

SUMMARISED CONSOLIDATED FINANCIAL RESULTS

for the year ended 30 June 2022

www.york.co.za

RESULTS OVERVIEW

- Revenue down 5% to R1 839 million*
- EBITDA (earnings before interest, taxation, depreciation, amortisation and fair value adjustment on biological assets) decreased by R104 million*
- Debt reduced by R133 million
- Cash generated from operations decreased from R425 million* to R202 million
- Biological assets value down by 2%
- Net working capital increased by 21% to R142 million
- Earnings per share decreased from 43 cents* to 9 cents per share
- Headline earnings per share decreased from 42 cents* to 9 cents per share
- Core earnings per share decreased from 40 cents* to 25 cents per share
- Net asset value per share increased from 950 cents* to 952 cents per share
- No dividend has been declared for the year ended 30 June 2022 (2021: Rnil)

* The prior year figures have been restated. Refer to note 34 to the annual financial statements.

ABOUT THIS SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company and is only a summary of the information in the full announcement and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on consideration of the full announcement. The full announcement is accessible via the following JSE link:

<https://senspdf.jse.co.za/documents/2022/jse/isse/YRK/FY2022SENS.pdf>

and on the Company's website at

<http://www.york.co.za/downloads/Yorkyearend2022.pdf>.

The consolidated and separate annual financial statements, from which the full results announcement has been extracted, have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified audit opinion thereon. The key audit matters contained in the auditor's report are addressed on pages 11 to 15 of the consolidated and separate annual financial statements, which are available on the Company's website at

<http://www.york.co.za/downloads/auditedconsolidatedresults2022.pdf>.

Copies of the full announcement may also be requested at the Company's registered office and the office of our sponsor, One Capital, at no charge, on Mondays to Fridays, during office hours.

On behalf of the Board

Gabriël Stoltz

Chief Executive Officer and interim Chief Financial Officer

21 September 2022

Executive director: Gabriël Stoltz (*CEO and interim CFO*)

Non-executive directors: Nonzukiso Siyotula* (*Chairperson*), Dr Azar Jammine*, Hetisani Mbanyele-Ntshinga*, Maxwell Nyanteh*, Andries Brink*, Andre van der Veen, Lindani Dhlamini*, Alton Solomons, Adrian Zetler (** independent*)

Registered office: York Corporate Office, 3 Main Road, Sabie, Mpumalanga

Postal address: PO Box 1191, Sabie, 1260

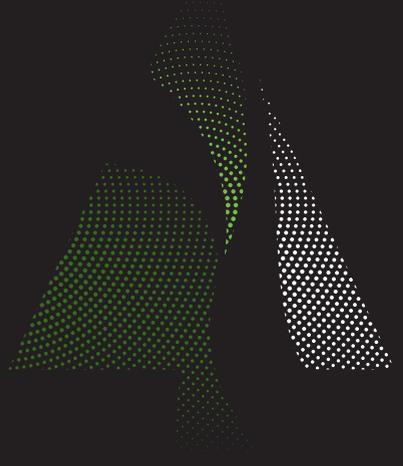
Auditor: PricewaterhouseCoopers Inc.

Company Secretary: Kilgetty Statutory Services (South Africa) Proprietary Limited

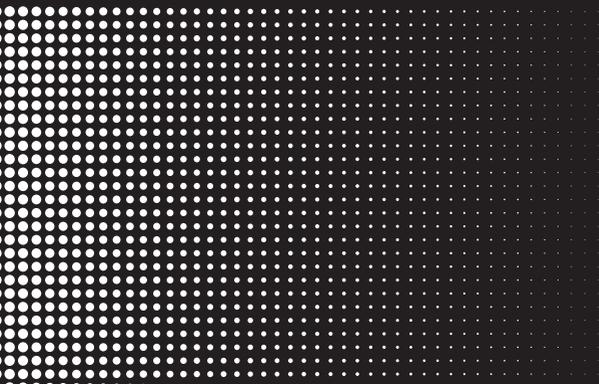
Sponsor: One Capital

Transfer secretaries: Computershare Investor Services Proprietary Limited

YORK TIMBERS



SUMMARISED
CONSOLIDATED
FINANCIAL
RESULTS
for the
year ended
30 June 2022



KEY FEATURES

REVENUE DOWN 5%* TO
R1 839 million

EBITDA (EARNINGS BEFORE INTEREST, TAXATION,
DEPRECIATION, AMORTISATION AND FAIR VALUE
ADJUSTMENT ON BIOLOGICAL ASSETS) DECREASED BY
R104 million*

DEBT REDUCED BY R133 MILLION
Net debt now stands at
R404 million.
Net debt to EBITDA was 1,8 times at year-end

CASH GENERATED FROM OPERATIONS
DECREASED FROM
R425 million*
TO **R202 million**

BIOLOGICAL ASSETS VALUE DOWN BY
2%

NET WORKING CAPITAL INCREASED BY
21%
to R142 million

EARNINGS PER SHARE DECREASED FROM
43 CENTS* to earnings of
9 cents per share

HEADLINE EARNINGS PER SHARE DECREASED
FROM 42 CENTS* to earnings of
9 cents per share

CORE EARNINGS PER SHARE DECREASED FROM
40 CENTS* to earnings of
25 cents per share

NET ASSET VALUE PER SHARE INCREASED FROM
950 CENTS PER SHARE TO
952 cents per share

NO DIVIDEND HAS BEEN DECLARED
FOR THE YEAR ENDED 30 JUNE 2022
(2021: Rnil)

* The prior year figures have been restated.
Refer to note 34 to the annual financial statements.

