

Preliminary reviewed condensed consolidated results¹

and cash dividend declaration for the year ended 30 September 2021

The contents of this short-form announcement are the responsibility of the Board of directors of the Company (the Board).

Shareholders are advised that this short-form announcement does not contain full or complete details and represents a summary of the information contained in the full announcement, which is accessible via the JSE link at https://senspdf.jse.co.za/documents/2021/JSE/ISSE/RLO/AFS_2021.pdf. and on Reunert's website (www.reunert.com) on 23 November 2021.

Shareholders and investors are advised to review the full announcement in making any investment decisions.

The full announcement is also available for inspection at no charge at the registered offices of the Company and its sponsor during normal business hours.

Salient features

↑ 19%

R9 575 m

(2020: R8 046 m)

GROUP REVENUE

↑ 405%

R1 050 m

(2020: R208 m restated)

OPERATING PROFIT

↑ 785%

R743 m

(2020: R84 m)

PROFIT AFTER TAX

↑ 316%

478 cents

(2020: 115 cents)

HEADLINE EARNINGS PER SHARE

↑ 1 566%

483 cents

(2020: 29 cents)

EARNINGS PER SHARE

↑ 8%

207 cents

(2020: 192 cents)

DIVIDEND PER SHARE

Overview

Strong operating and financial performance

Reunert's 2021 attributable profit was a meaningful improvement compared with the prior year. The Group benefited from the restructuring and productivity improvement actions implemented in 2020, which created the base for this year's performance. The Group's companies generally managed the complex and volatile market environment extremely well to deliver solid operating performances, specifically in the Information Communication Technology (ICT) and Electrical Engineering segments, which resulted in an overall financial performance that demonstrates the resilience and responsiveness of our Group.

All the businesses in the ICT segment performed in line with, or slightly better than, the Group's expectations. Interest income at Quince Capital (Pty) Ltd (Quince) decreased in line with the lower interest rate environment. Improved performances were achieved in all the other business units in the segment, which delivered a segment operating profit slightly ahead of the prior year.

The Electrical Engineering segment's recovery was led by a strong performance from the circuit breaker business which included excellent export growth and improved market share in South Africa. This was augmented by the cable businesses which benefited from the prior year's actions and much improved factory operational efficiency. Consequently, these businesses delivered a positive operating profit against an operating loss in the prior year.

The Applied Electronics segment had a challenging year as exports reduced because of a COVID-19 related inability to travel and secure new orders, as well as long delays in the receipt of export permits from the appropriate authorities.

Challenges

Despite the positive financial performance, 2021 remained challenging and the Group had four key challenges to contend with. These challenges included: COVID-19 lockdowns both in South Africa and in the Group's various export markets; the civil unrest 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 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.

Group results

Reunert's 2021 financial results were bolstered by a strong recovery in the Electrical Engineering segment, a good performance in the ICT segment and negatively impacted by the four challenges described above which impeded a stronger performance by the Group and resulted in a poor Applied Electronics segment performance. The Group's revenue increased by 19% to R9 575 million (2020: R8 046 million) while the Group's operating profit grew by 405% to R1 050 million (2020: R208 million restated) resulting in headline earnings per share (HEPS) of 478 cents (2020: 115 cents) and earnings per share (EPS) of 483 cents (2020: 29 cents).

COVID-19

Operations and employees

COVID-19 continued to have a detrimental impact on the Group. Our companies ensured safe working environments for employees and 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 affected the markets that our businesses service. In South Africa the tourism and hospitality markets continued to be affected 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. Outside of tourism, hospitality and education, the Small and Medium Enterprise market that the Group services has largely recovered and our Communications cluster is benefiting from strong last mile broadband connectivity demand.

The key international markets 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 bans 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 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.

Segmental review

Electrical Engineering Segment

The segment recovered strongly from a challenging 2020 led by an excellent performance from the circuit breaker business in both local and export markets. The actions taken in 2020 to rationalise the cable companies' cost base in line with the expected market volumes, and reduce our exposure to forex movements in Zambia, yielded the desired outcomes and in 2021 the companies improved their operational efficiencies. This led to a 47% increase in segment

revenue to R5 551 million (2020: R3 767 million) with a corresponding increase in segment operating profit to R373 million (2020: R28 million restated).

