

# TRELLIDOR HOLDINGS LIMITED

SUMMARISED CONSOLIDATED AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022



**Strength. Quality. Variety.**  
Trellidor is a proudly South African company.

THE **TRELLIDOR** GROUP

The core values of the Group are built on the three pillars of **Innovation, Quality and Service.**

With these pillars as our base we have successfully built a reputation for delivering **trusted high-quality products and exceptional service.**

**TRELLIDOR**  
THE ULTIMATE CRIME BARRIER

**TAYLOR**  
BLINDS & SHUTTERS Est.1959

**nmc** DESIGN  
ELEMENTS

# Salient Points

**R513 million**  
(2021: R518 million)

Revenue for  
the year

**0.4 cents**  
(2021: 40.8 cents)

Headline  
earnings  
per share

**R39 million**  
(2021: R96 million)

Cash from  
operations  
for the year

**11%**  
(2021: 22%)

Return on  
Invested  
Capital

**0.0 cents**  
(2021: 21.0 cents)

Total dividends  
declared per  
share

# Commentary

## INTRODUCTION

Trellidor Holdings Limited (“the Group”) comprises the Trellidor and Taylor group (“Taylor”) businesses.

Trellidor is the market leading manufacturer of custom-made barrier security products, distributed via a dedicated and skilled branch and franchise network operating throughout South Africa, Africa and the UK.

The Taylor group business incorporates Taylor, a major manufacturer and distributor of custom-made blinds, decorative and security shutters and NMC, an importer and distributor of corning and skirting products. The Taylor group has a strong presence in the Western and Southern Cape.

## OPERATING ENVIRONMENT

The operating environment for the Group remained challenging throughout F22 due to both demand and supply related issues.

Household budgets were stretched and consumers traded down, resulting in lower demand for the Group’s higher priced and premium products. In addition, the subdued residential property market and increasing trend in estate living has had a negative impact on sales of Trellidor’s traditional product.

Economic recovery in Africa following the Covid pandemic has been relatively slow, a factor of limited Government capacity to mitigate the fallout as well as lower international trade flows and foreign direct investment. Sales to African countries represents approximately 11.7% of Trellidor’s sales and has declined 29.0% over the past two years.

Trellidor’s distribution is predominantly through a national network of 51 franchise owners, essentially small businesses. Government’s response to the Covid pandemic has had a disproportionate negative impact on small businesses. In this respect, the franchise network has reduced and has been slow to replace capacity lost during the pandemic.

A significant reduction in the Group’s gross margin, due to rampant raw material and freight inflation, is the biggest driver of the Group’s under performance compared to the previous year. In this respect, steel and aluminium prices increased on average by 87.1% and 51.6%, respectively, over the past two years. Further, supply chain constraints have persisted, resulting in lost revenue due to stock outs, despite an increase in stock holdings in the Group to manage the risk.

The following, non-recurring events compounded the challenges of a weak operating environment and the enduring impact of the lockdown regulations:

- KwaZulu-Natal and parts of Gauteng encountered severe looting and riots from 12 July 2021 to 16 July 2021 which had resulted in substantial damage and loss to businesses and severely impacted consumer confidence in these areas. As a result of the unrest, the Group was forced to close their business for that period. Thankfully the unrest situation was temporary, and the company’s facilities were not damaged.
- Industrial action in the Metals industry in October 2021 caused the Trellidor factory to close for the majority of the month, meaning the lost capacity could not be recovered prior to the annual factory shut down in mid-December 2021. The subsequent wage settlement reached is a three-year agreement and further industry industrial action is not anticipated for the ensuing period.
- On Monday, 11 April 2022, KwaZulu-Natal experienced severe rainfall that resulted in unprecedented flooding and caused catastrophic devastation across the province. The Group’s facilities were fortunately not damaged by the floods, but severe damage to infrastructure in the province caused disruption to employee movement leading to absenteeism and which also negatively impacted the local market.

## RESULTS

Group revenue for the year decreased 1.0% to R513.2 million (2021: R518.4 million). Sales were not only impacted by the uncontrollable events described above but also due to weak demand locally and particularly in West Africa and the Indian Ocean Islands.

Notwithstanding, the Group has benefited from the successful implementation of the organic growth strategies of acquiring franchises in the main centres, broadening the product range and the acquisition of the UK franchise. As anticipated, the Group's gross profit margin of 38.4% was below the previous year (2021: 42.3%), due to rampant raw material price increases which were delayed in being passed on to customers.

Operating expenses, excluding the provision for the Labour Court judgement, were very well managed, decreasing by 0.9% year-on-year. The decrease includes a full 12 months consolidation of the UK franchise (versus eight months in F21), the two newly acquired Johannesburg franchises for twelve months and four months of the Southern Suburbs Trellidor franchise in Cape Town which was acquired in March 2022.

