

**Novus Holdings Limited and its subsidiaries**

*Registration Number: 2008/011165/06*

**Summarised audited consolidated financial statements**

*for the year ended 31 March 2023*

## Novus Holdings Limited

Incorporated in the Republic of South Africa

(Registration number: 2008/011165/06)

JSE share code: NVS

ISIN: ZAE000202149

("Novus Holdings" or "the Company" or "the Group")

## Provisional audited results for the year ended 31 March 2023

### SALIENT FEATURES

- Revenue up by 6,0% to R3 196 million (2022: R3 014 million)
- EBITDA\* of R131,7 million (2022: R281,1 million) with a net working capital increase of R451,4 million (2022: decrease of R51,6 million)
- Operating profit\* declined to R7 million (2022: R193 million)
- Headline earnings per share decreased to a headline loss of 7,4 cents per share compared to a profit of 53,2 cents per share
- Earnings per share declined to 18,9 cents (2022: 30,4 cents per share)
- No final dividend has been declared
- Closing cash position decreased to R392,2 million (2022: R567,9 million)

### PERFORMANCE OVERVIEW

The year saw the Group navigate through challenges experienced in the global and domestic macro-economic environments, with tight supply chains, highly volatile paper raw material pricing and constrained energy supply. This severely impacted profit margins in the Print segment as the excessive paper price increases could not be passed onto customers. The Group also decided to increase buffer paper stock to counter the unforeseen interruptions in supply and ensure that customer demand could be met. The higher stock was procured at prices higher than the current spot rate which will continue to impact profits for the first half of FY2024.

The Group welcomed the award of the Department of Basic Education ("DBE") school workbook contract which secured a stable revenue stream for the current and next two financial years with the option of a further two-year renewal. The delayed award of the tender shifted the production and the working capital cycle to several months later in the financial year, with reduced volumes compared to the prior year. The main local supplier of paper suffered two force majeure events during the period, necessitating the procurement of some imported substitute paper at higher prices which negatively impacted margins.

The year also brought about the opportunity for the Group to further grow and diversify its operations within the educational content sector with the successful acquisition of Pearson South Africa Proprietary Limited (renamed Maskew Miller Learning Proprietary Limited ("MML")) effective 30 November 2022, with the Group consolidating four months' results in the current financial year. The acquired intangible assets relating to brands and customer relationships valued at R479,0 million were recognised in the period with amortisation of R42,8 million accounted for in operating profit.

Overall Group revenue increased by R182 million from R3 014 million to R3 196 million due to the inclusion of R156 million from the newly acquired subsidiary and another strong showing by ITB Flexible Packaging Solutions ("ITB"). The Novus Labels division saw revenue decline as anticipated following the conscious exit from a large customer contract whilst the Print segment revenue remained flat with volume declines experienced throughout all product categories.

Mainly due to the Print segment's performance as a consequence of increased input costs, Group operating profit decreased to R7 million (2022: R193 million) with a gross profit margin decline of 5.6% to 18,8% (2022: 24,4%). Whilst the operational challenges imposed by the increased frequency of power outages throughout the financial year were minimised to the extent possible, unavoidable additional costs of R29,0 million (2022: R6,3 million) were incurred to generate own power.

\* Excluding "other gains/(losses)."

Overhead costs were well contained throughout the Group, with prior years cost savings initiatives continuing to result in a much leaner Group structure and reduced cost base. Once off acquisition related costs, as well as the inclusion of MML, resulted in an overall increase year on year from R541 million to R593 million.

Other once off items included in the Group's results included the following:

- A gain on bargain purchase of R100,1 million, given that the acquired net assets and liabilities of MML exceeded the purchase consideration and transaction related costs of R14,3 million;
- Necessary retrenchment costs incurred in Print due to overall reductions in demand and margin pressures amounting to R12,6 million and R1,5 million in the Packaging segment;
- An impairment of plant and machinery amounting to R20,5 million of which R16,9 million was accounted for in the Print segment (2022: Rnil) to impair the assets to fair value less costs to sell and R3,6 million (2022: R69,1 million) within the Packaging segment to impair redundant equipment following the exit of the low-end retail carrier bag market in ITB; and
- Loss on disposal of property, plant and equipment amounting to R1,3 million.

### Print

Revenue remained relatively flat at R2 377 million (2022: R2 371 million) and operating profit declined from R155,8 million to an operating loss of R23,7 million.

Overall sales tonnages decreased by 15,3%. All product categories saw a decline in volumes year on year, with Magazines and Newspapers showing the largest volume declines. Gross profit margin decreased by 10,3% from 26,8% to 16,5%.

### Packaging

Revenue increased by 3,8% to R659,4 million (2022: R635,4 million) and operating profit by 62,9% to R61,6 million (2022: R37,8 million).

ITB demonstrated consistent performance compared to the prior year, with revenue increasing by 17,6% due to increased consumer demand contributing to operating profit increasing by 5,0%. The division incurred retrenchment costs in the year in its Plaslope division which impacted profitability by R1,5 million.

After several difficult years, the Novus Labels division returned to profitability from a more diversified product range to a reduced customer base and the cancellation of a large but low-margin customer contract in the prior year. Consequently, revenue decreased by 49,5%, but the return to profitability was aided by stronger margins and the impact on overhead costs of restructuring exercises undertaken in the prior year.

### Education

MML is included within the Education segment and contributed R156,3 million to revenue and an operating loss of R32,5 million in the four-month period since acquisition. This was largely due to the amortisation of acquired intangibles allocated to the segment amounting to R42,8 million and other timing related costs incurred in March 2023. The particular four-month period included in these first consolidated results is traditionally a very low revenue period in this very cyclical business.

## CASH GENERATION

The Group closed on a healthy cash balance of R392,2 million whilst funding part of the MML acquisition from cash reserves. The purchase consideration of R842,3 million was settled partly in cash amounting to R342,3 million and introducing a level of gearing in the Group, by obtaining funding of R500 million for the remainder. The Group has included a take-on cash balance of R206,2 million from MML.