COMMENTARY

OPERATIONAL RESULTS

York has endured a challenging period for the financial year ended 30 June 2022. This was disappointing, particularly after the good momentum that was built in the prior year when York recorded its highest-ever EBITDA (earnings before interest, tax, depreciation, amortisation and fair value adjustment on biological assets).

As previously reported, rainfall from October 2021 to February 2022 was extraordinarily high – more than 60% higher than the long-term average – and this significantly impacted York's ability to access and transport logs. Unfortunately, after the rain subsided and production returned to capacity, the National Union of Metal Workers of South Africa (NUMSA) embarked on a strike from 25 April 2022 to June 2022.

Regrettably, the strike was marred by violence, arson, malicious damage to property, intimidation and assault inflicted on employees. This, despite obtaining court orders compelling striking employees to abide by the picketing rules and NUMSA to respect the recognition agreement between itself and York. NUMSA demanded that no striking employees cited for gross misconduct be dismissed and that these employees rather be issued with final written warnings. Management did not acquiesce to this demand. Disciplinary hearings were conducted and, where applicable, such striking employees were dismissed.

An interim and final order from the Labour Court declared the strike unprotected; ultimatums were issued to striking employees to return to work. Recruitment of new employees from the local communities commenced with York's Escarpment operations returning to production after the financial year-end.

Following a material breach by NUMSA, the recognition agreement was subsequently terminated.

While some factors that impacted performance were outside management's direct control, opportunities

are being pursued to improve operational efficiency, streamline our harvesting processes and manage our logistics more efficiently.

Our planting programme was well executed, with the planting of 4 346 hectares, the highest ever. Unplanted areas are now the lowest since 2007.

FINANCIAL RESULTS

York delivered an EBITDA of R218 million (2021: R322 million). The **Processing segment** achieved EBITDA of R203 million compared to R150 million in the prior year. The improved EBITDA was mainly the result of good price recovery in lumber and plywood prices, and the Group aims to benefit from volume growth in the future.

The **Wholesale division** reported an EBITDA of R158 million with good margins (2021: R34 million). The division executed well on its business model, trading in timber products during the industrial action at York's Escarpment operations.

The **Forestry and Fleet segment** delivered an EBITDA loss of R128 million (which included planting costs of R57 million) versus a R145 million profit in the prior year. The segment was negatively impacted by the high rainfall and its inability to harvest and transport timber during the rainy season, followed by the industrial action. Increases in fuel prices and long lead distances further impacted the segment's results.

External log purchases of R258 million were made in the current year (R248 million in the prior year) to assure the long-term sustainability of log supply while we focus on nurturing our plantations to reach normalised production.

The **Agricultural segment** reported an EBITDA loss of R16 million versus a profit of R4 million in the prior year. Despite high yields and pack-out quality, prices were low in local and international markets. The reported loss includes costs associated with the maintenance of the established 40 hectares of soft citrus orchards that are not yet in production.

BALANCE SHEET

The biological asset value decreased by 2% from R2 878 million to R2 809 million due to the increase in the discount rate used in the fair value calculation. Both standing and forecast volumes increased from the prior financial year.

York's self-insurance fund balance increased by R17 million to R115 million.

Net working capital increased by 21% from the prior year's R117 million to R142 million. Stock increased by R40 million to R223 million due to stock not being accessible during the strike.

Additions to property, plant and equipment of R87 million included log transport vehicles and other yellow equipment, as well as the completion of the spindleless peeler project.

The strike had a negative impact on the liquidity position of York. Cash balances at year-end stood at a R22 million overdraft. York's gross debt was reduced by R133 million and net debt was R404 million (2021: R444 million).

OUTLOOK

York's plantations are its key strategic asset. While significant log volumes are still required from external sources until our plantations return to a normal rotation cycle, this key asset will be carefully managed in order to deliver the optimal mix of cash flows and returns to shareholders. While management is currently performing a strategic review, it is clear that the current clearfelling age is suboptimal and not delivering appropriate shareholder returns. While such a change will require substantial investment, York is better positioned to reassess its clearfelling approach given its reduced debt levels compared to previous years. While some patience will be required from shareholders, we believe that the increase in harvesting age will significantly improve shareholder returns in future years.

York remains dependent on the South African Forestry Company Limited (SAFCOL) for log supply to its processing sites. Following the 2022/2023 bid

award, only circa 64% of the required bid volume was allocated to York. Given the violent industrial action, coupled with the lack of log security for all of York's operations, we were forced to make the difficult decision to mothball the Driekop sawmill, which came with substantial job losses. We remain of the view that SAFCOL's bidding process is flawed as it allows logs to be exported to Eswatini instead of allocating the required volumes to South African processing facilities. York continues to engage with SAFCOL to secure logs for its operations to remain sustainable and provide job security to its employees.

