



Reviewed condensed consolidated financial results
for the year ended 31 March 2022

Financial highlights

for the year ended 31 March 2022

- ✖ Revenue from continuing operations ▲ R389 million (15%) to R2 993 million
- ✖ Profit ▲ R0,4 million to R124 million
- ✖ Earnings per share unchanged at 29 cents
- ✖ Headline earnings per share ▲ 10 cents (43%) to 33 cents
- ✖ Net asset value per share ▲ 22 cents (6%) to 385 cents
- ✖ Distribution per share ▲ 2 cents (29%) to 9 cents

Condensed consolidated statement of financial position

as at 31 March

| | Notes | Reviewed 2022 R000's | Audited 2021 R000's |
|--|---------|----------------------------|---------------------------|
| ASSETS | | | |
| Non-current assets | | 2 049 272 | 2 107 289 |
| Plant and equipment | | 410 535 | 397 175 |
| Right-of-use assets | | 63 912 | 79 262 |
| Owner-occupied property | 5.2 | 247 545 | 210 125 |
| Investment property | 5.2 | 1 125 386 | 1 178 467 |
| Intangible assets | | 26 558 | 30 011 |
| Goodwill | | 22 760 | 23 430 |
| Financial asset at fair value through other comprehensive income | | 4 237 | 4 237 |
| Long-term receivables | | 7 955 | 14 145 |
| Deferred tax assets | | 140 384 | 170 437 |
| Current assets | | 1 239 658 | 979 443 |
| Inventories | | 596 406 | 431 460 |
| Trade and other receivables | | 563 270 | 474 105 |
| Current tax assets | | 6 490 | 2 182 |
| Cash and cash equivalents | | 73 492 | 71 696 |
| Non-current assets held for sale | 4.2 | 43 010 | 85 304 |
| Total current assets | | 1 282 668 | 1 064 747 |
| Total assets | | 3 331 940 | 3 172 036 |
| EQUITY AND LIABILITIES | | | |
| Total equity | | 1 678 902 | 1 576 557 |
| Stated capital | | 1 462 143 | 1 459 386 |
| Reserves | | 216 759 | 118 408 |
| Equity attributable to owners of the company | | 1 678 902 | 1 577 794 |
| Non-controlling interest | | – | (1 237) |
| Non-current liabilities | | 782 523 | 948 813 |
| Deferred tax liabilities | | 11 201 | 4 692 |
| Post-employment medical aid benefits | | 74 974 | 77 514 |
| Deferred income | | 81 033 | 110 550 |
| Interest-bearing liabilities | | 528 757 | 657 125 |
| Lease liabilities | | 86 558 | 98 932 |
| Current liabilities | | 870 515 | 636 864 |
| Current tax liabilities | | 13 382 | 9 370 |
| Post-employment medical aid benefits | | 7 600 | 7 944 |
| Deferred income | | 13 974 | 7 535 |
| Interest-bearing liabilities | | 219 118 | 121 922 |
| Lease liabilities | | 14 738 | 16 500 |
| Trade and other payables | | 587 205 | 436 971 |
| Provisions | | – | 6 818 |
| Bank overdraft | 6.1 | 14 498 | 29 804 |
| Non-current liabilities held for sale | 4.2 | – | 9 802 |
| Total current liabilities | | 870 515 | 646 666 |
| Total liabilities | | 1 653 038 | 1 595 479 |
| Total equity and liabilities | | 3 331 940 | 3 172 036 |
| Net asset value | | 1 678 902 | 1 577 794 |
| Net asset value per share | (cents) | 385 | 363 |

Condensed consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March

| | Notes | Reviewed 2022 R000's | Audited 2021 R000's |
|--|---------|----------------------------|---------------------------|
| Continuing operations | | | |
| Revenue | | 2 992 568 | 2 603 554 |
| Cost of sales | | (2 202 510) | (1 909 617) |
| Gross profit | | 790 058 | 693 937 |
| Other income | | 50 817 | 19 154 |
| Selling and distribution expenses | | (285 421) | (254 681) |
| Administrative and other expenses | | (298 100) | (277 628) |
| Operating profit before finance costs, impairments, restructuring expenses and revaluation of investment properties | | 257 354 | 180 782 |
| Revaluation of investment properties | | (17 133) | 49 829 |
| Impairments | | – | (6 930) |
| Restructuring expenditure | | – | (11 716) |
| Profit before finance costs | | 240 221 | 211 965 |
| Finance income | | 1 698 | 6 811 |
| Lease finance expenses | | (12 987) | (15 202) |
| Finance expenses | | (52 483) | (66 974) |
| Profit before taxation | | 176 449 | 136 600 |
| Income tax expense | 4.3 | (48 170) | (7 019) |
| Profit after tax | | 128 279 | 129 581 |
| Discontinued operations | | | |
| Loss from discontinued operations, net of tax | 4.1 | (3 886) | (5 492) |
| Profit | | 124 393 | 124 089 |
| Other comprehensive income, net of related tax | | | |
| Items that will never be reclassified to profit or loss | | | |
| Revaluation of land and buildings | | 634 | 5 840 |
| Revaluation | | (232) | 7 526 |
| Related tax | | 866 | (1 686) |
| Post-employment medical benefit – actuarial gain | | 2 337 | 2 377 |
| Actuarial gain | | 3 208 | 3 301 |
| Related tax | | (871) | (924) |
| Items that are or may be reclassified to profit or loss | | | |
| Foreign operations – foreign currency translation differences | | 248 | (4 052) |
| Other comprehensive income, net of tax | | 3 219 | 4 165 |
| Total comprehensive income for the year | | 127 612 | 128 254 |
| Profit attributable to: | | | |
| Owners of the company | | 124 393 | 124 623 |
| Non-controlling interest | | – | (534) |
| | | 124 393 | 124 089 |
| Total comprehensive income attributable to: | | | |
| Owners of the company | | 127 612 | 128 788 |
| Non-controlling interest | | – | (534) |
| | | 127 612 | 128 254 |
| Basic earnings per share | | | |
| Basic earnings per share | (cents) | 28,56 | 28,64 |
| Basic earnings per share from continued operations | | 29,45 | 29,90 |
| Basic loss per share from discontinued operations | | (0,89) | (1,26) |
| Diluted earnings per share | | | |
| Diluted earnings per share | (cents) | 27,93 | 28,64 |
| Diluted earnings per share from continued operations | | 28,80 | 29,90 |
| Diluted loss per share from discontinued operations | | (0,87) | (1,26) |