ICT Segment

The segment improved on the performance of the past year with all companies achieving solid operating performances. Nashua Office Automation leveraged its strong market position and customer relationships to significantly recover in its traditional print business as well as continue its strong growth in new complementary products and services. The Communications cluster continued to grow strongly as growth in the broadband connectivity accelerated and the general economic activity improved. The Finance cluster performed well in a tight credit and collection environment. During the year +OneX completed two acquisitions in cloud hosting and digital media, which expanded its service offering alongside the existing managed services and unified communications capabilities. Our businesses have some exposure to markets that continue to be negatively impacted by COVID-19 which, impeded a stronger segment performance. The good performance resulted in revenue remaining nominally flat at R2 490 million (2020: R2 524 million). Segment operating profit increased slightly to R608 million (2020: R604 million). The segment's operating profit was impacted due to the lower interest yield in Quince because of the low interest rate environment.

Applied Electronics Segment

The segment had a challenging year. Our export activity fell significantly and resulted in revenue reducing by 5% to R1 854 million (2020: R1 951 million) and segment operating profit decreased by 63% to R100 million (2020: R269 million restated). The segment continued to be impacted by the COVID-19 lockdowns in South Africa and in key export markets, making the execution of existing orders and obtaining new orders extremely difficult. This was exacerbated by the COVID-19 induced extended supply chain issues and the worldwide shortage of electronic components as well as the delays in receiving export permits from the relevant authorities. Subsequent to the financial year end several large orders were received as travel restrictions were lifted.

Prospects

Reunert expects the South African macro-economic conditions to continue to steadily improve during 2022. Accordingly, the Electrical Engineering and ICT segments should experience moderately improved market demand on the back of accelerating renewable energy infrastructure investment and the improvement in the South African economy. The strength of the underlying businesses in these two segments position them well to continue to grow in such economic environments. Due to the recent relaxation in international travel restrictions, the Applied Electronics segment has secured new export orders and this should support an improved segment performance.

The Group's first half is likely to face some pressure from:

- > the impact of the union strike action in October on the Electrical Engineering segment;
- > the time taken to acquire the production requirements for new export orders in the Applied Electronics segment before revenue is earned.

These impacts are both temporary and unlikely to affect the expected full year performance of the Group.

While recognising that challenges and uncertainty due to COVID-19 and global supply chain remain, our key growth markets of renewable energy, exports and our Solutions and Systems Integration clusters all continue to represent a strong underpin to our growth aspirations.

Cash dividend

Notice is hereby given that a gross final cash dividend No 191 of 207,0 cents per ordinary share (September 2020: 192,0 cents per ordinary share) has been declared by the directors for the year ended 30 September 2021.

The dividend has been declared from retained earnings, bringing the total dividends declared for the year to 277,0 cents per ordinary share.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt from, or who do not qualify for, a reduced rate of withholding tax.

Accordingly for those shareholders subject to withholding tax, the net dividend amounts to 165,60000 cents per ordinary share (September 2020: 153,60000 cents per ordinary share).

The issued share capital at the declaration date is 184 969 196 ordinary shares.

Income tax reference number: 9100/101/71/7P

In compliance with the requirements of Strate (Pty) Ltd and the Listings Requirements of the JSE Limited, the following dates are applicable:

Last date to trade (<i>cum</i> dividend)	Tuesday, 18 January 2022
First date of trading (<i>ex</i> dividend)	Wednesday, 19 January 2022
Record date	Friday, 21 January 2022
Payment date	Monday, 24 January 2022

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 19 January 2022 and Friday, 21 January 2022, both days inclusive.

On behalf of the Board

Trevor Munday	Alan Dickson	Nick Thomson
Chairman	Chief Executive Officer	Chief Financial Officer

Sandton, 22 November 2021

¹ All extracted information from the preliminary reviewed condensed consolidated financial statements for the year ended 30 September 2021. This announcement itself is not audited or reviewed. The review conclusion on the underlying preliminary reviewed condensed consolidated financial statements was unmodified. The unmodified auditor's review report is available for inspection at the registered offices of the Company.

Directors

TS Munday (Chair)*, T Abdool-Samad*, AB Darko*, AE Dickson (Chief Executive Officer), LP Fourie*, JP Hulley*, SD Jagoe*, S Martin*, MT Matshoba-Ramuedzisi*, MJ Husain* (appointed: 1 November 2020), M Moodley, Adv NDB Orleyn**, NA Thomson (Chief Financial Officer)

* Independent non-executive; ** Non-executive

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