

**REUNERT LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 1913/004355/06)

ISIN: ZAE000057428

Share code: RLO

("Reunert" or the "Company" or the "Group")

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**OPERATIONAL UPDATE AND TRADING STATEMENT**

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Reunert is in the process of finalising its year-end financial results for the twelve-month period ended 30 September 2021 ("**Results**"). The board of directors of Reunert ("**Board**") will consider and is expected to approve the Results on 22 November 2021 for publication on SENS on 23 November 2021.

Accordingly, shareholders of Reunert ("**Shareholders**") are provided herein with:

- an operational update; and
- the resulting trading statement.

**OPERATIONAL UPDATE****Group's FY21 Performance**

Reunert's 2021 financial performance is expected to reflect a meaningful improvement compared to the prior period. The Group benefited from the actions implemented in 2020, covered in the prior year's trading statement, which created the base for this year's performance. The Group's companies generally managed the complex and volatile market environment well to deliver a good operating performance, specifically in the Information Communication Technology ("**ICT**") and Electrical Engineering segments, which demonstrates the resilience and responsiveness of the Group.

All the businesses in the ICT segment have performed in line with the Group's expectations. The interest income at Quince Capital (Pty) Ltd decreased in accordance with the lower interest rate environment, as expected, but improved performances were achieved in all the other business units. The Electrical Engineering segment's strong recovery was led by an excellent Low Voltage performance, augmented by the cable businesses which achieved much improved factory operational efficiency and delivered profitable performances. The Applied Electronics segment had a challenging year as export activity dropped as COVID-19 travel restrictions and lockdowns in our key export geographies resulted in a lower-than-normal order intake, as well as due to the long delays in receiving export permits from the appropriate authorities.

**Challenges Remain**

Despite the positive financial performance, 2021 remained a challenging year and the Group had four key challenges to contend with. These challenges included COVID-19 lockdowns both in South Africa and internationally in the Group's various export markets, which negatively impacted the Group's operations; the riots in South Africa in July; the delay to secure export permits from the appropriate authorities; and the global electronic component shortage and general supply chain challenges.

These factors prevented the full recovery of our businesses and continue to adversely impact the Group, although we expect this impact to steadily diminish and for the Group's performance to continue to improve in the year ahead.

## **COVID-19**

### **Operations and Employees**

COVID-19 continued to have an adverse impact on the Group. Our companies created safe working environments for employees and ensured that safety protocols were adhered to. Despite the strong health and safety protocols, infections continued during the year. Unfortunately, 16 employees succumbed to COVID-19. We take this moment to recognise these employees and reiterate our condolences to their families and fellow employees.

### **Markets**

COVID-19 impacted the markets that our companies service. In South Africa, the market verticals of tourism and hospitality continued to be negatively impacted by the lockdowns and the education sector continues to experience volatile demand as places of learning have yet to return to normal schedules.

Importantly, most of the key markets that support our businesses have recovered. The Small and Medium Enterprise (SME) market that the Group services, outside of the above market verticals, has largely recovered and our Communications cluster is benefiting from strong last mile broadband connectivity demand.

The key international markets we service had their own lockdowns and together with the ban on South Africans traveling internationally, our export activities in the Applied Electronics segment were impeded. Pleasingly, travel restrictions to several of our key markets have recently been lifted and an immediate improvement in results has been achieved.

### **Supply Chain**

COVID-19 has severely impacted global supply chains. Electronic components and inbound and outbound logistics have all been impacted through lack of availability, longer lead times, more complex routings and the resulting increased costs. Solutions have been implemented around the Group and, whilst we expect supply chain challenges for most of 2022, the situation is already much improved.

## **TRADING STATEMENT**

In terms of paragraph 3.4(b) of the JSE Limited Listings Requirements, issuers are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the current reporting period will differ by at least 20% from the financial results of the prior comparative period.

Noting the operational update outlined above, Shareholders are accordingly advised that the Company has reasonable certainty that it will report:

- earnings per share of between 480,1 cents and 485,9 cents (2020: earnings per share of 29 cents); and
- headline earnings per share of between 466,5 cents and 489,5 cents (2020: headline earnings per share of 115 cents).

The information contained in this announcement does not constitute an earnings forecast. The financial information on which this announcement is based has not been reviewed nor reported on by the Group's external auditors and is the responsibility of the Board.

Johannesburg  
16 November 2021

Sponsor  
One Capital