which to deliver meaningful value unlock for stakeholders, alongside continued execution of the Group's ongoing operational and strategic initiatives.

The evaluation of potential strategic options remains at an early stage. Shareholders will be kept informed as the Company progresses its assessment, as appropriate and to the extent required in terms of the applicable regulations.

**Responsibility statement**

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. Any investment decision should be based on the full announcement. The information presented in the Results summary section above includes pro-forma financial information in terms of the JSE Listings Requirements. The pro forma financial information presented in this announcement, which is the responsibility of the Group's directors, has been prepared for illustrative purposes only, and may not fairly present the Group's financial position, changes in equity, cash flows or results of operations.

The full announcement can be found:
- On the JSE's website:
https://senspdf.jse.co.za/documents/2025/jse/isse/lbre/FY_2024.pdf
- On the Company's website:
https://www.libstar.co.za/wp-content/uploads/2025/03/SENS-Booklet-2024.pdf

A copy of the full announcement is available for inspection and may also be requested at Libstar's registered office and offices of our sponsor, at no charge, during office hours.

**Report of the independent auditors**

The consolidated annual financial statements for the year ended 31 December 2024 have been audited by Ernst & Young Inc., who expressed an unqualified opinion thereon. The auditor's report in terms of International Standards on Auditing, along with their key audit matters and the Annual Financial Statements, are available at the following link: https://www.libstar.co.za/wp-content/uploads/2025/03/Annual-Financial-Statements-2024.pdf

**DECLARATION OF CASH DIVIDEND**

The Board of Libstar has approved payment of a cash dividend of 15 cents per ordinary share (gross) in respect of the year ended 31 December 2024 (2023: 15 cents).

In accordance with paragraphs 11.17 (a) (i) to (ix) and 11.17 (c) of the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared from income reserves.
- The local Dividends Tax rate is 20% (twenty percent).
- The gross local dividend amount is 15 cents per ordinary share for shareholders exempt from the Dividends Tax.
- The net local dividend amount is 12 cents per ordinary share for shareholders liable to pay the Dividends Tax.
- Libstar has 681 921 408 ordinary shares in issue.
- Libstar's income tax reference number is 9526395174.

The following salient dates will apply to the dividend payment:

| | |
|---|---|
| • Declaration date | Tuesday, 18 March 2025 |
| • Last day to trade cum the dividend | Tuesday, 8 April 2025 |
| • Shares commence trading ex the dividend | Wednesday, 9 April 2025 |
| • Record date | Friday, 11 April 2025 |
| • Payment in respect of the dividend | Monday, 14 April 2025 |

Share certificates may not be dematerialised or re-materialised between Wednesday, 9 April 2025 and Friday, 11 April 2025, both days inclusive.

**CHANGES TO THE BOARD**

Wendy Luhabe will be stepping down as board member and Chairman of the Company after the AGM on or about 30 May 2025. The Board would like to extend its sincere gratitude to Wendy for her invaluable contributions to both the Board and the Company over the years.

JP Landman, current lead independent non-executive director, has been appointed as Chairman of the Company with effect from the conclusion of the 2025 AGM. He will step down as the lead independent non-executive director and member of the Audit and Risk Committee at the AGM.

By order of the Board

| | |
|---|---|
| Wendy Luhabe<br>CHAIRMAN | CB de Villiers<br>CEO |

18 March 2025

Sponsor
The Standard Bank of South Africa Limited