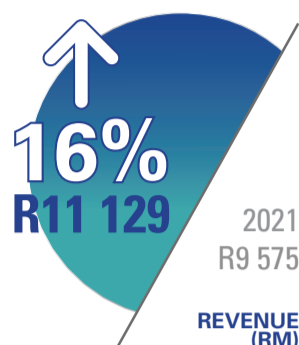


The contents of this short-form announcement are the responsibility of the board of directors of the Company (the Board). Shareholders are advised that this short-form announcement does not contain full or complete details and represents a summary of the information contained in the full announcement, which is accessible via the JSE link at [https://senspdf.jse.co.za/documents/2022/JSE/SSE/RLO/AFS\\_2022.pdf](https://senspdf.jse.co.za/documents/2022/JSE/SSE/RLO/AFS_2022.pdf) and on Reunert’s website ([https://reunert.co.za/downloads/results/2022/Reunert\\_Annual\\_Results\\_Shortform\\_2022.pdf](https://reunert.co.za/downloads/results/2022/Reunert_Annual_Results_Shortform_2022.pdf)) from 28 November 2022. 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



## Overview

### Continued upward trajectory in financial performance

Reunert’s 2022 financial performance continued on the positive upward trajectory of the last two years. The Group delivered a 16% increase in segment operating profit, which the Group considers to be the best metric by which to measure sustainable profit, with growth realised in all three segments. There were strong improvements in both the Electrical Engineering and Applied Electronics Segments and another steady performance from the ICT Segment. These performances delivered increased earnings metrics for the Group and a strong improvement in the quality of earnings, measured by the return on capital employed (ROCE). In addition, despite the numerous challenges in the Group’s supply chain resulting in additional cash being invested into working capital, the Group retained its ability to reward shareholders through an 8% increase in dividends. The Group expects the impact of the electronic chip shortages and other global supply chain challenges as outlined below to steadily reduce during the 2023 financial year, allowing for a gradual reduction in working capital.

### Electronic chips and supply chain challenges

The Group suffered from the global electronic chip supply shortages and complex supply chain dynamics. The situation worsened in the second half of 2022 and resulted in a loss of sales and operating profit at Nanoteq, Omnigo and Nashua. The Group’s cash position was negatively impacted by this, as additional investment had to be made into raw material stock holdings to mitigate stock shortages. This was compounded by work in progress and trade receivable balances increasing at year-end, as either sales were achieved later than planned or the underlying production commenced later in the year than anticipated. However, there are early signs of an improvement in supply in the electronic component market and supply chains are showing signs of recovery.

### Group results

The Group’s 2022 results reflect the positive impact of the ongoing financial recovery in both the Applied Electronics and Electrical Engineering Segments, coupled with an above inflationary increase in the ICT Segment’s performance. The Group increased revenue by 16% to R11 129 million (2021: R9 575 million) while the Group’s operating profit increased by 17% to R1 231 million (2021: R1 050 million). The Group’s profit for the year increased by 10% to R844 million (2021: R767 million) and headline earnings improved by 9%, increasing to 519 cents per share (2021: 478 cents per share). Basic earnings per share improved by 8% to 520 cents per share (2021: 483 cents per share).

### Cash resources and liquidity

Pleasingly, the Group ended the year with net cash resources of R359 million (2021: R291 million). This cash, together with the ongoing cash generation capability of the Group, maintains the ability of the Group to continue to honour both its commitment to appropriate dividend returns to shareholders, as well as its operational requirements. The Group has adequate headroom in its bank funding capacity to provide the financial resources to roll out the Group’s strategic initiatives.

### Segmental review

#### Electrical Engineering

The segment continued the strong growth in financial performance from the prior year as both the Power Cable and Circuit Breaker businesses delivered good results. These strong performances, together with the continued pass-through of high commodity prices, resulted in segment revenue increasing by 13% to R6 266 million (2021: R5 551 million) while positive operating leverage increased segment operating profit by 17% to R436 million (2021: R373 million).

#### ICT

The South African economic conditions remained challenging for the ICT Segment as sustained loadshedding had a negative impact on the segment’s core SME customer base. Importantly, despite the challenging environment, the segment grew revenue by 4% to R2 599 million (2021: R2 490 million) and delivered a segment operating profit increase of 6% to R644 million (2021: R608 million).

#### Applied Electronics

The Applied Electronics Segment recovered strongly as the large defence export order book enabled a much-improved level of sales and the demand for renewable energy continued to increase. The global electronic chip shortages were a major challenge throughout the year and, although it dampened performance, the segment still grew strongly as revenue increased by 27% to R2 361 million (2021: R1 854 million) and segment operating profit grew by 64% to R164 million (2021: R100 million).

### Strategy

The Group’s strategy execution progressed well in 2022. The Group retains its key strategic focus on the fast-growing markets of renewable energy and the expansion of the ICT Segment.

