THE TRELLIDOR GROUP

TRELLIDOR HOLDINGS LIMITED

(REGISTRATION NUMBER 1970/015401/06)

SUMMARISED CONSOLIDATED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

Strength. Quality. Variety.

Trellidor is a proudly South African company.

TRELLIDOR®
THE ULTIMATE CRIME BARRIER

TAYLOR
BLINDS & SHUTTERS Est.1959

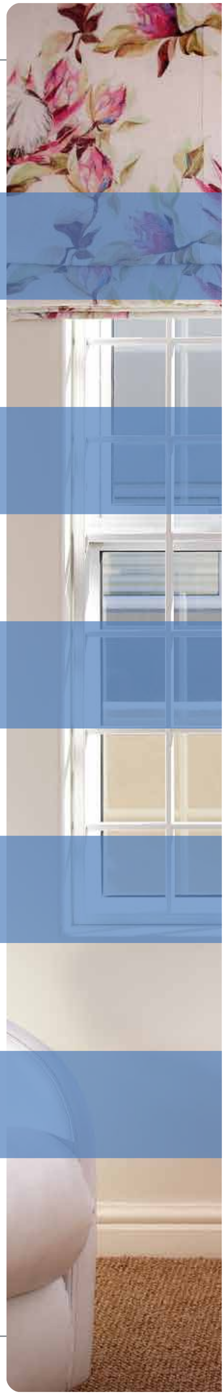
nmc DESIGN ELEMENTS

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.**

Salient Points

Revenue for the year	**R502 million** (2022: R513 million)
Headline earnings per share	**4.2 cents** (2022: 0.4 cents)
Cash from operations for the year	**R39 million** (Excl. Labour Appeal Court provision) (2022: R39 million)
Return on Invested Capital	**6%** (2022: 11%)
Total dividends declared per share	**0.0 cents** (2022: 0.0 cents)



Commentary

INTRODUCTION

Trellidor Holdings Limited ("the Company") together with its subsidiaries ("the Group") comprises the Trellidor, Taylor and NMC 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.

Taylor is a major manufacturer and distributor of custom-made blinds, decorative and security shutters in South Africa and parts of Africa with a particularly strong presence in the Western Cape. NMC is an importer and distributor of premium cornicing and skirting products throughout South Africa and neighbouring countries.

OPERATING ENVIRONMENT

As expected, the operating environment for the Group remained challenging throughout the financial year ended 30 June 2023 due to both demand and supply related issues.

Against a backdrop of increased interest rates, Government's failure to deliver services such as water and electricity, and a generally weak economy, the market for Trellidor's products in South Africa has been constrained. Where physical security was previously a priority spend for households in South Africa, this is not necessarily the case in the current environment. Furthermore, the subdued sales of residential property, most prominently in Gauteng, and the growing preference for estate living have also had a negative impact on sales of Trellidor's traditional product range.

Cost pressures due to rising inflation combined with revenue weakness have reduced margins in parts of the Group. In the UK, retail sector spend was focused on in-store shop fitting in response to proposed regulation changes and as a result project spend in security related areas was lower compared to prior years.

OVERVIEW

Group revenue for the year decreased by 2.1% to R502.0 million (F22: R513.2 million) driven by weak demand in South Africa and the reduction in project related revenue in the UK, which was partly offset by significant growth in the rest of Africa.

The Group's gross profit margin of 38.5% was in line with the previous financial year (F22: 38.4%). However, maintaining the Group's gross profit margin has not compensated for lower sales, resulting in a R3.9 million reduction in Group profitability compared to the prior year. Taylor and NMC delivered improved gross profit margins during the year which were offset by a margin decline in Trellidor.

Overheads increased by 9.1% (R14.8 million) due to investment in sales and marketing resources and initiatives, which was in line with the strategy to own distribution in the main centres and replace sales capacity lost during Covid in an effort to drive growth in the Trellidor business. Sales relating to the replacement of lost capacity did not materialise in 2023.

Net interest cost rose by 81.3% (R7.5 million) as a result of increases in the prime lending rate coupled with an increase in the Group's debt level, due primarily to the costs of the adverse Labour Appeal Court judgment received in April 2022 ("Labour Court Judgement"), which saw the order for reinstatement of 42 employees with full backpay and benefits from 2017.

The net result of the above factors is a Group profit after tax of R3.5 million for F23 (F22: R0.3 million) and a basic earnings per share ("EPS") of 3.7 cents (F22: 0.4 cents). Adjusting for the provision of the costs of the Labour Court Judgement raised in the financial year ended 30 June 2022, the EPS of 3.7 cents in the current year compares to an adjusted F22 EPS of 25.0 cents and R23.8 million profit after tax.

Cash from operations remained flat at R39.0 million for the year before the costs of implementing the Labour Court Judgement of R31.8 million (F22: R39.1 million). The net investment in working capital of R8.5 million during the year is a significant improvement from the investment of R25.1 million at half year, which was supported by a R7.7 million reduction in inventory levels during F23 H2.