Net working capital cash inflows of R20 million improved free cash flow mainly due to the inclusion of MML contributing R304,7 million and the working capital recovery in Novus Labels following the restructure of the division contributing positive cash flows, whilst the significant investment in inventory in Print negated this.

Capital and interest repayments on the outstanding loan balance in the period amounted to R32,4 million with an external dividend of R17,2 million paid to the non-controlling shareholders of MML.

Net capital expenditure including proceeds on the sale of equipment amounted to R43,0 million (2022: R9,2 million) with the acquisition of solar panels at the Montague Gardens Print facility as part of the Group's mitigation plan to address the impact of loadshedding. Other capital expenditure related to ongoing maintenance and some expansionary equipment.

Taxation paid in the period amounted to R103 million mainly related to taxation paid by MML. The Group included a current income tax receivable of R17,4 million at 31 March 2023.

## OUTLOOK

Despite the challenging year, the Group was able to successfully conclude a significant acquisition and diversify its operations into educational content. The final few months of the financial year were spent integrating this newly acquired business, and this will continue into the new financial year as synergies are identified across Group entities and rebranding is completed. Whilst not a significant contributor in the current period given the timing of the acquisition, it is anticipated that the division will perform at least at its historic profit levels in FY2024.

Both the global and domestic environments are expected to remain volatile in the short to medium term and to impact both cost and revenue drivers. Exchange rate volatility has required the Group to reconsider its hedging strategies and attempt to mitigate the impact on projected margins.

Global supply chains have begun to ease with paper pricing having hit its peak in the current financial year and with some respite at present. Strategically increasing inventory levels up to 31 March 2023 has meant that foreign paper stock purchases can now be curbed to a certain extent, with a strong focus on decreasing current stock levels, it is anticipated to have these significantly reduced by the end of FY2024.

Whilst paper pricing is gradually reducing, it will take some time to reflect this benefit in the new financial year until the higher priced inventory currently on hand is fully utilised. The Group is confident in its Print business model even though higher paper prices will affect profitability in the short term.

The benefits of leaner organisational structures are expected to flow through to operating profit after the once-off costs incurred in the current year, with initiatives to curb the negative impact of loadshedding is expected to limit interruption and reduce related expenses. These include a solar power installation and load curtailment programs at qualifying sites.

The Novus Print Linbro Park property has been sold, with all conditions fulfilled by 18 May 2023, with the transfer process underway. The conclusion will see gross proceeds of R125 million improve cash flow generation in FY2024.

## DIVIDENDS

In light of the significant level of debt introduced to the Group following the acquisition, and the required investment to fund the Group's working capital cycle, it has been decided that no dividend be declared at this stage. The Board remains committed to its strategy of ultimately returning cash to shareholders and will continuously review this position and notify shareholders accordingly.

## RESULTS PRESENTATION

Shareholders are advised that Novus Holdings will be hosting their results presentation at the Novus Holdings Offices situated at 10 Freedom Way, Montague Gardens at 11h00 (SA time) on Thursday, 22 June 2023.

For access and details of this webinar, go to the Group's website at [www.novus.holdings](http://www.novus.holdings) and view the invitation at <https://novus.holdings/wp-content/uploads/2023/06/Novus-Holdings-Annual-Results-2023-Invite.pdf>.

On behalf of the Board

### ANDRÉ VAN DER VEEN

Executive Chairman

Cape Town  
19 June 2023

### Sponsor

Merchantec Capital

## Summary consolidated statement of financial position

As at 31 March 2023

	Note	2023 R'000	2022 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>1 441 286</b>	<b>1 046 110</b>
Property, plant and equipment	14	754 993	793 582
Investment property	15	62 317	62 764
Goodwill	16	80 212	80 212
Other intangible assets	26	438 521	2 795
Financial assets at fair value through other comprehensive income		3 049	3 064
Investment in associates	19	11 197	12 058
Other financial assets at amortised cost		570	1 118
Deferred taxation assets	18	90 427	90 517
<b>Current assets</b>		<b>1 845 841</b>	<b>1 448 847</b>
Inventory	13.1	802 446	437 223
Intangible assets -product development		54 598	—
Trade and other receivables	13.2	547 862	420 114
Related party receivables	10	17 499	20 921
Contract assets	13.2	9 389	2 185
Derivative financial instruments	9	4 401	487
Current income tax receivable		17 413	—
Cash and cash equivalents		392 233	567 917
Non-current assets held for sale	12	109 945	109 788
<b>TOTAL ASSETS</b>		<b>3 397 072</b>	<b>2 604 745</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to the Group's equity holders</b>		<b>2 169 867</b>	<b>2 098 078</b>
Share capital		507 208	509 314
Treasury shares		(343 653)	(345 759)
Other reserves		(107 436)	(118 516)
Retained earnings		2 113 748	2 053 039
Non-controlling interest		46 836	—
<b>TOTAL EQUITY</b>		<b>2 216 703</b>	<b>2 098 078</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		<b>346 792</b>	<b>67 461</b>
Post-employment medical liability		23 498	2 940
Provisions		9 349	10 748
Borrowings and lease liabilities	17	189 394	27 367
Deferred taxation liabilities	18	121 174	21 715
Deferred grant income		3 377	4 691
<b>Current liabilities</b>		<b>833 577</b>	<b>439 206</b>
Post-employment medical liability		1 798	—
Current portion of borrowings and lease liabilities	17	325 537	4 748
Trade and other payables	13.1	504 202	404 224
Current income tax payable		—	9 102
Derivative financial instruments	9	717	19 811
Bank overdrafts		9	7
Deferred grant income		1 314	1 314
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 397 072</b>	<b>2 604 745</b>

