



Novus Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 2008/011165/06)
JSE share code: NVS ISIN: ZAE000202149
("Novus Holdings" or "the Company" or "the Group")

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024, DIVIDEND DECLARATION AND RESULTS PRESENTATION

SALIENT FEATURES

- Revenue up by 24,0% to R3 962 million (2023: R3 196 million)
- EBITDA* of R628,8 million (2023: R131,7 million) with a net working capital decrease of R357,8 million (2023: increase of R451,4 million)
- Operating profit* increased to R393,5 million (2023: R6,9 million)
- Headline earnings per share increased to a headline profit of 78,8 cents per share (2023: headline loss of 7,4 cents per share)
- Earnings per share increased to 75,9 cents (2023: 18,9 cents per share)
- Diluted headline earnings per share** increased to a diluted headline profit of 67,6 cents per share (2023: diluted headline loss of 7,4 cents per share)
- Diluted earnings per share** increased to 64,7 cents (2023: diluted earnings of 18,9 cents per share)
- Ordinary cash dividend of 50,0 cents per ordinary share (2023: NIL)
- Net asset value increased to 693,6 cents per share (2023: 676,8 cents per share)
- Closing cash position increased to R871,4 million (2023: R392,2 million)

* Excluding "other gains/(losses) of R11.1 million loss in 2024 and R76,6 million gain in 2023."

**Earnings per share and Headline earnings per share have been adjusted for the after-tax dilutive effect of the future conversion of the accelerated empowerment ("AE") shares to ordinary shares held by the minority shareholders in MML, which will result in increased earnings attributable to non-controlling interest.

PERFORMANCE OVERVIEW

The Group increased revenue and operating profit in the financial year, following the inclusion of Maskew Miller Learning Proprietary Limited ("MML") for 12 months in the Education segment and the improvement in the operating profits of both the Print and Packaging segments.

Overall Group revenue increased by R764 million from R3 196 million to R3 962 million due to the inclusion of MML for a full 12 months, with an impact of R810 million. The Print and Packaging segments both experienced marginal declines in revenue, net of intergroup revenue. The decline of print revenue in Retail, Inserts and Catalogues, was offset by gains in Books and Newspapers.

The increase in operating profit to R393,5 million (2023: R6,9 million) and gross profit margin improvement of 9,9% to 28,7% (2023: 18,8%), is attributable to a R264 million operating profit generated by MML and improved profitability in both Print and Packaging.

Overhead costs were well contained throughout the Group. However, the inclusion of MML for 12 months resulted in an overall increase, year on year, from R593 million to R743 million. During the year loadshedding costs were R17 million (2023: R29 million). Retrenchment costs amounted to R1 million in the current year (2023: R12 million).

Once off items included in the Group's results included the following:

- a gain on bargain purchase of R0,7 million, relating to the acquisition of the remaining 51% of Free 4 All (Pty) Ltd. The prior year included R100,1 million gain on bargain purchase relating to the acquisition of MML;
- an impairment of property, plant and equipment of R24,5 million (2023: R20,5 million), of which R21,7 million was accounted for in the Print segment (2023: R16,9 million), R2,9 million relating to leasehold improvement within the Education segment (2023: Rnil) and Rnil within the Packaging segment (2023: R3,6 million);
- profit on sale of the held for sale property of R12,2 million; and
- loss on disposal of redundant plant and machinery amounting to R1,2 million (2023: R1,3 million).

Print

Revenue remained stable at R2 419 million (2023: R2 375 million), while operating profit improved from an operating loss of R31,1 million to an operating profit of R55,0 million.

Overall sales tonnages decreased by 9,1%. The Retail, Inserts and Catalogues category saw the largest decrease in tonnage, Magazines showed a small decrease and Books and Newspapers both showed tonnage increases. Gross profit margin increased by 1,2% from 16,2% to 17,4%.

Packaging

Revenue was stable at R656,8 million (2023: R659,4 million), while operating profit improved by 9,6% to R67,5 million (2023: R61,6 million).

Education

The current year included 12 months of MML results, whereas the prior year included only four months from the acquisition date of 30 November 2022. The four months included in the prior year are the traditionally low revenue months in a very cyclical business. As a result, the segment shows significant increases in revenue, from R156,3 million to R966,2 million and operating profit margin, from 20,8% to 27,3%.

CASH GENERATION

The Group increased its cash balance to R871,4 million. Net cash after debt is R461,1 million (2023: net debt of R119,7 million).