Condensed consolidated statement of changes in equity

for the year ended 31 March

| | Stated capital total R000's | Other reserves R000's | Retained income R000's | Total reserves R000's | Non- controlling interest R000's | Total R000's |
|---|--------------------------------------|-----------------------------|------------------------------|-----------------------------|---|------------------|
| Balance at 31 March 2020 | 1 457 583 | 285 998 | (279 571) | 6 427 | (882) | 1 463 128 |
| Total comprehensive income | – | 1 788 | 127 000 | 128 788 | (534) | 128 254 |
| Profit | – | – | 124 623 | 124 623 | (534) | 124 089 |
| Other comprehensive income, net of tax | – | 1 788 | 2 377 | 4 165 | – | 4 165 |
| Foreign operations – foreign currency translation differences | – | (4 052) | – | (4 052) | – | (4 052) |
| Revaluation of land and buildings, net of tax | – | 5 840 | – | 5 840 | – | 5 840 |
| Post-employment medical benefit – actuarial gain, net of tax | – | – | 2 377 | 2 377 | – | 2 377 |
| Transactions with owners of the company | 1 803 | – | (16 807) | (16 807) | 179 | (14 825) |
| Share scheme – expense | – | – | 2 582 | 2 582 | – | 2 582 |
| – options exercised | 1 803 | – | (1 803) | (1 803) | – | – |
| Effects of change in holdings | – | – | (179) | (179) | 179 | – |
| Distribution to shareholders | – | – | (17 407) | (17 407) | – | (17 407) |
| Balance 31 March 2021 | 1 459 386 | 287 786 | (169 378) | 118 408 | (1 237) | 1 576 557 |
| Total comprehensive income | – | 882 | 126 730 | 127 612 | – | 127 612 |
| Profit | – | – | 124 393 | 124 393 | – | 124 393 |
| Other comprehensive income, net of tax | – | 882 | 2 337 | 3 219 | – | 3 219 |
| Foreign operations – foreign currency translation differences | – | 248 | – | 248 | – | 248 |
| Revaluation of land and buildings, net of tax | – | 634 | – | 634 | – | 634 |
| Post-employment medical benefit – actuarial gain, net of tax | – | – | 2 337 | 2 337 | – | 2 337 |
| Transactions with owners of the company | 2 757 | – | (29 261) | (29 261) | 1 237 | (25 267) |
| Share buy back | (1 410) | – | – | – | – | (1 410) |
| Share scheme – expense | – | – | 5 369 | 5 369 | – | 5 369 |
| – options exercised | 4 167 | – | (4 167) | (4 167) | – | – |
| Effects of change in holdings | – | – | – | – | 1 237 | 1 237 |
| Distribution to shareholders | – | – | (30 463) | (30 463) | – | (30 463) |
| Balance 31 March 2022 | 1 462 143 | 288 668 | (71 909) | 216 759 | – | 1 678 902 |