The Group has interest-bearing liabilities of R121.5 million (F22: R96.4 million) which incurred R13.6 million (F22: R6.4 million) of net interest for the financial year ended 30 June 2023 excluding lease liabilities. The Group generated a free cash flow of R21.4 million which together with the additional debt raised and an increased utilisation of the Group's overdraft facility, was applied to:

- Implement the Labour Court Judgement (R31.8 million);
- Purchase the Hillcrest franchise (R0.8 million); and
- Repay debt capital and interest (R28.0 million).

SEGMENTS

TRELLIDOR

Revenue for F23 increased by 0.9% to R329.6 million (F22: R326.6 million) which was affected by weak performance in South Africa and the UK where revenues declined by 2.4% and 4.4% respectively. These declines were offset by the strategy implemented in the rest of Africa yielding better results, with revenues in this market growing by 31.2%.

Trellidor's gross profit margin decreased to 41.9% (F22: 44.2%) primarily because of increased labour costs post the reinstatement of employees in terms of the Labour Court Judgement and the inflationary increases of fixed and semi-variable costs which were not fully recovered given the weak revenue.

Overheads in Trellidor increased 17.9% (R18.5 million). A significant proportion of the above inflation increase in overhead was applied to bolstering the selling capacity in the UK and Gauteng branch and the absorption of the Trellidor Hillcrest and Cape Town franchises during the period. In addition, there was also additional investment in the strategy to grow the commercial segment of the market compared to previous year. Sales relating to the increase in operating capacity in Trellidor did not materialise in 2023 but, as noted below, there is a high degree of visibility in material sales growth in the UK for 2024. With the marginal increase in revenue, the decrease in gross profit margins and the under-recovery of fixed and semi-variable overheads, Trellidor's operating profit before interest decreased to R15.9 million (F22: R40.9 million excluding the provision related to the Labour Court Judgement).

Despite the challenges faced in the period, the Trellidor business generated cash from operating activities of R40.9 million excluding the costs related to the Labour Court Judgement (F22: R28.4 million).

TAYLOR

Although revenue for F23 decreased by 9.6% to R140.2 million (F22: R155.0 million) because of softer revenue in Gauteng specifically, improved sales mix and production efficiencies have resulted in the gross profit margin increasing to 28.9% (F22: 25.0%). Under the new management team, operating costs were also well managed, decreasing by 9.1% from F22.

The improved gross profit margins and reduction in overheads, has resulted in Taylor's operating profit before interest increasing to R4.0 million (F22: operating loss of R5.4 million) which is a significant improvement given the current operating climate.

Cash generation has improved significantly from F22 with R5.8 million generated from operating activities in F23. Investment in net working capital of R7.9 million was significantly improved from the investment of R13.9 million at half year. The strategy to stabilise the Taylor business is progressing well.

NMC

Revenue for the year increased by 3.4% to R33.4 million (F22: R32.3 million) achieved through selling price increases in response to higher cost of imported goods. The gross profit margin for F23 improved to 43.7% (F22: 43.2%).

A restructuring of the business following the segregation of NMC from Taylor, which included the recruitment of additional sales and marketing resources to drive market penetration and grow market share, resulted in a decrease in operating profit in F23 to R3.2 million (F22: R6.2 million). The investment in additional resources is expected to achieve the intended results in F24.

Cash generation has come under pressure because of lower earnings and logistical challenges which resulted in an increase in inventory levels. As a result, cash generated by operations in F23 decreased to R3.3 million compared to cash generated in F22 of R6.2 million. The investment in working capital has stabilised during F23 Q4 and cash generation is expected to improve through F24.

COVENANTS

The Group is required to maintain and monitor dividend, interest and debt cover ratios in terms of its agreements with its financiers. As reported in our interim results, financial performance at the time was adequate in maintaining our covenant ratios despite the increased debt. As at 30 June 2023, driven primarily by the decrease in financial performance during F23 H2, the Group's debt to EBITDA ratio (excluding IFRS 16) of 5.1x, breached the 2.0x debt to EBITDA covenant set by the Group's primary lender. In addition, total senior debt service cover of 0.8 breached the covenant of 1.2.

The board of directors of the Company ("Board"), in preparing the financial results, has performed a detailed going concern assessment which includes the Group's projected performance for a period of 12 months from 1 July 2023. This performance is based on detailed operating plans prepared by the Group's executive team and approved by the Board.

In addition, these plans have been presented to the Group's lender as part of its ongoing monitoring of the Group's debt levels. Once the lender has received the signed annual financial statements, it will complete its annual review and assess the significance of the breaches. The lender has advised that it will consider the following factors in determining whether or not the breaches are material: the Group's financial performance; whether the entity is loss making; the proposed rectification plan as a way forward; the proactive approach by the Group in rectifying the breach; and whether or not any legal proceedings have been instituted against the Group by other funders.

Given that the Group continues to be profit making, despite the underperformance; that the Board has provided the lender with financial and operational plans to rectify the breaches; and the fact that no legal proceedings have been instituted against the Group, the Board is confident that the lender will condone the covenant breaches.

