



BOWLER METCALF LIMITED

(Registration number 1972/005921/06)

Share code: BCF ISIN number: ZAE000030797

("Bowler" or "the Company")

PROVISIONAL SUMMARISED REPORT OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022 AND DIVIDEND DECLARATION

SUMMARISED STATEMENT OF FINANCIAL POSITION

Rmil	Notes	30 June 2022	% Change	30 June 2021
Non-current Assets		328.9		367.7
Property, plant & equipment	1	247.2	+16	213.0
Investment properties		8.2		8.3
Goodwill		3.4		3.4
Other investments	2	63.8	-54	139.3
Right of use assets	3	4.4	+340	1.0
Deferred tax	4	1.9	-30	2.7
Current Assets		479.0		459.8
Inventories	5	148.1	+41	105.3
Trade and other receivables	6	139.8	+40	99.9
Prepayments	7	5.3	-13	6.1
Cash and cash equivalents	8	180.9	-27	248.2
Taxation	9	4.9	+1533	0.3
Total Assets		807.9	-2	827.5
Total Equity		704.3	-4	732.7
Non-current liabilities		28.3		22.2
Long term lease obligation	10	1.1		-
Deferred Tax	4	27.2	+23	22.2
Current Liabilities		75.3		72.6
Trade and other payables		71.8		70.5
Short term lease obligation	10	3.4	+113	1.6
Taxation	9	0.1		0.5
Total Equity & Liabilities		807.9		827.5

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

Rmil	Notes	30 June 2022	%	30 June 2021
			Change	
Revenue	11	673.1	+6	635.5
Profit before operating cost		197.1		212.7
Other income		0.2		0.3
Operating costs		<u>(97.3)</u>		<u>(101.8)</u>
Profit from operations	12	100.0	-10	111.2
Finance income		14.6		15.9
Finance expenses		<u>(0.2)</u>		<u>(0.4)</u>
Net profit before tax		114.4	-10	126.7
Taxation		<u>(31.7)</u>		<u>(35.2)</u>
Profit for year		82.7	-10	91.5
Total comprehensive income attributable to equity holders of parent		82.7		91.5
<i>Earnings & diluted earnings per share (c)</i>		116.25	-9	127.31

SUMMARISED STATEMENT OF CHANGES IN EQUITY

Rmil	Stated Capital	Retained Earnings	Treasury Shares	Total Equity
Balance as at 30 June 2020	-	713.9	(32.9)	681.0
Purchase of treasury shares	-	-	(4.6)	(4.6)
Comprehensive income	-	91.5	-	91.5
Dividends paid	-	(35.2)	-	(35.2)
Balance as at 30 June 2021	-	770.2	(37.5)	732.7
Purchase of treasury shares	-	-	(14.5)	(14.5)
Cancellation of treasury shares	-	(24.0)	24.0	-
Comprehensive income	-	82.7	-	82.7
Dividends paid	-	(96.6)	-	(96.6)
Balance as at 30 June 2022	-	732.3	(28.0)	704.3

SUMMARISED STATEMENT OF CASH FLOWS

Rmil	Notes	30 June 2022		30 June 2021
Operating activities		(67.6)		75.4
Cash generated by operations		50.3		134.4
Net finance income		9.7		12.3
Taxation paid		(31.0)		(36.2)
Dividends paid		(96.6)		(35.2)
Investing activities		17.8		(200.7)
Property, plant and equipment – additions		(27.2)		(72.3)
Investment property additions		(0.1)		(3.4)
Business combination	14	(35.3)		-
Proceeds on disposal of cash unit trusts		99.2		-
Investment in cash unit trusts		(18.8)		(125.0)
Financing activities		(17.5)		(8.1)
Repayment of lease liabilities		(3.0)		(3.5)
Treasury shares – acquisitions	13	(14.5)		(4.6)
Net cash outflow		(67.3)		(133.4)
Opening balance		248.2		381.6
Closing balance		180.9		248.2
Comprising:				
Cash & cash equivalents		180.9		248.2

	30 June 2022	% Change	30 June 2021
ADDITIONAL INFORMATION			
Total ordinary dividend/share proposed (c)	46.40	-10	51.40
Final ordinary dividend/share proposed (c)	27.00	-16	32.00
Special dividend/share paid (c)	84.00	+100	-
Basic dividend cover (times)	2.51		2.48
Weighted shares in issue (mil)	71.131		71.861
Capital expenditure (Rmil)	27.33	-64	75.69
Capital commitment (Rmil)	2.78	-92	35.38
Closing share price (c)	965	+3	936