Condensed consolidated statement of cash flows

for the year ended 31 March

| | Notes | Reviewed 2022 R000's | Audited 2021 R000's |
|---|-------|----------------------------|---------------------------|
| Net cash flows from operating activities | | 126 382 | 208 591 |
| Cash generated from operating activities before working capital changes | | 313 175 | 260 467 |
| Cash (outflow)/inflow from working capital changes | | (112 523) | 39 852 |
| Inventories | | (164 677) | 114 244 |
| Trade and other receivables | | (84 675) | (2 261) |
| Trade and other payables | | 136 829 | (72 131) |
| Finance costs | | (63 772) | (75 522) |
| Taxes paid | | (10 498) | (16 206) |
| Net cash flow from investing activities | | (28 584) | (52 036) |
| Acquisition of property, plant and equipment | | (143 214) | (53 273) |
| Proceeds from sale of assets held for sale | | 56 992 | – |
| Proceeds from sale of intangible assets | | 36 | – |
| Proceeds from sale of property, plant and equipment | | 46 722 | 10 320 |
| Development cost of investment property | 5.2.2 | (27 352) | (6 574) |
| Proceeds on sale of investment property | | 20 800 | – |
| Acquisition of intangible assets | | (1 298) | (2 509) |
| Disposal of interest in subsidiary companies | 5.3 | 18 730 | – |
| Net cash flow from financing activities | | (80 696) | (45 421) |
| Proceeds from borrowings | | 30 221 | 7 201 |
| Repayment of borrowings | | (60 857) | (18 152) |
| Principal elements of lease payments | | (18 187) | (17 063) |
| Share buy back | | (1 410) | – |
| Distribution to shareholders | | (30 463) | (17 407) |
| Net increase in cash and cash equivalents | | 17 102 | 111 134 |
| Cash and cash equivalents at the beginning of the year | | 41 892 | (69 242) |
| Cash and cash equivalents at the end of the year | | 58 994 | 41 892 |

Condensed consolidated segmental report

for the year ended 31 March

| | Properties R000's | Branded product distribution R000's | Automotive parts manu- facturing R000's | Industrial product manu- facturing R000's | Head office and centralised services R000's | Total R000's |
|--|----------------------|--|---|---|---|------------------|
| 2022 | | | | | | |
| Segment revenue | | | | | | |
| Gross revenue | 165 962 | 1 236 314 | 490 988 | 1 230 476 | – | 3 123 740 |
| Less: Inter-segment sales | (33 695) | (24 733) | – | (72 215) | – | (130 643) |
| | 132 267 | 1 211 581 | 490 988 | 1 158 261 | – | 2 993 097 |
| Less: Revenue attributable to discontinued operations | – | – | – | (529) | – | (529) |
| Revenue as per statement of comprehensive income | 132 267 | 1 211 581 | 490 988 | 1 157 732 | – | 2 992 568 |
| Primary geographical market | | | | | | |
| South Africa | 165 962 | 1 187 279 | 482 085 | 1 204 508 | – | 3 039 834 |
| Other African countries | – | 20 795 | – | 25 968 | – | 46 763 |
| Europe | – | 28 240 | 842 | – | – | 29 082 |
| South America | – | – | 8 061 | – | – | 8 061 |
| | 165 962 | 1 236 314 | 490 988 | 1 230 476 | – | 3 123 740 |
| Major products/service lines | | | | | | |
| Woven, knitted and non-woven products | – | – | – | 838 072 | – | 838 072 |
| Pressed, roll-formed steel products | – | – | 490 988 | 163 253 | – | 654 241 |
| Speciality chemicals | – | – | – | 229 151 | – | 229 151 |
| Rentals | 165 962 | – | – | – | – | 165 962 |
| Toys, electronic games and sports goods | – | 943 149 | – | – | – | 943 149 |
| Stationery, publishing and office supplies | – | 293 165 | – | – | – | 293 165 |
| | 165 962 | 1 236 314 | 490 988 | 1 230 476 | – | 3 123 740 |
| Timing of revenue recognition | | | | | | |
| At a point in time | 165 962 | 1 236 314 | 425 572 | 1 230 476 | – | 3 058 324 |
| Over time | – | – | 65 416 | – | – | 65 416 |
| | 165 962 | 1 236 314 | 490 988 | 1 230 476 | – | 3 123 740 |
| Segment results | | | | | | |
| Operating profit before finance costs, impairments, restructuring expenses and revaluation of investment properties | 109 995 | 69 760 | 50 706 | 73 514 | (46 621) | 257 354 |
| Revaluation of investment properties | (17 133) | – | – | – | – | (17 133) |
| Profit from continuing operations before finance cost | 92 862 | 69 760 | 50 706 | 73 514 | (46 621) | 240 221 |
| Finance expenses | – | – | – | – | – | (63 772) |
| Profit before taxation | | | | | | 176 449 |
| Total segment assets | 1 437 374 | 594 075 | 475 560 | 675 128 | 149 803 | 3 331 940 |
| Total segment liabilities | 25 439 | 234 665 | 277 724 | 296 869 | 818 341 | 1 653 038 |

