# Taking Brands Beyond Borders

Summarised Consolidated Financial Statements
**for the year ended 31 December 2023**

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for the year ended 31 December **2023**

# Commentary

## Nature of business

CA Sales Holdings Limited ("CA&S", "the group" or "the company") is a collective of fully integrated fast-moving consumer goods businesses operating in Africa. We offer route-to-market solutions for some of the world's most-loved consumer brands.

The group collaborates with clients, taking brands beyond borders and navigating the supply chain to reach stores, shelves, baskets and trollies. We ensure availability and visibility to African shoppers, including promoting the brands. Working closely with clients, we address trade obstacles, enhance shelf presence and safeguard market shares.

CA&S operates in several southern and East African countries. Our service solutions include selling and distributing fast-moving consumer goods as well as services such as retail execution and advisory, retail support, technology and data solutions, and training.

## Financial highlights

CA&S is pleased to announce satisfying annual results for the year ended 31 December 2023. This is the result of the deliberate implementation and execution of the group's growth strategy.

Revenue increased by 19.4% to R11.32 billion on the prior year (2022: R9.48 billion). Revenue growth was driven by organic growth, acquisitions, expansion into new regions as well as the on-boarding of new clients to the group's portfolio. As a result, gross profit increased by 21.1% to R1.72 billion (2022: R1.42 billion).

The positive top line growth together with the gain on bargain purchase, contributed to the increase of 40.7% in operating profit for the group to R747.31 million (2022: R531.07 million). Headline earnings increased by 28.0% to R464.82 million (2022: R363.19 million). Headline earnings per share increased by 25.3% to 97.97 South African cents ("cents") per share (2022: 78.21 cents per share). Earnings per share increased by 59.5% to 125.22 cents per share (2022: 78.53 cents per share).

Total assets increased by 26.0% to R5.2 billion due to the increase in fixed and intangible assets as a result of business combinations as well as increased working capital due to increased revenue. The strong cash flow generated from operations contributed to a healthy increase in cash resources from R735.8 million to R1 062.0 million at 31 December 2023.

CA&S acquired 100% of the share capital of T&C Properties Namibia (Pty) Ltd and Taeuber and Corssen (Pty) Ltd for R65.0 million, collectively known as the T&C Group. T&C Group is a distribution and retail execution business based in Namibia. As a result of this acquisition, the group increased its footprint in Namibia. The transaction resulted in a gain on bargain purchase value of R123.6 million.

CA&S also acquired all the operations of MarketMax (Pty) Ltd, a sales and merchandising business, for R11.5 million. Contracts acquired are with clients who retail their brands in the pharmaceutical channel. This acquisition is in line with the group's channel broadening strategy.

The group increased its shareholding in Smithshine Enterprises (Pty) Ltd with 5% to 100%, in exchange for CA&S shares, to the value of R3.8 million.

The dividend declared increased by 27.4% to 19.56 cents per share (2022: 15.35 cents).

## Outlook

Despite the challenging global economic landscape, marked by adverse conditions and persistent inflation, CA&S remains steadfast in its resilience and strategic positioning. With a robust balance sheet, a widespread geographical footprint across Africa, as well as a portfolio marked by diversification, the group is poised to deliver favourable results for the year ahead. CA&S' growth strategy of expanding its services to existing and new clients, channel broadening, expansion into new geographies, coupled with value-adding acquisitions, will help ensure the group remains firmly on course to attain its growth aspirations.

## Highlights

**REVENUE (Rm)**

19.4%
**INCREASE**

| | |
|---|---|
| '23 | 11 322 |
| '22 | 9 485 |
| '21 | 8 028 |

**OPERATING PROFIT (Rm)**

40.7%
**INCREASE**

| | |
|---|---|
| '23 | 747 |
| '22 | 531 |
| '21 | 401 |

**EARNINGS PER SHARE (cents)**

59.5%
**INCREASE**

| | |
|---|---|
| '23 | 125.22 |
| '22 | 78.53 |
| '21 | 58.05 |

**HEADLINE EARNINGS PER SHARE (cents)**

25.3%
**INCREASE**

| | |
|---|---|
| '23 | 97.97 |
| '22 | 78.21 |
| '21 | 59.61 |

**DIVIDEND DECLARED PER SHARE (cents)**

27.4%
**INCREASE**

| | |
|---|---|
| '23 | 19.56 |
| '22 | 15.35 |
| '21 | 11.77 |

# Summarised **consolidated statement** of **financial position**

| | Notes | Audited at 31 Dec 2023 R'000 | Audited at 31 Dec 2022 R'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | **1 360 880** | 1 207 317 |
| Property, plant and equipment | | **770 727** | 636 272 |
| Investment properties | 5 | **8 999** | – |
| Intangible assets | | **512 197** | 500 369 |
| Investments accounted for using the equity method | | **28 872** | 30 664 |
| Deferred income tax assets | | **40 085** | 40 012 |
| **Current assets** | | **3 791 682** | 2 883 289 |
| Inventories | | **990 804** | 759 838 |
| Trade and other receivables | | **1 712 494** | 1 382 839 |
| Income tax receivable | | **10 133** | 4 763 |
| Cash and cash equivalents | | **1 061 982** | 735 849 |
| Assets available for sale | 6 | **16 269** | – |
| **Total assets** | | **5 152 562** | 4 090 606 |
| **Equity and liabilities** | | | |
| **Equity** | | **2 732 885** | 2 174 893 |
| Stated capital | 7 | **955 797** | 949 342 |
| Other reserves | | **47 553** | 23 437 |
| Retained earnings | | **1 703 149** | 1 178 186 |
| | | **2 706 499** | 2 150 965 |
| Non-controlling interest | | **26 386** | 23 928 |
| **Liabilities** | | | |
| **Non-current liabilities** | | **335 708** | 331 161 |
| Borrowings | | **310 581** | 322 825 |
| Deferred income tax liabilities | | **25 127** | 8 336 |
| **Current liabilities** | | **2 083 969** | 1 584 552 |
| Trade and other payables | | **1 313 966** | 1 039 767 |
| Employee benefits and other provisions | | **172 869** | 173 362 |
| Income tax payable | | **30 298** | 8 900 |
| Borrowings | | **566 836** | 362 523 |
| **Total liabilities** | | **2 419 677** | 1 915 713 |
| **Total equity and liabilities** | | **5 152 562** | 4 090 606 |

# Summarised **consolidated statement of comprehensive income**

| | Notes | Audited Year ended 31 Dec 2023 R'000 | Audited Year ended 31 Dec 2022 R'000 |
|---|---|---|---|
| Revenue from contracts with customers | | **11 322 024** | 9 485 361 |
| Cost of sales | | **(9 596 848)** | (8 061 272) |
| **Gross profit** | | **1 725 176** | 1 424 089 |
| Other operating expenses | | **(1 139 667)** | (918 570) |
| Net impairment gains/(losses) on financial assets | | **3 593** | (5 276) |
| Other operating income | | **147 854** | 17 096 |
| Share of profit of investments accounted for using the equity method | | **10 356** | 13 732 |
| **Operating profit** | 8 | **747 312** | 531 071 |
| Finance income | | **68 068** | 20 644 |
| Finance costs | | **(56 531)** | (33 580) |
| **Profit before income tax** | | **758 849** | 518 135 |
| Income tax | 9 | **(154 361)** | (139 539) |
| **Profit for the year** | | **604 488** | 378 596 |
| **Other comprehensive income to be subsequently reclassified to profit or loss:** | | | |
| Currency exchange differences on translation of foreign operations net of taxation | | **25 209** | (17 071) |
| **Total comprehensive income for the year** | | **629 697** | 361 525 |
| **Profit attributable to:** | | | |
| – Owners of the parent | | **594 150** | 364 677 |
| – Non-controlling interest | | **10 338** | 13 919 |
| **Total profit for the year** | | **604 488** | 378 596 |
| **Total comprehensive income attributable to:** | | | |
| – Owners of the parent | | **618 921** | 347 524 |
| – Non-controlling interest | | **10 776** | 14 001 |
| **Total comprehensive income for the year** | | **629 697** | 361 525 |
| **Earnings per share for profit attributable to the owners of the parent** | | | |
| Basic earnings per share (cents) | | **125.22** | 78.53 |
| Diluted earnings per share (cents) | | **122.90** | 77.78 |

# Summarised **consolidated statement** of **changes in equity**

| | Stated capital R'000 | Other reserves R'000 | Retained earnings R'000 | Total attributable to the owners R'000 | Non-controlling interest R'000 | Total equity R'000 |
|---|---|---|---|---|---|---|
| **Balance as at 31 December 2021 (Audited)** | 894 379 | 41 967 | 839 030 | 1 775 376 | 40 326 | 1 815 702 |
| Profit for the year | – | – | 364 677 | 364 677 | 13 919 | 378 596 |
| Other comprehensive income for the year: | | | | | | |
| Currency translation differences net of taxation | – | (17 615) | – | (17 615) | 82 | (17 533) |
| Transactions with owners: | | | | | | |
| Transactions with non-controlling interest | 52 275 | 462 | 22 127 | 74 864 | (27 383) | 47 481 |
| Share options exercised | 2 688 | – | – | 2 688 | – | 2 688 |
| Share based payment cost of share options exercised | – | (932) | – | (932) | – | (932) |
| Share-based payment costs | – | 6 218 | – | 6 218 | – | 6 218 |
| Transfer remaining cost of share options exercised | – | (5 567) | 5 567 | – | – | – |
| Transfer cost of forfeited share options | – | (1 096) | 1 096 | – | – | – |
| Acquisition of subsidiary | – | – | – | – | 3 400 | 3 400 |
| Dividends paid | – | – | (54 311) | (54 311) | (6 416) | (60 727) |
| **Balance as at 31 December 2022 (Audited)** | **949 342** | **23 437** | **1 178 186** | **2 150 965** | **23 928** | **2 174 893** |
| Profit for the year | **–** | **–** | **594 150** | **594 150** | **10 338** | **604 488** |
| Other comprehensive income for the year: | | | | | | |
| Currency translation differences net of taxation | **–** | **24 771** | **–** | **24 771** | **438** | **25 209** |
| Transactions with owners: | | | | | | |
| Transactions with non-controlling interest | **3 822** | **–** | **(541)** | **3 281** | **(3 281)** | **–** |
| Share options exercised | **3 339** | **(7 802)** | **4 011** | **(452)** | **–** | **(452)** |
| Share-based payment costs | **–** | **6 921** | **–** | **6 921** | **–** | **6 921** |
| Share buy back | **(706)** | **–** | **–** | **(706)** | **–** | **(706)** |
| Acquisition of subsidiary | **–** | **–** | **–** | **–** | **1 308** | **1 308** |
| Foreign currency translation reclassified to comprehensive income | **–** | **226** | **–** | **226** | **–** | **226** |
| Dividends paid | **–** | **–** | **(72 657)** | **(72 657)** | **(6 345)** | **(79 002)** |
| **Balance as at 31 December 2023 (Audited)** | **955 797** | **47 553** | **1 703 149** | **2 706 499** | **26 386** | **2 732 885** |

| | 31 Dec 2023 | 31 Dec 2022 |
|---|---|---|
| Dividends paid per share (cents) | **15.35** | **11.77** |

