



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")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

SALIENT FEATURES

- Revenue up 36.8% to R2 022 million (2022: R1 478 million)
- Operating profit* up to R168,6 million (2022: R23,3 million)
- Headline earnings per share increased to 28,77 cents per share (2022: 2,89 cents per share)
- Earnings per share increased to 31,61 cents per share (2022: 2,60 cents per share)
- Net asset value per share increased to 719,92 cents (2022: 663,68 cents)
- Closing cash position of R621,1 million (2022: R236,2 million)

* Operating profit/(loss) excluding "other gains/(losses)".

PERFORMANCE OVERVIEW

The financial results for the six months ended 30 September 2023 ("**period**") improved when compared to the prior period, largely through the inclusion of the results of Maskew Miller Learning Proprietary Limited ("**MML**") in the Education segment. The Print segment returned to a profitable position for the period and the Packaging segment improved its profitability year-on-year.

Group revenue increased by R544 million from R1 478 million to R2 022 million, of which R406 million is from the inclusion of MML. The return to normal production timelines of the Department of Basic Education ("**DBE**") contract led to a return to more normal revenue recognition patterns compared to the prior year.

Operating profit* increased to R168,6 million (2022: operating profit of R23,3 million) and gross profit margin increased to 28,7% (2022: 16,9%). The inclusion of MML for the period, added R100,2 million to operating profit. The Print segment continued to be negatively impacted by higher paper prices and the cost of own power generation.

No once off costs were recognised in the period compared to the prior period which included once off retrenchment costs and R8,4 million in transaction costs related to the MML acquisition. Operating costs for the period include an increase of R28 million in the expected credit loss provision.

Whilst no fixed asset impairments were recognised in either the current or prior periods, the current period includes a profit of R12,2 million on the sale of non-current assets held for sale and a loss of R0,7 million on the sale of property, plant and equipment (2022: loss on sale of R1,2 million).

Print

Revenue increased by 19,6% to R1 357 million (2022: R1 134 million) and operating profit* increased to R34,9 million (2022: operating loss of R7,8 million). Gross margin continued to be impacted negatively by the increased input costs however, the shift in revenue recognition on DBE resulted in its increase to 20,0% (2022: 16,9%).

Overall print volumes were down 1% however, excluding the DBE contract, volumes were down 15.8% with magazines and retail inserts showing material declines, mainly from market contraction and lost market share due to market pricing. Newspaper and book volumes both showed an increase on the prior period.

Packaging

Revenue decreased by 2,3% to R334,4 million (2022: R342,2 million) with both ITB and Novus Labels down on the prior period.

Gross margin increased from 16,3% to 19,2% with the segment achieving an operating profit* of R38,6 million, representing an increase of 32,8% compared to R29,1 million in the prior period.

Education

MML is included within the Education segment and contributed R406,5 million to revenue and an operating profit of R100,2 million. A delay in client order fulfillment will result in a portion of revenue that was expected in September, being recognised in October.

CASH GENERATION

The Group closed the period with a cash balance of R621,1 million, an increase of R228,8 million for the six months. This increase included R122,1 million from the sale of the Linbro Park property. The Group was in a net cash position of R155,3 million at 30 September 2023, a movement of R274,9 million from the net debt position of R119,7 million at 31 March 2023.

The first half of the financial year typically sees the Group invest substantially in working capital to fund seasonal demand and to deliver on the DBE contract. Net working capital was limited to cash outflows of R47 million, as the reduction in paper stock largely offset the seasonal investment in working capital.

Capital and interest repayments on the outstanding loan balance in the period amounted to R65,9 million with an external dividend of R12,9 million paid to the non-controlling shareholders of MML.

Capital expenditure was modest at R14,7 million with spend directed toward maintenance of current plant and equipment with proceeds from asset sales in the period of R0,4 million.

Taxation paid in the period amounted to R57,8 million mainly related to taxation paid by MML.

OUTLOOK

The Print segment recovered from the prior year, but still requires an increase in retail advertising spend and a reduction in higher priced paper stocks to return to levels of cash generation achieved in the 2022 financial year. The higher stock levels from the prior year should reduce to normal stock levels by year end. Paper prices, although on the decrease, are not expected to drop to pricing levels experienced prior to the Russian/Ukraine war. On an ongoing basis we are evaluating cost structures in all aspects of the segment and will continue to invest in power generation.

The Education and Packaging segments are both trading in line with their respective business plans and the prospects remain positive for both segments to continue trading in line with their historic performance levels.

Novus Holdings is proud of retaining its B-BBEE Level Two Contributor status and will continue with initiatives to transform and further enhance its status.

The board of directors of Novus Holdings ("**Board**") wishes to express its appreciation to management and all staff for their continued efforts.

SHORT FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the Board and has not been reviewed or reported on by the Group's external auditors. It contains only a summary of the information in the full announcement and does not contain full or complete details.

The full announcement has been released on SENS and can be accessed on the JSE weblink at: <https://senspdf.jse.co.za/documents/2023/jse/isse/nvse/interims23.pdf>

The full announcement is also available for viewing on the Company's website at <https://novus.holdings/wp-content/uploads/2023/11/Interim-Results-15-November-2023.pdf> or may be requested in person, at no charge, from the registered office of the Company or the Company's sponsor during office hours.

Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement published on SENS and the Company's website as a whole.

On behalf of the Board

André van der Veen
Executive Chairman

Cape Town
15 November 2023

Sponsor
Merchantec Capital