## Summary consolidated income statement

For the year ended 31 March 2023

	Note	2023 R'000	2022 R'000
<b>Revenue</b>	20	3 195 625	3 014 233
Cost of sales		(2 595 234)	(2 280 212)
<b>Gross profit</b>		600 391	734 021
Operating expenses		(593 453)	(540 898)
Administrative and other expenses		(582 118)	(539 120)
Net impairment losses on financial assets	13.2	(11 335)	(1 778)
Other gains/(losses)	21	76 624	(32 260)
<b>Operating profit</b>		83 562	160 863
Finance income	22	21 284	11 763
Finance costs	23	(49 245)	(25 362)
Impairment of associates	21	—	(3 968)
Share of net (losses)/profits of associate accounted for using the equity method	19	(861)	(7 317)
<b>Profit before taxation</b>		54 740	135 979
Taxation	24	4 853	(43 172)
<b>Net profit for the year</b>		59 593	92 807
<b>Attributable to:</b>			
Equity holders of the Group		60 585	92 807
Non-controlling interest		(992)	—
		59 593	92 807
<b>Earnings per share (cents):</b>			
Basic	8	18,90	30,42
Diluted	8	18,90	30,42

## Summary consolidated statement of comprehensive income

For the year ended 31 March 2023

	2023 R'000	2022 R'000
<b>Net profit for the year</b>	59 593	92 807
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be subsequently reclassified to profit or loss</i>		
<b>Hedging reserve</b>	3 862	(5 415)
Foreign exchange movement, gross	5 291	(7 521)
Foreign exchange movement, tax portion	(1 429)	2 106
<b>Fair value reserve</b>	(11)	(15)
Net fair value losses gross	(15)	(21)
Net fair value losses, tax portion	4	6
<i>Items that will not be reclassified to profit or loss</i>		
<b>Post-employment benefit obligations and provisions</b>	(69)	(84)
Remeasurement of post-employment benefit obligations and provisions, gross	(96)	(117)
Remeasurement of post-employment benefit obligations and provisions, tax portion	27	33
<b>Total other comprehensive income/(loss), net of tax</b>	3 782	(5 514)
<b>Total comprehensive income for the year</b>	63 375	87 293
<b>Attributable to:</b>		
Equity holders of the Group	64 367	87 293
Non-controlling interest	(992)	—
	63 375	87 293

## Summary consolidated statement of changes in equity

For the year ended 31 March 2023

	Note	Share capital and premium R'000	Treasury shares R'000	Total other reserves R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
<b>Balance as at 01 April 2021</b>		602 656	(507 344)	(112 843)	2 225 000	–	2 207 469
<b>Total comprehensive (loss)/income for the year</b>		–	–	(5 514)	92 807	–	87 293
Profit for the year		–	–	–	92 807	–	92 807
Other comprehensive loss		–	–	(5 514)	–	–	(5 514)
Hedging reserve reclassification adjustment to inventory, gross		–	–	2 551	–	–	2 551
Hedging reserve reclassification adjustment to inventory, tax portion		–	–	(714)	–	–	(714)
<b>Transactions with owners:</b>							
Share based compensation movement		–	–	5 480	–	–	5 480
Share awards vested and issued		(22 416)	22 416	(7 476)	7 476	–	–
Transfer of shares used for scrip dividend		(139 169)	139 169	–	–	–	–
Dividends paid		–	–	–	(203 476)	–	(203 476)
Scrip dividend issue		68 768	–	–	(68 768)	–	–
Scrip issue costs		(525)	–	–	–	–	(525)
<b>Total transactions with owners</b>		<b>(93 342)</b>	<b>161 585</b>	<b>(1 996)</b>	<b>(264 768)</b>	<b>–</b>	<b>(198 521)</b>
<b>Balance as at 31 March 2022</b>		<b>509 314</b>	<b>(345 759)</b>	<b>(118 516)</b>	<b>2 053 039</b>	<b>–</b>	<b>2 098 078</b>
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>–</b>	<b>3 782</b>	<b>60 585</b>	<b>(992)</b>	<b>63 375</b>
Profit for the year		–	–	–	60 585	(992)	59 593
Other comprehensive income		–	–	3 782	–	–	3 782
Hedging reserve reclassification adjustment to inventory, gross		–	–	5 655	–	–	5 655
Hedging reserve reclassification adjustment to inventory, tax portion		–	–	(1 527)	–	–	(1 527)
<b>Transactions with owners:</b>							
Transactions with non-controlling interests on acquisition date	26	–	–	–	–	65 016	65 016
Transactions with non-controlling interests: Repurchased		–	–	–	–	3 316	3 316
Transactions with non-controlling interests: Issued		–	–	–	–	(3 316)	(3 316)
Share based compensation movement		–	–	3 293	–	–	3 293
Share awards vested and issued		(2 106)	2 106	(124)	124	–	–
Dividends paid		–	–	–	–	(17 188)	(17 188)
<b>Total transactions with owners</b>		<b>(2 106)</b>	<b>2 106</b>	<b>3 169</b>	<b>124</b>	<b>47 828</b>	<b>51 121</b>
<b>Balance as at 31 March 2023</b>		<b>507 208</b>	<b>(343 653)</b>	<b>(107 436)</b>	<b>2 113 748</b>	<b>46 836</b>	<b>2 216 703</b>

## Summary consolidated statement of cash flows

For the year ended 31 March 2023

	Note	2023 R'000	2022 R'000
<b>Cash flows from operating activities</b>			
Profit before taxation		54 740	135 979
Non-cash movements in profit before tax		88 117	153 898
Net changes in working capital		19 995	(11 208)
<b>Cash generated from operations</b>		<b>162 852</b>	<b>278 669</b>
Finance income	22	21 284	11 763
Finance costs	23	–	(1 109)
Taxation paid		(102 512)	(51 173)
<b>Net cash generated from operating activities</b>		<b>81 624</b>	<b>238 150</b>
<b>Cash flows from investing activities</b>			
Property, plant and equipment acquired	14	(48 904)	(25 120)
Proceeds on sale of property, plant and equipment		5 907	15 905
Proceeds from the sale of non-current assets held for sale		–	94 339
Purchase of intangible assets		(366)	(420)
Financial assets at amortised cost advanced		–	(570)
Financial assets at amortised cost repaid		507	1 044
Related party loans advanced		(643)	(1 820)
Related party loans repaid		–	41 419
Acquisition of subsidiary	26	(636 085)	–
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(679 584)</b>	<b>124 777</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	17	1 000 000	–
Repayment of borrowings	17	(515 141)	(13 295)
Principle portion of lease liabilities	17	(5 233)	(10 709)
Interest portion of lease liabilities	17	(3 233)	(6 359)
Interest paid	23	(36 931)	–
Dividends paid to company's shareholders	25	–	(203 476)
Dividends paid to non-controlling interests in subsidiaries		(17 188)	–
Transactions with non-controlling interests		–	(4 000)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>422 274</b>	<b>(237 839)</b>
Net (decrease)/increase in cash and cash equivalents		(175 686)	125 088
Cash and cash equivalents at the beginning of the period		567 910	442 822
<b>Cash and cash equivalents at the end of the period</b>		<b>392 224</b>	<b>567 910</b>