As reported in the 6 July 2022 SENS release, the Group has provided for the Labour Court judgement in its F22 results. The provision of R32.1 million includes limited back-pay inclusive of the F22 year, restructuring costs and legal costs. The impact of this provision is significant and accounts for a reduction in profit after tax of R23.4 million and a reduction in earnings per share of 24.6 cents. On 6 April 2022 the Group filed an application for leave to appeal the judgement in the Constitutional Court and is awaiting feedback in this regard.

Accordingly, with weak revenue growth, lower margins and despite good cost management, the Group reports a profit after tax of R0.3 million (2021: R40.3million) and a basic earnings per share of 0.4 cents (2021: 40.7 cents) as at 30 June 2022. The abnormal events highlighted above, which are not anticipated to repeat themselves in F23, negatively impacted revenue and resulted in a loss of contribution.

Net cash from operations has decreased to R18.7 million for the year (2021: R70.5 million) as a result of lower earnings and a R14.4 million increased stock holding due to steel and aluminium cost increases and to mitigate supply challenges. Stock holding is now optimal for the current operating environment and debtors have been well managed.

The Group has interest-bearing liabilities of R96.4 million (2021: R80.4 million) which incurred R6.4 million (2021: R4.9 million) of net interest for the year ended 30 June 2022 excluding lease liabilities. The Group generated a free cash flow of R17.9 million and together with additional debt raised, the capital was utilised to:

- purchase the Cape Town Southern Suburbs, Johannesburg North, and Midrand franchises (R9.5 million);
- make the final deferred and contingent payment for the purchase of Trellidor UK (R5.0 million);
- complete phase 1 of our solar power project at the Trellidor factory (R4.0 million); and
- distribute the F21 final dividend (R10.5 million).

In response to the Labour Court judgement, an additional debt facility of R35.0 million has been made available to fund the settlement, which will be drawn down on the earlier of November 2022 or an adverse ruling by the Constitutional Court. As a result, gearing levels may increase. Excess cash resulting from the new debt facility will be utilised to reduce debt levels over a short to medium term period.

## SEGMENTS

### TRELLIDOR

Revenue increased by 3.6% to R326.6 million (2021: R315.3 million) predominantly driven by the improved volumes of the aluminium louver shutter range and a strong performance from Trellidor UK, which has shown a 26.2% increase in revenue over 12 months on a like for like basis. The negative impact of the July riots and October strikes, coupled with a slowdown in demand in South Africa and particularly in Africa, has offset these gains.

The Trellidor owned main centre branches were not immune to the challenges faced by the franchise network given the challenging operating environment. In F21 we reported a 46.0% increase in sales from our branches compared to 13.0% by the other main centre franchises. During F22 the branches managed to hold onto the gains from F21 only declining 1.3% off the higher base on a like for like basis. The other main centre franchise sales declined 3.6%.

Trellidor's gross margin decreased to 44.2% (2021: 48.4%) primarily as a result of increased raw material costs which were not fully recovered through selling price increases implemented during F22. A further price increase was implemented on 1 September 2022 designed to improve margins.

Despite the challenges faced in the period, the Trellidor business generated cash of R28.4 million (2021: R42.0 million), which represents a solid performance with a cash conversion rate of 79.2%.

### TAYLOR

Revenue for the year decreased by 8.3% to R187.3 million (2021: R204.3 million) as a result of softer demand in the Western Cape and Gauteng. Despite a concerted effort to increase safety stock levels, severe logistical challenges resulted in periodic stock shortages which further impacted revenue. Further measures have been implemented to mitigate future risks in this regard.

Gross margin reduced to 28.2% (2021: 32.7%) primarily due to significant raw material price increases, which were not fully recovered through selling price increases implemented in F22. In addition, the delay in receiving imported raw materials caused manufacturing inefficiencies which has led to higher than anticipated manufacturing costs. Significant price increases were implemented during F22 H2 and we have started to see improvement in margin levels. A further selling price increase was implemented on 1 September 2022.

Cash generation has come under pressure as a result of lower earnings and logistical challenges which has resulted in an increase in inventory levels. Stock outs and resultant production inefficiencies have also led to some incomplete installations and therefore an increase in debtors. As a result, cash absorbed by operations of R2.3 million compares to cash generated of R15.6 million in F21. The investment in working capital has stabilised during F22 Q4 and cash generation is planned to improve through F23.

In response to continued underperformance of the business, the senior management team has been restructured under a new Managing Director, Rudolf Conradie, who joined Taylor during F22 Q4. The team includes senior replacements in the sales, financial and procurement areas.

## DIVIDEND

The Group's dividend policy is to consider an interim and a final dividend in respect of each financial year taking into account debt covenant requirements. Depending on the need to retain funds for expansion or operating purposes, the board of directors of the Company ("Board") may pass on the declaration of dividends. The final F21 dividend amounting to 11.0 cents was declared and paid during the year.

