



REVIEWED PROVISIONAL GROUP RESULTS
 FOR THE YEAR ENDED 30 JUNE 2021



R563.9 million profit from operating activities ▲ 61.0%	R619.1 million cash from operations ▲ 88.0%	R2 038.3 million total cash ▲ 13.8%	HEPS 75.4 cents ▲ 255.7%	dividend declared per share 50.0 cents	R17.17 net asset value per share ▲ 24.1%
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	% Change	Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020
		R'000	R'000
Revenue	(6.3)	5 220 415	5 572 359
Profit from operating activities before depreciation and amortisation	61.0	563 860	350 301
Profit/(loss) for the year		565 924	(64 067)
Cash, cash equivalents and listed preference shares	13.8	2 038 263	1 790 460
Earnings/(loss) per share (cents)		148.1	(14.8)
Headline earnings per share (cents)		75.4	21.2
Net asset value per share (cents)	24.1	1 717	1 384
Ordinary dividend per share (cents)		50	-

Commentary:

The Caxton group has proved its resilience with a largely restored full year performance notwithstanding the effects of the pandemic that are still being felt across all sectors of the business. Financial discipline, excellent cost management, huge efforts by our staff, commitment to our customers and well-timed strategic decisions have all contributed to this recovery.

The group has delivered an excellent recovery in profit from operating activities as follows:

- Profit before depreciation and amortisation increased by **R213.6 million** (61%) to **R563.9 million** compared to R350.3 million in the prior year; and
- Profit after depreciation and amortisation increased fivefold by **R258.5 million** to **R310.4 million** compared to R51.9 million in the prior year.

The year was affected by massive disruptions to national economic activity and customer/consumer demand as a result of the lockdown regulations, which had a profound effect in our local newspaper business, commercial printing operations and to a lesser extent, in our packaging businesses.

The improved demand during the second half of the financial year, as restrictions on economic activity were partially eased, and much reduced cost structures in many of our operations, had a positive impact on profitability. In addition, the closure of loss-making divisions in the prior year, particularly magazine publishing and distribution, have been earnings enhancing.

Revenues declined by only R351.9 million (6.3%), in spite of the closure of operations which contributed R460.0 million of revenue in the prior year. The continuing operations therefore ended the year R108.1 million (2.1%) up on the prior year, as the second half of the financial year reflected improving demand. However, these operations are still not generating the same levels of revenue as before the pandemic.

The group continues to manage its cost base well with staff costs and other operating expenses respectively ending the year R248.7 million (17.6%) and R416.3 million (31.1%) below the prior year. Obviously, the closure of operations played an important role, but excluding these businesses, staff costs and operating expenses respectively ended R91 million (7.3%) and R19.3 million (2.1%) below the prior year.

Raw material input prices were a tale of two halves – in the second half of the year global supply tightened significantly and this was further exacerbated by constrained container supply and increased shipping costs. This manifested itself in large price increases of commercial grades of paper and packaging materials.

The group's profit after taxation is R565.9 million, representing earnings per share of 148.1 cents (2020: loss of 14.8 cents), headline earnings per share of 75.4 cents, a growth of 255.7% on prior year (21.2 cents), and included:

- The sale of our investment in associate companies Octotel (Pty) Ltd, our fibre-to-home operation, and RSAWeb (Pty) Ltd, our internet service provider, resulting in a profit on disposal of R399.7 million.
- The group exchanged its 16% investment in Ince (Pty) Ltd for a 38% investment in Coax Partners (Pty) Ltd resulting in a profit of R10.5 million.
- The acquisition of a controlling stake in its associate Shumani Mills (Pty) Limited, resulting in loss on disposal of an associate of R10.5 million, and on assessment of the carrying values, an impairment of the investment of R3.2 million and resulting goodwill of R9.7 million.
- Impairments of loans to associates amounted to R17.3 million as the group came to the end of its commitments to fund certain digital assets whose future sustainability is uncertain.
- Further impairment of plant and equipment of R64.7 million due to permanent decline in magazine and newspaper printing markets, and
- A decline in net finance income of R60.6 million as a result of the lower interest rate environment and less dividends received from our preference share investments.

The past year has re-established the group's operations on a stable base and, as turnovers recover on the scaled down cost base, this should improve profitability. The uncertain issue is the time period for the turnovers of our different operations to fully recover to pre-pandemic levels. The continued threat of further regulations in the face of fourth and fifth waves of Covid-19 makes it impossible to predict the future. The group will continue to take the necessary actions to protect profitability and to look for further growth prospects.

The focus is on proactive management of all the different and diverse aspects of our business, attention to detail and meeting the expectations of our customers.

We have stable businesses, loyal, committed and resourceful management and staff, significant cash resources, creative investment strategies, and above all, excellent facilities that can capitalise on growth opportunities. Our group represents a value enhancing portfolio of assets that we are confident we can grow and expand.

Dividends

The board has declared a dividend of 50.00 cents (2020: nil cents) per ordinary share (gross) and a preference dividend of 410.00 cents (2020: nil cents) per preference share (gross) for the year ended 30 June 2021.

The dividends are subject to the Dividend Withholding Tax. In accordance with the provisions of the JSE Listings Requirements, the following additional information is disclosed:

- the Dividend has been declared out of current profits available for distribution
- the Dividend Withholding Tax rate is 20%
- the gross dividend amount is 50.00 cents per ordinary share and 410.00 cents per preference share for shareholders exempt from Dividend Withholding Tax
- the net dividend amount is 40.00 cents per ordinary share and 328.00 cents per preference share for shareholders liable for Dividend Withholding Tax
- the company has 370 488 772 ordinary shares in issue
- the company has 50 000 preference shares in issue
- the company's income tax reference number is: 9175/167/71/8

The following dates are applicable to the dividends.

The last date to trade in order to be eligible for the dividend will be Tuesday, 26 October 2021.

Shares will trade ex-dividend from Wednesday, 27 October 2021.

The record date will be Friday, 29 October 2021 and payment will be made on Monday, 1 November 2021.

Share Certificates may not be dematerialised or materialised between Wednesday 27 and Friday 29 October 2021, both days inclusive.

Statement

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. The full announcement will be released on 20 September 2021 and can be found on the company's website at <https://www.caxton.co.za/about/announcements> and also on the following link: <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/CAT/CATAR2021.pdf>. The full announcement is available at the Company's registered office and the offices of the sponsor during office hours. Any investment decision should be based on the full announcement published on the Company's website.

By order of the board

20 September 2021

Executive Directors:

TD Moolman, TJW Holden, LR Witbooi

Transfer Secretaries:

Computershare Investor Services Proprietary Limited

Sponsor: AcaciaCap Advisors Proprietary Limited

Independent Non-Executive Directors:

PM Jenkins, ACG Malusi, NA Nemukula, J Phalane, T Slabbert

Registered Office:

28 Wright Street, Industria West, Johannesburg

Company website: www.caxton.co.za