# Summarised **consolidated statement** of **cash flows**

| | Notes | Audited year ended 31 Dec 2023 R'000 | Audited Restated* year ended 31 Dec 2022 R'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 10 | **533 734** | 458 315 |
| Interest paid | | **(56 531)** | (33 405) |
| Income taxes paid | | **(134 876)** | (148 405) |
| **Net cash generated from operating activities** | | **342 327** | 276 505 |
| **Cash flow from investing activities** | | | |
| Acquisition of subsidiaries | | **(71 351)** | 1 642 |
| Additions to property, plant and equipment | | **(70 974)** | (50 894) |
| Additions to intangible assets | | **(686)** | (34) |
| Proceeds from disposal of property, plant and equipment | | **21 284** | 9 202 |
| Loans repaid by associated companies | | **–** | 375 |
| Dividends received | | **2 358** | 2 623 |
| Interest received | | **68 057** | 20 644 |
| **Net cash outflow from investing activities** | | **(51 312)** | (16 442) |
| **Cash flow from financing activities** | | | |
| Consideration received from share options exercised | | **3 339** | 2 688 |
| Share buy back | | **(706)** | – |
| Transactions with non-controlling interest | | **–** | (8 245) |
| Dividends paid | | **(72 648)** | (54 311) |
| Dividends paid to non-controlling interest | | **(6 345)** | (6 416) |
| Repayments of borrowings | | **(5 258 098)** | (4 313 065) |
| Proceeds from borrowings | | **5 355 564** | 4 241 911 |
| **Net cash inflow/(outflow) from financing activities** | | **21 106** | (137 438) |
| **Net increase in cash and cash equivalents** | | **312 121** | 122 625 |
| Effects of exchange rate changes on cash and cash equivalents | | **14 012** | (42 724) |
| Cash and cash equivalents at beginning of the year | | **735 849** | 655 948 |
| **Cash and cash equivalents at end of the year** | | **1 061 982** | 735 849 |

** Prior year restated to exclude the overdraft from cash and cash equivalents and include the repayments of, and proceeds from overdrafts under cash flows from financing activities.*

# Summarised **segmental results**

The group's chief operating decision makers ("CODM"), consisting of the chief executive officer and the chief financial officer, examine the group's performance from a geographical perspective. The group's reportable segments are operating segments that are differentiated by the country of operation. The segments that individually do not meet the qualitative thresholds indicated in IFRS 8 *Operating Segments*, have been aggregated under the heading "other countries" and include Lesotho, Mauritius, Zambia and Zimbabwe.

The group evaluates the performance of its reportable segments based on revenue and operating profit ("EBIT and adjusted EBITDA"). The intersegment sales and transfers are included in the values per segment and eliminated on the intersegmental transactions line.

The segments derive their revenues from selling and distributing fast-moving consumer goods as well as services such as retail execution and advisory, retail support, training and technology and data solutions.

| | Audited year ended 31 Dec 2023 R'000 | Audited year ended 31 Dec 2022 R'000 |
|---|---|---|
| **Segmental revenue** | | |
| Botswana | **5 707 433** | 5 131 061 |
| Eswatini | **1 690 815** | 1 451 095 |
| Namibia | **2 124 829** | 1 413 194 |
| South Africa | **1 532 141** | 1 374 252 |
| Other countries | **266 806** | 115 759 |
| | **11 322 024** | 9 485 361 |
| **Segmental EBIT** | | |
| Botswana | **269 466** | 224 081 |
| Eswatini | **145 353** | 108 626 |
| Namibia | **181 716** | 43 999 |
| South Africa | **150 271** | 144 494 |
| Other countries | **252** | 9 982 |
| Intersegmental transactions | **254** | (111) |
| | **747 312** | 531 071 |
| **Segmental adjusted EBITDA** | | |
| Botswana | **294 392** | 246 828 |
| Eswatini | **159 834** | 122 643 |
| Namibia | **79 770** | 60 146 |
| South Africa | **183 381** | 174 141 |
| Other countries | **5 896** | 13 229 |
| Intersegmental transactions | **254** | (111) |
| | **723 527** | 616 876 |
| **Reconciliation from adjusted EBITDA to profit after tax:** | | |
| Adjusted EBITDA | **723 527** | 616 876 |
| Depreciation & amortisation | **(99 787)** | (85 805) |
| Gain on bargain purchase (relating to the Namibia segment) | **123 572** | – |
| EBIT | **747 312** | 531 071 |
| Net finance income/(cost) | **11 537** | (12 936) |
| Taxation | **(154 361)** | (139 539) |
| **Profit after tax** | **604 488** | 378 596 |

# Summarised **segmental results** continued

| | Audited at 31 Dec 2023 R'000 | Audited at 31 Dec 2022 R'000 |
|---|---|---|
| **Segmental assets** | | |
| Botswana | **2 572 708** | 2 253 596 |
| Eswatini | **625 643** | 467 924 |
| Namibia | **793 207** | 407 714 |
| South Africa | **1 222 694** | 944 110 |
| Other countries | **197 089** | 102 903 |
| Intersegmental transactions | **(258 779)** | (85 641) |
| | **5 152 562** | 4 090 606 |
| **Segmental liabilities** | | |
| Botswana | **1 333 238** | 1 172 876 |
| Eswatini | **279 498** | 149 748 |
| Namibia | **523 131** | 301 888 |
| South Africa | **359 386** | 298 520 |
| Other countries | **183 203** | 78 322 |
| Intersegmental transactions | **(258 779)** | (85 641) |
| | **2 419 677** | 1 915 713 |

# Reconciliation between **profit after taxation attributable to the owners of the parent** and **headline earnings**

| | Audited year ended 31 Dec 2023 R'000 | Audited year ended 31 Dec 2022 R'000 |
|---|---|---|
| Profit after taxation attributable to the owners of the parent | **594 150** | 364 677 |
| Gain on bargain purchase | **(123 572)** | – |
| Profit on sale of property, plant and equipment | **(5 376)** | (3 332) |
| Fair value gain on assets available for sale | **(544)** | – |
| Insurance proceeds for stolen computer equipment | **(48)** | – |
| Fair value (gain)/loss on step-up acquisition | **(149)** | 809 |
| Tax effect on above | **290** | 918 |
| Non-controlling interest on above | **68** | 122 |
| **Headline earnings attributable to owners of the parent** | **464 819** | 363 194 |
| Headline earnings per share (cents) | **97.97** | 78.21 |
| Diluted headline earnings per share (cents) | **96.15** | 77.46 |
| Issued number of shares | **475 380 961** | 473 337 178 |
| Weighted average number of shares | **474 469 254** | 464 408 671 |
| Weighted average number of diluted shares | **483 439 768** | 468 878 067 |

# **Notes** to the summarised **consolidated annual financial statements**

## 1. Basis of preparation and accounting policies

The summarised consolidated annual financial statements for the year ended 31 December 2023, have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the IFRS Interpretations Committee ("IFRIC"), the information as required by International Accounting Standards ("IAS") 34 – *Interim Financial Reporting* and the South African Companies Act, No. 71 of 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The Botswana Stock Exchange ("BSE") and the JSE Limited ("JSE") Listings Requirements were also taken into consideration in the presentation. This financial report is an extract from the consolidated audited annual financial statements.

The accounting policies applied in the preparation of the consolidated annual financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous year's consolidated annual financial statements. The directors take full responsibility for the preparation of the summarised consolidated annual financial statements and that the financial information has been correctly extracted from the underlying consolidated audited annual financial statements.

The financial information is presented in South African Rand (rounded to the nearest thousand), which is considered the reporting currency. The summarised consolidated annual financial statements have been prepared under the supervision of the chief financial officer, Mr Frans Reichert CA(SA). This financial report has not been audited by Deloitte & Touche. These summarised consolidated annual financial statements for the year ended 31 December 2023 were approved for issue by the board on 27 March 2024.

## 2. New and amended standards adopted by the group

There are no new and amended standards relevant to the group that were implemented for the first time for its annual reporting period commencing 1 January 2023, apart from the below:

- Disclosure of accounting policies – amendments to IAS 1 and IFRS *Practise statement 2*
- Definition of accounting estimates – amendments to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12

Certain new accounting standards and interpretations have been published, that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 3. Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances, borrowings and other payables resulting from normal business operations. The nominal value less loss allowance of trade receivables and the nominal value of payables are assumed to approximate their fair values.

## 4. Business combinations

### Acquisition of subsidiaries

On 2 January 2023, Wutow Trading (Pty) Ltd, a fully owned subsidiary of CA Sales Holdings Ltd, acquired 100% of the share capital of T&C Properties Namibia (Pty) Ltd and Taeuber and Corssen (Pty) Ltd for R65.0 million, collectively known as the T&C Group. T&C Group is a distribution and retail execution business based in Namibia. As a result of the acquisition, the group increased its footprint in Namibia. The transaction resulted in a gain on bargain purchase value of R123.6 million. Transaction costs relating to the acquisition, in the form of Namibia Competition Commissioner and professional fees, amounted to R4.2 million. These costs were expensed.

The following table summarised the purchase consideration paid for the T&C Group and the fair value of assets acquired and liabilities assumed, at the acquisition date:

# **Notes** to the summarised **consolidated annual financial statements** continued

| | 2023 R'000 |
|---|---|
| **Cash paid** | 65 000 |
| **Total purchase consideration** | 65 000 |
| Recognised amounts of identifiable assets acquired and liabilities assumed: | |
| Cash and cash equivalents | 3 880 |
| Property, plant and equipment | 87 542 |
| Investment properties | 24 477 |
| Inventories | 52 801 |
| Trade and other receivables | 156 580 |
| Income tax receivable | 1 361 |
| Trade and other payables | (125 584) |
| Deferred tax liability | (10 792) |
| Borrowings | (1 693) |
| **Total identifiable net assets** | 188 572 |
| Gain on bargain purchase | (123 572) |
| **Net assets acquired** | 65 000 |
| **Cash flow on acquisition** | |
| Purchase consideration – cash paid | 65 000 |
| Cash and cash equivalents acquired | (3 880) |
| **Net cash outflow – investing activities** | 61 120 |

The gain on purchase arose as a result of the fair value of net assets acquired, exceeding the purchase price. The operations were loss making for the past few years and the seller took a strategic decision to exit the Namibia market. The gain on bargain purchase is included in other operating income in the statement of comprehensive income, but excluded from headline earnings.