Given the weak operating environment and the possible further increase in debt, which may be required, to execute the Labour Court judgement pending the Constitutional Court decision on further leave to appeal and any subsequent ruling, the Board has deemed it prudent not to declare a final dividend in respect of the 12 months ended 30 June 2022.

Once gearing has stabilised in line with the Board's targeted debt levels of 1.5x EBITDA, consideration will be given by the Board as to the utilisation of excess cash to either be applied to share buybacks and the payment of a dividend after investment in growth opportunities that achieve the Group's targeted return on invested capital of 18% have been assessed.

## PROSPECTS

Despite the challenges faced through F22 and a continuing weak economy, the Board is of the view that the Group remains well positioned to benefit from any improvement in the South African economy and at the same time is pursuing sustainable organic growth strategies that have the potential to be transforming over time.

The Board has reviewed its strategies and is satisfied that they remain appropriate and that if diligently executed will, over time, generate significant shareholder value. These include:

- The continued buyback of franchises in the main centres;
- Growing the UK market following the recent acquisition of the UK business;
- Development of new markets and enhancing existing distribution in the rest of Africa;
- Investment in the commercial and industrial segment of the market in South Africa, initially through specialist products;
- Enhancing the product range through internal innovation including "lifestyle" security products to access gated estates; and
- Upgrading the online ordering system to potentially reach more customers and to enhance the quality of customer interactions.

Regarding prospects for the forthcoming year, the operating environment is expected to remain weak. Growth in sales will be driven organically by:

- Recovery in sales in the Africa market supported by the deployment of an experienced sales and marketing executive;
- Recruitment of additional selling resources in Trellidor UK to take advantage of the projected growth in the physical barrier security market;
- Product innovation remains a key strategy for both Trellidor and Taylor. During F23, Trellidor will be introducing new products to meet changing customer needs in the local and international market, with a key focus on expanding our product offering into the commercial property and industrial space in South Africa. Taylor will be bedding down the products recently introduced; and
- Rebuilding franchise selling capacity in South Africa through economic support and investment in training facilities and material to facilitate the hiring and retention of quality new sales recruits.

Both Trellidor and Taylor have implemented accelerated price increases early in F23 H1, which together with lower projected raw material prices, will support margin recovery.

The Trellidor owned and managed branches in three of the major cities in South Africa continue to show positive results. F23 will see the full year inclusion of the Cape Town Southern Suburbs franchise acquired in March 2022 and a further acquisition of one of the Durban franchises, Hillcrest, executed during July 2022 will provide additional scale.

The new management team at Taylor is focused on rebuilding the fundamentals of the business that have deteriorated in the last few years. The recruitment of an experienced National Sales Manager into Taylor to enhance the trade and direct routes to market with a focus on margin improvement, sales growth and cash generation. The NMC operation is being unbundled from the Taylor business unit in F23 to enhance management focus in each of these brands to drive the growth strategies.

## AUDITOR'S REPORT

The summarised consolidated financial results have been extracted from audited consolidated annual financial statements but is itself not audited. The annual financial statements from which this report is extracted have been audited by Mazars on which they expressed an unmodified opinion. A copy of the consolidated financial statements for the year ended 30 June 2022 together with the audit report is available for inspection at the company's registered office and are available on the company's website, [holdings.trellidor.co.za](https://holdings.trellidor.co.za).

The directors take full responsibility for the preparation of the summarised report and that the financial information has been correctly extracted from the underlying consolidated annual financial statements. The consolidated annual financial statements were approved by the board on 5 September 2022. Information included under the heading "Prospects" and any reference to future financial information included in the summarised financial results have not been audited or reviewed. 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 their report with the accompanying financial results from the company's registered office.

## WEBINAR

Shareholders are advised the Company will be hosting a webinar at 09:00 on Monday, 5 September 2022 to present the financial results to the market. Please refer to the webinar registration link in the short-form SENS announcement released the morning of 5 September 2022.



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TM Dennison  
Chief Executive Officer  
5 September 2022