Condensed consolidated segmental report

for the year ended 31 March (continued)

| | Properties R000's | Branded product distribution R000's | Automotive parts manu- facturing R000's | Industrial product manu- facturing R000's | Head office and centralised services R000's | Total R000's |
|--|----------------------|--|---|---|---|-----------------|
| 2021 | | | | | | |
| Segment revenue | | | | | | |
| Gross revenue | 184 809 | 1 098 476 | 444 268 | 1 021 318 | – | 2 748 871 |
| Less: Inter-segment sales | (36 008) | (15 070) | – | (56 317) | – | (107 395) |
| | 148 801 | 1 083 406 | 444 268 | 965 001 | – | 2 641 476 |
| Less: Revenue attributable to discontinued operations | – | (15 366) | – | (22 556) | – | (37 922) |
| Revenue as per statement of comprehensive income | 148 801 | 1 068 040 | 444 268 | 942 445 | – | 2 603 554 |
| Primary geographical market | | | | | | |
| South Africa | 184 809 | 1 023 621 | 436 966 | 997 239 | – | 2 642 635 |
| Other African countries | – | 17 850 | – | 24 079 | – | 41 929 |
| Asia | – | 4 508 | – | – | – | 4 508 |
| Europe | – | 49 022 | 416 | – | – | 49 438 |
| South America | – | 888 | 6 886 | – | – | 7 774 |
| North America | – | 2 587 | – | – | – | 2 587 |
| | 184 809 | 1 098 476 | 444 268 | 1 021 318 | – | 2 748 871 |
| Major products/service lines | | | | | | |
| Woven, knitted and non-woven products | – | – | – | 745 443 | – | 745 443 |
| Pressed, roll-formed steel products | – | – | 444 268 | 141 490 | – | 585 758 |
| Speciality chemicals | – | – | – | 134 385 | – | 134 385 |
| Rentals | 184 809 | – | – | – | – | 184 809 |
| Toys, electronic games and sports goods | – | 824 279 | – | – | – | 824 279 |
| Stationery, publishing and office supplies | – | 274 197 | – | – | – | 274 197 |
| | 184 809 | 1 098 476 | 444 268 | 1 021 318 | – | 2 748 871 |
| Timing of revenue recognition | | | | | | |
| At a point in time | 184 809 | 1 098 476 | 389 487 | 1 021 318 | – | 2 694 090 |
| Over time | – | – | 54 781 | – | – | 54 781 |
| | 184 809 | 1 098 476 | 444 268 | 1 021 318 | – | 2 748 871 |
| Segment results | | | | | | |
| Operating profit before finance costs, impairments, restructuring expenses and revaluation of investment properties | | | | | | |
| | 128 283 | 22 868 | 32 254 | 43 473 | (46 096) | 180 782 |
| Revaluation of investment properties | 49 829 | – | – | – | – | 49 829 |
| Net impairment of assets | (225) | – | – | (6 705) | – | (6 930) |
| Restructuring expenses | – | – | – | (11 716) | – | (11 716) |
| Profit from continuing operations before finance cost | 177 887 | 22 868 | 32 254 | 25 052 | (46 096) | 211 965 |
| Finance expenses | – | – | – | – | – | (75 365) |
| Loss before taxation | – | – | – | – | – | 136 600 |
| Total segment assets | 1 487 081 | 471 277 | 416 070 | 642 235 | 155 373 | 3 172 036 |
| Total segment liabilities | 21 421 | 156 152 | 248 480 | 312 128 | 857 298 | 1 595 479 |

Statistics per share

for the year ended 31 March

| | | Reviewed 2022 | Audited 2021 |
|---|---------|------------------|-----------------|
| Number of shares in issue (refer to note 7) | ('000) | 435 643 | 435 181 |
| Weighted average number of shares in issue | ('000) | 435 552 | 435 073 |
| Diluted weighted average number of shares in issue | ('000) | 445 403 | 435 157 |
| Basic earnings | (cents) | 28,56 | 28,64 |
| Continuing operations | | 29,45 | 29,90 |
| Discontinued operations | | (0,89) | (1,26) |
| Headline earnings | (cents) | 32,54 | 23,17 |
| Continuing operations | | 31,41 | 22,41 |
| Discontinued operations | | 1,13 | 0,76 |
| Diluted earnings | (cents) | 27,93 | 28,64 |
| Continuing operations | | 28,80 | 29,90 |
| Discontinued operations | | (0,87) | (1,26) |
| Diluted headline earnings | (cents) | 31,82 | 23,17 |
| Continuing operations | | 30,71 | 22,41 |
| Discontinued operations | | 1,11 | 0,76 |
| Reconciliation between profit and headline earnings | | | |
| Profit attributable to equity holders of the parent | (R'000) | 124 393 | 124 623 |
| Impairment of assets | (R'000) | 7 352 | 13 808 |
| Remeasurement of investment property | (R'000) | 13 295 | (38 667) |
| Changes in the deferred tax balance resulting from the corporate tax rate change that relates to previous remeasurements of investment property | (R'000) | (4 088) | – |
| Surplus on disposal of property, plant and equipment | (R'000) | (1 506) | (356) |
| Loss on disposal of property, plant and equipment | (R'000) | 954 | 1 403 |
| Insurance claim for capital asset | (R'000) | (150) | – |
| Loss on disposal of intangible assets | (R'000) | 9 | – |
| Loss on sale of subsidiary | (R'000) | 1 467 | – |
| Headline earnings | (R'000) | 141 726 | 100 811 |
| Continuing operations | | 136 793 | 97 485 |
| Discontinued operations | | 4 933 | 3 326 |

Notes to the condensed consolidated financial results

for the year ended 31 March

1. Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

These results have been prepared under the supervision of the Financial Director, Gys Wege CA(SA).