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

Rmil	30 June 2022	% Change	30 June 2021
1. Property, Plant and Equipment	247.2	+16	213.0
The increase relates mainly to the completion of the new warehouse in Phillippi and the plant and machinery associated with the acquisition of Skye Plastics (refer note 14).			
2. Other investments			
Cash unit trusts	63.8	-54	139.3
Consisting of:			
- Money Market Fund	-		96.9
- Income Fund	42.7		22.0
- Dividend Income Fund	21.1		20.4
	63.8		139.3
Additional funds were invested in the Ashburton Income Fund during the year. The Money Market Fund was liquidated during the year in order to fund the special dividend payment and the acquisition of Skye Plastics (refer note 14).			
The Money Market Fund investment was in the Ninety One Money Market portfolio, under the management of Ninety One Fund Managers SA.			
The Income Fund investment is in the Ashburton Stable Income Fund portfolio, under the management of Ashburton Investments which is part of the FirstRand Group and at year end the investment represented only 0,2% of the fund value.			
The Fund is an actively managed cash fund with the underlying investments being mainly floating rate notes, cash and a varied range of money market instruments, which can be liquidated within 72 hours.			
The Dividend Income Fund investment is in the Gryphon Dividend Income Fund and at year end represented only 1.4% of the fund value. Capital risk is restricted as the fund has no exposure to equities. Capital gains are of an incidental nature. The portfolio is permitted to invest in any equity or non- equity securities that generate a dividend return and may be included in the portfolio.			

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Cont ...)

Rmil	30 June 2022	% Change	30 June 2021
The investment in the unit trusts is in unconsolidated structures and the value is based on the fair value of the shares.			
Investments are fully secured by bank deposits with the top five SA banks, ie Standard Bank, ABSA, Nedbank, Investec and FirstRand.			
The fair value of the investment is derived from the market value of the underlying instruments in the unit trust portfolio.			
The investments have been classified as a level 2 fair value in terms of the hierarchy.			
Management does not envisage utilising these investments within the next twelve months, and have therefore classified the investment in CIS funds as non-current in the current year.			
3. Right of use assets	4.4	+340	1.0
The increase is in respect of a lease extension and a new lease entered into following the acquisition of Skye Plastics (refer note 14).			
4. Deferred tax			
Deferred tax asset	27.2		22.2
Deferred tax liability	(1.9)		(2.7)
Net liability	25.3		19.5
The increase in the net liability is due to the inclusion of timing differences associated with the assets of the Skye Plastics acquisition (refer note 14).			
5. Inventories	148.1	+41	105.3
The increase is mainly due to significantly escalating raw material prices, strategic raw material acquisitions in light of supply chain constraints and related uncertainties and the inclusion of inventory associated with the acquisition of Skye Plastics (refer note 14).			

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Cont ...)

Rmil	30 June 2022	% Change	30 June 2021
6. Trade and other receivables The increase is mainly due to higher sales in the fourth quarter of the year (including sales related to the acquisition of Skye Plastics (refer note 14)) and a few large debtors that paid shortly after year end, whereas last year, they settled their accounts before year end. Despite this, the relative aging profile of total debtors' year-on-year has improved and management is comfortable with the adequacy of the expected credit loss provision	139.8	+40	99.9
7. Prepayments The decrease relates mainly to a reduction in prepayments for certain Inventory items, now produced in-house.	5.3	-13	6.1
8. Cash and cash equivalents The decrease in cash was largely driven by the investment in Skye Plastics and to fund the special dividend.	180.9	-27	248.2
9. Taxation Consisting of:	4.8	+2 500	(0.2)
Taxation receivable	4.9		0.3
Taxation payable	(0.1)		(0.5)
Total	4.8	+2 500	(0.2)
The taxation receivable increase is due to the taxable income for the Packaging Segment being lower than the previous year.			
10. Lease liabilities Consisting of:	4.5	+181	1.6
Long-term lease obligation	1.1		-
Short-term lease obligation	3.4		1.6
	4.5		1.6
The increase is in respect of a lease extension and a new lease entered into following the acquisition of Skye Plastics (refer note 14).			
11.1 Disaggregate Revenue Sources			
Plastic Packaging and Related Products	666.7		629.4
Property Leases	6.4		6.1
	673.1	+6	635.5

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Cont ...)