# Statement of Financial Position

for the year ended 30 June 2022

	Notes	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		59 929	57 591
Right-of-use assets ('RoU assets')		42 235	15 356
Goodwill	3	55 795	46 773
Intangible assets		43 654	41 695
Loans receivable		3 253	4 807
Deferred tax		16 166	7 577
		<b>221 032</b>	<b>173 799</b>
<b>Current assets</b>			
Loans receivable		3 369	4 001
Inventories	8	122 030	107 607
Trade and other receivables		55 296	61 459
Current tax receivable		3 331	1 528
Cash and cash equivalents		13 522	17 758
		<b>197 548</b>	<b>192 353</b>
<b>Total assets</b>		<b>418 580</b>	<b>366 152</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity attributable to equity holders of the parent			
Stated capital		401	401
Reserves		5 034	5 845
Retained income		162 412	169 928
		167 847	176 174
Non-controlling interest		(985)	2 934
		<b>166 862</b>	<b>179 108</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		31 234	7 361
Other financial liabilities	9	80 906	63 653
Deferred tax		764	395
		<b>112 904</b>	<b>71 409</b>
<b>Current liabilities</b>			
Lease liabilities		10 262	7 560
Bank overdraft		21 423	12 580
Other financial liabilities	9	15 508	22 623
Trade and other payables	10	58 366	70 876
Current tax payable		772	1 447
Provisions	11	32 483	549
		<b>138 814</b>	<b>115 635</b>
<b>Total liabilities</b>		<b>251 718</b>	<b>187 044</b>
<b>Total equity and liabilities</b>		<b>418 580</b>	<b>366 152</b>

# Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2022

		Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
	<b>Notes</b>		
Revenue	5	513 234	518 387
Cost of sales		(315 991)	(298 972)
<b>Gross profit</b>		<b>197 243</b>	<b>219 415</b>
Other operating income		8 091	6 389
Movement in credit loss allowance	6	149	1 434
Other operating expenses		(163 234)	(164 707)
Labour court settlement provision expense	11	(32 058)	-
<b>Operating profit (loss)</b>		<b>10 191</b>	<b>62 530</b>
Investment income		941	1 392
Finance costs		(10 185)	(8 024)
<b>Profit (loss) before taxation</b>		<b>947</b>	<b>55 898</b>
Taxation		(607)	(15 569)
<b>Profit (loss) for the year</b>	6	<b>340</b>	<b>40 329</b>
Other comprehensive income:			
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translating foreign operations		(905)	(1 004)
<b>Total comprehensive income (loss) for the year</b>		<b>(565)</b>	<b>39 325</b>
Profit (loss) attributable to:			
Owners of the parent		418	39 755
Non-controlling interest		(78)	574
		<b>340</b>	<b>40 329</b>
Total comprehensive income (loss) attributable to:			
Owners of the parent		(393)	38 822
Non-controlling interest		(172)	503
		<b>(565)</b>	<b>39 325</b>
<b>Earnings (loss) per share for the period attributable to the owners of the parent</b>			
Basic and diluted earnings per share (cents)	7	0.40	40.7

# Statement of Changes in Equity

for the year ended 30 June 2022

	Stated capital R'000	Foreign currency translation reserves R'000	Share-based payment reserve R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the Group R'000	Non- controlling interests R'000	Total equity R'000
<b>Balance at 01 July 2020</b>	<b>12 143</b>	<b>(1)</b>	<b>6 777</b>	<b>6 776</b>	<b>139 845</b>	<b>158 764</b>	<b>2 432</b>	<b>161 196</b>
Profit for the year	-	-	-	-	39 755	39 755	574	40 329
Other comprehensive income	-	(931)	-	(931)	-	(931)	(72)	(1 004)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(931)</b>	<b>-</b>	<b>(931)</b>	<b>39 755</b>	<b>38 824</b>	<b>502</b>	<b>39 325</b>
Buy-back of shares	(11 742)	-	-	-	-	(11 742)	-	(11 742)
Dividends	-	-	-	-	(9 672)	(9 672)	-	(9 672)
<b>Balance at 01 July 2021</b>	<b>401</b>	<b>(932)</b>	<b>6 777</b>	<b>5 845</b>	<b>169 928</b>	<b>176 174</b>	<b>2 934</b>	<b>179 108</b>
Profit for the year	-	-	-	-	418	418	(78)	340
Other comprehensive income	-	(811)	-	(811)	-	(811)	(94)	(905)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(811)</b>	<b>-</b>	<b>(811)</b>	<b>418</b>	<b>(393)</b>	<b>(172)</b>	<b>(565)</b>
Dividends	-	-	-	-	(10 473)	(10 473)	-	(10 473)
Changes in ownership interest - control not lost	-	-	-	-	2 539	2 539	(3 747)	(1 208)
<b>Balance at 30 June 2022</b>	<b>401</b>	<b>(1 743)</b>	<b>6 777</b>	<b>5 034</b>	<b>162 412</b>	<b>167 847</b>	<b>(985)</b>	<b>166 862</b>

