

CAXTON&CTP publishers & printers LIMITED  
 Incorporated in the Republic of South Africa  
 Registration number: 1947/026616/06  
 Share code: CAT  
 ISIN: ZAE000043345  
 Preference share code: CATP  
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UNAUDITED PROVISIONAL GROUP RESULTS  
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

- R273.4 million profit from operating activities after depreciation and amortisation up 67.7%
- 66.5 cents HEPS up 80.8%
- R18.37 net asset value per share up 24.2%

	% Change	Unaudited six months to 31 December 2021 R'000	Unaudited six months to 31 December 2020 R'000	Audited for the year ended 30 June 2021 R'000
Revenue	12.3	3 035 684	2 702 441	5 220 415
Profit from operating activities before depreciation and amortisation	36.0	392 689	288 706	563 860
Profit from operating activities after depreciation and amortisation	67.7	273 370	163 010	310 436
Profit for the period**	(42.0)	240 386	414 765	565 925
Cash, cash equivalents and listed preference shares	(6.9)	1 722 354	1 850 393	2 038 263
Earnings per ordinary share (cents)**	(41.1)	63.9	108.5	148.1
Headline earnings per ordinary share (cents)	80.8	66.5	36.8	75.4
Net asset value per share (cents)	24.2	1 837	1 479	1 717
Ordinary dividend paid per share in respect of the previous year (cents)		50.0	-	50.0

\*\* The decline in profit for the period and earnings per share is due to the non-recurring profit on disposal of an associate of R399.3 million (profit after taxation of R304.9 million) in the prior period ended 31 December 2020. This profit represented 80.7 cents per share and excluding this, the growth in earnings per share would have been 130.0%.

COMMENTARY

The Caxton group has produced an excellent set of results that has built upon the recovery evident during the last reporting period. All operations, performed well on the back of robust customer demand and a well-controlled cost base, notwithstanding the inflationary environment that is intensifying. This set of results marks a full recovery from the impact of the pandemic and is the result of the immense efforts of our employees over the past two years, as well as some well-timed strategic decisions in closing underperforming operations, and more recently, the decision to accumulate excess stock levels, taken early in the tightening global supply chain.

This excellent performance resulted in profit from operating activities as follows:

- Profit before depreciation and amortisation increased by R103.9 million (36.0%) to R392.7 million compared to R288.7 million in the prior period ended 31 December 2020
- Profit after depreciation and amortisation increased by R110.4 million (67.7%) to R273.4 million compared to R163.0 million in the prior period ended 31 December 2020

Revenues grew by R333.2 million (12.3%), topping R3 billion in the six-month period, as most operations experienced improved demand. On the back of the recovery in advertising spend from most retailers, our local newspaper business experienced increased media demand with the corresponding increase in the printing throughputs in our large commercial printing factories. The packaging operations experienced improved demand where the alcohol and quick service restaurant markets showed robust offtake. The group also increased its market share in certain segments where access to increased paper stocks played an important role in responding to supply issues experienced by our competitors. The access to paper and security of supply are key features to maintain our market position.

Over the reporting period, the lack of paper and packaging board raw material across different grades intensified. Local and international mills began imposing restrictions on offtake and also instituted substantial price increases relating to energy surcharges and the cost of logistics. This scenario is unprecedented and is expected to be with us for the foreseeable future. The group was in the fortunate position that we had decided, from the beginning of the calendar year, to hold excess stocks across all our operations. This resulted in the group increasing stock by some R340 million, over the comparable prior period, which cushioned the substantial price increases, but the full impact of this will be felt in the second half of the financial year and will require close management with our customer base.

Inflationary pressures began to exert themselves during this reporting period and intensified towards the end with staff and other operating expenses increasing by 8.7% (R48.9 million) and 9.2% (R44.5 million) respectively. The higher staff cost increase resulted from the comparable prior period having once - off staff cost reductions as part of the Covid pandemic mitigation actions, while the operating expenses increase was due to the increased demand and higher energy costs.

The group's profit after taxation is R240.4 million, representing earnings per share of 63.9 cents (2020: 108.5 cents), and headline earnings per share of 66.5 cents, a growth of 80.8% on prior period (36.8 cents), and includes:

- Losses of R3.3 million and R8.2 million which arose on the rationalisation of our subsidiary Cognition Holdings;
- Impairment of plant and equipment of R2.2 million; and
- Increase in net finance income of R14.4 million (36.1%) to R54.2 million, largely driven by increased dividends received

Cash, cash equivalents and listed preference shares were R1 772.3 million, a decline of R315.9 million over the year end reporting period mainly driven by the increase in working capital requirements as the group funded the increased stock and debtor levels.

The net asset value per share has increased from R17.17 per share (June 2021) to R18.37 per share at this reporting period, an increase of 7%.

Overall, the Caxton group continues to operate as a well-managed and operated entity, with a singular purpose of improving its key metrics and seeking growth opportunities. The investment in Mpact will enjoy ongoing management and board attention, as we contemplate our future steps towards greater control of this business. The group is confident that should consumer demand remain resilient, we should show continued improved profitability. Having said this there are obvious headwinds to be overcome, notably access to raw material and the cost thereof as well as inflationary pressures on operating costs.

#### 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 or about 10 March 2022 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/2022/JSE/ISSE/CAT/CATIR2021.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  
10 March 2022

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 Molusi, NA Nemukula, J Phalane, T Slabbert

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