In preparing the operational and financial plans, the Group took into account its existing strategy of improving profitability, which will also ensure that the current breached covenants are regularised, by implementing the following:

- Addressing the factors that impacted the financial performance in F23 H2 including strategic product positioning and price reviews being implemented in Trellidor through F24 Q2;
- Fulfilment of a significant manufacture and supply contract of roller shutters in the UK. Initial orders have already been received and the project is expected to be completed during F24 Q3; and
- Overhead levels will be maintained in line with inflation through F24 after the investment in selling capacity in F23.

In addition, the Board has mandated the executive team to investigate opportunities to materially reduce the debt levels by the end of F25.

Given the significant uncertainty regarding the continued weak South African economy and the related impact on the consumer, in preparing the going concern assessment and to mitigate against this uncertainty, below Inflationary growth projections in revenue were used as the base for the South African related turnover. The Board considers this to be appropriate in the context of the economy and after considering these factors have concluded that the Group will continue to trade as a going concern for at least 12 months from the date of this report.

As at 30 June 2023, the Group's and Company's lender has been made aware of the potential covenant breaches, in terms of the facility agreement. The extent of the breaches and the consequences to the Group and the Company can only be established once the lender has completed its annual assessment referred to above.

As required by IAS 1 Presentation of Financial Statements, due to the covenant breaches, the related loans have been reclassified as current liabilities as at 30 June 2023 notwithstanding that they are long-term. Once the lender has condoned the covenant breaches and the abovementioned strategies have produced the results expected, the Group will have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period and they can be reclassified as non-current liabilities.

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 may pass on the declaration of dividends.

Given the current operating environment, weak financial performance and the current debt levels, the Board has deemed it prudent not to declare a final dividend in respect of the 12 months ended 30 June 2023.

Once gearing has stabilised consideration will be given by the Board as to the application of excess cash to share buybacks and the payment of a dividend, after investment in growth opportunities that achieve the Group's targeted return on invested capital have been assessed.

PROSPECTS

Despite the challenges faced in the financial year ended 30 June 2023 and an expectation that the weak economic conditions negatively impacting household's discretionary spend will remain prevalent into the next financial year, the Board has reviewed the Group's strategies and is satisfied that they remain appropriate and that if diligently executed will, over time, generate significant shareholder value.

These include significantly reducing debt levels, continued focus on unlocking demand in the rest of Africa, the opportunity available in certain commercial sectors for some of our specialised product ranges, the broadening of the UK market, the investments made in sales and marketing capabilities bearing fruit, and the sustained focus on the management of costs.

In support of these strategies, the prospects for the forthcoming year include:

- Trellidor's UK business has been awarded a significant contract to manufacture security products through to F24 H1, and has started supplying against orders received;
- In an effort to further improve the Group's profitability, Trellidor will focus on restoring margins;
- Market segmentation in South Africa will continue with an established B2B team targeting the commercial and retail sectors;
- While product innovation remains a key strategy for both Trellidor and Taylor no new products are anticipated to be launched through F24 and focus will be on bedding down the products recently introduced;
- The Group will focus on rebuilding the 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;
- The Trellidor owned and managed branches in three of the major cities in South Africa continue to show positive results. The further acquisition of one of the Cape Town franchises, namely Milnerton, which was executed in July 2023 will provide additional scale; and
- Taylor's management team will be focusing on incremental market share growth in Gauteng through increased brand visibility and active engagement, support, lead allocation and training with the trade network through F24.

AUDITOR'S REPORT

The summarised consolidated financial results have been extracted from the audited consolidated annual financial statements of the Group for the financial year ended 30 June 2023 but is itself not audited. The annual financial statements from which this report is extracted have been audited by PKF Durban on which they expressed an unmodified opinion. A copy of the consolidated annual financial statements for the year ended 30 June 2023, together with the audit report is available for inspection at the Company's registered office and are available on the Company's website, at www.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 audited consolidated annual financial statements. The consolidated annual financial statements were approved by the Board on 26 September 2023. 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 audited consolidated annual financial statements from the Company's registered office.

WEBINAR

Shareholders are advised that the Company will be hosting a webinar at 10:00 on Thursday, 28 September 2023 to present the financial results for the financial year ended 30 June 2023 to the market. Please refer to the webinar registration link in the short-form SENS announcement released on the morning of 28 September 2023.