# Statement of Cash Flows

for the year ended 30 June 2022

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	39 127	96 350
Interest income	941	1 392
Finance costs	(10 029)	(7 938)
Tax paid	(11 304)	(19 328)
<b>Net cash from operating activities</b>	<b>18 735</b>	<b>70 476</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9 941)	(7 080)
Proceeds on sale of property, plant and equipment	556	144
Purchase of other intangible assets	(2 640)	(2 323)
Business combination	(9 500)	(11 535)
Advances of loans receivable	–	(3 400)
Receipts from loans receivable	2 090	3 311
<b>Net cash (used in)/from investing activities</b>	<b>(19 435)</b>	<b>(20 883)</b>
<b>Cash from financing activities</b>		
Buy-back of shares	–	(11 742)
Proceeds from other financial liabilities	36 194	–
Repayment of other financial liabilities	(20 920)	(17 845)
Repayment of loans from minority	(4 376)	(867)
Acquisition of minority shareholding	(1 208)	–
Repayment of lease liabilities	(11 484)	(12 299)
Dividends paid	(10 473)	(17 688)
<b>Net cash (used in)/from financing activities</b>	<b>(12 267)</b>	<b>(60 441)</b>
Total cash movement for the year	(12 967)	(10 848)
Cash at the beginning of the year	5 179	16 071
Effect of exchange rate movement on cash balances	(113)	(45)
<b>Total cash at end of the year</b>	<b>(7 901)</b>	<b>5 178</b>

# Notes to the Financial Results

## for the year ended 30 June 2022

### 1. Basis of preparation

The summarised consolidated audited results for the year ended 30 June 2022 (results for the year) have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations, Committee (IFRIC) interpretations, the Companies Act of South Africa and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The report contains the information required by International Accounting Standard (IAS) 34: Interim Financial Reporting and are in compliance with the Listings Requirements of the JSE Limited.

The accounting policies as well as the methods of computation used in the preparation of the results for the year ended 30 June 2022 are in terms of IFRS and are consistent with those applied in the audited annual financial statements for the year 30 June 2021. The Group's directors are responsible for the preparation and fair presentation of the summarised consolidated annual results. These results have been compiled under the supervision of the Chief Financial Officer, DJR Judge CA(SA).

### 2. Business combinations

During the year, Trellidor Retail Proprietary Limited, acquired two Trellidor Franchises. The franchises, one in Cape Town and one in Johannesburg, form an integral part of the Trellidor network in these cities. The franchises, in conjunction with the other owned franchises will be managed as owned Trellidor branches, with the expectation of improving service delivery in these regions and improve efficiency to the end user. Goodwill of R8.9 million arising from the acquisition consist largely of market awareness of the brand that has been created by the previous franchise owners. Goodwill is not deductible for Income tax purposes.

	Audited 30 June 2022 R'000
<b>FAIR VALUE OF ASSETS ACQUIRED AND LIABILITIES ASSUMED:</b>	
Property, plant and equipment	656
Trade and other receivables	(93)
Goodwill	8 937
	<b>9 500</b>
<b>ACQUISITION DATE FAIR VALUE OF CONSIDERATION PAID</b>	
Cash	(9 500)

The acquisition of the additional franchises during the year increased the revenue of the entity by R14.1 million and a loss before tax of R0.4 million. This was for the period 01 July 2021 to 30 June 2022 and was significantly impacted by the civil unrest in July and metal union strikes in October 2021. On acquisition, the franchises within the same geographical area were consolidated into one "branch" and a number of the administrative operations of all the acquired franchises were centralised at the Group's head office. Revenue that was derived by the acquired franchises from the sale of products outside the Group's direct product offerings were also discontinued on acquisition. Given that the entity has increased the number of owned franchises from 5 to 7 during the year, the impact on performance during the 2023 is expected to show improvement. Uncertainty still remains in terms of the forecasted performance given the weak economic environment in South Africa and the rising cost of living for consumers.

The Group has not disclosed annualised pro forma financial information in respect of revenue and profit for the acquisitions as it does not have access to the relevant information with respect to the acquired franchises for the Group's full reporting period up to the date of the acquisition. The preparation and presentation of this information is therefore deemed impracticable.

### 3. Goodwill

Goodwill includes the Taylor and NMC acquisition goodwill, which has a carrying value of R34.2 million (2021: R34.2 million), the Trellidor UK acquisition goodwill, with a carrying value of R8.0m (2021: R8.0 million), and the Trellidor RSA franchise acquisitions with a carrying value of R11.2 million (2021: R2.3 million), which management has tested for impairment during the year and based on the results of the test performed, no impairment was identified. In assessing future income, management has considered the assumptions relating to sustainable growth. In assessing sustainable growth, management has taken into consideration the continued economic impact of the Covid-19 pandemic, political uncertainty and civil unrest both locally and globally, and the probable impact it could have on the performance of the two CGU's over the next 24 months.