Rmil	30 June 2022	% Change	30 June 2021
11.2 Revenue by Region			
Coastal regions	276.7	+2	270.3
Inland	396.4	+9	365.2
	673.1	+6	635.5
12 Related party Transactions	10.7	-9	11.8
Directors and key management emoluments			
Other than the above information on related parties, there have been no other dealings with related parties that are material to an understanding of these results.			
13 Treasury shares – acquisitions	14.5	+216	4.6
Share buybacks remains high on the priority list of the group, and the current year campaign was more successful than last year.			
During the year 1 326 081 (2021: 576 177) treasury shares were acquired at an average purchase price of R10.97 (2021 R7.94) per share and 2 193 937 (2021: none) treasury shares were cancelled.			
153 276 shares acquired (2021: 576 177) during the year were not cancelled by year end.			
The repurchases were made through a wholly owned subsidiary. No shares acquired during the period were cancelled during the year or in the period subsequent to year end.			
14. Business combination			
With effect from 1 March 2022, the Group acquired assets as a going concern from Skye Plastics (Pty) Ltd in order to add new products to its offering and accelerate its penetration into new customers. The integration of the Skye business operations and its diversely skilled and experienced staff into the Group's existing production facilities, was largely completed by May 2022. While the first 4 months of operation of the Skye business lines within the Group included expected and budgeted once-off integrations costs, the ongoing operations yielded the financial results as envisaged in the initial business combination feasibility study.			

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (Cont ...)

Rmil	30 June 2022	% Change	30 June 2021
Assets and liabilities arising from the acquisition were as follow:			
Plant and equipment	23.2		
Right of use asset acquired	2.3		
Inventory	13.9		
Lease liability	(2.3)		
Fair value of assets and liabilities acquired	37.0		
Total purchase consideration	37.0		
Goodwill	-		
Paid in cash	35.3		
Nett contingent consideration	1.7		
In terms of the purchase agreement, the final Inventory values (with particular reference to slow moving and obsolete Inventory), will only be determined by the end of September 2022. Possible adjustments that may arise from the finalisation of the slow moving and obsolete Inventory are not expected to be material and should not lead to any goodwill or fair value adjustment and the final Inventory values will not exceed the value mentioned above.			
The purchase agreement also makes provision for an earn-out payable to the sellers of Skye. The earn-out is based on Skye Business Line Revenue ("SBLR"), measured over any consecutive 12 month period, commencing on the Effective Date and ending on 30 June 2023. The earn-out will be calculated on a straight-line proportional basis for SBLR from R87 000 000 to R110 000 000, with the maximum amount of R5 000 000 being payable should the SBLR achieve R110 000 000 or more. Provision has been made in the above mentioned total purchase consideration for an earn-out based on probability of achievement ("contingent consideration").			
For the 4 months of this financial year, the Skye business lines contributed approximately R24.3 million of turnover and a net profit after tax of R75 000 to the Group. After adjusting for once-off integration costs, the net profit after tax is approximately R2 000 000. Going forward, management is confident that the Skye business lines will continue to realise at least the financial results as envisaged.			
Consulting and legal costs in the amount of R356 049 were incurred pertaining to the Skye acquisition, and these costs were expensed during the year as part of other operating cost.			

Rmil	30 June 2022	% Change	30 June 2021
HEADLINE EARNINGS			
Earnings attributable to parent	82.7		91.5
Headline earnings	82.7	-10	91.5
Weighted average number of shares in issue (mil)	71.131		71.861
EARNINGS (EPS) AND HEADLINE EARNINGS PER SHARE (HEPS)			
	Cents		Cents
Earnings attributable to parent	116.25	-9	127.31
Basic and diluted headline earnings per share HEPS (cents)	116.25	-9	127/31
There are no adjustments between EPS and HEPS			

SUMMARISED SEGMENTAL ANALYSIS

Rmil	Plastic Packaging	Property	Holdings	Eliminations	Total
30 June 2022					
Revenue	666.7	34.0	-	(27.6)	673.1
- Total Revenue	666.7	6.4	-	-	673.1
- Intersegment	-	27.6	-	(27.6)	-
Other income	9.3	-	-	(9.1)	0.2
Expenses	(592.4)	(7.3)	(1.2)	27.6	(573.3)
Operating profit (loss)	83.6	26.7	(1.2)	(9.1)	100.0
Net finance (cost)/income	(0.1)	-	14.5	-	14.4
Profit before tax	83.5	26.7	13.3	(9.1)	114.4
Taxation	(20.5)	(7.4)	(3.8)	-	(31.7)
Net profit for the year	63.0	19.3	9.5	(9.1)	82.7
Attributable to parent	63.0	19.3	9.5	(9.1)	82.7
Revenue by region					
Coastal regions	270.3	6.4	-	-	276.7
Inland	396.4	-	-	-	396.4
Total	666.7	6.4	-	-	673.1
Total Assets	781.3	85.4	237.6	(296.4)	807.9
Total liabilities	116.0	49.0	188.3	(249.7)	103.6
Capital expenditure	9.4	17.9	-	-	27.3