Net working capital cash inflows of R327 million were largely from a R323 million reduction in inventory.

Capital and interest repayments on the outstanding loan balance in the period amounted to R132,2 million (2023: R32,4 million).

Capital expenditure, which amounted to R108,1 million (2023: R48,9 million), was offset by proceeds on the sale of the held for sale property, of R122,1 million. R63 million of the expansion capex was incurred at ITB.

Share repurchases in the period were R46 million and R12 million was spent on the acquisition of Integrity Control Systems Proprietary Limited (“ICS”) in the Packaging segment.

Taxation paid in the period amounted to R132 million, mainly related to taxation paid by MML. The Group included a current income tax receivable of R19,2 million at 31 March 2024.

OUTLOOK

The Group will continue to optimise the Print business, where an ongoing decline in print volumes places pressure on margins and the recovery of fixed costs. The significant fixed costs to maintain and operate our print infrastructure is challenging and requires constant attention to mitigate the reduction in print volumes.

The MML business is now structured to enable growth beyond just books, and MML launched its AI enabled platform, Maski. Initially, Maski will be used to support the users of the MML textbooks but in time, will be expanded to provide a broader service offering. We concluded the acquisition of Bytefuse Proprietary Limited (“Bytefuse”), an AI technology business. Bytefuse specialises in the training and integration of large language models (“LLM’s”) into business applications and a large portion of the Bytefuse personnel is now focused on the development of Maski. The investment in Maski and the cost to respond to the recent request from the Department of Basic Education for submissions of revised material for Grade 1 to Grade 3 will reduce MML profits in the 2025 financial year. MML’s national textbook market share remains constant and we have committed additional resources to strengthen our publishing team.

ITB, our Packaging business, invested R63 million to expand production capacity and replace ageing equipment. Improved production efficiency and cost containment remains a key focus to maintain ITB’s competitive position, especially as commodity plastic producers seek to move up the value chain.

DIVIDENDS

A special cash dividend of R155,6 million was declared and paid to Company shareholders on 19 February 2024 and external dividends of R24,1 million paid to the non-controlling shareholders of MML.

The board of directors of Novus Holdings (“the Board”) has approved and hereby declares an ordinary dividend (No. 6) of 50 cents per share (2023: NIL). The source of the dividend is from distributable reserves and will be paid in cash. The dividend declared is subject to dividend withholding tax at 20,0%. The tax payable is 10 cents per share, leaving shareholders who are not exempt from dividends tax with a net dividend of 40 cents per share.

The issued share capital of Novus Holdings at the declaration date comprises 343 183 023 shares.

The Company’s income tax reference number is 9656/360/15/4.

The salient dates for the dividend are:

Last day to trade (<i>cum</i> dividend)	Tuesday, 2 July 2024
Trading <i>ex</i> dividend commences	Wednesday, 3 July 2024
Record date	Friday, 5 July 2024
Payment date	Monday, 8 July 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 3 July 2024 and Friday, 5 July 2024, both dates inclusive.

RESULTS PRESENTATION

Shareholders are advised that Novus Holdings will be hosting their results presentation at the Novus Holdings Offices situated at 10 Freedom Way, Montague Gardens at 11h00 (SA time) on Tuesday, 18 June 2024.

For access and details of this webinar, go to the Group's website at www.novus.holdings and view the invitation at: <https://novus.holdings/wp-content/uploads/2024/06/IAR24-Annual-Results-Invite-v4.png>

RESULTS ANNOUNCEMENT

This results announcement is the responsibility of the directors of Novus Holdings, and the content was approved by the Board on 13 June 2024. This results announcement does not include full or complete details of the audited annual financial statements for the year ended 31 March 2024 ("**2024 AFS**") released on SENS on 14 June 2024. Any investment decision should be based on the 2024 AFS as a whole. None of the information in this announcement has been reviewed or reported on by the Company's auditors.

The 2024 AFS have been audited by the Company's external auditor, BDO South Africa Incorporated, who expressed an unmodified opinion thereon. The audit opinion, which is included in the 2024 AFS, is available on the Company's website at:

https://novus.holdings/wp-content/uploads/2024/06/IAR24-Annual-Financial-Statements-v_Final.pdf and on the JSE's cloudlink at: <https://senspdf.jse.co.za/documents/2024/jse/isse/nvse/YE24.pdf>

On behalf of the Board

André van der Veen
Chief Executive Officer

Cape Town
14 June 2024

Sponsor
Merchantec Capital