The industrial action resulted in the dismissal of employees and the subsequent termination of the recognition agreement with NUMSA. York was well supported by the community, religious leaders, and local businesses during the strike. After the strike, focus was placed on recruiting and appointing candidates from the local communities. This is to ensure the communities in which York operates are supported, and employees reside in or nearby York's operations. Employee workplace forums will be established so that the Company is the first point of communication or contact by employees when addressing employee and business needs.

The Agricultural segment looks forward to a recovery in fruit and nut prices, following the steep decline of such prices in the wake of the Russian invasion of Ukraine and a reduction in supply chain and logistics costs. An additional 60 hectares of soft citrus will be established in the new financial year, with the first small crop (a year earlier than forecast) expected from the first citrus plantings. The citrus varieties planted can accommodate the additional cold treatment required by the recently promulgated EU regulations, albeit at a higher cost.

In a global and local environment where we face the prospect of continued high inflation, York remains resolutely focused on improving operational efficiencies and diversifying its product offering. York is also focused on developing export markets for its lumber and plywood thereby diversifying its earnings base away from a changed domestic economy.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Audited As at 30 June 2022 R'000	Restated* Audited As at 30 June 2021 R'000
ASSETS		
Non-current assets		
Biological assets (refer to note 6)	2 478 866	2 502 597
Investment property	36 093	34 180
Property, plant and equipment	910 355	905 645
Goodwill	357 630	357 630
Intangible assets	237	334
Other financial assets at amortised cost	114 785	97 583
Deferred tax	3 778	4 336
Total non-current assets	3 901 744	3 902 305
Current assets		
Biological assets (refer to note 6)	329 755	375 554
Inventories	223 276	183 265
Trade and other receivables	193 453	271 933
Current tax receivable	822	1 072
Cash and cash equivalents	16 364	108 030
Non-current assets held for sale	–	750
Total current assets	763 670	940 604
Total assets	4 665 414	4 842 909

* Refer to note 3 for details on the restatement.

	Audited As at 30 June 2022 R'000	Restated* Audited As at 30 June 2021 R'000
EQUITY AND LIABILITIES		
Equity		
Share capital	1 491 674	1 484 157
Reserves	3 243	2 193
Retained income	1 560 466	1 531 338
Total equity	3 055 383	3 017 688
Liabilities		
Non-current liabilities		
Lease liability	25 941	394
Deferred tax	832 935	885 035
Borrowings	298 210	347 330
Provisions	17 670	16 576
Retirement benefit obligations	24 081	25 658
Total non-current liabilities	1 198 837	1 274 993
Current liabilities		
Current tax payable	5 202	2 934
Borrowings	83 100	167 461
Lease liability	6 191	4 690
Deferred income	1 663	502
Trade and other payables	273 522	337 535
Provisions	2 912	256
Bank overdraft	38 604	36 850
Total current liabilities	411 194	550 228
Total liabilities	1 610 031	1 825 221
Total equity and liabilities	4 665 414	4 842 909

* Refer to note 3 for details on the restatement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Audited Year ended 30 June 2022 R'000	Restated* Audited Year ended 30 June 2021 R'000
Revenue (refer to note 4)	1 838 810	1 928 589
Cost of sales	(1 346 236)	(1 339 277)
Gross profit	492 574	589 312
Other operating income	10 359	28 743
Other operating gains/(losses)	3 701	(10 369)
Other operating expenses	(401 654)	(388 206)
Operating profit before fair value adjustment	104 980	219 480
Fair value adjustment on biological assets	(68 596)	14 173
Operating profit after fair value adjustment on biological assets	36 384	233 653
Other non-operating gains	–	6 269
Profit before finance costs	36 384	239 922
Investment income	5 011	3 618
Finance costs	(37 484)	(48 447)
Profit before taxation	3 911	195 093
Taxation	25 217	(58 024)
Profit for the year	29 128	137 069
<i>Other comprehensive income</i>		
Remeasurement on net defined benefit liability	1 900	2 001
Taxation related to remeasurement on defined benefit liability	(501)	(560)
Total items that will not be reclassified to profit or loss	1 399	1 441
Other comprehensive income for the year net of taxation	1 399	1 441
Total comprehensive income for the year	30 527	138 510
Basic earnings per share (cents) (refer to note 8)	9	43
Diluted earnings per share (cents) (refer to note 8)	9	43