2. Review report of the independent auditor

The condensed consolidated financial statements for the year ended 31 March 2022 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion. The auditor's review report is included under appendix A. The auditor's report does not necessarily report on all of the information contained in the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office or on www.deneb.co.za.

3. Significant accounting policies and estimates

The reviewed condensed consolidated results have been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments. The accounting policies adopted are in terms of IFRS and consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2021.

A number of new or amended standards became applicable for the current reporting period, which did not have a material impact on the Group. Therefore, the Group did not have to change its accounting policies or make retrospective adjustments as a result of these standards.

Notes to the condensed consolidated financial results for the year ended 31 March (continued)

4. Significant operating activities

4.1 Discontinued operations

Discontinued operations consist of Frame Knitting Manufacturers operating under the Industrial Product Manufacturing reportable segment. In the prior year, the discontinued operations also included the sports good division operating under the Branded Product Distribution reportable segment. Their results have been disclosed separately on the face of the statement of profit or loss and other comprehensive income.

4.1.1 Results of discontinued operations

| | 2022 R000's | 2021 R000's |
|--|----------------|----------------|
| Revenue | 529 | 37 922 |
| Cost of sales | (4 700) | (48 731) |
| Gross loss | (4 171) | (10 809) |
| Other income | 9 274 | 17 587 |
| Distribution costs | (21) | (381) |
| Administrative and other expenses | (149) | (2 874) |
| Operating profit before finance costs and impairments | 4 933 | 3 523 |
| Impairment of assets | (7 352) | (8 858) |
| Loss on sale of subsidiary | (1 467) | – |
| Operating loss before finance costs | (3 886) | (5 335) |
| Finance expenses | – | (157) |
| Loss before taxation | (3 886) | (5 492) |
| Income tax expense | – | – |
| Loss for the period from discontinued operations | (3 886) | (5 492) |
| 4.1.2 Cash flows from discontinued operations | | |
| Net cash from operating activities | 6 570 | 1 970 |
| Net cash from investing activities | 9 598 | 3 080 |
| Net cash from financing activities | 88 | (2 944) |
| Net cash from discontinued operations | 16 256 | 2 106 |

The loss from discontinued operations is attributable entirely to equity holders of the parent.

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

4. Significant operating activities (continued)

4.2 Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities are classified as held for sale in relation to the discontinued operations as at 31 March 2022:

| | 2022 R000's | 2021 R000's |
|--|----------------|----------------|
| Assets classified as held for sale | | |
| Property, plant and equipment | – | 16 450 |
| Inventories | – | 249 |
| Trade and other receivables | – | 11 270 |
| Total assets of disposal group held for sale | – | 27 969 |
| Other non-current assets held for sale | 43 010 | 57 335 |
| Total assets of disposal group held for sale | 43 010 | 85 304 |
| Liabilities directly associated with assets classified as held for sale | | |
| Lease liability | – | (88) |
| Deferred Income | – | (8 155) |
| Trade and other payables | – | (1 559) |
| Total liabilities of disposal group held for sale | – | (9 802) |
| Other non-current liabilities held for sale | – | – |
| Total assets of disposal group held for sale | – | (9 802) |

4.3 Taxation and deferred taxation

Income tax

South African normal taxation

| | | |
|-------------------|----------|----------|
| – current | (10 202) | (18 453) |
| – prior year | – | 629 |
| Deferred taxation | | |
| – normal tax | (32 196) | 10 805 |
| – rate change | (5 772) | – |
| | (48 170) | (7 019) |

Reconciliation between actual and normal taxation rates

| | % | % |
|---|-------|-------|
| Taxation as a percentage of profit before taxation | 27,3 | 5,4 |
| Rate change* | (3,3) | – |
| Prior period | – | 0,5 |
| Non-deductible items expenses** | (1,1) | (1,8) |
| Specific tax deductible expenses*** | 0,6 | 0,4 |
| Exempt income | 0,2 | 0,2 |
| Capital gains tax on revaluation of Investment property | (0,6) | 2,1 |
| Foreign entities with different tax rate**** | 0,3 | – |
| Unrecognised tax losses | 3,5 | 21,2 |
| Utilisation of previously unrecognised tax losses | 1,1 | – |
| Normal taxation rate | 28,0 | 28,0 |

* During the year the government enacted a change in the corporate income tax rate from 28% to 27%, effective for financial years ending on or after 31 March 2023. The change is considered to be substantively enacted as at 31 March 2022 and therefore, deferred tax assets and liabilities have been adjusted to reflect the reduced rate.

** In calculating the tax expense for the current period, the Group has treated R4,2 million as being non-deductible for tax purposes. Non-deductible expenses relate to options exercised under the Group's share incentive scheme.

*** In calculating the tax expense for the current period, the Group has treated R2,3 million as being specific tax deductible for tax purposes. Specific tax deductible expenses relate to options exercised under the Group's share incentive scheme.