Logico Unlimited (Pty) Ltd, a wholly owned subsidiary of CA Sales Holdings Ltd, gained control over Takbro Logistic (Pty) Ltd by acquiring a further 11%, in May 2023, for R0.4 million. The subsidiary was consolidated from June 2023. The net cash inflow from this transaction was R1.3 million.

Acquisition of operations

In June 2023, Brand Support Services (Pty) Ltd, an indirect subsidiary of CA Sales Holdings Ltd, acquired all the operations of MarketMax (Pty) Ltd, a sales and merchandising business, for R11.5 million. Contracts acquired are with clients who retail their brands in the pharmaceutical channel. The acquisition is in line with the group's channel broadening strategy.

Goodwill of R5.6 million arose as a result of the business value, derived from the net present value of expected future cash flows, exceeding the fair value of assets acquired. Goodwill is not expected to be deductible for tax purposes. The intangible assets relate to the fair value of the customer list. This will be amortised over a period of three years.

## 5. Investment properties

At the acquisition of the T&C Group, investment properties were fair valued based on an unbinding offer to purchase, at that date. The group engaged external experts in July 2023 to value the properties using the income capitalisation method. The properties include a vacant land, warehouse and office buildings in Ongwediwa, Namibia. The properties were valued at R14 million, which is higher than the book value and therefore no depreciation was provided for the financial year.

## 6. Assets available for sale

Assets classified as available for sale include investment properties and equipment included in the Namibia segment. These assets do not currently align with the group's long-term strategy. There are no businesses classified as available for sale. The disposal of these properties is most likely expected to occur within the next 12 months and, therefore, have been classified as available for sale. The proceeds from disposal are expected to exceed or equal the book value of the assets. Assets that are available for sale are not depreciated.

## 7. Shares issued

510 904 shares were issued in December 2023 to a minority shareholder of Smithshine Enterprises (Pty) Ltd in exchange for a 5% increase in shareholding of that subsidiary.

During May 2023, share options were exercised by directors of the company and executives of the subsidiaries of the group.

The board proposed the implementation of an odd-lot offer to facilitate the reduction in the number of odd-lot holders in a fair manner, which resulted in the repurchase by the company of the odd-lot holdings from the odd-lot holders at the offer price. This reduced the administrative time and costs associated with the large number of odd-lot holders. The repurchase of the shares amounted to R0.7 million and paid to odd-lot holders on 24 July 2023.

The impact is as follows:

| | Number | R'000 |
|---|---|---|
| Balance at beginning of the year | 473 337 178 | 949 342 |
| Share buy back | (100 025) | (706) |
| Shares issued | 510 904 | 3 822 |
| Share options exercised | 1 632 904 | 3 339 |
| **Balance at end of the year** | **475 380 961** | **955 797** |

## 8. Operating profit

Profit for the year includes the following item that is unusual because of its nature and size:

| | 31 Dec 2023 R'000 | 31 Dec 2022 R'000 |
|---|---|---|
| **Gains** | | |
| Gain on bargain purchase | 123 572 | – |

## 9. Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the financial year. The estimated average annual tax rate used for the year to 31 December 2023 is 20.3%, compared to 26.9% for the year ended 31 December 2022.

Below a reconciliation of the effective tax rate:

| | 31 Dec 2023 R'000 | % | 31 Dec 2022 R'000 | % |
|---|---|---|---|---|
| Profit before income tax | 758 849 | | 518 135 | |
| Normal taxation | 204 889 | 27.0% | 145 078 | 28.0% |
| Gain on bargain purchase | (39 543) | (5.2%) | – | – |
| Utilisation of assessed tax losses | (8 852) | (1.2%) | – | – |
| Non-taxable learnerships and employment tax incentives | (21 260) | (2.8%) | (7 327) | (1.4%) |
| Other tax adjustments | 3 742 | 0.5% | (5 706) | (1.1%) |
| | 138 976 | 18.3% | 132 045 | 25.5% |
| Withholding tax | 15 385 | | 7 494 | |
| | 154 361 | 20.3% | 139 539 | 26.9% |

# **Notes** to the summarised **consolidated annual financial statements** continued

## 10. Cash generated from operations

| | 31 Dec 2023 R'000 | 31 Dec 2022 R'000 |
|---|---|---|
| **Profit before income tax** | **758 849** | 518 135 |
| **Adjustments for:** | | |
| Depreciation | **95 722** | 83 246 |
| Amortisation | **4 065** | 2 559 |
| Net profit on disposal of property, plant and equipment | **(5 376)** | (3 332) |
| Finance income | **(68 068)** | (20 644) |
| Finance costs | **56 531** | 33 580 |
| Fair value adjustments on contingent consideration | **6 000** | – |
| Fair value (gain)/loss on step-up acquisition | **(149)** | 809 |
| Fair value gain on assets available for sale | **(544)** | – |
| Impairment (gains)/losses on financial assets | **(3 593)** | 5 276 |
| Gain on bargain purchase | **(123 572)** | – |
| Share of profits from associated companies | **(10 356)** | (13 732) |
| Share-based payments | **6 921** | 6 218 |
| Net loss/(profit) on termination of lease agreements | **73** | (340) |
| Unrealised foreign exchange losses | **10 552** | 347 |
| Write off of balances during unwinding of operation | **–** | (2 899) |
| Other | **289** | (78) |
| Payment on share options exercised | **(3 791)** | (932) |
| | **723 553** | 608 213 |
| Inventories | **(160 638)** | (181 487) |
| Trade and other receivables | **(159 991)** | (123 689) |
| Trade and other payables | **137 660** | 82 086 |
| (Decrease)/increase in employee benefits and other provisions | **(6 850)** | 73 192 |
| **Changes in working capital** | **(189 819)** | (149 898) |
| **Cash generated from operations** | **533 734** | 458 315 |

## 11. Events after balance sheet date

On 22 March 2024, CA Sales Investments (Pty) Ltd, a wholly owned subsidiary of CA Sales Holdings Ltd, purchased 49% of the share capital of Roots Sales (Pty) Ltd ("Roots") for R70 million. Roots is domiciled in South Africa and service the informal market in the country, which is a channel broadening acquisition for the CA&S Group.

## 12. Restatement of statement of cash flows

The group reassessed the classification principles regarding bank overdrafts in the statement of cash flows to comply with IAS 7 par. 8. The overdraft was disclosed as cash and cash equivalents in the prior year. The overdraft has now been disclosed as part of cash from financing activities as it is part of the capital structure of the group. This resulted in a restatement of the comparative statement of cash flows and related notes for the year ended 31 December 2022.

This restatement does not impact the statement of financial position, the statement of profit or loss or the statement of changes in equity.

# **Notes** to the summarised **consolidated annual financial statements** continued

Included below is the impact of the restatement as discussed above on the statement of cash flows:

| | As previously presented Audited 2022 R'000 | Adjusted R'000 | Restated Audited 2022 R'000 |
|---|---|---|---|
| Repayments of borrowings | (83 247) | (4 229 818) | (4 313 065) |
| Proceeds from borrowings | 32 | 4 241 879 | 4 241 911 |
| **Net cash outflow from financing activities** | (149 499) | 12 061 | (137 438) |
| Net increase in cash and cash equivalents | 110 564 | 12 061 | 122 625 |
| Effects of exchange rate changes on cash and cash equivalents | (3 499) | (39 225) | (42 724) |
| Cash and cash equivalents at the beginning of the year | 344 072 | 311 876 | 655 948 |
| **Cash and cash equivalents at the end of the year** | 451 137 | 284 712 | 735 849 |

## 13. Dividend declaration

Notice is hereby given that the final gross ordinary share cash dividend of 19.56 (2022: 15.35) South African cents ("cents") (or Botswana thebe equivalent) per share in respect of the year ended 31 December 2023 was declared by the board, from income reserves, on Wednesday, 27 March 2024. In line with the group's dividend policy, the dividend was maintained at 20% of the headline earnings. The dividend declaration salient dates are as follows:

| | |
|---|---|
| Declaration date | Wednesday, 27 March 2024 |
| Last day to trade cum dividend | Tuesday, 16 April 2024 |
| Trading ex-dividend commences | Wednesday, 17 April 2024 |
| Record date | Friday, 19 April 2024 |
| Payment date | Monday, 22 April 2024 |

The South African register will be closed for the purposes of dematerialisation, re-materialisation from Wednesday, 17 April 2024 to Friday, 19 April 2024, both dates inclusive, and for transfers between the South African and Botswana registers between Wednesday, 17 April 2024 and Friday, 19 April 2024, both dates inclusive.

For shares held on the South African register, the cash consideration in itself will be exempt from income tax as it constitutes a dividend. The cash consideration will generally give rise to a liability for dividends tax at the rate of 20% in accordance with the Income Tax Act, No. 58 of 1962, as amended. A shareholder who does not qualify for an exemption from the dividends tax will receive a net dividend of 15.648 cents per share.

The exchange rate applicable for the conversion of South African rand to Botswana pula, tax implications and other information on the payment to shareholders on the Botswana register will be confirmed in a separate announcement to be released on BSE X-news and the JSE SENS on Wednesday, 3 April 2024, being the finalisation date.

The number of issued shares at the declaration date is 475 380 961. The tax registration number of the group is 9390266170.

Shareholders must take individual advice as to applicable taxes.

The dividend is paid from South Africa.

## 14. Audit opinion

The annual financial statements were audited by the group's auditors, Deloitte & Touche, who expressed an unqualified audit opinion thereon. The full audit opinion, including any key audit matters, is available on the group's website at https://casholdings.co.za/investor-relations/ together with the group annual financial statements.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's external auditors.