# Notes to the summary consolidated financial statements

For the year ended 31 March 2023

## 1 REPORTING ENTITY

The financial data in the summary consolidated financial statements covers the Group's comprehensive commercial printing and manufacturing, as well as the newly acquired educational content developing operations in South Africa. The report is structured to cover the operations according to four business segments:

- Education (includes newly acquired subsidiary, Maskew Miller Learning Proprietary Limited which develops educational content);
- Printing (including gravure, heatset, coldset, sheet-fed and digital);
- Packaging (including labels and flexible packaging);
- Other (other non-print or packaging products).

## 2 BASIS OF PREPARATION

The summary financial statements are prepared in accordance with the Requirements of the JSE Limited ("JSE") for summary financial statements, and the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended, ("Companies Act") applicable to summary financial statements. The Listing Requirements requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements except for the amendments adopted. None of the new or amended accounting pronouncements that are effective for the financial year commencing 01 April 2022 have a material impact on the Group.

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 31 March 2023 but not yet effective on that date. These standards are not expected to have a material impact on the entity in the current or future reporting periods.

The summary consolidated financial statements do not include all the notes of the type normally included in consolidated annual financial statements. Accordingly, these summary consolidated financial statements are to be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2023 available at [www.novus.holdings](http://www.novus holdings).

## 3. PREPARATION

The preparation of the summary consolidated financial statements was supervised by the Chief Financial Officer, Keshree Alwar CA(SA). Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditor.

## 4. AUDITOR'S REPORT

This summarised report is extracted from audited information but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website on [www.novus.holdings](http://www.novus.holdings).

The directors take full responsibility for the preparation of the provisional report and that the financial information has been correctly extracted from the underlying annual financial statements.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 5. ACCOUNTING POLICIES

The accounting policies used in preparing the summary consolidated financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements, except for the adoption of the following new accounting standards and amendments to IFRS's that became effective and were adopted by the Group during the current financial year:

Standard/Interpretation	Effective date: Years beginning on or after
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Annual Improvements to IFRS Standards 2018-2020, and	01 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3.	01 January 2022

*The relevance of these amendments to the published standards has been assessed with respect to the Group's operations.*

### 6. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of summary financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these summary consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 31 March 2023, as well as the prior year.

### 7. SEGMENT INFORMATION

IFRS 8: Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker ("CODM") to allocate resources to the segments and to assess their performance. The CODM has been identified as the executive committee that makes strategic decisions.

The Group has identified its operating segments based on business by service or product and aggregated it into the reportable segments based on the nature of the operating segment and it meeting the aggregation criteria in terms of IFRS 8 paragraph 12, as they have similar production processes, customers and suppliers. These reportable segments are Print, which comprises printing of books, magazines, retail inserts and newspapers; Packaging, which produces flexible packaging products and prints flexible labels; Education, which is the newly acquired Maskew Miller Learning, which develops educational content for various institutions from government to private colleges; and Other, which includes all non-print, packaging or education related transactions.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 7. SEGMENT INFORMATION (continued)

	Printing R'000	Education R'000	Packaging R'000	Other R'000	Eliminations R'000	Total R'000
<b>2023</b>						
External revenue	2 377 812	156 353	659 361	2 099	—	3 195 625
Inter-segmental revenue	4 637	—	—	—	(4 637)	—
<b>Total revenue</b>	<b>2 382 449</b>	<b>156 353</b>	<b>659 361</b>	<b>2 099</b>	<b>(4 637)</b>	<b>3 195 625</b>
<b>Profit/(loss) before taxation</b>	<b>(79 644)</b>	<b>76 864</b>	<b>56 808</b>	<b>712</b>	<b>—</b>	<b>54 740</b>
<b>Additional disclosure</b>						
Property, plant and equipment additions	28 275	2 543	19 305	—	—	50 123
Capital commitments	2 949	—	—	—	—	2 949
Impairment of assets	(18 576)	—	(3 569)	—	—	(22 145)
Amortisation on acquired intangibles	—	(42 841)	—	—	—	(42 841)
Gain on bargain purchase	—	100 053	—	—	—	100 053
Net impairment losses on financial assets	(9 767)	(1 710)	143	—	—	(11 335)
Investment in associates	—	—	—	11 197	—	11 197
Total assets	2 083 980	1 252 126	567 743	164 748	(671 525)	3 397 072
Total liabilities	679 620	439 785	155 939	576 550	(671 525)	1 180 369
	Printing R'000	Education R'000	Packaging R'000	Other R'000	Eliminations R'000	Total R'000
<b>2022</b>						
External revenue	2 371 270	—	635 400	7 563	—	3 014 233
Inter-segmental revenue	6 238	—	—	—	(6 238)	—
<b>Total revenue</b>	<b>2 377 508</b>	<b>—</b>	<b>635 400</b>	<b>7 563</b>	<b>(6 238)</b>	<b>3 014 233</b>
<b>Profit/(loss) before taxation</b>	<b>145 330</b>	<b>—</b>	<b>(39 142)</b>	<b>29 791</b>	<b>—</b>	<b>135 979</b>
<b>Additional disclosure</b>						
Property, plant and equipment additions	20 037	—	5 083	—	—	25 120
Capital commitments	177	—	—	—	—	177
Impairment of assets	(12 982)	—	(85 687)	(136)	—	(98 805)
Net impairment losses on financial assets	(6 526)	—	4 595	153	—	(1 778)
Investment in associates	—	—	—	12 058	—	12 058
Total assets	2 481 372	—	660 603	294 966	(832 196)	2 604 745
Total liabilities	508 383	—	360 326	470 154	(832 196)	506 667

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 8. EARNINGS PER SHARE

#### Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect. Currently, the share options granted and vested under equity settled schemes to participating employees and directors are considered anti-dilutive.

#### Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 01/2023 issued by the South African Institute of Chartered Accountants (SAICA).

Calculation of headline earnings	Note	2023 R'000	2022 R'000
<b>Earnings</b>			
<b>Net earnings attributable to shareholders</b>		60 585	92 807
<b>Adjustments (net of tax):</b>		(84 165)	69 353
- (Profit)/loss on sale of property, plant and equipment and non-current assets held for sale		938	(6 465)
- Gain on bargain purchase	26	(100 053)	–
- Impairment in value of property, plant and equipment	14	14 950	49 763
- Impairment in value of intangible assets		–	6 490
- Impairment in value of investments in associates	19	–	2 857
- Impairment in value of goodwill	16	–	16 708
<b>Headline (loss)/earnings</b>		<b>(23 580)</b>	<b>162 160</b>
Number of ordinary shares in issue		346 656 348	346 656 348
Weighted average number of shares		320 600 549	305 099 595
<b>Earnings per ordinary share (cents)</b>			
Basic		18,90	30,42
Diluted		18,90	30,42
<b>Headline (loss)/earnings per ordinary share (cents)</b>			
Basic		(7,35)	53,15
Diluted		(7,35)	53,15

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### 9.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

#### 9.2 Fair value estimation

The table below analyses specific financial instruments carried at fair value, by valuation method. The different levels have been defined.

	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets for identical assets or liabilities R'000	Significant other observable inputs R'000	Significant unobservable inputs R'000	R'000
<b>At 31 March 2023</b>				
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	1	3 048	—	3 049
Derivative financial instruments*	—	4 401	—	4 401
Related party loan receivables**	—	—	17 499	17 499
	<b>1</b>	<b>7 449</b>	<b>17 499</b>	<b>24 949</b>
<b>Liabilities</b>				
Derivative financial instruments*	—	717	—	717
	—	717	—	717
<b>At 31 March 2022</b>				
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	1	3 063	—	3 064
Derivative financial instruments*	—	487	—	487
Related party loan receivables**	—	—	18 521	18 521
	<b>1</b>	<b>3 550</b>	<b>18 521</b>	<b>22 072</b>
<b>Liabilities</b>				
Derivative financial instruments*	—	19 811	—	19 811
	—	19 811	—	19 811

\* Financial assets/liabilities carried at fair value.

\*\* Financial asset/liabilities measured at amortised cost and included in the above table for fair value disclosure.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 9. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

#### Valuation techniques used to derive Level 2 fair values

*Foreign exchange contracts* - In measuring the fair value of foreign exchange contracts, the Group makes use of market observable quotes of forward foreign exchange rates on instruments that have a maturity similar to the maturity profile of the Group's foreign exchange contracts. Key inputs used in measuring the fair value of foreign exchange contracts include current spot exchange rates, market forward exchange rates, and the term of the Group's foreign exchange contracts.

*Financial assets at fair value through other comprehensive income* - the use of quoted market prices for similar instruments.

#### Valuation techniques and key inputs used to measure significant Level 3 fair values

*Related party loan receivables* - the loan is carried at amortised cost which approximates fair value. Fair value was determined based on the use of unobservable inputs including counterparty credit risk.

### 10. RELATED PARTY TRANSACTIONS

The Group entered into transactions and has balances with related parties including its subsidiaries, directors and associates. Transactions that are eliminated on consolidation as well as profits or losses eliminated through application of the equity method are not included.

The loan to Mthembu Paper Mill Proprietary Limited is non-interest bearing and is payable on demand as at the end of the reporting period. The nature of the loan is deemed to be a shareholders loan to fund initial working capital requirements of the associate. As part of the impairment evaluation of the receivable, if the loan had to be demanded at the reporting date liquid assets amounting to R78,3 million (2022: R63,9 million) would be available including a secured debtors book amounting to R57,1 million (2022: R32,2 million). A default rate of 2,5% was considered to determine an expected credit loss allowance on the loan receivable and is deemed immaterial.

### 11. CAPITAL COMMITMENTS AND CONTINGENCIES

Commitments relate to amounts for which the Group has contracted, but that have not yet been recognised as obligations in the statement of financial position.

	2023 R'000	2022 R'000
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
– Property, plant and equipment	2 950	177
<b>Lease commitments – as lessee (expense)</b>	–	1 496
	<b>2 950</b>	<b>1 673</b>

Capital commitments in the current year relates to machinery items within the Print segment. The prior year lease commitments relates to leases with underlying assets of a low value (office printers) and leases for paper storage for a period of less than 12 months and therefore have not been capitalised in accordance with the IFRS 16 exemption applied.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 12. NON-CURRENT ASSETS HELD FOR SALE

As per the prior year, the asset held for sale relates to the Novus Print Linbro Park building. A binding sale agreement was entered into, with a purchase consideration of R125 million. The conditions precedent were fulfilled subsequent to year end in May 2023 resulting in the sale being unconditional. The registration of transfer has commenced.

	Note	2023 R'000	2022 R'000
Opening balance		109 788	181 336
Transfers from property, plant and equipment	14	157	16 718
Disposals		—	( 88 266)
Closing balance		109 945	109 788
Proceeds as per statement of cash flows		—	94 339
Included within profit on sale of assets		—	6 073

In accordance with IFRS 5, the land and buildings were measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification.