TM Dennison
Chief Executive Officer
26 September 2023

Statement of Financial Position

for the year ended 30 June 2023

	Notes	Audited 30 June 2023 R'000	Audited 30 June 2022 R'000
Assets			
Non-current assets			
Property, plant and equipment		68 982	59 929
Right-of-use assets ('RoU assets')		40 624	42 235
Goodwill	3	59 380	55 795
Intangible assets		46 444	43 654
Loans receivable		6 456	3 253
Deferred tax		16 694	16 166
		238 580	**221 032**
Current assets			
Loans receivable		4 791	3 369
Inventories	8	127 992	122 030
Trade and other receivables		48 769	55 296
Current tax receivable		2 981	3 331
Cash and cash equivalents		7 391	13 522
		191 924	**197 548**
Total assets		**430 504**	**418 580**
Equity and liabilities			
Equity			
Equity attributable to equity holders of the parent			
Stated capital		401	401
Reserves		1 219	5 034
Retained income		172 818	162 412
		174 438	167 847
Non-controlling interest		(1 213)	(985)
		173 225	**166 862**
Liabilities			
Non-current liabilities			
Lease liabilities		29 782	31 234
Other financial liabilities	9	-	80 906
Deferred tax		1 604	764
		31 386	**112 904**
Current liabilities			
Lease liabilities		10 211	10 262
Bank overdraft		32 626	21 423
Other financial liabilities	9	121 505	15 508
Trade and other payables	10	58 923	58 366
Current tax payable		394	772
Provisions	11	2 234	32 483
		225 893	**138 814**
Total liabilities		**257 279**	**251 718**
Total equity and liabilities		**430 504**	**418 580**

Statement of Profit or Loss and other Comprehensive Income

for the year ended 30 June 2023

	Notes	Audited 30 June 2023 R'000	Audited 30 June 2022 R'000
Revenue	5	502 300	513 234
Cost of sales		(308 916)	(315 991)
Gross profit		**193 384**	**197 243**
Other operating income		7 373	8 091
Movement in credit loss allowance	6	(796)	149
Other operating expenses		(178 017)	(163 234)
Labour court settlement provision expense	11	-	(32 058)
Operating profit (loss)		**21 944**	**10 191**
Investment income		1 468	941
Finance costs		(18 232)	(10 185)
Profit (loss) before taxation		**5 180**	**947**
Taxation		(1 705)	(607)
Profit (loss) for the year	6	**3 475**	**340**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		2 889	(905)
Total comprehensive income (loss) for the year		**6 364**	**(565)**
Profit (loss) attributable to:			
Owners of the parent		3 629	418
Non-controlling interest		(154)	(78)
		3 475	**340**
Total comprehensive income (loss) attributable to:			
Owners of the parent		6 592	(393)
Non-controlling interest		(228)	(172)
		6 364	**(565)**
Earnings (loss) per share for the period attributable to the owners of the parent			
Basic and diluted earnings per share (cents)	7	3.70	0.40

Statement of Changes in Equity

for the year ended 30 June 2023

	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-controling interests R'000	Total equity R'000
Balance at 01 July 2021	**401**	**(932)**	**6 777**	**5 845**	**169 928**	**176 173**	**2 935**	**179 108**
Profit for the year	-	-	-	-	419	419	(78)	341
Other comprehensive income	-	(811)	-	(811)	-	(811)	(94)	(905)
Total comprehensive income for the year	**-**	**(811)**	**-**	**(811)**	**419**	**(392)**	**(172)**	**(564)**
Change in ownership interest - control not lost	-	-	-	-	2 539	2 539	(3 747)	(1 208)
Dividends	-	-	-	-	(10 473)	(10 473)	-	(10 473)
Balance at 01 July 2022	**401**	**(1 743)**	**6 777**	**5 034**	**162 413**	**167 847**	**(984)**	**166 863**
Profit for the year	-	-	-	-	3 629	3 629	(154)	3 475
Other comprehensive income	-	2 963	-	2 963	-	2 963	(74)	2 888
Total comprehensive loss for the year	**-**	**2 963**	**-**	**2 963**	**3 629**	**6 591**	**(228)**	**6 363**
Transfer between reserves	-	-	(6 777)	(6 777)	6 777	-	-	-
Balance at 30 June 2023	**401**	**1 220**	**-**	**1 220**	**172 819**	**174 438**	**(1 212)**	**173 226**

Statement of Cash Flows
for the year ended 30 June 2023

	Audited 30 June 2023 R'000	Audited 30 June 2022 R'000
Cash flows from operating activities		
Cash generated from operations	7 224	39 127
Interest income	1 468	941
Finance costs	(17 715)	(10 029)
Tax paid	(2 525)	(11 304)
Net cash from operating activities	**(11 548)**	**18 735**
Cash flows from investing activities		
Purchase of property, plant and equipment	(6 452)	(9 941)
Proceeds on sale of property, plant and equipment	1 649	556
Purchase of other intangible assets	(4 367)	(2 640)
Business combination	(837)	(9 500)
Proceeds from sale of intangible assets	–	–
Advances of loans receivable	–	–
Receipts from loans receivable	1 763	2 090
Net cash (used in)/from investing activities	**(8 244)**	**(19 435)**
Cash from financing activities		
Proceeds from other financial liabilities	31 683	36 194
Repayment of other financial liabilities	(17 781)	(20 920)
Repayment of loans from minority	–	(4 376)
Acquisition of minority shareholding	–	(1 208)
Repayment of lease liabilities	(11 854)	(11 484)
Dividends paid	–	(10 473)
Net cash (used in)/from financing activities	**2 048**	**(12 267)**
Total cash movement for the year	(17 744)	(12 967)
Cash at the beginning of the year	(7 901)	5 179
Effect of exchange rate movement on cash balances	410	(113)
Total cash at end of the year	**(25 235)**	**(7 901)**

Notes to the Financial Results
for the year ended 30 June 2023

1. Basis of preparation

The summarised consolidated audited results for the year ended 30 June 2023 (results for the year) have been prepared in accordance with framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, 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 2023 are in terms of IFRS and are consistent with those applied in the audited financial statements for the year 30 June 2022. 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

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date. Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements whose classification remains as per their inception date.