**For and on behalf of the board**

**Chairperson: JA Holtzhausen**

**Chief executive officer: DS Lewis**

Centurion
27 March 2024

# Corporate **information**

Incorporated in the Republic of South Africa
Company registration number: 2011/143100/06
Registered as an external company in the Republic of Botswana
Botswana registration number: BW00001085331
JSE share code: CAA
BSE share code: CAS-EQO
ISIN: ZAE400000036

**Directors**

*Executive: DS Lewis, FJ Reichert*

*Independent non-executive: FW Britz, LR Cronje, JA Holtzhausen, B Marole, E Masilela, B Mathews, JS Moakofi, B Patel*

*Alternate non-executive: J Craven*

**Registered office**

*1st Floor Building C, Westend Office Park, 254 Hall Street, Centurion, South Africa, 0154*

**BSE Sponsoring broker**

*Imara Capital Securities (Pty) Ltd, Office 3A, 3rd Floor, Masa Centre, Plot 54353, New CBD, Gaborone, Botswana*

**JSE Sponsor**

*PSG Capital (Pty) Ltd, 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch, South Africa and at Suite 1105, 11th Floor, Sandton Eye Building, 126 West Street, Sandton, South Africa*

# Taking Brands Beyond Borders

Annual financial statements 2023 **for the year ended 31 December**

# Report of the **audit and risk committee**

The committee is pleased to present its report for the financial year ended 31 December 2023.

The audit and risk committee is an independent statutory committee appointed by the shareholders. Further duties are delegated to the audit and risk committee by the board of directors of the company. This report includes both sets of duties and responsibilities.

The committee is responsible for ensuring the integrity of integrated reporting and reviewing the effectiveness of the financial reporting process, the system of internal control and management of financial risks, the assurance process, and the company's process for monitoring compliance with laws and regulations and its own code of business conduct. The committee recommends the annual financial statements for approval to the board and is responsible for monitoring, engaging with, and determining the remuneration of the external auditor.

## TERMS OF REFERENCE

The audit and risk committee has adopted a formal audit and risk committee charter that has been approved by the board of directors, and the committee has executed its duties during the past financial year in compliance with the terms of reference. The terms of reference, including roles and responsibilities, were aligned with the recommendations of the South African King Code of Governance Principles 2016 (King IV™), the requirements of the South African Companies Act and other regulatory requirements.

## COMPOSITION AND MEETING PROCEEDINGS

At 31 December 2023, the audit and risk committee consisted of four non-executive directors who act independently as described in section 94 of the Companies Act.

For the financial year ended 31 December 2023, the members of the audit and risk committee were:

- B Patel (Chairperson)
- F Britz
- L Cronje
- B Mathews

The committee met three times in the financial year under review and had full attendance. B Mathews was appointed on 1 January 2023 and F Britz was appointed in June 2023. B Marole and E Masilela resigned in June 2023.

At the meetings, the members fulfilled all their functions as prescribed by the Companies Act, as well as those additional functions as determined by the board.

In addition, the CEO and the CFO attended all audit and risk committee meetings by invitation. The external auditors, in their capacity as auditor to the company, attended and reported to all meetings of the audit and risk committee.

## DUTIES

In execution of its statutory duties during the past financial year, the audit and risk committee has reviewed the interim and year-end financial statements, culminating in a recommendation to the board.

During its review, the committee:

- takes appropriate steps to ensure that the financial statements are prepared in accordance with IFRS;
- reviews the JSE monitoring reports and implementation thereof
- considers and, when appropriate, makes recommendations on internal financial controls;
- deals with concerns or complaints relating to:
  - accounting policies;
  - the auditing or content of annual financial statements; and
  - internal financial controls;
- reviews the external audit report on the annual financial statements;
- reviews the risk management reports and, where relevant, makes recommendations to the board;
- evaluates the effectiveness of risk management, controls, and the governance processes;
- verifies the independence of the external auditor and of any nominee for appointment as the designated individual auditor;
- approves the audit fees and engagement terms of the external auditor; and
- determines the nature and extent of allowable non-audit services and approves the contract terms for the provision of non-audit services by the external auditor.

## LEGAL REQUIREMENTS

The audit and risk committee has complied with all applicable legal, regulatory, and other responsibilities for the financial year.

# Report of the **audit and risk committee** continued

## EXTERNAL AUDITOR

The board sets a policy that governs the level and nature of non-audit services, which requires pre-approval by the audit and risk committee for all non-audit services. In determining the independence of the external auditors, the committee considers the level and types of non-audit services provided as well as other enquiries and representations. As required by the Companies Act, the committee has satisfied itself that CA&S Group's external auditor, Deloitte & Touche, was independent of the company, as set out in sections 90(2)(c) and 94(8) of the Companies Act and is thereby able to conduct its audit functions without any undue influence from the company.

The committee has considered the relevant audit quality indicators, including the audit firm's system of quality control. As required by section 3.84(g)(ii) of the JSE Listings Requirements, the committee was satisfied with the quality of the audit concluded by considering, the information as supplied by Deloitte & Touche pursuant to the above-mentioned section.

## FINANCIAL FUNCTION

In terms of the JSE Listings Requirements, the audit and risk committee performs an annual evaluation of the financial reporting function in CA&S Group. The committee was satisfied that the financial reporting function had appropriate resources, skills, expertise, and experience. The committee ensured that the appropriate financial reporting procedures exist and are operating as contemplated in paragraph 3.84(g)(ii) of the JSE Listings Requirements. The committee also satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that Mr FJ Reichert, the group CFO, possesses the appropriate skills, expertise, and experience to meet the responsibilities required for that position during his service as such.

## INTERNAL FINANCIAL CONTROLS

The audit and risk committee evaluated the company's internal financial controls including the combined assurance model and, based on the information and explanations given by management, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review.

The internal auditor was only appointed in January 2024 due to unforeseen delays.  During the year, control self-assessments were conducted, and management received monthly internal control check lists from the operations.

## GOVERNANCE OF RISK

The board has assigned oversight of the company's risk management function to the audit and risk committee. The audit and risk committee oversees financial reporting risks, internal financial controls, fraud, and IT risks as these relate to financial reporting.

## GOING CONCERN

The audit and risk committee reviewed a documented assessment prepared by management, including key assumptions, of the going concern status of the company and made a recommendation to the board in accordance with this assessment. The board's statement on the going concern status appears on page 5 of the annual financial statements.

## ANNUAL REPORT

The committee has evaluated the annual financial statements of the group and company for the year ended 31 December 2023, with specific consideration of the following significant financial reporting matters during the year:

- The key judgements used in the impairment assessment of goodwill
- The key judgements used in the purchase price allocation of the Taeuber & Corssen Group acquisition

In assessing the appropriateness of the key judgements used in the valuation of intangible assets, the committee determines whether they are reasonable in terms of the current macroeconomic climate and in line with assumptions utilised by comparable third parties. Refer to notes 1 and 5 of the annual financial statements for further information.

Based on the information provided to the committee, the committee considers that the group complies, in all material respects, with the requirements of the Companies Act and IFRS.

**B Patel**

*Chairperson of Audit and Risk Committee*

27 March 2024

# Statement of responsibility by the **board of directors**

The directors of CA&S Group are responsible for the preparation, integrity and fair presentation of the group and company financial statements of CA Sales Holdings Limited. The group and company financial statements, comprising the statements of financial position at 31 December 2023, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, have been prepared in accordance with IFRS and the requirements of the Companies Act, and include amounts based on judgements and estimates made by management. In addition, the directors are responsible for preparing the report of the board of directors.

The directors consider that in preparing the annual financial statements they have used the most appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements. Estimates have been used in the preparation of the annual financial statements and all statements of IFRS that are considered applicable have been followed. The directors are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the group and company at year-end. The directors also prepared the report of the board of directors and other information included in the annual report and are responsible for its accuracy and consistency with the annual financial statements.

The directors have the responsibility of ensuring that adequate accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position of the companies to enable the directors to ensure that the annual financial statements comply with relevant legislation.

CA&S Group operated in a well-established control environment, which is documented and regularly reviewed. The control environment incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the business are being controlled and managed. To the best of their knowledge and belief, the directors are satisfied that no material breakdown in the operation of the systems of internal financial controls and procedures occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. Based on their assessment, the directors have no reason to believe that the group or any company in the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These annual financial statements support the viability of the group.

It is the responsibility of the independent auditor to report on the annual financial statements. In order to do so, they were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The group's external auditor, Deloitte & Touche, audited the financial statements and their report is presented on pages 8 to 11.

The annual financial statements, presented on pages 1 to 89, were approved by the board of directors on 27 March 2024 and are signed on its behalf by:

| JA Holtzhausen | DS Lewis | FJ Reichert |
|---|---|---|
| *Chairperson* | *Chief executive officer* | *Chief financial officer* |

# Preparation and presentation of **the annual financial statements**

The annual financial statements for the year ended 31 December 2023 have been prepared under the supervision of the CFO, Mr FJ Reichert, CA(SA).

These annual financial statements have been audited by Deloitte & Touche in accordance with the requirements of the Companies Act.

# CEO and CFO responsibility statement on **internal financial controls**

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements, set out on pages 1 to 86, fairly present in all material respects the financial position, financial performance, and cash flows of CA&S Group in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to CA&S Group and its consolidated subsidiaries has been provided to effectively prepare the financial statements of CA&S Group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.
- Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving directors.

**DS Lewis**
*Chief executive officer*

27 March 2024

**FJ Reichert**
*Chief financial officer*

27 March 2024

# Certificate by the **company secretary**

I hereby certify, in terms of section 88(2)(e) of the Companies Act, that to the best of my knowledge, for the year ended 31 December 2023, the company has lodged with the Companies and Intellectual Property Commission all such returns and notices as required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

**B Naude**
*Company secretary*

27 March 2024

# Report of the **board of directors**

## NATURE OF BUSINESS

The CA&S Group specialises in the fast-moving consumer goods industry and on-shelf availability of some of the world's most-loved consumer brands. The group's services include warehousing and distribution, retail execution and advisory, retail support, training, and technology and data solutions. The group has a varied geographical presence across southern and East Africa.

## OPERATING RESULTS

The following commentary reflects results from continuing operations. Revenue increased by 19.4% to R11.3 billion on the prior year. Gross profit increased with 21.1% on the prior year to R1.7 billion. Net profit after taxation of R604.5 million showed 59.7% growth on the prior year. Headline earnings of R464.8 million (2022: R363.2 million) is 28.0% higher than the prior year.

On 2 January 2023, Wutow Trading (Pty) Ltd, a fully owned subsidiary of CA Sales Holdings Ltd, acquired 100% of the share capital of T&C Properties Namibia (Pty) Ltd and Taeuber and Corssen (Pty) Ltd for R65 million, collectively known as the T&C Group. T&C Group is a distribution and retail execution business based in Namibia. As a result of the acquisition, the group increased its footprint in Namibia. The transaction resulted in a gain on bargain purchase value of R123.6 million. See note 25.