#### ICT

During the year, +OneX expanded its service offering through the acquisition of application and software development and end user computing (EUC) capabilities. This increased service offering enabled increased engagement with the business’ enterprise customer base. Pleasingly, their new-age ICT offering has continued to provide value and there has been a positive increase in the number of clients serviced by +OneX.

The increase in service offering and client base led to growth in both revenue and profitability in the year. +OneX’s revenue now constitutes 16% of the ICT Segment (2021: 13%), a 37% increase year on year, reflecting the competitive relevance of its value offering in assisting its clients with their digital transformation.

The Group retains its focus on the continued expansion of the ICT Segment’s new-age ICT offerings in the Solutions and Systems Integration cluster, primarily through further acquisitions.

### Renewable energy

The renewable energy market in South Africa continued to liberalise and continues to drive the strong growth trajectory for our businesses.

Reunert’s renewable energy ecosystem now includes:

- A leading Engineering, Procurement and Construction solar energy service provider in South Africa in Terra Firma Solutions;
- A growing set of renewable energy solar assets (BOOs) with attractive internal rates of return;
- A leading renewable storage solution provider in Blue Nova Energy;
- A modern energy management capability in CBi: Energy; and
- The ability to wheel energy across the grid through Apollo Energy.

This ecosystem enables Reunert to participate in multiple value areas across the renewable energy environment and presents a compelling value offering to both customers and investors.

### Etion Create

Subsequent to year-end, the Group has acquired 100% of the issued share capital of Etion Create from Etion Limited (Etion) for a purchase consideration of R202 million.

Etion Create is an original design manufacturer with a product portfolio that covers industrial, defence and the rail sectors. The company has a significant local and Middle East market presence with opportunities in South East Asia.

The acquisition will also result in synergies with other businesses in the Applied Electronics Segment specifically due to Etion Create’s enhanced design and manufacturing capabilities. Etion Create will also increase the span of the segment product portfolio and improve the segment’s access to key export markets.

### Quince

The Group continues to make good progress in assessing alternate funding mechanisms for Quince, to release the Group’s current loan funding of the book to redeploy these funds, over time, into the Group’s higher yielding strategic initiatives.

### Prospects

After a positive financial performance in 2022, the Group finds itself in a better position than twelve months ago. In general, the Group’s order books are fuller. There are early signs of relief from the electronic chip and supply chain challenges and the Group’s strategic initiatives continue to deliver growth.

The Group is positioned to deliver an improved performance in 2023 driven by:

- > Expected strong growth in the Applied Electronics Segment underpinned by the export order books;
- > Expected further improvement in the Electrical Engineering Segment as both the Circuit Breaker and Power Cable businesses continue to improve their performance; and
- > Strong market growth in renewable energy.

Whilst global recessionary pressures and South African socio-economic challenges pose risks to growth, the Group is well positioned to continue its trajectory of financial performance.

### Cash dividend

While cognisant of the economic uncertainty going forward, the Group’s free cash flow generating capacity remains intact. Notice is hereby given that a gross final cash dividend No. 193 of 224,0 cents per ordinary share (2021: 207,0 cents per ordinary share) has been declared by the directors for the year ended 30 September 2022.

The dividend has been declared from retained earnings.

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 179,20000 cents per ordinary share (2021: 165,60000 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 Proprietary Limited and the Listing Requirements of the JSE Limited, the following dates are applicable:

Last date to trade ( <i>cum</i> dividend)	Tuesday, 17 January 2023
First date of trading ( <i>ex</i> dividend)	Wednesday, 18 January 2023
Record date	Friday, 20 January 2023
Payment date	Monday, 23 January 2023

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 18 January 2023 and Friday, 20 January 2023, both days inclusive.

On behalf of the Board

<b>Mohamed Husain</b> Chairman	<b>Alan Dickson</b> Chief Executive Officer	<b>Nick Thomson</b> Chief Financial Officer
Sandton, 24 November 2022		

<sup>1</sup> All extracted financial information from the preliminary reviewed condensed consolidated financial statements for the year ended 30 September 2022.

**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 office of the Company.**

### Directors

MJ Husain (Chair)\*, T Abdool-Samad\*, AB Darko (Retiring from the board of directors immediately following the conclusion of Reunert’s 2023 Annual General Meeting)\*, A E Dickson (Chief Executive Officer), L P Fourie (Chair of the Audit Committee)\*, J P Hulley\*, TNM Eboka\* (Appointed 1 March 2022), RJ Boettger\* (Appointed 1 March 2022), S Martin\*, DR MT Matshoba-Ramuedzisi\*, M Moodley, Adv N D B Orleyn\*\* (Resigned 30 June 2022), N A Thomson (Chief Financial Officer)

\* Independent non-executive; \*\* Non-executive

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### Sponsor

One Capital Sponsor Services Proprietary Limited  
17 Fricker Road, Illovo, 2196  
28 November 2022 (publication date)