	Opening balance R'000	Additions through business combinations R'000	Foreign exchange movements R'000	Total R'000
<b>AS AT 30 JUNE 2022</b>				
Goodwill	46 773	8 937	85	55 795
<b>AS AT 30 JUNE 2021</b>				
Goodwill	39 244	8 018	(489)	46 773

### 4. Segment information

The Group has three reportable segments that are used by the Chief Executive Officer to assess for resource allocation and to make key operating decisions and assess performance. These operating segments are differentiated and identified by the products they manufacture, the services they provide and the markets they operate in. These reportable segments as well as the products and services from which each of them derives revenue are set out below:

REPORTABLE SEGMENT	PRODUCTS AND SERVICES
Trellidor	Manufacture and distribution of custom-made barrier security products
Taylor	Manufacture and distribution of custom-made blinds, decorative and security shutters and distribute corning/skirting products
Holdings	Management of the Group treasury function and receives management fee income

# Notes to the Financial Results continued

for the year ended 30 June 2022

## 4. Segment information (continued)

	Trellidor R'000	Taylor R'000	Holdings R'000	Internal R'000	Consolidated R'000
<b>AS AT 30 JUNE 2022</b>					
South Africa	248 113	184 748	38 043	(38 799)	432 105
Rest of Africa	38 073	2 601	-	-	40 674
Rest of World	40 455	-	-	-	40 455
<b>REVENUE BY LOCATION</b>	<b>326 641</b>	<b>187 349</b>	<b>38 043</b>	<b>(38 799)</b>	<b>513 234</b>
Security products	324 463	-	-	-	324 463
Decorative products	1 343	187 349	-	(756)	187 936
Management fee	-	-	13 941	(13 941)	-
Royalty income	835	-	-	-	835
Dividends	-	-	19 000	(19 000)	-
Interest income	-	-	5 102	(5 102)	-
<b>REVENUE BY SOURCE</b>	<b>326 641</b>	<b>187 349</b>	<b>38 043</b>	<b>(38 799)</b>	<b>513 234</b>
<b>EBITDA</b>	<b>19 347</b>	<b>10 761</b>	<b>24 036</b>	<b>(24 881)</b>	<b>29 263</b>
<b>PROFIT BEFORE TAX</b>	<b>5 618</b>	<b>(6 178)</b>	<b>20 951</b>	<b>(19 444)</b>	<b>947</b>
Net finance cost	(4 258)	(7 046)	(3 064)	5 124	(9 244)
Depreciation	(6 180)	(1 616)	(21)	-	(7 817)
Depreciation of RoU assets	(3 117)	(7 769)	-	313	(10 573)
Amortisation	(173)	(509)	-	-	(682)
Movement in ECL allowance	327	(178)	438	(438)	149
Employee costs	(86 838)	(44 088)	(7 819)	-	(138 745)
Advertising	(20 967)	(7 160)	-	-	(28 127)
<b>SEGMENT ASSETS</b>	<b>226 290</b>	<b>190 647</b>	<b>154 485</b>	<b>(152 841)</b>	<b>418 581</b>
Cash and cash equivalents	11 299	558	1 665	-	13 522
Capital expenditure – assets	11 186	2 015	35	-	13 236
Capital expenditure – RoU assets	931	37 233	-	-	38 164
Deferred tax assets	11 403	4 250	513	-	16 166
<b>SEGMENT LIABILITIES</b>	<b>(148 189)</b>	<b>(147 552)</b>	<b>(55 809)</b>	<b>99 832</b>	<b>(251 718)</b>
Bank overdraft	(2 586)	(18 837)	-	-	(21 423)

#### 4. Segment information (continued)

	Trellidor R'000	Taylor R'000	Holdings R'000	Internal R'000	Consolidated R'000
<b>AS AT 30 JUNE 2021</b>					
South Africa	244 303	198 215	49 362	(50 587)	441 293
Rest of Africa	47 884	6 125	-	-	54 009
Rest of World	23 085	-	-	-	23 085
<b>REVENUE BY LOCATION</b>	<b>315 272</b>	<b>204 340</b>	<b>49 362</b>	<b>(50 587)</b>	<b>518 387</b>
Security products	312 025	-	-	-	312 025
Decorative products	1 933	204 340	-	(1 225)	205 048
Management fee	-	-	12 817	(12 817)	-
Royalty income	1 314	-	-	-	1 314
Dividends	-	-	32 000	(32 000)	-
Interest income	-	-	4 545	(4 545)	-
<b>REVENUE BY SOURCE</b>	<b>315 272</b>	<b>204 340</b>	<b>49 362</b>	<b>(50 587)</b>	<b>518 387</b>
<b>EBITDA</b>	<b>60 185</b>	<b>25 900</b>	<b>36 485</b>	<b>(37 313)</b>	<b>85 257</b>
<b>PROFIT BEFORE TAX</b>	<b>47 495</b>	<b>7 372</b>	<b>33 548</b>	<b>(32 517)</b>	<b>55 898</b>
Net finance cost	(2 982)	(5 239)	(2 923)	4 512	(6 632)
Depreciation	(6 198)	(1 489)	(14)	-	(7 701)
Depreciation of RoU assets	(3 250)	(6 839)	-	183	(9 906)
Amortisation	(259)	(4 960)	-	-	(5 219)
Movement in ECL allowance	1 214	220	544	(544)	1 434
Employee costs	(80 039)	(43 473)	(9 146)	-	(132 658)
Advertising	(18 010)	(6 555)	-	-	(24 565)
<b>SEGMENT ASSETS</b>	<b>204 221</b>	<b>157 578</b>	<b>136 091</b>	<b>(131 738)</b>	<b>366 152</b>
Cash and cash equivalents	11 936	1 816	4 008	-	17 760
Capital expenditure – assets	9 368	2 976	504	-	12 848
Capital expenditure – RoU assets	4 908	2 394	-	(913)	6 389
<b>SEGMENT LIABILITIES</b>	<b>(110 910)</b>	<b>(109 945)</b>	<b>(46 780)</b>	<b>80 590</b>	<b>(187 045)</b>
Bank overdraft	(2 782)	(9 798)	-	-	(12 580)