In June 2023, Brand Support Services (Pty) Ltd, an indirect subsidiary of CA Sales Holdings Ltd, acquired all the operations of MarketMax (Pty) Ltd, a sales and merchandising business, for R11.5 million. Contracts acquired are with clients who retail their brands in the pharmaceutical channel. This acquisition is in line with the group's channel broadening strategy. Goodwill of R5.6 million arose as a result of the business value, derived from the net present value of expected future cash flows, exceeding the fair value of net assets acquired. Intangible assets of R9.0 million relate to the fair value of the customer list. The value of amortisation included in the statement of comprehension income, relating to this customer list is R1.5 million. See note 25.

The group increased its shareholding in Smithshine Enterprises (Pty) Ltd. For detail of the transaction with non-controlling interest, see note 6.

The operating results and state of affairs of the company are fully set out in the attached statements of comprehensive income and statements of financial position, statements of cash flows, statements of changes in equity and notes thereto.

## SHARE CAPITAL

Details of the authorised and issued share capital appear in note 12 to the financial statements. Additional shares were issued on 8 December 2023 to minority shareholders of Smithshine Enterprises (Pty) Ltd in exchange for a 5% increase in shareholding of that subsidiary. In May 2023, share options were exercised by directors of the company and executives of the subsidiaries of the group.

The board proposed the implementation of an odd-lot offer to facilitate the reduction in the number of odd-lot holders in a fair manner, which resulted in the repurchase by the Company of the odd-lot holdings from the odd-lot holders at the offer price. This reduced the administrative time and costs associated with the large number of odd-lot holders. Shareholder approval was obtained in June 2023 at the General Meeting and the repurchase of the shares amounted to R0.7 million paid to odd-lot holders on 24 July 2023. This resulted in a reduction of 4 131 shareholders.

## DIVIDENDS

A final dividend of 19.56 (2022: 15.35) cents (or BWP equivalent) per share in respect of the year ended 31 December 2023 was declared on Wednesday, 27 March 2024, for payment to the ordinary shareholders of the company at the close of business on Monday, 22 April 2024. In line with the company's dividend policy, the dividend was maintained at 20% of the headline earnings. The number of issued shares at the declaration date is 475 380 961. The dividend has been declared from income reserves.

As per the double tax agreement between Botswana and South Africa, withholding tax of 15% is deducted from dividends distributed to shareholders registered on the Botswana Stock Exchange. This dividend is treated as a foreign dividend for Botswana shareholders. In respect of shareholders registered on the JSE Limited, the dividend payable is subject to a 20% withholding tax as required under the South African Income Tax Act, resulting in a net dividend of 15.648 cents per share.

The last date to trade is Tuesday, 16 April 2024 and trading ex-dividend commences on Wednesday, 17 April 2024.

## CHANGES IN DIRECTORATE

Ms B Mathews has been appointed as an independent non-executive director with effect from 1 January 2023.

## GOING-CONCERN

The directors consider that the group entities and company have adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going-concern basis in preparing the consolidated and company financial statements. The directors have satisfied themselves that the group entities and company are in a sound financial position and that they have access to sufficient cash and borrowing facilities to meet foreseeable cash requirements.

## SUBSTANTIAL SHAREHOLDERS

Pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 5% of the issued share capital as at 31 December 2023:

| | Total Shareholding | % |
|---|---|---|
| Botswana Insurance Fund Management | 60 259 318 | 13 |
| Botswana Public Officers Pensions Fund (BPOPF) | 58 787 782 | 12 |
| Export Marketing Investments (Pty) Ltd | 42 200 690 | 9 |
| Coronation Fund Managers | 35 857 665 | 8 |
| Total | 197 105 455 | 41 |

## PUBLIC SHAREHOLDERS

Pursuant to the provisions of paragraph 4.25 to 4.27 of the JSE Listing Requirements, the following shares were held by the public as at 31 December 2023:

| | Number of shareholders | % | Number of shares | % |
|---|---|---|---|---|
| Non-Public Shareholders | | | | |
| Directors and Associates | 23 | 0.3 | **48 679 867** | **10.24** |
| Public Shareholders | 7 539 | 99.7 | **426 701 094** | **89.76** |
| Total | 7 562 | 100.0 | **475 380 961** | **100.00** |

## DIRECTORS

Detail of the directors are listed in note 27.

The shareholding of directors in the ordinary issued share capital of CA Sales Holdings Ltd as at 31 December 2023 was as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Number | % | Number | % |
| Direct shareholding | | | | |
| Executive directors | | | | |
| DS Lewis | 2 845 689 | 0.60 | 2 650 588 | 0.56 |
| FJ Reichert | 164 047 | 0.04 | 27 084 | 0.01 |
| Non-Executive directors | | | | |
| JA Holtzhausen | 759 233 | 0.16 | 732 996 | 0.16 |
| Indirect shareholding | | | | |
| Executive directors | | | | |
| DS Lewis | 11 248 100 | 2.37 | 11 248 100 | 2.38 |
| Non-Executive directors | | | | |
| FW Britz | 1 229 382 | 0.26 | 1 229 382 | 0.26 |
| E Masilela | 110 250 | 0.02 | 30 850 | 0.01 |
| L Cronje | 9 950 | 0.00 | 9 950 | – |
| JA Holtzhausen | 627 092 | 0.13 | 560 250 | 0.12 |
| Total | 16 993 743 | 3.58 | 16 489 200 | 3.49 |

There were no changes in directors' shareholdings between 31 December 2023 and the approval of the financial statements.

# Report of the **board of directors** continued

## BOARD COMMITTEES AND ATTENDANCE

Regular board and subcommittee meetings were held during the reporting year and all meetings were attended by all members apart from where apologies were received.

| | Board | Audit and risk | Remunerations and nominations | Social and ethics |
|---|---|---|---|---|
| Number of meetings | 4 | 3 | 2 | 2 |
| F Britz | 4 | 2 | | 2 |
| L Cronje | 4 | 3 | | |
| JA Holtzhausen | 4 | | 2 | 0 |
| DS Lewis | 4 | | | |
| B Marole | 4 | 1 | | 2 |
| E Masilela | 4 | 1 | 2 | |
| B Mathews | 4 | 3 | | 2 |
| S Moakofi | 4 | | 2 | |
| B Patel | 3 | 3 | | |
| FJ Reichert | 4 | | | |

* *Changes were made to the membership of the Audit and Risk Committee in June 2023.*

## EVENTS AFTER BALANCE SHEET DATE

The significant events that occurred after the reporting date that require disclosure in the consolidated annual financial statements for the year ended 31 December 2023 are the following:

On 22 March 2024, CA Sales Investments (Pty) Ltd, a wholly owned subsidiary of CA Sales Holdings Ltd, purchased 49% of the share capital of Roots Sales (Pty) Ltd ("Roots") for R70 million.  Roots is domiciled in South Africa and service the informal market in the country, which is a channel broadening acquisition for the CA&S Group.

## ENVIRONMENT, SOCIAL AND GOVERNANCE RESPONSIBILITIES

The group is committed to address its ESG responsibilities and has defined its ESG aspiration and set its high-level priority areas. It is in the target setting phase which involves identifying the relevant metrics and obtaining prior year data to establish the base line. The operations have identified green projects and started with investigations regarding the implementation. Social investments continued with a stronger focus on the education theme as guided by the group.

## AUDITOR

The appointment of Deloitte & Touche as the external auditor of the group, and that Mr J van der Walt be appointed as the designated auditor for this purpose, was approved by shareholders on 26 May 2023 at the annual general meeting in accordance with the Companies Act.

## SECRETARY

The secretary of the company is B Naude, whose business address is:

1st Floor, Building C
Westend Office Park
254 Hall Street
Centurion, 0157

# Independent **auditor's report**

**To the Shareholders of CA Sales Holdings Limited**

**Report on the Audit of the Consolidated and Separate Annual Financial Statements**

## Opinion

We have audited the consolidated and separate annual financial statements of CA Sales Holdings Limited (the Group and Company) set out on pages 12 to 89, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate annual financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of CA Sales Holdings Limited and its subsidiaries as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate annual financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report in respect of the separate annual financial statements.

| **Key Audit Matter**<br>**Impairment of goodwill (Group)** | **How the matter was addressed in the audit** |
|---|---|
| Refer to the following notes to the consolidated financial statements for detail:<br>• Note 1: Accounting policies – Intangible assets;<br>• Note 1: Accounting policies – Goodwill;<br>• Note 1: Accounting policies – Critical Accounting Estimates and Judgements; and<br>• Note 5: Intangible assets.<br><br>On an annual basis, the Group tested whether goodwill has suffered any impairment in accordance with the Group's accounting policy on goodwill. | Our audit addressed this key audit matter as follows:<br><br>Through discussion with management, we obtained an understanding of their process and procedures applied during their impairment assessment of goodwill.<br><br>Our audit procedures included, testing of the principles and integrity of management's fair value less cost of disposal calculations. We evaluated the reasonableness of management's calculation by:<br>• We tested the mathematical accuracy of management's calculation, and no material differences were noted.<br>• Gaining an understanding of the process followed in determining cash flow projections, including management's considerations of the current market conditions, being inflation and GDP.<br>• Challenging and testing the reasonability of the key assumptions used by management in the calculations, which included discount rates, long-term growth rates, revenue average annual growth rate over the five-year period and budgeted gross margins. We compared these key assumptions to industry benchmarks, historical performance and future market forecasts. Whilst we noted that our independently determined assumptions varied from those used by management, this had no impact on the outcome of the impairment assessment. |