### 13 CHANGES IN WORKING CAPITAL

#### 13.1 Inventory and trade and other payables

These balances have increased year on year as a result of increase in value due to excessive increases in pricing and in quantity due to additional strategic stock purchases in the Print segment to mitigate global raw material shortages and availability.

#### 13.2 Contract assets and trade and other receivables

Trade and other receivables increased due to timing of receipts between the current and prior year, as well as the inclusion of the newly acquired subsidiary's trade receivable balance. The balance also includes an expected credit loss allowance of R29,3 million (2022: R20,4 million).

The ageing of the expected loss allowance per age class is presented below:

	2023 R'000	2022 R'000
Current	8 238	6 869
30 days and older	3 763	1 633
60 days and older	3 212	581
90 days and older	2 411	791
120 days and older	11 640	10 573
	29 264	20 447

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 14. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment, is mainly due to the following:

	Note	2023 R'000	2022 R'000
Cash acquisitions during the period		48 904	25 120
Depreciation during the period		(71 465)	(83 887)
Impairments during the period		(20 479)	(69 115)
Transferred (to)/from 'held for sale'	12	(157)	(16 718)
Acquisition of subsidiary	26	10 295	–
		<b>(32 902)</b>	<b>(144 600)</b>

The current year's impairments relate to the following:

#### Print and Packaging segment

The Group recognised an impairment of property, plant and equipment of R20,5 million (2022: R69,1 million). An impairment charge of R16,9 million was accounted for in the Print segment (2022: Rnil) and R3,6 million within the Packaging segment (2022: R69,1 million). The R69,1 million impairment charge in the prior year relates to assets within the Packaging segment which were impaired to their recoverable amount mainly due to the exit of a large customer contract impacting the future cash flows of the Novus Labels division.

### 15. INVESTMENT PROPERTY

Investment property relates to the Correll Tissue building now occupied by Mthembu Paper Mill Proprietary Limited. The fair value of the property is considered to be R68,5 million based on current prices in an active market for similar properties. Rental income of R7,4 million (2022: R7,4 million) was recognised related to the property. All property related costs are charged to the lessee.

	2023 R'000	2022 R'000
<b>Opening balance</b>	<b>62 764</b>	<b>64 415</b>
Transfer (to)/from owner-occupied property	1 290	(136)
Depreciation	(1 737)	(1 515)
<b>Closing balance</b>	<b>62 317</b>	<b>62 764</b>

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 16. GOODWILL

The Group has allocated its goodwill to various cash-generating units. The recoverable amounts of these cash-generating units have been determined based on either a value-in-use calculation or fair value less costs to sell, where more appropriate. The value-in-use is based on discounted cash flow calculations. The Group based its cash flow calculations on three years budgeted and two years forecasted information. The budgeted information for year 1 was approved by the Board of directors of the Company ("the Board") on a consolidated level, with years 2 - 3 derived from budgeted information approved by management and extrapolated over the forecasted years. The growth rates disclosed are the long-term average growth rates which were used to extrapolate the cash flows into the future. These rates were also compared to the average long term industry growth rates for reasonableness. The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units in which they operate.

	2023 R'000	2022 R'000
<b>Opening balance</b>	245 984	245 984
Accumulated impairment	(165 772)	(165 772)
<b>Closing balance</b>	<b>80 212</b>	<b>80 212</b>

The Group allocated the remaining goodwill to the following cash-generating units:

	Net Book Value R'000	Basis of determination of recoverable amount	Discount rate applied to cash flows	Growth rate to extrapolate cash flows into perpetuity
Cash-generating unit <b>At 31 March 2023</b>				
ITB	80 212	Value in use	16.8%	3%
	<u>80 212</u>			

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 17. BORROWINGS AND LEASE LIABILITIES

The table below show a reconciliation of lease liabilities		Note	2023 R'000	2022 R'000
<b>Opening balance</b>			32 115	104 700
New leases			1 219	—
Acquisition of subsidiary	26		5 721	—
Leases terminated			—	(61 876)
Interest			3 233	6 359
Payments			(8 466)	(17 068)
<b>Closing balance</b>			<b>33 822</b>	<b>32 115</b>

  

The table below show a reconciliation of borrowings		Note	2023 R'000	2022 R'000
<b>Opening balance</b>			—	—
New borrowings			1 000 000	—
Structuring costs paid and to be amortised over the loan period			(3 750)	—
Payments			(544 257)	—
Interest	23		29 115	—
<b>Closing balance</b>			<b>481 109</b>	<b>—</b>

#### Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Gross debt: EBITDA ratio must be less than 3.5 times for the period of 12 months following 30 November 2022 and 3 times for the remaining period to repayment date of 29 November 2027.
- EBITDA interest expense ratio must be greater than or equal to 3 times.
- Debt service cover ratio must be greater than or equal to 1.3 times.
- A distribution covenant whereby Total Group Debt: EBITDA ratio must be less than 2 times immediately before and after any dividend distribution made by the Group.

The Group has complied with all the required financial covenants at 31 March 2023, except for the debt service cover ratio which was not fulfilled due to the Group's decision to strategically procure paper stock to protect against anticipated paper shortages and supply disruptions to mitigate some of the price risk associated with the ongoing increase in paper costs, leading to significant inventory investment beyond the normal levels at 31 March 2023. This has resulted in increased working capital cash outflows and reduced free cash flow significantly which is used to assess the covenant by comparing free cash flow to the total annual capital and interest repayments due on the term loan and working capital facility. At 31 March 2023, the balance on the term loan outstanding amounted to R484,5 million and the working capital facility amounted to Rnil.