* Refer to note 3 for details on the restatement.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Audited Year ended 30 June 2022 R'000	Restated* Audited Year ended 30 June 2021 R'000
Cash generated from operations	202 227	425 446
Investment income	5 011	3 618
Finance costs	(36 257)	(47 046)
Taxation paid	(24 309)	(23 400)
Net cash from operating activities	146 672	358 618
Cash flows from investing activities		
Purchase of property, plant and equipment	(86 795)	(82 096)
Proceeds from disposal of property, plant and equipment	1 407	937
Purchase of intangible assets	(14)	(31)
Purchase of investment property	(1 506)	(1 150)
Sale of investment property	750	–
Acquisition of business net of cash acquired	–	(77 805)
Purchase of other financial assets at amortised cost	(51 786)	(62 728)
Proceeds from other financial assets at amortised cost	34 584	18 476
Net cash applied to investing activities	(103 360)	(204 397)
Cash flows from financing activities		
Proceeds from borrowings	39 487	101 097
Repayment of borrowings	(173 346)	(170 204)
Repayment of lease liability	(8 594)	(8 124)
Net cash applied to financing activities	(142 453)	(77 231)
Total cash movement for the year	(99 141)	76 990
Cash at the beginning of the year	71 180	3 013
Effect of exchange rate movement on cash balances	5 721	(8 823)
Cash at the end of the year	(22 240)	71 180

* Refer to note 3 for details on the restatement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

Audited	Share capital R'000	Defined benefit plan reserve R'000	Share-based payment reserve R'000	Retained income R'000	Total equity R'000
Balance as at 30 June 2020	1 480 232	(611)	4 759	1 396 492	2 880 872
Change in accounting policy (refer to note 3)	–	–	–	(4 065)	(4 065)
Balance as at 1 July 2020 as restated	1 480 232	(611)	4 759	1 392 427	2 876 807
Profit for the year restated (refer to note 3)	–	–	–	137 069	137 069
Other comprehensive income	–	1 441	–	–	1 441
Total comprehensive income/(loss) for the year	–	1 441	–	137 069	138 510
Employee share option scheme	–	–	2 371	–	2 371
Employee share option vested	3 925	–	(5 767)	1 842	–
Total contributions by and distributions to owners of the Company recognised directly in equity	3 925	–	(3 396)	1 842	2 371
Balance as at 30 June 2021	1 484 157	830	1 363	1 531 338	3 017 688
Profit for the year	–	–	–	29 128	29 128
Other comprehensive income	–	1 399	–	–	1 399
Total comprehensive income for the year and total transactions with owners	–	1 399	–	29 128	30 527
Employee share option scheme	–	–	7 168	–	7 168
Employee share options vested	7 517	–	(7 517)	–	–
Total contributions by and distributions to owners of the Company recognised directly in equity	7 517	–	(349)	–	7 168
Balance as at 30 June 2022	1 491 674	2 229	1 014	1 560 466	3 055 383

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. BASIS OF PREPARATION

These summarised consolidated annual financial statements have been prepared in accordance with the JSE Limited Listings Requirements, the Companies Act of South Africa, 71 of 2008 and the Companies Regulations, 2011. The Group has applied the framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the presentation and disclosure requirements of International Accounting Standard (IAS) 34: *Interim Financial Reporting*. The financial results have been compiled under the supervision of Gabriël Stoltz CA(SA), the Chief Executive Officer (CEO) and interim Chief Financial Officer (CFO). The accounting policies are in terms of IFRS. The directors take responsibility for the preparation of the summarised consolidated annual financial statements and for the correct extraction of the financial information.

These summarised results do not include all the information required for full consolidated annual financial statements and should be read in conjunction with the audited consolidated annual financial statements as at and for the year ended 30 June 2022, which are available on the Company's website, www.york.co.za, or from the Company's registered office.

The Company's external auditor, PricewaterhouseCoopers Inc., has issued

an unmodified audit opinion on the Group's consolidated annual financial statements for the year ended 30 June 2022. The audit was conducted in accordance with International Standards on Auditing. The auditor's report does not necessarily report on all of the information contained in this announcement. 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, available for inspection from the issuer's registered office. The summarised consolidated annual financial statements have been extracted from audited information, but are not themselves audited. These summarised consolidated annual financial results have been prepared on the going concern basis and were approved by the Board of Directors on 15 September 2022.

There have been no material changes to judgements or estimates relating to amounts reported in prior reporting periods. Refer to note 3 for changes to the annual financial statements for the year ended 30 June 2021.

The Group financial results are presented in Rand, which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand.

The significant accounting policies and methods of computation are consistent in all material respects with those applied during the year ended 30 June 2021, except for the change in accounting policy as noted in note 3.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 30 June 2022

2. ADDITIONAL DISCLOSURE ITEMS

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Authorised capital commitments		
– Contracted, but not provided	1 472	16 749
– Not contracted	68 077	49 315
Capital expenditure	88 315	83 277
Depreciation of property, plant and equipment	113 044	101 163
Amortisation of intangible assets	111	127
Write-back of trade receivables	(2 871)	(3 490)

- At year-end, the invoice discounting facility granted by Absa Bank was secured by the cession of a clearing account held with Absa Bank and the cession of trade receivables with a maximum exposure limit of R150 million, and Credit Guarantee Insurance Corporation of Africa Limited insurance. The invoice discounting facility bears interest at the prime interest rate on the utilised amount. The general banking facility is available to all companies within the Group.
- During the year, 3 376 197 shares were repurchased from a related company in order to allocate the shares to qualifying individuals in terms of the share-based payment scheme awarded in 2018 under the 2015 Share Plan.