# Independent **auditor's report** continued

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| At year end, the Group recognised goodwill with a carrying value of R501.7 million. No impairment was recognised in relation to the cash-generating units (CGUs) to which goodwill has been allocated due to the recoverable amounts of respective CGUs exceeding their carrying amounts.<br><br>The recoverable amounts of the respective CGUs were determined based on the fair value less cost of disposal method for all CGUs. This method involves management having to apply judgement in determining the following key assumptions:<br>• Discount rates;<br>• Long-term growth rates;<br>• Revenue average annual growth rate over a five-year period; and<br>• Budgeted gross margins.<br><br>We considered the impairment assessment of goodwill to be a matter of most significance to our current year audit due to the level of judgement applied by management in performing the impairment assessments, including determining the key assumptions. | • We compared the process followed by management in determining cash flow forecasts to past practice and found the process to be consistent.<br>• We considered the historical accuracy of forecasts by comparing the 2022 actual results to the forecast for that year. Where variances were noted, we followed up with management and assessed the reasonability of the variances and noted that these do not impact the accuracy of forecasts based on available information at the time they were made.<br>• With the assistance of our valuation specialist, we assessed the appropriateness and reasonability of the discount rate applied by management and management's specialist in their calculation, through performing an independent recalculation, that relied on inputs obtained and are comparable to other companies in the same industry and of similar size. Whilst we noted that our independently determined discount rates differed to those applied by management, it did not result in a material impact on the recoverable amounts of the respective CGUs.<br>• We compared the long-term growth rates used by management to economic and industry forecasts and found the long-term growth rates applied by management to be reasonable.<br>• We evaluated the reasonableness of the valuation methodology applied by management through comparison against industry practice and found the methodology applied by management to be consistent with industry practice.<br>• We independently performed a sensitivity analysis on the recoverable amounts determined by management, to determine the degree by which certain key assumptions (discount rate, long-term growth rate and budgeted gross margin) would need to change in order to result in an impairment. Based on our analysis, we held discussions with management and considered the likelihood of such changes occurring.<br><br>The assumptions used in the calculation of the fair value less cost to sell were appropriate. Whilst our independently determined key assumptions were different from those applied by management in certain instances, the impact of these differences was found to have an immaterial impact on the recoverable amounts. We considered the goodwill impairment disclosures to be appropriate. |
| **Key Audit Matter**<br>**Acquisition of T&C group (Group)** | **How the matter was addressed in the audit** |
| Refer to the following notes to the consolidated financial statements for detail:<br>• Note 1: Accounting policies – Consolidation; and<br>• Note 25: Business Combinations.<br><br>On 2 January 2023, Wutow Trading (Pty) Ltd, a fully owned subsidiary of CA Sales Holdings Ltd, obtained control of T&C Properties Namibia (Pty) Ltd and Taeuber and Corssen (Pty) Ltd, collectively known as the T&C Group, after concluding an agreement to acquire 100% of the shareholding in the T&C Group. The purchase price amounted to R65.0 million. T&C Group is a distribution and retail execution business based in Namibia. | Our audit addressed this key audit matter as follows:<br><br>Through discussion with management, we obtained an understanding of their process and procedures applied during their purchase price allocation performed.<br><br>Our audit procedures on the acquisition of the T&C group included:<br>• Verified, based on the purchase agreements as well as the criteria defined in IFRS 10 *Consolidated Financial Statements*, the assessment made by management with regard to the control over the shares taken over and the consolidation in the consolidated financial statements.<br>• Obtaining the purchase price allocation performed by management and the property valuation performed by management's specialists.<br>• Assessed the methodical approach in identifying the assets acquired and liabilities assumed at the acquisition date.<br>• Engaging our valuation specialists to assist, on a sample basis, in the review of the valuation methodologies applied in the models supporting the property valuations, including the significant assumptions used. Whilst our independently determined key assumptions were different from those applied by management in certain instances, the impact of these differences was found to have an immaterial impact on the fair value of the properties. |

| Key Audit Matter<br>Acquisition of T&C group (Group) | How the matter was addressed in the audit |
|---|---|
| The business combination is accounted for in accordance with IFRS 3 *Business Combinations*.<br><br>The assets and liabilities acquired were stated at their fair values which were determined in the course of the purchase price allocation performed. This resulted in identifiable net assets measured at fair value to the amount of R188.6 million and the recognition of a bargain purchase to the amount of R123.6 million in profit or loss, as disclosed in note 25.<br><br>The purchase price allocation performed requires management to make discretionary decisions, estimates and assumptions. Changes in these assumptions may have a material impact on the fair values.<br><br>We considered the business combination of the T&C Group to be a matter of most significance to our current year audit due to the level of estimation uncertainty and judgement applied by management in performing the purchase price allocation, ultimately resulting in the bargain purchase amount recognised. | • We tested the mathematical accuracy of management's purchase price allocation calculation and the effective date of the transaction. No material differences were noted.<br>• We recalculated the bargain purchase amount recognised and no material differences were noted.<br>• We reviewed the disclosures in the consolidated financial statements with respect to the acquisition of T&C Group.<br><br>The accounting and measurement methods applied are in accordance with IFRSs. We consider the underlying assumptions and measurement parameters to be plausible and reasonable. We consider the business combination disclosures to be appropriate. |

## Other Matter

The consolidated and separate annual financial statements of the Group and Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 21 March 2023.

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "CA Sales Holdings Limited Annual Financial Statements for the year ended 31 December 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate annual financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate annual financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Consolidated and Separate Annual financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

# Independent **auditor's report** continued

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated and separate annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of CA Sales Holdings Limited for one year.

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Deloitte & Touche
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**Deloitte & Touche**
*Registered Auditor*

Per: **Johan van der Walt**
*Partner*

27 March 2024

5 Magwa Crescent,
Waterfall City, Waterfall
Johannesburg

# Consolidated and **separate statements of financial position**

| | Note | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | **1 360 880** | 1 207 317 | **1 033 686** | 973 397 |
| Property, plant and equipment | 3 | **770 727** | 636 272 | **–** | – |
| Investment properties | 4 | **8 999** | – | **–** | – |
| Intangible assets | 5 | **512 197** | 500 369 | **–** | – |
| Investment in subsidiaries | 6 | **–** | – | **942 964** | 941 765 |
| Investments accounted for using the equity method | 7 | **28 872** | 30 664 | **1 903** | 1 903 |
| Deferred income tax assets | 15 | **40 085** | 40 012 | **–** | – |
| Trade and other receivables | 9 | **–** | – | **88 819** | 29 729 |
| **Current assets** | | **3 791 682** | 2 883 289 | **138 264** | 128 874 |
| Inventories | 8 | **990 804** | 759 838 | **–** | – |
| Trade and other receivables | 9 | **1 712 494** | 1 382 839 | **2** | – |
| Income tax receivable | | **10 133** | 4 763 | **–** | – |
| Cash and cash equivalents | 10 | **1 061 982** | 735 849 | **138 262** | 128 874 |
| Assets available for sale | 11 | **16 269** | – | **–** | – |
| **Total assets** | | **5 152 562** | 4 090 606 | **1 171 950** | 1 102 271 |
| **Equity and liabilities** | | | | | |
| Stated capital | 12 | **955 797** | 949 342 | **955 797** | 949 342 |
| Other reserves | 13 | **47 553** | 23 437 | **13 772** | 14 653 |
| Retained earnings | | **1 703 149** | 1 178 186 | **201 265** | 137 075 |
| | | **2 706 499** | 2 150 965 | **1 170 834** | 1 101 070 |
| Non-controlling interest | 6 | **26 386** | 23 928 | **–** | – |
| **Total equity** | | **2 732 885** | 2 174 893 | **1 170 834** | 1 101 070 |
| **Non-current liabilities** | | **335 708** | 331 161 | **–** | – |
| Borrowings | 14 | **310 581** | 322 825 | **–** | – |
| Deferred income tax liabilities | 15 | **25 127** | 8 336 | **–** | – |
| **Current liabilities** | | **2 083 969** | 1 584 552 | **1 116** | 1 201 |
| Trade and other payables | 16 | **1 313 966** | 1 039 767 | **1 101** | 1 196 |
| Employee benefits and other provisions | 17 | **172 869** | 173 362 | **–** | – |
| Income tax payable | | **30 298** | 8 900 | **15** | 5 |
| Borrowings | 14 | **566 836** | 362 523 | **–** | – |
| **Total liabilities** | | **2 419 677** | 1 915 713 | **1 116** | 1 201 |
| **Total equity and liabilities** | | **5 152 562** | 4 090 606 | **1 171 950** | 1 102 271 |

# Consolidated and **separate statements of comprehensive income**

| | Note | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|---|
| Revenue from contracts with customers | 18 | **11 322 024** | 9 485 361 | **–** | – |
| Dividend income | | **–** | – | **184 227** | 88 897 |
| Cost of sales | | **(9 596 848)** | (8 061 272) | **–** | – |
| **Gross profit** | | **1 725 176** | 1 424 089 | **184 227** | 88 897 |
| Other operating expenses | 19 | **(1 139 667)** | (918 570) | **(3 775)** | (6 199) |
| Net impairment gains/(losses) on financial assets | 9 | **3 593** | (5 276) | **(35 950)** | (10 556) |
| Other operating income | 19 | **147 854** | 17 096 | **–** | – |
| Share of profit of investments accounted for using the equity method | 7 | **10 356** | 13 732 | **–** | – |
| **Operating profit** | | **747 312** | 531 071 | **144 502** | 72 142 |
| Finance income | 21 | **68 068** | 20 644 | **1 233** | 1 263 |
| Finance costs | 21 | (56 531) | (33 580) | **–** | – |
| **Profit before income tax** | | **758 849** | 518 135 | **145 735** | 73 405 |
| Income tax | 22 | (154 361) | (139 539) | (9 451) | (3 040) |
| **Profit for the year** | | **604 488** | 378 596 | **136 284** | 70 365 |
| **Other comprehensive income to be subsequently reclassified to profit or loss:** | | | | | |
| Currency exchange differences on translation of foreign operations net of taxation | | 25 209 | (17 071) | **–** | – |
| **Total comprehensive income for the year** | | **629 697** | 361 525 | **136 284** | 70 365 |
| Profit attributable to: | | | | | |
| - Owners of the parent | | **594 150** | 364 677 | **136 284** | 70 365 |
| - Non-controlling interest | | **10 338** | 13 919 | **–** | – |
| **Total profit for the year** | | **604 488** | 378 596 | **136 284** | 70 365 |
| **Total comprehensive income attributable to:** | | | | | |
| - Owners of the parent | | **618 921** | 347 524 | **136 284** | 70 365 |
| - Non-controlling interest | | **10 776** | 14 001 | **–** | – |
| **Total comprehensive income for the year** | | **629 697** | 361 525 | **136 284** | 70 365 |
| | | | | | |
| **Earnings per share for profit attributable to the owners of the parent** | | | | | |
| Basic earnings per share (cents) | 23 | **125.22** | 78.53 | | |
| Diluted earnings per share (cents) | 23 | **122.90** | 77.78 | | |