Goodwill is determined as the consideration paid less the fair value of the identifiable assets and liabilities of the acquiree. Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Business combination during the year - Trellidor Hillcrest franchise

On 01 July 2022, the Group acquired the Trellidor Hillcrest franchise in KwaZulu-Natal, which will form an integral part of the Trellidor network. This franchise, in conjunction with the other owned franchise, 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 R2.0 million from the acquisition consist largely of market awareness of the brand that has been created by the previous franchise owner. Goodwill is not deductible for Income tax purposes.

	Audited 30 June 2023 R'000
FAIR VALUE OF ASSETS ACQUIRED AND LIABILITIES ASSUMED:	
Property, plant and equipment	463
Loans payable	(1 561)
Warranty provision	(100)
Goodwill	2 035
	837
ACQUISITION DATE FAIR VALUE OF CONSIDERATION PAID	
Cash	(837)

3. Goodwill

Goodwill includes the Taylor and NMC acquisition goodwill, which has a carrying value of R24.0 million and R10.6 million respectively (2022: R24 million and R10.6 million respectively), the Trellidor UK acquisition goodwill, with a carrying value of R9.6 million (2022: R7.6 million), and the Trellidor RSA franchise acquisitions with a carrying value of R13.2 million (2022: R11.2 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.

	Opening balance R'000	Additions through business combinations R'000	Foreign exchange movements R'000	Total R'000
AS AT 30 JUNE 2023				
Goodwill	55 795	2 035	1 550	59 380
AS AT 30 JUNE 2022				
Goodwill	46 773	8 937	85	55 795

4. Segment information

The group has four reportable segments that are used by the Chief Executive Officer, as chairman of the executive committee. These operating segments are differentiated and identified by the products they manufacture and distribute, the services they provide and the markets they operate in.

During the year under review, the Taylor and NMC operations were separated in an effort to enhance the operating effectiveness of each operation. As a result, Taylor's comparative figures below have been restated from prior year to exclude NMC.

These reportable segments as well as the products, services and geographical area from which each of them derives revenue are set out below:

REPORTABLE SEGMENT	PRODUCTS AND SERVICES
Trellidor	Trellidor is the market leading manufacturer of custom-made barrier security products, distributed via a dedicated and skilled franchise and branch network operating throughout South Africa, Africa and the UK.
Taylor	Taylor, which has a strong presence in the Western Cape, is a major manufacturer and distributor of custom-made blinds and decorative and security shutters.
NMC	NMC is an importer and distributor of cornicing and 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 2023

4. Segment information (continued)

	Trellidor R'000	Taylor R'000	NMC R'000	Holdings R'000	Internal R'000	Consolidated R'000
AS AT 30 JUNE 2023						
South Africa	242 188	135 969	32 672	33 755	(34 353)	410 231
Rest of Africa	49 951	4 200	774	-	-	54 925
Rest of World	37 504	-	-	-	(360)	37 144
REVENUE BY LOCATION	**329 643**	**140 169**	**33 446**	**33 755**	**(34 713)**	**502 300**
Security products	327 651	-	-	-	-	327 651
Decorative products	1 114	140 169	33 446	-	(958)	173 771
Management fee	-	-	-	14 816	(14 816)	-
Royalty income	878	-	-	-	-	878
Dividends	-	-	-	9 000	(9 000)	-
Interest income	-	-	-	9 939	(9 939)	-
REVENUE BY SOURCE	**329 643**	**140 169**	**33 446**	**33 755**	**(34 713)**	**502 300**
EBITDA	**37 989**	**17 041**	**4 804**	**18 184**	**(36 469)**	**41 549**
PROFIT/(LOSS) BEFORE TAX	**8 973**	**(991)**	**1 783**	**11 082**	**(15 666)**	**5 181**
Reconciling items:						
Net finance cost	(9 376)	(9 187)	(1 536)	(7 077)	10 413	(16 763)
Depreciation	(6 239)	(854)	(88)	(25)	-	(7 206)
Depreciation of RoU assets	(3 776)	(7 443)	(1 370)	-	1 057	(11 532)
Amortisation	(292)	(549)	(27)	-	-	(868)
Other disclosable items:						
Movement in ECL allowance	(792)	(52)	48	(374)	374	(796)
Taxation	(1 757)	1 490	(238)	(1 200)	-	(1 705)
Employee costs	(91 031)	(36 908)	(6 146)	(7 480)	-	(141 565)
Advertising	(22 503)	(4 386)	(920)	-	-	(27 809)
SEGMENT ASSETS	**335 961**	**166 330**	**24 256**	**184 767**	**(280 810)**	**430 504**
Non-current asset additions	30 080	2 801	4 653	54	(4 137)	33 451
SEGMENT LIABILITIES	**(247 195)**	**(121 742)**	**(18 884)**	**(76 210)**	**206 752**	**(257 279)**

Segment assets include foreign non-current assets in Ghana of R2.8 million and R14.1 million in the UK.