Segment assets include foreign non-current assets in Ghana of R2.9 million (2021: R3.9 million) and R11.5 million (2021: R12.3 million) in the UK.



# Notes to the Financial Results continued

## for the year ended 30 June 2022

### 5. Disaggregation of revenue from customers

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
<b>Revenue from source type</b>	513 234	518 387
Sale of security products	324 463	312 026
Sale of decorative products	187 936	205 047
Royalty income	835	1 314
<b>Revenue by geographical location</b>	513 234	518 387
South Africa	432 105	441 294
Rest of Africa	40 674	54 008
Rest of World	40 455	23 085
<b>Revenue recognised by timing of transfer</b>		
Point in time – delivery date	513 234	518 387

In terms of security products the factory throughput of our traditional Trellidor type products made up 59% (2021: 67%), the Polycarbonate Bar 2% (2021: 2%), the Clearguard range 11% (2021: 14%), the Rollerstyle product set 12% (2021: 5%) and the aluminium security shutters contributed 16% (2021: 17%).

The factory throughput of decorative products were made of 41% (2021: 43%) of aluminium shutters, PVC shutters contributed 9% (2021: 9%), the blind range 33% (2021: 33%) and the NMC product set 17% (2021: 15%).

From a South African perspective, the factory throughput of Trellidor product can be split into two key areas, Main Centres, being Durban, Cape Town, Johannesburg and Pretoria, which contributed 37% (2021: 37%), and the Outlying Regions, or the rest of South Africa, which made up 39% (2021: 41%). In terms of Innovations, Johannesburg contributed 29% (2021: 30%), Cape Town 67% (2021: 65%) and Durban 4% (2021: 5%) to factory throughput.

Africa made up 12% (2021: 15%) of factory throughput in Trellidor and 1% (2021: 3%) in Innovations. The rest of the world contributed 12% (2021: 7%) in Trellidor.

### 6. Operating profit before interest and taxation

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Operating profit before interest for the year is stated after accounting for the following, amongst others :		
Advertising	28 127	24 565
Amortisation on intangible assets	682	5 219
Auditor's remuneration	2 042	2 110
Cartage	8 722	10 393
Commission	9 804	8 818
Consulting fees	4 100	4 118
Movement on ECL allowance	(149)	(1 435)
Depreciation on RoU asset	10 573	9 907
Depreciation on property, plant and equipment	7 817	7 702
Gas, electricity and water	7 994	7 603
Labour court settlement provision expense	32 058	-
Loss on exchange differences	801	3 281
Post-employment benefits	5 625	5 583
Short-term employee benefits	133 661	127 076

## 7. Earnings per share

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
<b>Profit (loss) attributable to ordinary shareholders</b>	<b>419</b>	<b>39 755</b>
Adjusted for:		
<b>Profit (loss) on disposal of property, plant and equipment</b>	<b>(24)</b>	<b>55</b>
Gross amount	(33)	82
Non-controlling interest	-	(4)
Tax effect	9	(23)
<b>HEADLINE EARNINGS</b>	<b>395</b>	<b>39 810</b>

	Audited 30 June 2022 '000	Audited 30 June 2021 '000
Number of shares in issue	95 210	95 210
Weighted and diluted weighted average number of ordinary shares in issue during the period	95 210	97 682
Earnings and diluted earnings per share (cents)	0.4	40.7
Headline and diluted headline earnings per share (cents)	0.4	40.8

## 8. Inventories

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Raw materials	116 748	99 403
Work in progress	2 028	1 561
Finished goods	4 519	4 443
Goods in transit	4 625	7 270
	<b>127 920</b>	<b>112 677</b>
Provision for obsolescence	(5 890)	(5 070)
	<b>122 030</b>	<b>107 607</b>