3. PRIOR PERIOD RESTATEMENTS

Reclassification of prior year figures

1. In the previous year, fair value movements on biological assets: pine and eucalyptus trees were incorrectly presented within other non-operating gains/(losses) in the statement of profit or loss and other comprehensive income. As these fair value movements form part of the Group's operating activities, the prior year results have been restated to reflect the movement within operating profit/(loss). It was decided to reflect fair value adjustments on biological assets as a separate line item in the statement of profit or loss and other comprehensive income. An amount of R12,96 million (2021) has been taken from other non-operating gains/(losses) to the fair value adjustment on biological assets line item.

As a result of the additional line item, fair value adjustments on biological assets, as reflected in the statement of profit or loss and other comprehensive income, for the amount of R1,2 million (2021) relating to fair value movements on biological assets – unharvested fruit, has been taken from other operating (losses)/gains to the fair value adjustment line.

3. PRIOR PERIOD RESTATEMENTS

Reclassification of prior year figures

2. In the previous financial year, inter-company sales of R99,2 million were incorrectly eliminated against the operating expenses line item instead of cost of sales. Also, cost of sales of R23,0 million relating to transport costs, was incorrectly classified as operating expenses. As a result, operating expenses and cost of sales have been restated by an amount of R76,2 million to correct these errors.
3. York transports the timber it sells to its customers' premises. Where York had to make use of a third party to deliver the timber, this was incorrectly treated as a separate performance obligation, and the revenue from transport was presented net of fees paid to the service provider, as though York was acting as an agent in arranging for the delivery. This accounting was incorrect as York is not acting as an agent in arranging the delivery but as a principal in the promise to sell and deliver timber to its customers. As control of the timber only passes to its customers upon delivery, the sale and transport should have been treated as a single performance obligation. To correct for this error, the revenue and cost of sales for 2021 have been increased by R77,9 million.

These reclassifications do not have an impact on the net profit for the year ended 30 June 2021. The effects of these restatements is set out in note 34 to the audited consolidated annual financial statements for the year ended 30 June 2022.

Change in accounting policy

4. The Group previously accounted for the customisation and configuration cost of the new enterprise resource planning system as part of work in progress intangible assets as per IAS 38. Following the International Financial Reporting Interpretations Committee (IFRIC) agenda decision on the accounting treatment of costs of configuring or customising a supplier's application software in a cloud computing or software as a service arrangement in March 2021, the Group has reconsidered its accounting treatment and adopted the treatment set out in the IFRIC agenda decision. The cost of customisation and configuration has been expensed in the statement of profit or loss and other comprehensive income. This change in accounting treatment has been accounted for retrospectively and comparative information has been restated. The results for the 2020 and 2021 financial years have been restated for this new IFRIC agenda decision by R5,6 million and R3,6 million, respectively. This restatement resulted in a decrease in the deferred tax liability reflected in the 2021 statement of financial position of R2,6 million and a resulting decrease in the taxation reflected in the 2021 statement of profit or loss and other comprehensive income of R1 million; the difference of R1,6 million was reflected as an adjustment to the 2021 opening retained earnings.

In addition, this change in accounting policy from capitalising to expensing the customisation and configuration cost has resulted in the 2021 statement of cash flows being restated, so as to reflect the cash outflow as operating instead of investing as was previously presented. The effect of this restatement is set out in note 34 to the audited consolidated annual financial statements for the year ended 30 June 2022.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 30 June 2022

3. PRIOR PERIOD RESTATEMENTS

continued

The impact on the prior year annual financial statements for the previously stated changes is summarised below.

	Balance as previously stated R'000	Reclassification R'000	Change in accounting policy R'000	Reclassified total R'000
30 June 2021				
Statement of profit or loss and other comprehensive income				
Revenue ³	(1 850 670)	(77 919)	–	(1 928 589)
Other non-operating gains ¹	19 227	(12 958)	–	6 269
Other operating losses ¹	(9 154)	(1 215)	–	(10 369)
Fair value adjustment ¹	–	14 173	–	14 173
Cost of sales ^{2,3}	1 337 549	1 728	–	1 339 277
Operating expenses ^{2,4}	308 439	76 191	3 576	388 206
Taxation ⁴	59 025	–	(1 001)	58 024
Statement of financial position				
Intangible assets ⁴	9 556	–	(9 222)	334
Retained income ⁴	(1 396 492)	–	4 065	(1 392 427)
Deferred tax ⁴	(887 618)	–	2 583	(885 035)
Statement of cash flows				
Net cash from operating activities	362 194	–	(3 576)	358 618
Net cash applied to investing activities	(207 973)	–	3 576	(204 397)
Notes to the annual financial statements				
Earnings and diluted earnings per share (cents) ⁴	44	–	(1)	43
Headline earnings and diluted headline earnings per share (cents) ⁴	43	–	(1)	42
Core earnings and diluted core earnings per share (cents) ⁴	41	–	(1)	40

¹ Refer to page 10.

^{2,3,4} Refer to page 11.