In terms of security products the factory throughput of our traditional Trellidor type products made up 65% (2022: 56%), the burglar bars 2% (2022: 2%), the security screens 14% (2022: 17%), the Rollerstyle product set 7% (2022: 13%) and the aluminium louvre shutters contributed 12% (2022: 12%).

The factory throughput of decorative products were made of 49% (2022: 51%) of aluminium shutters, PVC shutters contributed 9% (2022: 9%), blind range 40% (2022: 38%) and timber shutters 2% (2022: 2%).

Sales of the NMC product set were made up of 58% (2022: 64%) of cornices, 34% (2022: 26%) of skirtings, 3% (2022: 3%) of wall panels, and 5% (2022: 6%) in glue scales.

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 38% (2022: 35%), and the Outlying Regions, or the rest of South Africa, which made up 36% (2022: 39%). The rest of Africa contributed 15% (2022: 13%) and the rest of world contributed 11% (2022: 13%).

In terms of Taylor, Johannesburg contributed 16% (2022: 21%), Cape Town 82% (2022: 75%) and rest of world 2% (2022: 4%) to factory throughput. Johannesburg contributed 51% (2022: 59%), Cape Town 23% (2022: 17%) and Durban 26% (2022: 24%) of NMC's sales.

4. Segment information (continued)

	Trellidor R'000	Taylor R'000	NMC R'000	Holdings R'000	Internal R'000	Consolidated R'000
AS AT 30 JUNE 2022 - RESTATED						
South Africa	248 113	152 414	32 335	38 043	(38 800)	432 105
Rest of Africa	38 073	2 601	-	-	-	40 674
Rest of World	40 455	-	-	-	-	40 455
REVENUE BY LOCATION	**326 641**	**155 015**	**32 335**	**38 043**	**(38 800)**	**513 234**
Security products	324 463	-	-	-	-	324 463
Decorative products	1 343	155 015	32 335	-	(757)	187 936
Management fee	-	-	-	13 941	(13 941)	-
Royalty income	835	-	-	-	-	835
Dividends	-	-	-	19 000	(19 000)	-
Interest income	-	-	-	5 102	(5 102)	-
REVENUE BY SOURCE	**326 641**	**155 015**	**32 335**	**38 043**	**(38 800)**	**513 234**
EBITDA	**19 347**	**2 932**	**7 829**	**24 036**	**(24 881)**	**29 263**
PROFIT/(LOSS) BEFORE TAX	**5 618**	**(12 011)**	**5 833**	**20 951**	**(19 444)**	**947**
Reconciling items:						
Net finance cost	(4 258)	(6 648)	(398)	(3 064)	5 124	(9 244)
Depreciation	(6 180)	(1 410)	(206)	(21)	-	(7 817)
Depreciation of RoU assets	(3 117)	(6 394)	(1 374)	-	313	(10 573)
Amortisation	(173)	(491)	(18)	-	-	(682)
Other disclosable items:						
Movement in ECL allowance	327	(143)	(36)	438	(438)	149
Employee costs	(86 838)	(39 647)	(4 441)	(7 819)	-	(138 745)
Taxation	(4 876)	1 655	-	(1 114)	3 725	(609)
Advertising	(20 967)	(6 491)	(669)	-	-	(28 127)
SEGMENT ASSETS	**226 290**	**163 457**	**27 190**	**154 485**	**(152 841)**	**418 581**
Non-current asset additions	21 054	38 530	718	35	-	60 338
SEGMENT LIABILITIES	**(148 189)**	**(139 840)**	**(7 713)**	**(55 809)**	**99 832**	**(251 718)**

Segment assets include foreign non-current assets in Ghana of R2.9 million and R11.5 million in the UK.

Notes to the Financial Results continued
for the year ended 30 June 2023

5. Disaggregation of revenue from customers

	Audited 30 June 2023 R'000	Audited 30 June 2022 R'000
Revenue from source type	502 300	513 234
Sale of security products	327 651	324 463
Sale of decorative products	173 771	187 936
Royalty income	878	835
Revenue by geographical location	502 300	513 234
South Africa	409 871	432 105
Rest of Africa	54 925	40 674
Rest of World	37 504	40 455
Revenue recognised by timing of transfer		
Point in time – delivery date	502 300	513 234

6. Operating profit before interest and taxation

	Audited 30 June 2023 R'000	Audited 30 June 2022 R'000
Operating profit before interest for the year is stated after accounting for the following, amongst others :		
Advertising	27 809	28 127
Amortisation on intangible assets	867	682
Auditor's remuneration	2 334	2 042
Cartage	9 182	8 722
Commission	9 576	9 804
Consulting fees	3 034	4 100
Movement on ECL allowance	796	(149)
Depreciation on RoU asset	11 532	10 573
Depreciation on property, plant and equipment	7 206	7 817
Gas, electricity and water	8 782	7 994
Labour court settlement provision expense	-	32 058
Loss on exchange differences	2 446	801
Short-term employee benefits	141 565	133 661
Net loss on disposal of fixed assets	(42)	33
Net loss on lease modification	15	-
Net loss on disposal of intangible assets	707	-