**** The Group owns foreign subsidiaries that operate in Hong Kong and Switzerland.

Notes to the condensed consolidated financial results

for the year ended 31 March (continued)

5. Significant investing activities

5.1 Capital expenditure and commitments

| | Capital expenditure | | Contractual commitments | |
|---------------------|---------------------|---------------|-------------------------|---------------|
| | 2022 R'000 | 2021 R'000 | 2022 R'000 | 2021 R'000 |
| Investment property | 27 352 | 6 574 | – | – |
| Land and buildings | 39 448 | 1 192 | 10 200 | – |
| Plant and equipment | 103 766 | 63 152 | 160 894 | 10 262 |
| Intangible assets | 1 298 | 6 381 | – | – |
| | 171 864 | 77 299 | 171 094 | 10 262 |

The capital commitments are expected to be incurred during the next 12 months. Commitments will be funded through banking facilities.

5.2 Properties

The Group fair values its investment properties and owner-occupied property, categorised as level 3.

The fair value of properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers review the fair value of the Group's property portfolio on a bi-annual basis.

The unrest in Durban during the month of July 2021 had no impact on the fair value of property.

The directors confirm that there have been no material changes to the information used and assumptions applied by the registered valuer in the prior year.

5.2.1 Owner-occupied property

The movement in owner-occupied property for the year is as follows:

| | 2022 R'000 | 2021 R'000 |
|---------------------------------|----------------|---------------|
| Opening carrying value | 210 125 | 293 504 |
| Additions | 39 448 | 1 192 |
| Transfer to investment property | – | (35 100) |
| Transfer to held for sale | – | (54 950) |
| Depreciation | (1 796) | (2 047) |
| Fair value adjustments | (232) | 7 526 |
| Closing carrying value | 247 545 | 210 125 |

5.2.2 Investment property

The movement in investment property for the year is as follows:

| | | |
|---------------------------------------|------------------|-----------|
| Opening carrying value | 1 178 467 | 1 086 964 |
| Transfer from owner-occupied property | – | 35 100 |
| Development cost | 27 352 | 6 574 |
| Fair value adjustments | (17 133) | 49 829 |
| Transfer to held for sale | (42 500) | – |
| Disposals | (20 800) | – |
| Closing carrying value | 1 125 386 | 1 178 467 |

| Property type (% of value) | % | % |
|----------------------------|------|------|
| Retail/commercial | 8,3 | 10,0 |
| Industrial | 91,7 | 90,0 |

Notes to the condensed consolidated financial results for the year ended 31 March (continued)

5. Significant investing activities (continued)

5.3 Business combinations

Current period

Sale of subsidiaries

Disposal of Frame Knitting Manufacturers Proprietary Limited ("Frame Knitting")

The Group disposed of its assets in Frame Knitting by December 2021.

Disposal of OfficeBox Proprietary Limited ("OfficeBox")

The Group disposed of its interest in OfficeBox on 30 April 2021 for a consideration of R500 000.

The following table summarises proceeds on disposal, including an analysis of assets and liabilities disposed.

| | Total R'000 | Industrial product manufacturing R'000 | Branded product distribution R'000 |
|---------------------------------------|----------------|---|---|
| Non-current assets | | | |
| Property plant and equipment | 9 685 | 9 098 | 587 |
| Goodwill | 670 | – | 670 |
| Intangible asset | 886 | – | 886 |
| Current assets | | | |
| Inventories | 992 | 249 | 743 |
| Trade and other receivables | 13 050 | 11 102 | 1 948 |
| Cash and cash equivalents | 573 | – | 573 |
| Non-current liabilities | | | |
| Lease liability | (88) | (88) | – |
| Interest-bearing liabilities | (377) | – | (377) |
| Current liabilities | | | |
| Interest-bearing liabilities | (159) | – | (159) |
| Trade and other payables | (5 699) | (1 559) | (4 140) |
| Net asset value disposed of | 19 533 | 18 802 | 731 |
| Non-controlling interest | 1 237 | – | 1 237 |
| Loss on disposal of subsidiary | (1 467) | – | (1 467) |
| Cash and cash equivalents disposed of | (573) | – | (573) |
| Net cash inflow on disposal | 18 730 | 18 802 | (72) |

Prior period

No subsidiaries were acquired or sold during the prior year.

Notes to the condensed consolidated financial results for the year ended 31 March (continued)

6. Significant financing activities

6.1 Working capital facilities

| | 2022 R'000 | 2021 R'000 |
|------------------------------|----------------|---------------|
| Maximum available facilities | 573 000 | 600 000 |
| Net utilised | (28 989) | (50 008) |
| Bank overdraft | (14 498) | (29 804) |
| Letter of credits | (14 491) | (20 204) |
| Unutilised balance | 544 011 | 549 992 |

6.2 Compliance with loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants, for the property-backed facilities:

- loan-to-property-value ratio to not exceed 60%;
- interest cover ratio on property division to not be less than 1,65; and
- if rentals from owner-occupied properties exceed 30% of total rentals received, the excess will be disregarded in calculating the interest cover ratio.

Deneb Investments Limited has complied with the financial covenants of its borrowing facilities during the year ending 31 March 2022 and is not close to breach. Based on the latest forecast there appears to be no risk of not adhering to the loan covenants for the year 31 March 2023.