Due to this breach of the debt service ratio covenant clause, the bank is contractually entitled to request repayment of R282,6 million of the outstanding loan amount which has been presented as a current liability in the statement of financial position at 31 March 2023. Subsequent to year-end and prior to approval of these financial statements, the bank has condoned the covenant breach thus not requiring repayment of the loan immediately or within the next twelve months and thus not affecting the liquidity position of the Group. Should repayment have been required in the short term, the Group has adequate cash and facilities available in order to make the payment required. The condonement of the breach did not impact the classification of the liability at 31 March 2023 due to this being a non-adjusting post balance sheet event.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 18. DEFERRED TAX ASSET/LIABILITIES

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. The deferred tax assets relate mainly to carried forward tax losses of Novus Packaging Proprietary Limited. During the current year, in accordance with Section 20 of the Income Tax Act 1962 (Act 58 of 1962), the assessed loss carried forward from the prior year was limited to 80% of the current year's taxable income, where applicable. Novus Packaging Proprietary Limited had incurred tax losses over a number of years following the acquisition of the Correll Tissue business. They relate mainly to costs of integrating the operations and delays in the expansion project of the business. The increase in the tax losses in the current financial year relates to the assessed loss incurred by Novus Print Proprietary Limited. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on budgets that were determined by incorporating approved business plans for the subsidiaries. Novus Packaging Proprietary Limited started to utilise the assessed loss from the 2021 financial year and based on future projections it is considered unlikely that the same circumstances within which the losses accumulated will recur. The Group expects to fully utilise this deferred tax asset within the next eight years based on current projections and forecasts.

### 19. INVESTMENT IN ASSOCIATES

The Group currently has three investments in associates which it holds 49% of the equity interest of these companies.

The investment in Free 4 All Proprietary Limited was purchased for R2,7 million effective 15 December 2020 and investment in Mikateko Media Proprietary Limited for R3,1 million in 2020. Mthembu Paper Mill Proprietary Limited was accounted for as an investment in associate on 01 October 2020 when the Group lost control of Mthembu Paper Mill Proprietary Limited after it disposed of 51% of its shares in it. The investment in Mthembu Paper Mill was recognised at R19,2 million on 01 October 2020.

Investments in associates have been considered for impairment in accordance with the policy. Both Mikateko Proprietary Limited and Free 4 All Proprietary Limited were impaired to nil in the prior year. No impairment was considered necessary for the investment in Mthembu Paper Mill Proprietary Limited.

There are no contingent considerations from these transactions.

The movements in the carrying value of the Group's investment in associates for the period are detailed in the table below:

	2023 R'000	
<b>Opening balance</b>	12 058	23 343
Equity accounted earnings	(861)	(7 317)
Impairment of associate	—	(3 968)
<b>Closing balance</b>	<b>11 197</b>	<b>12 058</b>

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

	2023 R'000	2022 R'000
<b>20. REVENUE</b>		
<b>Revenue from contracts with customers</b>		
Printing revenue	2 261 738	2 259 013
Educational revenue	156 353	–
Packaging revenue	636 263	613 087
Waste revenue	22 526	15 705
Distribution revenue	86 087	82 821
Other revenue*	23 471	36 220
<b>Revenue other than from contracts with customers</b>		
Other revenue*	9 187	7 387
	<b>3 195 625</b>	<b>3 014 233</b>

\* Other revenue has been split for disclosure purposes between revenue from contracts with customers and revenue other than from contracts with customers, in line with the Group accounting policies, during the current year and in the prior year column.

	2023 R'000	2022 R'000
<b>21. OTHER GAINS/(LOSSES)</b>		
Profit/(loss) on disposal of property, plant and equipment and non-current assets held for sale	(1 285)	8 979
Impairment of loan receivable from associate	(1 665)	–
Gain on bargain purchase	26 100 053	–
Gain on derecognition of lease	–	44 019
Insurance proceeds	–	9 579
Net impairment of property, plant and equipment	14 (20 479)	(69 115)
Impairment of goodwill	–	(16 708)
Impairment of intangible assets	–	(9 014)
Impairment of associates	–	(3 968)
	<b>76 624</b>	<b>(36 228)</b>
<b>22. FINANCE INCOME</b>		
Bank	20 778	11 536
Other	506	227
<b>Interest received</b>	<b>21 284</b>	<b>11 763</b>

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

	Notes	2023 R'000	2022 R'000
<b>23. FINANCE COSTS</b>			
<b>Net loss from foreign exchange translation and fair-value adjustments on derivative financial instruments*</b>			
		12 831	17 894
Bank		3 743	5
Interest on borrowings	17	29 115	–
Interest on lease liabilities	17	3 233	6 359
Other		323	1 104
<b>Interest expense</b>		<b>36 414</b>	<b>7 468</b>
		<b>49 245</b>	<b>25 362</b>

\* The current year includes R71,6 million (2022: R3,4 million) on translation of trade payables and R58,7 million (2022: R14,5 million) on translation of forward exchange contracts.

<b>Cashflow reconciliation of finance cost</b>			
<b>Interest portion of lease liabilities paid per statement of cash flows</b>			
	17	3 233	6 359
Finance cost on borrowings and other		33 181	1 109
Structuring costs paid	17	3 750	–
<b>Interest paid per statement of cash flows</b>		<b>36 931</b>	<b>1 109</b>
		<b>40 164</b>	<b>7 468</b>

## 24. TAXATION

An effective tax rate of -8.9% (2022: 31,7%) was applicable during the current year. The decreased effective tax rate is mainly due to the non-taxable gain on bargain purchase offset by the non-deductible consulting and legal fees incurred as part of the acquisition transaction.

## 25. DIVIDENDS PAID

No final dividend has been declared (2022: Rnil). The prior year included a final dividend which was a scrip dividend alternative together with a special dividend paid in February 2022 of 40 cents. This amounted to a transfer of 31 258 089 treasury shares to shareholders in September 2021 amounting to R68,8 million and cash dividends paid in September 2021 and February 2022 totalling R203,5 million.

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 26. BUSINESS COMBINATION

On 30 November 2022, Novus Holdings Limited, through its wholly-owned subsidiary, Novus Print Proprietary Limited acquired 75% (10 742 ordinary shares) of the issued share capital of Pearson South Africa Proprietary Limited (now Maskew Miller Learning Proprietary Limited) for a purchase consideration of R842,3 million. The 10 742 ordinary shares translates to 75% voting rights and 94% economic rights. The acquisition has significantly increased the Group's market share in the educational content development industry and creates synergies with the Group's existing Print segment.