7. Inventories

	Audited 30 June 2023 R'000	Audited 30 June 2022 R'000
Raw materials	112 913	116 748
Work in progress	2 244	2 028
Finished goods	8 950	4 519
Goods in transit	10 678	4 625
	134 785	**127 920**
Provision for obsolescence	(6 792)	(5 890)
	127 993	**122 030**

8. Other financial liabilities

	Audited 30 June 2023 R'000	Audited 30 June 2022 R'000
FNB – Holdings Facility	37 728	46 428
FNB – Holdings Facility 2	34 628	7 033
FNB – Innovations Facility	8 014	9 917
FNB – Property Finance	30 544	33 036
FNB – Property Finance 2	10 591	-
	121 505	**96 414**

9. Trade and other payables

	Audited 30 June 2023 R'000	Audited 30 June 2022 R'000
Financial instruments		
Trade payables	24 930	25 829
Accrued expenses	7 814	5 082
Non-financial instruments		
Amounts received in advance	10 483	11 619
Provisions - audit fee, leave pay and bonus	9 708	8 308
VAT	1 699	2 647
Other payroll accruals	4 289	4 882
	58 923	**58 366**

Notes to the Financial Results continued

for the year ended 30 June 2023

10. Provisions

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
AS AT 30 JUNE 2023				
Labour Court judgement	32 058	1 265	(31 781)	1 542
Product Warranties	428	263	-	691
	32 486	**1 528**	**(31 781)**	**2 233**

A dispute, which has previously been disclosed, relating to former employees who were dismissed by 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. Leave to Appeal the judgement was filed and 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 result a provision for the backpay, restructuring costs and legal fees was provided for in the prior financial year.

The board of directors received notice of the Constitutional Court's order, dated 21 October 2022, in terms of which leave to appeal the Labour Appeal Court decision, was refused. Following the ruling, the company engaged with the former employees and initiated an onboarding process. This process was conducted during November 2022 during which period 41 employees presented themselves for work. Following this process, 30 employees have returned to work and 11 opted to take a package in full and final settlement of the judgement. The returning employees have been integrated into the workforce without any notable disruption to production.

11. Earnings per share

	Audited 30 June 2023 R'000	Audited 30 June 2022 R'000
Profit attributable to ordinary shareholders	**3 475**	**419**
Adjusted for:		
Profit on disposal of property, plant and equipment	**(31)**	**(24)**
Gross amount	(42)	(33)
Tax effect	11	9
Loss on disposal of intangible assets	**516**	**-**
Gross amount	707	-
Tax effect	(191)	-
HEADLINE EARNINGS	**3 960**	**395**

		Audited 30 June 2023 '000	Audited 30 June 2022 '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	95 210
Earnings and diluted earnings per share	(cents)	3.7	0.4
Headline and diluted headline earnings per share	(cents)	4.2	0.4

12. Capital Risk Management

The Group's financial capital is derived from a number of sources including our franchise network and retained earnings. Financial capital is managed through long-and short-term borrowings (interest-bearing debt), effective management of cash and capital allocation, franchise distribution model and strong working capital management.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. Capital adequacy and liquidity are managed by monitoring the return on invested capital (ROIC), net debt to EBITDA ratios and debt to equity ratio. There was no change to what the entity manages as capital or the strategy for capital maintenance from the previous year.

The Group is required to maintain and monitor dividend, interest and debt cover covenants in terms of its loan agreements with its lenders. As at 30 June 2023, driven primarily by the decrease in financial performance during F23 H2, the Total Senior Debt to EBITDA ratio (excluding IFRS 16) of 5.1x, breached the 2.0x covenant and the Total Senior Debt Service Cover ratio of 0.8 breached the 1.2 covenant.

The other covenants were in line being the Total Senior Debt to Shareholder's Interest ratio with a result of 61% against a covenant of 100% and the Loan to the Market Value of the Property (LTV) ratio of 58% against a 85% covenant (using a directors valuation of the property in the absence of the lender's valuation as required by the loan agreement).

The board, in preparing the financial results, has performed a detailed going concern assessment which includes the Group's projected performance for a period of 12 months from 1 July 2023. This performance is based on detailed operating plans prepared by the executive and approved by the board.

In addition, these plans have been presented to the Group's lender as part of their ongoing monitoring of our debt levels and covenants. Once the lender has received the signed annual financial statements, they will perform their annual review and assess the significance of the covenant breaches. The lender has advised that in determining whether or not the breaches are material to them, they will consider the financial performance (whether the entity is loss making), understand the presented proposed rectification plan as a way forward, the proactive approach by the Group in rectifying the breaches, and whether or not any legal proceedings have been instituted against the Group by other funders.

Given that the Group continues to be profit making, despite the underperformance, has provided the lender with financial and operational plans to rectify the breaches and there are no legal proceedings that have been instituted against the Group, the board is confident the lender will condone the covenant breaches.