# Notes to the Financial Results continued

## for the year ended 30 June 2022

### 9. Other financial liabilities

	Number of shares	
	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
FNB – Holdings Facility	46 428	43 886
FNB – Holdings Facility 2	7 033	-
FNB – Innovations Facility	9 917	1 670
FNB – Property Finance	-	30 415
FNB – Property Finance 2	33 036	-
Novaspectacular Investments Proprietary Limited	-	4 385
J. Millburn – Deferred Consideration	-	5 921
	<b>96 414</b>	<b>86 277</b>

### 10. Trade and other payables

#### Financial instruments

Trade payables	25 829	34 586
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#### Non-financial instruments

Amounts received in advance	11 619	13 316
Accrued leave pay and bonus	7 436	11 209
Accrued expenses	5 800	7 071
VAT	2 647	952
Other payroll accruals	5 035	3 742
	<b>58 366</b>	<b>70 876</b>

### 11. Provisions

	Opening balance R'000	Additions R'000	Reversed during the year R'000	Total R'000
<b>AS AT 30 JUNE 2022</b>				
Labour Court judgement	-	32 058	-	32 058
Product Warranties	548	-	(123)	425
	<b>548</b>	<b>32 058</b>	<b>(123)</b>	<b>32 483</b>

A dispute, which has previously been disclosed, is in process relating to former employees who were dismissed by a subsidiary of the company during the 2013 financial period. On 17 April 2020 the Labour Court delivered its judgement in respect of the dismissal dispute and found that the dismissal of certain employees was substantively fair but the dismissal of certain "night shift" employees was substantively unfair. The judgement ordered reinstatement of the 42 night shift employees and limited back-pay from 1 January 2017. We filed for Leave to Appeal the judgement which was subsequently denied.

On 7 September 2020, the Judge President was petitioned for leave to appeal and on 9 November 2020 the petition was granted. The Labour Appeal Court upheld the judgement in February 2022 and as a result a provision for the backpay, restructuring costs and legal fees has been provided for in the current year.

On 6 April 2022, legal counsel submitted an affidavit to the Constitutional Court to appeal the judgement but as at 30 June 2022, the appeal has not been granted. Given that the court have not provided clarity on whether or not they would grant leave to appeal at year-end, the timing of the settlement of the cost is uncertain until the Constitutional Court ruling is received. Confirmation has been received that the matter is awaiting direction and therefore a ruling is expected during the 2023 financial period. The Group has secured from its bankers in order to settle the estimated provision, which has been determined in line with the requirements of the judgement, assuming all 42 employees are reinstated, however the final number of employees has yet to be determined.

# Corporate Information

## Trellidor Holdings Limited

(Registration number 1970/015401/06)  
20 Aberdare Drive, Phoenix Industrial Park,  
Durban  
(PO Box 20173, Durban North 4016)  
Share Code: TRL  
ISIN: ZAE000209342  
("Group")

## Directors of Trellidor

MC Olivier (Chairman)\* #  
TM Dennison (Chief Executive Officer)  
DJR Judge (Chief Financial Officer)  
JB Winship\* #  
RB Patmore\* #  
SI Bird\* #

\* *Non-executive*

# *Independent non-executive*

## Company Secretary

P Nel  
(BComm ACIS)  
71 Cotswold Drive  
Westville, 3629

## Registered office

20 Aberdare Drive Phoenix Industrial Park,  
Durban, 4001  
(PO Box 20173, Durban North, 4016)

## Date of incorporation

23 November 1970

## Place of incorporation

South Africa

## Auditors and Independent Reporting Accountants

Mazars  
Ridgeside Office Park,  
21 Richeford Circle,  
Umhlanga Ridge,  
Durban, 4319  
(PO Box 70584, Overport, 4067)

## Corporate sponsor

PSG Capital (Pty) Ltd  
(Registration Number 2006/015817/07)  
1st Floor, Ou Kollege Building,  
35 Kerk Street,  
Stellenbosch, 7600  
(PO Box 7403, Stellenbosch, 7599)

and

2nd Floor, Building 3  
11 Alice Lane,  
Sandhurst,  
Sandton, 2196  
(PO Box 650957, Benmore, 2010)

## Transfer Secretaries

Computershare Investor Services (Pty) Ltd  
(Registration Number 2004/003647/07)  
Rosebank Towers, 15 Biermann Avenue,  
Rosebank, 2196  
(Private Bag X9000, Saxonwold, 2132)

## Announcement date

5 September 2022

# Notes





Providing our customers with **peace of mind**, keeping them safe, by supplying products that continue to put the **protection** of customers, their families and their assets first is at the **centre of everything we do.**



[holdings.trellidor.co.za](http://holdings.trellidor.co.za)