7. Shares in issue

| | Reviewed 2022 (‘000) | Audited 2021 (‘000) |
|--------------------------------------|----------------------------|---------------------------|
| Balance at the beginning of the year | 435 181 | 434 683 |
| Share buy-back during the year* | (738) | – |
| Issued during the year | 1 200 | 498 |
| | 435 643 | 435 181 |

* During the year, the Group repurchased and cancelled shares from the open market on the JSE.

Notes to the condensed consolidated financial results for the year ended 31 March (continued)

8. Events after the reporting period

Subsequent to year-end, KwaZulu-Natal was ravaged by a storm, resulting in large scale flooding. Our Group was fortunate and had very little damage to its assets however, as a result of infrastructure damage in the area, productivity was negatively impacted during the immediate aftermath of the disaster.

The war in Ukraine had no significant impact on our results, neither do we expect a significant impact in the year ahead.

Non-current assets held for sale as of 31 March 2022 relate to the disposal of investment property in Worcester as communicated to shareholders in the SENS announcements dated 1 April 2022 and 29 April 2022. The disposal was subject to the purchaser obtaining a loan against the registration of a first mortgage bond over the property by no later than 19 May 2022. However, and as reflected on the further SENS announcement dated 20 May 2022, the condition was not fulfilled by the stipulated date and accordingly, the agreement is of no further effect.

The directors are not aware of any other material fact or circumstances arising between the end of the financial year and the date of this report.

9. Distribution

Notice is hereby given that a final distribution of 9 cents (gross) per ordinary share in respect of the 12 months ended 31 March 2022 has been declared and approved by the board of directors out of retained earnings through the reduction of contributed tax capital ("distribution").

In compliance with the requirements of Strate and the JSE Limited, the following dates are applicable:

| | |
|------------------------------------|-----------------------|
| Distribution declared | Thursday, 26 May 2022 |
| Last day to trade cum distribution | Monday, 13 June 2022 |
| Shares trade ex distribution | Tuesday, 14 June 2022 |
| Record date | Friday, 17 June 2022 |
| Payment date | Monday, 20 June 2022 |

Share certificates may not be dematerialised or rematerialised between Tuesday, 14 June 2022 and Friday, 17 June 2022, both days inclusive.

Additional information

The directors have determined that this distribution will be paid out of qualifying contributed tax capital as contemplated in the definition of "contributed tax capital" in section 1 of the Income Tax Act, 1962.

As the distribution will be regarded as a return of capital and may have potential capital gains tax consequences, Deneb shareholders are advised to consult their tax advisors regarding the impact of the distribution.

The directors have reasonably concluded that the company will satisfy the solvency and liquidity requirements of sections 4 and 46 of the Companies Act, 2008, immediately after the capital distribution.

The number of issued ordinary shares is 435 642 509 as at the date of this declaration. The company's income tax registration number is 9844426156.

Commentary

We believe that all things considered, the Group has had a very good year. The year was not without its challenges. We, along with many businesses in South Africa, had to deal with loadshedding, riots and severe supply chain disruptions. Supply chains throughout the Group came under pressure. We experienced quite severe raw material shortages in several areas, from microchips to polymers. Where raw materials were available, they were often subject to significant cost increases, well over double in some cases. Shipping also created much consternation for our management teams with shipping delays of many weeks, if not months, and significantly higher costs not being uncommon. The fact that we put Covid restrictions and disruptions so far down the list, demonstrates that the year wasn't exactly straight forward.

The Group navigated the challenges quite well and we are proud to report an increase in operating profit of 42% to R240 million. The performance can be attributed to the collective ability of the operational management teams and staff at the various divisions. They managed to find solutions to the myriad of obstacles they faced and through it all they continued to timeously deliver high quality products to customers. As a general point, the increased shipping costs and delays resulted in us picking up market share as customers looked for local sourcing solutions.

In the prior year we had lockdowns and thus a shortened trading period, so the years are not entirely comparable. Be that as it may, on a consolidated basis:

- Turnover from continuing operations was up R389 million (15%).
- Gross profit is up R96 million (14%).
- Administration and selling costs were up R58 million (10%). The cost increases were the result of increased activity, inflationary adjustments and the low base in the prior year due to lockdown "savings".
- One negative aspect was a R67 million swing in property revaluations. In the prior year we revalued our investment properties up by R50 million which was mostly a reversion to the mean following the Covid devaluations. In the current period, the softer property market particularly in KwaZulu-Natal has seen us revalue our investment properties down by R17 million.
- Finance expenses were down by R14 million (22%) due to lower debt levels and a lower average interest rate for the year.
- In the prior year we recognised some historic tax losses. The increased profits and increase in effective tax rate to 27.3% in the current year, saw the taxation expense increase by R41 million to R48 million.
- The results of all the above is that headline earnings per share grew by 10 cents (43%) to 33 cents.
- We are also happy to increase the distribution to shareholders by 2 cents (29%) to 9 cents.