In preparing the operational and financial plans, the Group took into account its existing strategy of improving profitability, which will also ensure that the current breached covenants are regularised, by implementing, inter alia, the following:

- Addressing the factors that impacted the financial performance in F23 H2 including strategic product positioning and price reviews being implemented in Trellidor through F24 Q2;
- Fulfilment of a significant manufacture and supply contract of roller shutters in the UK. Initial orders have already been received and the project is expected to be completed during F24 Q3; and
- Overhead levels will be maintained in line with inflation through F24 after the investment in selling capacity in F23.

In addition, the board has mandated the executive team to investigate opportunities to materially reduce the debt levels by the end of F25.

As at 30 June 2023, the Group and Company lender's had been made aware of the potential covenant breaches, in terms of the facility agreement. The extent of the breaches and the consequences to the Group and Company can only be established once the lender has completed their annual assessment referred to above. As required by IAS 1 Presentation of Financial Statements, due to the covenant breaches, the related loans have been reclassified as current as at 30 June 2023 notwithstanding that the loans are long-term. Once the lender has condoned the covenant breaches and the abovementioned strategies have produced the results expected, the Group will have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period and the loans can be reclassified to non-current.

13. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

After factoring in the loan covenant breaches disclosed in note 12, the directors considered the operational plans referred to in note 12 to be appropriate in the context of the economy, have assessed that the group and company have adequate financial resources to continue to trade as a going concern for at least 12 months from the date of this report.

The directors are not aware of any new material changes that may adversely impact the Group and Company. The director directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group and Company.

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
(“Company” or “Group”)

Directors of Trellidor

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

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

PKF Durban
2nd Floor
12 on Palm Boulevard
Gateway
Durban, 4319
(PO Box 1858, Durban, 4000)

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

Suite 1105, 11th floor,
Sandton Eye Building,
126 West Street,
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)

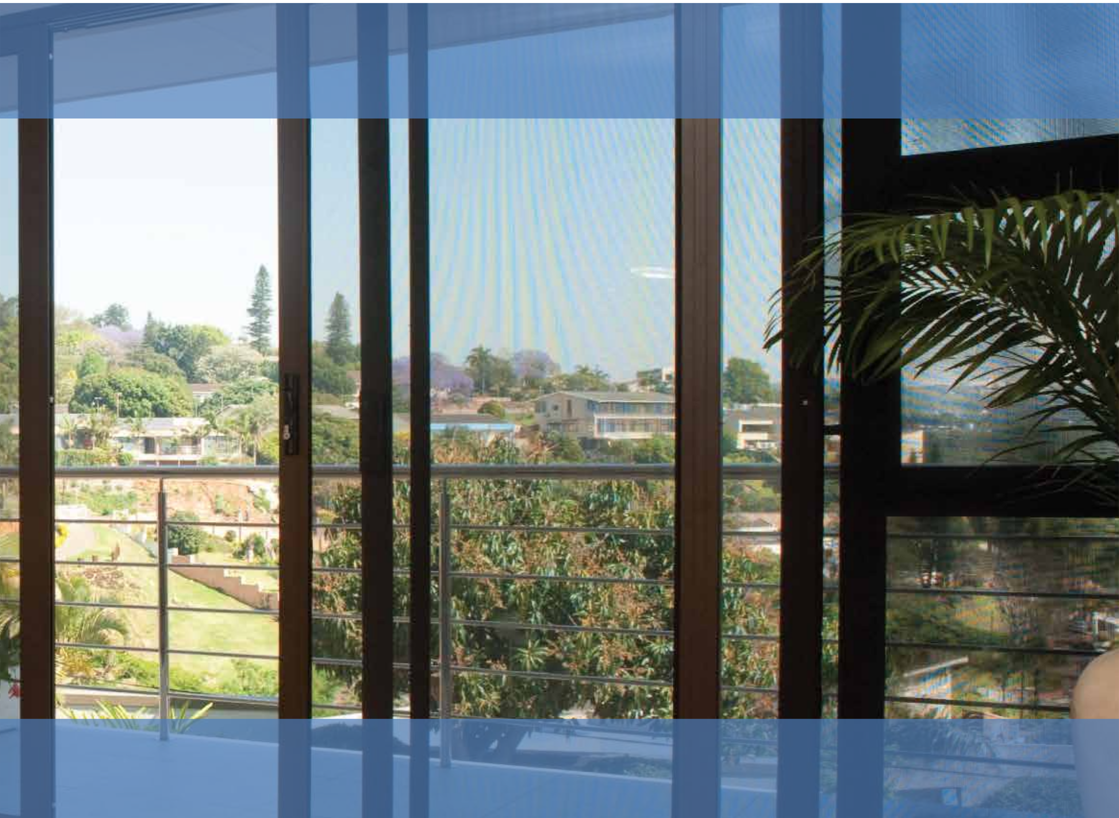
Announcement date 28 September 2023

Notes

TRELLIDOR
THE ULTIMATE CRIME BARRIER

TAYLOR
BLINDS & SHUTTERS Est.1959

nmc DESIGN ELEMENTS



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