30 June 2021

Revenue	629.4	28.7	-	(22.6)	635.5
- Total Revenue	629.4	6.1	-	-	635.5
- Intersegment	-	22.6	-	(22.6)	-
Other income	3.4	-	-	(3.1)	0.3
Expenses	(540.9)	(5.1)	(1.2)	22.6	(524.6)
Operating profit/(loss)	91.9	23.6	(1.2)	(3.1)	111.2
Net finance (expense)/income	(0.3)	-	15.8	-	15.5
Profit before tax	91.6	23.6	14.6	(3.1)	126.7
Taxation	(24.5)	(6.6)	(4.1)	-	(35.2)
Net profit for the year	67.1	17.0	10.5	(3.1)	91.5
Attributable to parent	67.1	17.0	10.5	(3.1)	91.5
Revenue by region					
Coastal regions	264.2	6.1	-	-	270.3
Inland	365.2	-	-	-	365.2
Total	629.4	6.1	-	-	635.5
Total assets	752.7	102.1	381.0	(408.3)	827.5
Total liabilities	135.2	27.1	343.3	(410.8)	94.8
Capital expenditure	37.3	38.4	-	-	75.7

CEO'S COMMENTARY

Trading volumes remained flat with a revenue growth of 6% to R673.1 million amidst significant disruptions in the value chain of the business. The impacts of the July 2021 civil unrest, supply chain delays, component stock outs as well as high and enduring load shedding stages led to a "stop – start" business environment. Various contingency measures were activated, and although bearing sustainable results, have come at both resource and financial cost. Trading volumes were lost, fortunately, these were circumstantial and the overall business remains intact. This was evidenced in recoveries of activities in individual cases throughout the year. In context and within the environment the business has managed its trading relationships well and confidently.

The worldwide shortage of raw materials due to supply chain constraints and rocketing oil prices drove an unprecedented sharp and speedy increase in raw material prices. We believe stability is in sight for the 2023 reporting period, but likely at these high levels. Further to this, our contingency arrangements necessitates a continued new high level of inventory. The high costs rock the pricing framework of the industry and price recoveries are tough and only partial at the double digit levels for the short term. This increased cost of sales impacts the results not only in the reporting period, but will continue into the following period until lag effects have stabilised.

Operating Profit is down by 10% compared to the preceding period. Given the circumstances and volatility of the environment experienced for manufacturing and trading, this is of limited concern for now. The operations have coped well when considering the significant achievements of completing the new warehouse facility in September 2021, relocating the Cape Blowmoulding plant into a modern facility, acquiring the SkyePlastics Business, relocating and integrating the Skye Manufacturing plant into various Bowler operations and establishing a new business entity, Skye Packaging. These processes are complete and their costs are accounted for in these results. The operations teams have impressed with the resilience and competencies to keep focused and target driven during some uncertain times.

Bowler's acquisition of SkyePlastics, a R74 million revenue specialist packaging business, offers the Company the opportunity to expand marketing appeal in its core market and customer base while also adding new products and customers. Additional manufacturing capacity and skill has also been secured. The acquisition at R35.3 million and integration is complete. Provision has been made for a possible final earn out linked to a Revenue growth which will mature on 1 July 2023.

At a Capex of R27.3 million our plans have been executed to within the envisaged spend. The build of four solar plants of approximately 4MW was not executed. Two of the four projects have been assessed on their viability and have been triggered for execution while the rest will follow in the next financial period after completion of property modifications. The outstanding amount is allocated to the solar installations for the next financial year. The business is considering further expansion of warehousing and capacity in Gauteng.

The business is in a growth phase for the coming period. In the current trading circumstances with the nature of investment required, the earnings dropped by 10% to R82.7 million. The business remains well funded to pursue its growth plans.