# Consolidated and **separate statements of changes in equity**

**for the year ended 31 December 2023**

| | Note | Stated capital R'000 | Other reserves R'000 | Retained income R'000 | Total attributable to the owners R'000 | Non-controlling interest R'000 | Total equity R'000 |
|---|---|---|---|---|---|---|---|
| **GROUP** | | | | | | | |
| **Balance at 1 January 2022** | | 894 379 | 41 967 | 839 030 | 1 775 376 | 40 326 | 1 815 702 |
| Profit for the year | | – | – | 364 677 | 364 677 | 13 919 | 378 596 |
| Other comprehensive income for the year: | | | | | | | |
| Currency translation differences net of taxation | 13 | – | (17 615) | – | (17 615) | 82 | (17 533) |
| Transactions with owners: | | | | | | | |
| Transactions with non-controlling interest | 6 | 52 275 | 462 | 22 127 | 74 864 | (27 383) | 47 481 |
| Share options exercised | | 2 688 | – | – | 2 688 | – | 2 688 |
| Share-based payment cost of share options exercised | 13 | – | (932) | – | (932) | – | (932) |
| Share-based payment costs | 13 | – | 6 218 | – | 6 218 | – | 6 218 |
| Transfer remaining cost of share options exercised | 13 | – | (5 567) | 5 567 | – | – | – |
| Transfer cost of forfeited share options | 13 | – | (1 096) | 1 096 | – | – | – |
| Acquisition of subsidiary | | – | – | – | – | 3 400 | 3 400 |
| Dividends paid | | – | – | (54 311) | (54 311) | (6 416) | (60 727) |
| **Balance as at 31 December 2022** | | 949 342 | 23 437 | 1 178 186 | 2 150 965 | 23 928 | 2 174 893 |
| **Balance at 1 January 2023** | | **949 342** | **23 437** | **1 178 186** | **2 150 965** | **23 928** | **2 174 893** |
| Profit for the year | | **–** | **–** | **594 150** | **594 150** | **10 338** | **604 488** |
| Other comprehensive income for the year: | | | | | | | |
| Currency translation differences net of taxation | 13 | **–** | **24 771** | **–** | **24 771** | **438** | **25 209** |
| Transactions with owners: | | | | | | | |
| Transactions with non-controlling interest | 6 | **3 822** | **–** | **(541)** | **3 281** | **(3 281)** | **–** |
| Share options exercised | 13 | **3 339** | **(7 802)** | **4 011** | **(452)** | | **(452)** |
| Share-based payment costs | 13 | **–** | **6 921** | **–** | **6 921** | **–** | **6 921** |
| Share buy back | 12 | **(706)** | **–** | **–** | **(706)** | **–** | **(706)** |
| Acquisition of subsidiary | | **–** | **–** | **–** | **–** | **1 308** | **1 308** |
| Foreign currency translation reclassified to comprehensive income | 13 | **–** | **226** | **–** | **226** | **–** | **226** |
| Dividends paid | | **–** | **–** | **(72 657)** | **(72 657)** | **(6 345)** | **(79 002)** |
| **Balance as at 31 December 2023** | | **955 797** | **47 553** | **1 703 149** | **2 706 499** | **26 386** | **2 732 885** |

# Consolidated and **separate statements of changes in equity** continued

| | Note | Stated capital R'000 | Other reserves R'000 | Retained income R'000 | Total equity R'000 |
|---|---|---|---|---|---|
| **COMPANY** | | | | | |
| **Balance at 1 January 2022** | | 894 379 | 16 030 | 120 154 | 1 030 563 |
| Profit for the year | | – | – | 70 365 | 70 365 |
| Transactions with owners: | | | | | |
| Share swap | 6 | 52 275 | – | – | 52 275 |
| Share options exercised | 13 | 2 688 | – | – | 2 688 |
| Share-based payment cost of share options exercised | 13 | – | (932) | – | (932) |
| Share-based payment costs | 13 | – | 6 218 | – | 6 218 |
| Transfer remaining cost of share options exercised | 13 | – | (5 567) | 867 | (4 700) |
| Transfer cost of forfeited share options | 13 | – | (1 096) | – | (1 096) |
| Dividends paid | | – | – | (54 311) | (54 311) |
| **Balance as at 31 December 2022** | | 949 342 | 14 653 | 137 075 | 1 101 070 |
| **Balance at 1 January 2023** | | **949 342** | **14 653** | **137 075** | **1 101 070** |
| Profit for the year | | **–** | **–** | **136 284** | **136 284** |
| Transactions with owners: | | | | | |
| Shares issued | 12 | **3 822** | **–** | **–** | **3 822** |
| Share options exercised | 13 | **3 339** | **(7 802)** | **563** | **(3 900)** |
| Share-based payment costs | 13 | **–** | **6 921** | **–** | **6 921** |
| Share buy back | 12 | **(706)** | **–** | **–** | **(706)** |
| Dividends paid | | **–** | **–** | **(72 657)** | **(72 657)** |
| **Balance as at 31 December 2023** | | **955 797** | **13 772** | **201 265** | **1 170 834** |

| | | Company | |
|---|---|---|---|
| | | **2023** | 2022 |
| **Dividends paid per share** | (cents) | **15.35** | 11.77 |

# Consolidated and **separate statements of cash flows**

| | Note | Group 2023 R'000 | Group Restated* 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | 24.1 | 533 734 | 458 315 | (5 385) | (3 069) |
| Interest paid | 21 | (56 531) | (33 405) | – | – |
| Income taxes paid | 24.5 | (134 876) | (148 405) | (9 441) | (3 038) |
| **Net cash generated from operating activities** | | 342 327 | 276 505 | (14 826) | (6 107) |
| **Cash flows from investing activities** | | | | | |
| Acquisition of subsidiaries | 25 | (71 351) | 1 642 | – | – |
| Additions to property, plant and equipment | 3 | (70 974) | (50 894) | – | – |
| Additions to intangible assets | 5 | (686) | (34) | – | – |
| Proceeds from disposal of property, plant and equipment | 24.2 | 21 284 | 9 202 | – | – |
| Loan repaid by associated companies | 7 | – | 375 | – | – |
| Loans granted to related parties | | – | – | (91 231) | (6 424) |
| Dividends received | | 2 358 | 2 623 | 184 227 | 88 897 |
| Interest received | 21 | 68 057 | 20 644 | 1 233 | 1 263 |
| **Net cash (outflow)/inflow from investing activities** | | (51 312) | (16 442) | 94 229 | 83 736 |
| Cash flows from financing activities | | | | | |
| Consideration received from share options exercised | | 3 339 | 2 688 | 3 339 | 2 688 |
| Share buy back | | (706) | – | (706) | – |
| Transactions with non-controlling interest | 6 | – | (8 245) | – | – |
| Dividends paid | | (72 648) | (54 311) | (72 648) | (54 311) |
| Dividends paid to non-controlling interest | | (6 345) | (6 416) | – | – |
| Repayments of borrowings | 24.4 | (5 258 098) | (4 313 065) | – | – |
| Proceeds from borrowings | 24.4 | 5 355 564 | 4 241 911 | – | – |
| **Net cash inflow/(outflow) from financing activities** | | 21 106 | (137 438) | (70 015) | (51 623) |
| Net increase in cash and cash equivalents | | 312 121 | 122 625 | 9 388 | 26 006 |
| Effects of exchange rate changes on cash and cash equivalents | | 14 012 | (42 724) | – | – |
| Cash and cash equivalents at the beginning of the year | | 735 849 | 655 948 | 128 874 | 102 868 |
| **Cash and cash equivalents at the end of the year** | 10 | 1 061 982 | 735 849 | 138 262 | 128 874 |

** Prior year restated to exclude the overdraft from cash and cash equivalents and include the repayments of, and proceeds from overdrafts under cash flows from financing activities. See note 32.*

# Notes to the **consolidated and separate financial statements**

## 1. ACCOUNTING POLICIES

### SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The accounting policies of the company are the same as those of the group.

### BASIS OF PREPARATION

The consolidated financial statements of CA Sales Holdings Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the IFRS Interpretations Committee ("IFRIC") and the South African Companies Act, No 71 of 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The Botswana Stock Exchange ("BSE") and the JSE Limited ("JSE") listings requirements were also taken into consideration in the presentation. The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the note on "Critical accounting estimates and judgements".

### INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) There are no new and amended standards relevant to the group that were implemented for the first time for its annual reporting period commencing 1 January 2023, apart from the below:

- Disclosure of accounting policies - amendments to IAS 1 and IFRS *Practise statement 2*
- Definition of accounting estimates – amendments to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction – amendments to IAS 12

(b) The following standards are not yet effective and would not be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions:

- Non-current liabilities with covenants – amendments to IAS 1
- Classification of liabilities as current or non-current - amendments to IAS 1
- Lease liability in a sale and leaseback – amendment to IFRS 16
- Supplier finance arrangements – amendments to IAS 7 and IFRS 7
- Lack of exchangeability – amendments to IAS 21
- General requirements for disclosure of sustainability-related financial information – IFRS S1
- Climate-related Disclosures – IFRS S2

### CONSOLIDATION

#### GROUP FINANCIAL STATEMENTS

The group annual financial statements comprise those of the company, its subsidiaries and the group's interest in associates (together referred to as the group).

#### SUBSIDIARIES

Subsidiaries are fully consolidated from the date on which control is transferred to the group (acquisition date) and are deconsolidated from the date that control ceases (disposal date).

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The acquisition method of accounting is used to account for business combinations by the group.

A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the statement of comprehensive income.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in the statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. In addition, unrealised losses are considered to be an indicator of impairment. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Investments in subsidiaries in the company's separate financial statements are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Direct attributable costs of investment are capitalised as part of the investment, as incurred.

Investments in subsidiaries are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired.  An indicator for impairment is when the investment value exceeds the net asset value of the subsidiary.

### TRANSACTIONS AND NON-CONTROLLING INTEREST

The group treats transactions with non-controlling interest that do not result in loss of control as transactions with equity owners of the group. Purchases from non-controlling interest are recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured at its fair value, with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income.

### ASSOCIATED COMPANIES

Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. Any difference between the cost of the investment and the group's share of the fair values of the identifiable assets and liabilities acquired, is accounted for as notional goodwill which is included in the carrying amount of the investment.

Upon gaining control ("step acquisition"), the group remeasures its previously held equity interest in the associate, at its acquisition- date fair value and recognise the resulting gain or loss, if any, in the statement of comprehensive income. Goodwill is calculated during a step acquisition, as the excess of the consideration paid, any non-controlling interest and the acquisition-date fair value of the group's previously held equity interest, over the acquisition-date fair value of the identifiable net assets of the acquiree.

The results of associated companies are accounted for according to the equity method, based on their most recent published audited financial statements or latest management information. Certain associated companies have year-ends that differ from that of the group. In these instances, the management accounts for the period 1 January to 31 December are used. Equity accounting involves recognising the group's share of its associated companies' post-acquisition profits or losses in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income and movements in other reserves, in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associated company equals or exceeds its interest in the associated company including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Crossholdings between the group and its associates are eliminated in accordance with normal consolidation procedure. Associates' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investment in associated companies are recognised in the statement of comprehensive income.  If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income, where appropriate.