4. REVENUE

	Audited 30 June 2022 R'000	Restated* Audited 30 June 2021 R'000
Revenue from contracts with customers		
Sale of goods	1 819 231	1 911 381
Rendering of services	18 617	16 203
Rental income	962	1 005
Total	1 838 810	1 928 589
	Audited 30 June 2022 R'000	Restated* Audited 30 June 2021 R'000
Disaggregation of revenue from contracts with customers		
Sale of goods		
– Food and beverage sales	116	7 296
– Lumber sales ¹	1 010 950	1 049 834
– Plywood sales ¹	669 181	728 134
– Fruit and nut sales	16 645	2 110
– Sundry income ¹	38 997	57 959
– Log sales ²	83 342	66 048
Total	1 819 231	1 911 381
Rendering of services		
– Transport income ²	1 357	464
– Income from fruit packed	12 618	10 426
– Treating income ¹	3 979	3 841
– Accommodation income	663	1 472
Total	18 617	16 203
Other revenue		
Rental income	962	1 005
Total revenue from contracts with customers	1 838 810	1 928 589

¹ A portion of the lumber and plywood sales, sundry income and treating income is disclosed as part of the external sales of the Processing, Agricultural and Wholesale reportable segments in note 5.

² The log sales and transport income are included in the external sales of the Forestry and Fleet reportable segment in note 5.

* Refer to note 3 for details on the restatement.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 30 June 2022

4. REVENUE continued

	Audited 30 June 2022 R'000	Restated* Audited 30 June 2021 R'000
Timing of revenue recognition		
At a point in time		
– Sale of goods	1 819 231	1 911 381
– Rendering of services	17 954	14 731
Total	1 837 185	1 926 112
Over time		
– Rendering of services	663	1 472
– Other revenue	962	1 005
Total	1 625	2 477
Total revenue from contracts with customers	1 838 810	1 928 589

* Refer to note 3 for details on the restatement.

5. OPERATING SEGMENTS

The Group has four reportable segments which are the Group's strategic divisions. The Group operates in three geographical segments, namely South Africa, the Southern Africa Development Community (SADC) and non-SADC regions. The non-SADC sales refer to plywood sales to the United Kingdom, Belgium, Italy, Canada, Holland, Germany and the United States of America.

The segmental analysis is as follows:

	Processing plants R'000	Wholesale R'000	Forestry and Fleet R'000	Agricultural R'000	Total R'000
For the year ended 30 June 2022					
Revenue: external sales	1 192 080	513 974	84 699	46 261	1 837 014
Revenue: inter-segment sales	250 190	110 572	713 305	10 746	1 084 813
Total revenue	1 442 270	624 546	798 004	57 007	2 921 827
Depreciation and amortisation	(71 052)	(8 281)	(28 392)	(4 191)	(111 916)
Employment cost	(232 494)	(18 848)	(64 207)	(19 147)	(334 696)
Transport	(62 099)	(8 488)	(133 814)	(1 796)	(206 197)
Fuel	(16 395)	(3 747)	(20 452)	(2 079)	(42 673)
Utilities	(69 872)	(2 995)	(3 389)	(3 473)	(79 729)
Reportable segment profit/(loss)*	203 485	157 589	(127 977)	(15 863)	217 234
As at 30 June 2022					
Capital expenditure	43 378	209	30 579	11 929	86 095
Fair value adjustment to biological assets	–	–	(71 731)	3 135	(68 596)

* Being EBITDA and fair value adjustments on biological assets (2021: being EBITDA and fair value adjustments on pine and eucalyptus trees).

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2022

5. OPERATING SEGMENTS continued

	Processing plants R'000	Wholesale R'000	Forestry and Fleet R'000	Agri-cultural R'000	Total R'000
For the year ended 30 June 2021					
Revenue: external sales (restated)	1 290 652	549 274	66 512	19 555	1 925 993
Revenue: inter-segment sales	304 732	–	812 168	3 420	1 120 320
Total revenue (restated)	1 595 384	549 274	878 680	22 975	3 046 313
Depreciation and amortisation	(70 630)	(7 093)	(19 389)	(1 685)	(98 797)
Employment cost	(255 197)	(15 979)	(44 216)	(8 597)	(323 989)
Transport	(71 012)	(6 673)	(127 138)	(893)	(205 716)
Fuel	(15 255)	(2 930)	(9 102)	(763)	(28 050)
Utilities	(71 069)	(2 562)	(2 683)	(1 158)	(77 472)
Reportable segment profit*	150 486	34 163	145 117	4 492	334 258
As at 30 June 2021					
Capital expenditure	41 482	282	25 156	12 079	78 999
Fair value adjustment (pine and eucalyptus trees)	–	–	12 958	–	12 958

* Being EBITDA and fair value adjustments on pine and eucalyptus trees.