The Group generated cash from operations of R126 million for the current period, an R83 million reduction from the R209 million generated in the prior year. The reason for the reduction is that we invested relatively heavily in working capital, most notably inventory. One of the main defences against supply chain disruptions, is to hold more inventory than would otherwise be optimal. The increased inventory levels helped us fulfil customer demand and, in some cases, allowed us to increase market share. The fact that raw material prices are significantly higher also plays into the higher inventory holdings.

Although the net outflow from investing activities is a relatively modest R29 million, it represents sales of properties and plant of R144 million, and an investment of R170 million in new plant and properties. A high proportion of the new investment, R97 million to be precise, is centred on our automotive businesses. This investment is on the back of projects that have been secured, the benefits of which will only really be felt in the financial year ending March 2024. A further R27 million was spent on the redevelopment of our Parow Industrial Park.

Properties

Properties is the one segment of the Group that went backwards. Properties delivered a profit before finance cost of R93 million, R85 million (48%) below the R178 million recorded in the prior period. The reduction is due to operational reasons, as well as property devaluations:

- Operationally, revenue was down R19 million (10%) to R166 million. This flows all the way down to the bottom line which is down R18 million. The reason for the reduction is that we sold three KwaZulu-Natal based properties for R90 million combined. We also took our Parow Industria property off the market for redevelopment. This development has been completed post year-end. It is currently 58% let and we expect to be fully let by half year. Furthermore,

Commentary

(continued)

for almost the first time, we had an extended vacancy at one of the properties, Mobeni Industrial Park. We had an overseas based tenant lined up to move into the property once the previous tenant vacated. However, the advent of the July riots meant that the tenant changed their plans. The weak logistics sector in KwaZulu-Natal due to the turmoil in the shipping world resulted in an extended vacancy. We are pleased to report that the property has been let after year-end.

- As discussed above, we also had to revalue our properties down by R17 million compared to a R50 million upwards revaluation in the prior year. The downwards revaluation is largely due to the KwaZulu-Natal property market being under pressure, with no significant upticks in the other properties.

Manufacturing

Our manufacturing segments managed to deliver a combined operating profit before finance costs of R124 million, up R67 million (116%) on the prior period. It should be pointed out, that R18 million of the improvement relates to impairments and restructuring costs accounted for in the prior year. If one excludes these once-off costs, profit is still up R48 million (64%). Turnover was up R262 million (19%) although the prior period did incorporate the strict lockdown periods. That said, we are very pleased with how the manufacturing businesses have rebounded given the challenges they faced.

Branded Products

The Branded Products segment delivered an operating profit of R70 million which is R47 million (204%) up on the R23 million reported in the prior period. All the businesses in this segment showed good improvements with our Prima Interactive and Butterfly Products businesses being standouts.

Overview and outlook

Overall, the Group is up R40 million on the profit before taxation line, despite the R85 million negative swing in properties. Thus, the remainder of the Group improved by R125 million.

What is most pleasing is that we are looking at a number of growth opportunities for the future, most notably:

- A further R85 million of capital expenditure in the automotive segment for expansion to meet demand for confirmed future orders. This is over and above the R97 million spent in the current year; and
- R92 million of capital expenditure in the industrial manufacturing segment to bolster the existing capacity of three manufacturing plants;

Although the capital expenditure referred to above will be spent in the next financial year, the benefits are only likely to be realised in the following financial year. Given all the opportunities, we are fortunate that cash generation remains quite strong and that the Group's debt levels allow for room to invest and to take advantage of the current and future growth opportunities.

The Covid business interruption insurance claim is still in progress and we remain hopeful of a resolution soon. We will inform shareholders of the progress when it is appropriate to do so.

On behalf of the board

Stuart Queen
Chief Executive Officer

Gys Wege
Financial Director

Cape Town
26 May 2022



INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Deneb Investments Limited

We have reviewed the condensed consolidated financial statements of Deneb Investments Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 March 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Deneb Investments Limited for the year ended 31 March 2022 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: J.A Hugo
Registered Auditor
Cape Town
25 May 2022

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Corporate information



DENE INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
("Deneb" or "the Group" or "the company")

The company's shares are listed under the **Financial Services – Diversified Financial Services**.

Registration number: 2013/091290/06

JSE share code: DNB

ISIN: ZAE000197398

Income tax registration number: 9844426156

Registered office: 5th Floor, Deneb House, Cnr Main and Browning Roads, Observatory 7925, Cape Town
PO Box 1585, Cape Town 8000

Contact details: info@deneb.co.za
www.deneb.co.za

Directors: J A Copelyn* (Non-executive Chairperson), M H Ahmed*^ (Lead Independent Director),
D Duncan*, T G Govender*, N Jappie*^, K F Mahloma*^, S A Queen (Chief Executive Officer),
Y Shaik*, G D T Wege (Financial Director)
(* Non-executive ^ Independent)

Company Secretary: C Philip

Transfer Secretaries: Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
Private Bag X9000, Saxonwold 2132

Auditors: PricewaterhouseCoopers Inc.

Sponsors: PSG Capital Proprietary Limited

Announcement date: 26 May 2022

www.deneb.co.za