Subsequent to year end, Brian Frost has retired as a long standing independent, non-executive director. I am deeply grateful for his valued participation and leadership of the board over many years. Brian's mentorship has been invaluable in my journey as CEO of the Group and he will be greatly missed.

PF SASS CHIEF EXECUTIVE OFFICER

BASIS OF PREPARATION

The summarised consolidated results have been prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards and the Financial Pronouncements as issued by the Financial Reporting Standards Council. They contain the information required by IAS 34 Interim Financial Reporting and are in compliance with the JSE Listings Requirements and the Companies Act, 2008 of South Africa.

This summarised provisional report is extracted from audited information, but is not itself audited. Mazars, the group's independent auditor, has audited the underlying annual financial statements (AFS) for the year ended 30 June 2022 and has expressed an unqualified audit opinion thereon, which is available on the Company's website at www.bowlermetcalf.co.za. The AFS will be posted by 16 September 2022 and the Annual Financial Statements (AFS) will be made available on that day on the Company's website at www.bowlermetcalf.co.za. The auditor's report does not necessarily report on all of the information contained in this summarised report, shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office. The directors take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying audited AFS.

These summarised consolidated results were prepared by Mr AC September CA (SA) in his capacity as group financial manager.

The accounting policies and methods of computation applied in the preparation of these Summarised consolidated results are consistent with IFRS and those applied in the most recently issued audited annual financial statements.

ACQUISITIONS AND DISPOSALS

Apart from the acquisition of Skye Plastics (refer note 14), there have been no other business additions during the year under review.

There have been no business disposals during the year under review.

ISSUE OF SHARES

There have been no new issues of ordinary shares during the period.

RELATED PARTY INFORMATION

Other than outlined in Note 12 above, there have been no other dealings with related parties that are material to an understanding of these results.

PROSPECTS

Although the prospects of an overall economic 'bounce-back' from the negative impacts of COVID-19 are not yet visible, management deems that the business has sufficient cash resources and cash generating prospects to support itself in the foreseeable future.

STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

No new standards and interpretations have been adopted during the period under review.

CASH DIVIDEND DECLARATION

A final gross cash dividend, as defined by the Income Tax Act, No. 58 of 1962, of 27.00 cents per share ("cps") for the year ended 30 June 2022 (2021: 32.00 cps) has been declared and is payable to shareholders on Monday, 31 October 2022. The last day to trade will be Tuesday, 25 October 2022, the ex-date is Wednesday, 26 October 2022 and the record date will be Friday, 28 October 2022. Share certificates may not be dematerialised or re-materialised between Wednesday, 26 October 2022 and Friday, 28 October 2022, both days inclusive.

This dividend will be made from income reserves. The gross dividend is 27.00cps. Dividend Withholding Tax (DWT) is 20%. The net local cash dividend to shareholders liable for DWT will therefore be 21.60 cps.

Number of shares in issue at the date of declaration is 76 132 087 shares.

Unless otherwise requested in writing, individual dividend cheques of less than R50 will not be paid but retained in the Company's unclaimed dividend account. Accumulated unpaid dividends in excess of R200 may be claimed in writing from the transfer Secretaries.

SUBSEQUENT EVENTS

No significant events occurred subsequent to year end.

COMPANY TAX NUMBER

9775130710

ANNUAL REPORT

The Annual Report will be posted by 16 September 2022 and the AFS and audit report will be made available on that day on the Company's website at www.bowlermetcalf.co.za and will be available for inspection at the Company's registered office on 6 September 2022. The record date for posting of the Annual Report is Friday, 16 September 2022. The thirty fifth Annual General Meeting of shareholders (AGM) will be held at The Royal Cape Golf Club, 174 Ottery Road, Wynberg, 7800 at 09:00 on Monday, 7 November 2022. The record date for purposes of determining which shareholders are entitled to participate and vote at the AGM is Thursday, 3 November 2022. The last day to trade in order to be eligible to vote at the AGM will accordingly be Tuesday, 1 November 2022.

M Brain (Non-Exec Chairman)
PF Sass (Chief Executive Officer)
GA Böhler (Chief Financial Officer)

Cape Town

6 September 2022

Prepared by: AC September CA (SA)

REGISTERED AUDITOR

Mazars – Partner: Y Ferreira – Registered Auditor
Mazars House, Rialto Road
Grand Moorings Precinct, Century City, 7441

SPONSOR

AcaciaCap Advisors Proprietary Limited
20 Stirrup Lane, Woodmead Office Park
Woodmead, 2157