5. OPERATING SEGMENTS continued

	Audited 30 June 2022 R'000	Restated* Audited 30 June 2021 R'000
Revenue per geographical area		
South Africa	1 521 041	1 616 585
SADC	225 355	204 375
International (non-SADC)	92 414	107 629
Total	1 838 810	1 928 589
Reconciliation of reportable segment profit		
Total EBITDA for reportable segments	217 234	334 258
Depreciation and amortisation for reportable segments	(111 916)	(98 797)
Fair value adjustment on unharvested fruit ¹	–	(1 215)
Depreciation, amortisation and impairment for non-reporting segments	(1 239)	(2 607)
Non-reporting segments' EBITDA	901	(12 159)
Operating profit before fair value adjustment on biological assets	104 980	219 480

¹ In the 2021 financial year, the fair value adjustment on the unharvested fruit was included in EBITDA and in the 2022 financial year, the fair value on the unharvested fruit was excluded from EBITDA.

* Refer to note 3 for details on the restatement.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

continued
for the year ended 30 June 2022

6. BIOLOGICAL ASSETS

The calculation to establish the value of the plantation biological assets is based on existing, sustainable harvesting plans and assessments regarding growth, timber prices, harvesting and silviculture costs and selling expenses. The calculation is performed for a harvesting cycle for biological assets that York estimates to average 20 years and does not include replanting of trees once harvested. The change in value is recognised as part of operating profit or loss in the statement of profit or loss and other comprehensive income.

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Reconciliation of pine and eucalyptus biological assets		
Opening balance	2 875 903	2 906 890
Reconciliation of biological assets due to changes in standing volume:		
– Increase due to growth and enumerations ¹	436 431	362 074
– Adjustment to standing timber values to reflect changes to sales price, cost and discount rate assumptions ²	(265 300)	(6 484)
– Decrease due to harvesting and disposal	(242 861)	(342 632)
Standing timber purchased	–	935
Standing timber harvested	(935)	(44 880)
Closing balance	2 803 238	2 875 903
Classified as non-current assets	2 478 866	2 502 597
Classified as current assets ³	324 372	373 306

¹ Enumerations refer to updates that are made to the merchandising model's data due to more accurate information being collected about the trees in the plantations. These are used to adjust the model's theoretical yields to actual yields and are done systematically over the life of the plantations.

² Being the movement after the increases in growth and enumeration and decreases due to harvesting, from the opening balance value and consists of the impact of changes to the discount rate, log sales prices and operating costs from the prior year balance.

³ The biological assets to be harvested and sold in the 12 months after year-end.

6. BIOLOGICAL ASSETS continued

	Audited 30 June 2022	Audited 30 June 2021
Key assumptions used in the discounted cash flow valuation		
Risk-free rate (GSAB10YR)	11,00%	9,26%
Beta factor	1,16	1,16
Cost of equity	18,17%	16,45%
Pre-tax cost of debt	8,25%	7,00%
Debt/equity ratio	24:76	25:75
After-tax weighted average cost of capital (WACC)	15,27%	13,61%

The additional key assumptions underlying the discounted cash flow valuation have been updated as follows:

Methodology and key assumptions used in determining the fair value of the pine and eucalyptus trees

- **Volume and volume adjustment factor:** The total maturity volumes over 20-year cycle is 20 440 029m³ (2021:20 055 548m³). The projected volumes from the harvesting plans are risk adjusted by a weighted average of 3% (2021: 5%), based on the most recent actual yield reconciliation data to account for normal and abnormal deviations and operational losses.
- **Log prices:** Log prices per cubic metre and per log class are based on current and future expected market prices. Current prices were adjusted upwards for inflation by 5,8% over the next year, 4,7% over the following year and 4,6% over the long term (2021: 4,4% over the next year and 4,5% per annum over the following year and long term).
- **Operating costs:** Costs include harvesting, maintenance and associated fixed overhead costs. No replanting and associated costs are included. The overhead costs are based on a unit cost on the remaining planted hectares, and reduce over the discount period as the remaining planted hectares reduce. The current costs were adjusted upwards for inflation by 5,8% over the next year, 4,70% over the following year, and 4,60% over the long term (2021: 4,40% per annum over the next year and 4,5% per annum over the following year, and over the long term).
- **Costs to sell:** Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes. Costs to sell include the harvesting cost and the cost to bring logs to roadside that are part of the operating cost.
- **Discount rate:** In determining the WACC, a comparable group of forestry companies' Beta is used to determine the Beta applied in WACC. York applied the debt/equity ratio of market participants included in its comparable company basket.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 30 June 2022

6. BIOLOGICAL ASSETS

continued

Level 3 fair value

The valuation model considers the present value of the net cash flows expected to be generated from the plantations. The cash flow projections include specific estimates for 20 years (June 2021: 20 years). The expected cash flows are risk adjusted for current economic conditions.

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Reconciliation of unharvested fruit biological assets		
Opening balance	2 248	–
Additions through business combinations	–	3 892
Change in fair value of avocados and macadamias due to harvesting	(2 248)	(2 859)
Change in fair value of avocados and macadamias due to growth	5 383	1 215
Closing balance	5 383	2 248
Classified as non-current assets	–	–
Classified as current assets ⁴	5 383	2 248

⁴ The biological assets to be harvested and sold in the 12 months after year-end.