The assets and liabilities recognised as a result of the acquisition are as follows:

	2023 R'000
Property, plant and equipment	10 295
Intangible assets	479 017
Other intangible assets	497
Inventory	63 563
Intangible assets - product development	56 976
Cash and cash equivalents	206 242
Trade and other receivables	587 434
Borrowings and lease liabilities	(5 721)
Post-employment medical liability	(24 448)
Trade and other payables	(188 987)
Current income tax payable	(70 747)
Deferred taxation	(106 725)
<b>Net identifiable assets acquired</b>	<b>1 007 396</b>
<b>Less: non-controlling interests</b>	<b>(65 016)</b>
<b>Net assets acquired</b>	<b>942 380</b>
Less gain recognised on acquisition	(100 053)
<b>Cash consideration paid</b>	<b>842 327</b>
<b>Purchase consideration - cash outflow</b>	
Cash consideration paid	842 327
Less cash balances acquired	(206 242)
<b>Net cash outflow per statement of cash flows</b>	<b>636 085</b>

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 26. BUSINESS COMBINATION (continued)

#### *Intangible assets*

Intangible assets of R479 million relates to brand and customer relationships valued at acquisition. The value of intangible assets allocated to brands amounts to R93,4 million and customer relationships amounts to R385,6 million. The brands are accounted for as indefinite useful life assets whilst the intangibles allocated to customer relationships are amortised over a three-year period from 01 December 2022. A deferred tax liability of R129,3 million has been recognised.

#### *Non-controlling interest recognised*

The Group recognised non-controlling interests in Maskew Miller Learning Proprietary Limited ("MML") at the non-controlling interest's proportionate share (3,23%) of the acquired entity's net identifiable assets. In addition to this, the equity settled share-based payment recorded in the books of MML was also recognised as non-controlling interest in the statement of financial position, with a fair value of R32,4 million. Background to this equity settled share-based payment is as follows:

In 2016, Sphere RB Investments Proprietary Limited ("Sphere"), subscribed for 22,5% of MML's equity shares via 326 ordinary shares for cash of R49,927,928 and 2,897 Accelerated Empowerment ("AE") shares in cash for R29 and the balance of the purchase price for the AE Shares was funded via a Notional Acquisition Funding Amount ("NAFA") of R443,684,685 (together comprising 22,5% of MML's total equity shares). The subscription of the AE shares is in effect a share option scheme via a non-recourse loan. As the subscription of the ordinary and AE shares and the provision of the notional funding took place at the same time, the transactions have the same counterparties, they relate to the same risk and there is no economic need or substantive business purpose for structuring the transactions separately, the two transactions were viewed as one and the substance of the transaction is that of an option issued.

MML accounted for a cash settled share-based payment liability as a result of the acquisition by Sphere of the 22,5% of MML's equity shares initially. By way of the Deed of Adherence entered into on 12 August 2022 and as part of the acquisition, Sphere agreed to waive its rights pertaining to this option from the signature date of such document, being 09 August 2022. This resulted in a modification of the cash settled share-based payment to an equity settled share-based payment. The equity settled share-based payment was recognised as non-controlling interest in the statement of financial position. An independent valuation was performed using the Monte Carlo simulation model as at 30 November 2022 to arrive at a fair value of R32,4 million. Within the simulation the expiration date of the option is the final repayment date of the NAFA on 26 September 2026 with the risk-free rate of return ranging from 8,02%-8,57% used to measure the drift, which is associated with each annual time step, from the South African government bond yield curve on 30 November 2022. A standard deviation rate of 33,52% was used and the dividends forecast as per the NAFA schedule were used to adjust the price path of the 10,000 iterations at each time step.

	2023 R'000
<b>Reconciliation of non-controlling interest:</b>	
Non-controlling interest share of the net identifiable assets and liabilities at acquisition (3,23%)	32 539
Sphere's 22,5% interest in Maskew Miller Learning Proprietary Limited	32 477
	<b>65 016</b>

## Notes to the summary consolidated financial statements (continued)

For the year ended 31 March 2023

### 26. BUSINESS COMBINATION (continued)

#### *Bargain purchase recognised*

A gain on acquisition of R100,1 million was recognised, due to the consideration paid being less than the fair value of the assets acquired. The gain on bargain purchase is disclosed within the Education segment in note 7.

#### *Acquired receivables*

The fair value of acquired trade receivables is R587,4 million.

#### *Revenue and profit contribution*

The acquired business on a stand-alone basis contributed revenue of R156 million and net profit after tax of R14,8 million to the Group for the period 01 December 2022 to 31 March 2023.

If the acquisition had occurred on 01 April 2022, Group consolidated pro-forma revenue and profit after tax for the year ended 31 March 2023 would have been R3 979,5 million and R392,4 million respectively.

#### *Acquisition-related costs*

Acquisition-related costs of R14,3 million included in administrative expenses in the income statement and in operating cash flows in the statement of cash flows.

### 27. EVENTS AFTER THE REPORTING DATE

Subsequent to year-end the conditions precedent relating to the sale of Novus Print Linbro Park property for R125 million, were fulfilled resulting in the sale becoming unconditional. Accordingly the transfer of the property has commenced.

Other than already disclosed in note 17 and the above, the Board is not aware of any matters or circumstances arising since the end of the financial year and the date of this report.

### 28. GOING CONCERN

Although the Group has experienced increased expenses due to excessive paper price increases during the year in the Print segment, this seemed to have stabilised towards the end of the financial year with the outlook being more positive in the industry. Impairments during the current year amounted to R22,1 million (2022: R98,8 million) decreased significantly since the prior year. The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. As at 31 March 2023, the Group is in a strong liquidity position with a positive closing cash balance of R392,2 million (2022: R567,9 million) and unutilised short and medium-term borrowing facilities of R562,9 million (2022: R140,5 million). The directors are not aware of any new material changes that may adversely impact the Group and are satisfied that no material uncertainty exists that might cast significant doubt on the entity's ability to continue as a going concern. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.