Methodology and key assumptions used in determining the fair value of the avocado and macadamia produce

The agricultural produce volumes were reduced by a weighted average of 1% based on the historical actual volumes harvested compared to estimated volumes and volume distribution between export, local and reject markets based on the historical pack-out rate. The fair value of avocados and macadamias growing on the bearer plants is determined by reference to market prices for local, export and reject classes, adjusted for expected costs to reach maturity, which is typically one to two months after the end of the reporting period. Costs to sell include packaging costs and harvesting costs. Significant estimates include the expected agricultural produce yields and quality, and the expected market price.

6. BIOLOGICAL ASSETS

continued

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Total biological assets (pine, eucalyptus and unharvested fruit)		
Closing balance	2 808 621	2 878 151
Classified as non-current assets	2 478 866	2 502 597
Classified as current assets ⁵	329 755	375 554

⁵ The biological assets to be harvested and sold in the 12 months after year-end.

7. RELATED PARTIES

The Group's related parties are its subsidiaries and key management, including directors.

8. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

	Audited 30 June 2022	Restated* Audited 30 June 2021
Basic earnings attributable to ordinary shareholders (R'000)	29 128	137 069
Reconciliation of weighted average number of ordinary shares		
Weighted average number of ordinary shares used for basic earnings per share ('000)	320 383	316 416
Bonus element of share-based payment ('000)	565	664
Weighted average number of ordinary shares in issue ('000)	320 948	317 080
Earnings per share (cents)	9	43
Diluted earnings per share (cents)	9	43

* Refer to note 3 for details on the restatement.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 30 June 2022

9. HEADLINE EARNINGS PER SHARE

The calculation of headline earnings per share is based on:

	Audited 30 June 2022 R'000	Restated* Audited 30 June 2021 R'000
Reconciliation of basic earnings to headline earnings		
Basic earnings attributable to ordinary shareholders	29 128	137 069
Loss on sale of assets (net of tax)	1 455	1 116
Impairment of plant and equipment (net of tax)	–	82
Fair value adjustment on investment property	–	(2 189)
Bargain purchase	–	(4 413)
Impairment on goodwill	–	1 184
Insurance payout from loss of assets	(889)	–
Headline earnings for the year	29 694	132 849
Weighted average number of ordinary shares in issue ('000)	320 948	317 080
Headline earnings per share (cents)	9	42
Diluted headline earnings per share (cents)	9	42

* Refer to note 3 for details on the restatement.

10. CORE EARNINGS PER SHARE

Core earnings is defined as basic earnings adjusted for fair value adjustments on biological assets after taxation.

The calculation of core earnings per share is based on:

	Audited 30 June 2022 R'000	Restated* Audited 30 June 2021 R'000
Basic earnings attributable to ordinary shareholders	29 128	137 069
Fair value adjustment on biological assets (net of tax)	49 389	(10 205)
Core earnings for the year	78 517	126 864
Weighted average number of ordinary shares in issue ('000)	320 948	317 080
Core earnings per share (cents)	25	40
Diluted core earnings per share (cents)	24	40

* Refer to note 3 for details on the restatement.

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

continued

for the year ended 30 June 2022

11. CHANGE IN DIRECTORS AND COMPANY SECRETARY

The changes below occurred to the directorate during the 2022 financial year.

Director	Designation	Change
DM Mncube	Non-executive	Resigned 31 May 2022
Dr JP Myers (Chairperson)	Non-executive	Resigned 8 June 2022
N Siyotula (Chairperson)	Non-executive	Appointed 21 June 2022
PP van Zyl	CEO	Deceased 17 July 2021
GCD Stoltz	CEO and interim CFO	Appointed 1 July 2022
A Zetler	Non-executive	Appointed 15 July 2022
A van der Veen	Non-executive	Appointed 11 November 2021
L Dhlamini	Non-executive	Appointed 21 September 2021
AJ Solomons	Non-executive	Appointed 15 July 2022

Ms Han-Hsiu Hsieh resigned as Company Secretary with effect from 29 July 2022. Kilgetty Statutory Services (South Africa) Proprietary Limited was appointed as Company Secretary from 1 August 2022.

12. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

COMPANY INFORMATION

YORK TIMBER HOLDINGS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1916/004890/06
JSE share code: YRK
ISIN: ZAE000133450
(York, the Company or the Group)

DIRECTORS

Executive director

Gabriël Stoltz (*Chief Executive Officer and interim Chief Financial Officer*)

Non-executive directors

Nonzukiso Siyotula* (*Chairperson*)
Andries Brink*
Lindani Dhlamini*
Dr Azar Jammie*
Hetisani Mbanyele-Ntshinga*
Maxwell Nyanteh*
Alton Solomons
Andre van der Veen
Adrian Zetler

* *Independent*

REGISTERED OFFICE

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AUDITOR

PricewaterhouseCoopers Inc.

COMPANY SECRETARY

Kilgetty Statutory Services
(South Africa) Proprietary Limited

SPONSOR

One Capital

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TRANSFER SECRETARIES

Computershare Investor Services
Proprietary Limited

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www.york.co.za