After applying the equity method, investments in associated companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Loans to associated companies are disclosed as part of the carrying amount of the investment.

The company accounts for investment in associated companies at cost less provision for impairment.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 27 by following the cost-based approach. According to this approach, subsequent changes in the value of the contingent consideration are recognised as part of the cost or a reduction in the cost of the investment.

## FOREIGN CURRENCY TRANSLATION

### FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in South African rand, which is the company's functional and the group's presentation currency. All financial information presented in South African rand has been rounded to the nearest thousand.

### TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Net foreign exchange gains are presented within "Other operating income" and net foreign exchange losses are presented within "Other operating expenses".

### SUBSIDIARIES

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- Assets and liabilities are translated at the closing rate at the date of the statement of financial position.
- All resulting exchange differences are recognised in the statement of comprehensive income and as a separate component of equity.

## SEGMENT REPORTING

The group has reportable segments that comprise the structure used by the chief operating decision maker ("CODM") to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the country in which they operate.

The group evaluates the performance of its reportable segments based on earnings before interest and tax ("EBIT") as well as earnings before interest, tax, depreciation, amortisation and impairments ("adjusted EBITDA"). The group accounts for intersegment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

The financial information (including revenue, EBIT, adjusted EBITDA, total assets and total liabilities) of the group's reportable segments is reported to the CODM for purposes of making decisions about allocating resources to the segment and assessing its performance.

A number of segments are included in the "Other countries" segment as they individually don't meet the quantitative thresholds indicated in IFRS 8 Operating Segments.

## PROPERTY, PLANT AND EQUIPMENT

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

| | |
|---|---|
| Office equipment | 3 – 10 years |
| Computer equipment | 3 – 5 years |
| Vehicles, plant and machinery | 4 – 10 years |
| Buildings | 3 – 100 years |
| Land | indefinite |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

## INVESTMENT PROPERTIES

Investment properties are initially measured at cost and subsequently measured in accordance with the cost model as set out in IAS 16.

Depreciation is calculated on a straight-line basis to write off the cost of each component of an asset to its residual value over its estimated useful life as follows:

| | |
|---|---|
| Buildings | 100 years |
| Land | indefinite |

When assessing the useful lives, the group uses historical experience and other relevant factors, such as the expected future use of the properties and the expected wear and tear.

To arrive at the residual value of a building in today's values, the usage of the building and its forecast residual value at the end of its useful life needs to be assessed and thereafter present valued. The assumptions and techniques utilised in determining the residual value of investment properties are consistent with those utilised in the impairment of properties.

The group reassesses the estimated useful lives, residual values and depreciation methods of its investment properties annually. Actual useful lives, residual values and depreciation methods can vary from those previously estimated, with the effect of any changes in estimate accounted for on a prospective basis. Based on this assessment, the estimated useful lives, residual values and depreciation methods are reasonable.

## ASSETS CLASSIFIED AS AVAILABLE FOR SALE

Assets classified as available for sale include assets that do not currently align with the group's long-term strategies. The disposal of these assets is most likely expected to occur within the next 12 months and, therefore, have been classified as available for sale.  Assets that are classified as available for sale are not depreciated.

## INTANGIBLE ASSETS

### GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. The notional goodwill that arises in the notional purchase price allocation of associates is included in the carrying amount of the associate and not shown as a separate asset. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

An excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisitions is taken directly to income.

### CUSTOMER LISTS

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the estimated useful lives ranging between two and five years. The carrying amount is reviewed for impairment when an impairment indicator is identified.

### COMPUTER SOFTWARE AND OTHER INTERNALLY GENERATED INTANGIBLE ASSETS

Costs associated with maintaining computer software programmes and other internally generated intangible assets are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique items controlled by the group, are recognised as intangible assets when all of the following criteria are met:

- it is technically feasible to complete the item so that it will be available for use;
- management intends to complete the item and use or sell it;
- there is an ability to use or sell the item;
- it can be demonstrated how the item will generate probable future economic benefits;

- adequate technical, financial and other resources to complete the development and to use or sell the item are available; and
- the expenditure attributable to the item during its development can be reliably measured.

Directly attributable costs that are capitalised as part of such items include development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. These intangible assets are amortised using the straight-line method over their estimated useful lives, which range between two and five years.

When configuration or customisation of cloud-based application software is identifiable and meets the recognition criteria in IAS 38, the cost is recognised as an intangible asset.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### FINANCIAL ASSETS

#### CLASSIFICATION

The group classifies its financial assets in the financial assets at amortised cost category. The classification depends on the objective of the group's business model. Management determines the classification of its financial assets at initial recognition.

#### FINANCIAL ASSETS AT AMORTISED COST

The group classifies its financial assets as financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective it is to collect the contractual cash flows ("Business model test"); and
- the contractual terms give rise to cash flows that are solely payments of principal and interest ("SPPI").

The group's financial assets at amortised cost category comprises "trade and other receivables" and "cash and cash equivalents" in the statement of financial position (note 9 and 10 respectively).

The company's financial assets at amortised cost category comprises "loans to related parties" and "cash and cash equivalents" in the statement of financial position (note 9 and 10 respectively). Trade receivables are amounts due from customers for merchandise sold or services delivered in the ordinary course of business. Contractual cash flows will be collected as trade receivables and related parties repay their outstanding balances and the repayments on the outstanding balances represent payments that consist of the principal outstanding amount and related interest amount if applicable. Collection is expected in one year or less and therefore classified as current assets.

#### RECOGNITION AND MEASUREMENT

Trade receivables and loans to related parties are recognised initially at the amount of consideration that is unconditional. The group has made use of the practical expedient where the group presumes that a receivable does not have a significant financing component as the expected term is less than one year. The group holds the trade receivables and related party loans with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less expected allowance.

The carrying amounts of the trade receivables and related party loans, are considered to approximate the fair value. Payment terms are agreed as part of the trading or loan agreement and any amounts outstanding beyond the terms are considered overdue.

#### IMPAIRMENT OF FINANCIAL ASSETS - CARRIED AT AMORTISED COST

The group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. As a practical expedient, the group uses a provision matrix based on the group's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The historical default rates have been assessed, using a 24-month period. Forward-looking estimates include the economic outlook of the country in which the customer resides. Trade receivables are grouped based on shared risk characteristics and days past due.

For loans to related parties, management applies the three-stage general impairment methodology model which requires the company to measure the expected credit loss at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. See note 9.

The group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortised cost. Forward looking estimates include the economic outlook of the country in which the customer resides. The group has identified GDP, food inflation and levels of consumer confidence in the countries in which it sells its goods and services to be the most relevant factors. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

A loss allowance is recognised at the first reporting date on which the receivable is recognised. After initial recognition, the loss allowance is adjusted, up or down, through profit or loss at each statement of financial position date as the forward-looking estimates change.

Receivables are considered to be in default when the payment terms have been exceeded with more than 60 days without any reason or subsequent arrangement to extend the payment terms.

Receivables are credit impaired if there is no reasonable expectation of recovery. This will be the case with outstanding amounts over 180 days where there has been no communication received from the debtor. Credit-impaired receivables are written off.

Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income. Refer to note 9, trade and other receivables, for further information.

### DERECOGNITION

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership, or control of the financial asset, are transferred. Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to pay.

## INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is substantially determined on the first-in-first-out basis and includes expenditure in acquiring and transporting the inventory to its present location net of discounts and rebates received.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and other deposits held at call with banks. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

Overdrafts are part of financing activities in the cashflow unless the overdrafts:
- are repayable on demand
- form an integral part of the entity's cash management, and
- have balances that often fluctuates between positive to overdrawn.

## STATED CAPITAL

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

## SHARE-BASED PAYMENT RESERVE

The group transfers amounts from this reserve upon the exercise or lapse of options to retained earnings. Forfeited options are also transferred from this reserve to retained earnings in the year that options are forfeited.

## FINANCIAL LIABILITIES

Financial liabilities include borrowings, accrual for other liabilities and charges, contingent considerations and trade and other payables.

### BORROWINGS (EXCLUDING LEASES)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective-interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings, using the effective-interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

### LEASES

The group leases various offices, warehouses, equipment and vehicles. Rental agreements are typically entered into for fixed periods of three to five years but may have extension options. The group is not a lessor.

At inception of a contract, the group assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. With regards to vehicles and office equipment, the non-lease components, identified in the contracts, are expensed. For leases of offices and warehouses for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments. Lease payments to be made under reasonably certain extension options, are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Extension and termination options are included in a number of property and equipment leases across the group. Most extension options in equipment and vehicle leases have not been included in the lease liability because the group could replace the assets without significant cost or business disruption.

To determine the incremental borrowing rate, the group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

When there are lease re-assessments, lease modifications or revised in-substance fixed lease payments, the lease liability is re- assessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The group has chosen not to revalue its right-of-use buildings held by the group.

| | |
|---|---|
| Properties | 3 – 10 years |
| Vehicles and equipment | 3 – 5 years |

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment or furniture.

The group companies are intermediate lessors in incidental situations where an insignificant portion of the office space is subleased to third parties.  Subleases are classified as operating leases. The intermediate lessor recognises the lease income from operating leases on a straight-line basis over the lease term. The respective leased asset is included in the statement of financial position based on its nature.

#### TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective-interest method.

#### DERECOGNITION

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The condition is met when the liability is settled by paying the creditor, or when the debtor is released from primary responsibility for the liability either by process of law or by the creditor.

### PROVISIONS

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

### CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is raised on the recognition of a lease liability and a deferred tax liability is raised on the recognition of a right-of-use asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividend withholding tax is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in the statement of comprehensive income.
Dividend tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from dividends tax) and payable at the reporting date to the South African Revenue Service (where applicable) is included in trade and other payables in the statement of financial position.

## EMPLOYEE BENEFITS

### ANNUAL LEAVE

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to the reporting date.

### PROFIT-SHARING AND BONUS PLANS

The group recognises a liability and an expense for bonus plans and profit-sharing, where contractually obliged, or where there is a past practice that has created a constructive obligation.

### SEVERANCE BENEFITS

For employees who are citizens of Botswana, the group has implemented the requirements of the Botswana Labour Act relating to a severance benefit scheme. For employees who are non-citizens of Botswana, the group pays gratuity in accordance with the respective contracts of employment.

### SHARE-BASED COMPENSATION

CA Sales Holdings Limited operates equity-settled share-based payment schemes.

The fair value of the executive services received in exchange for the grant of the share options, less the amount paid by the executive, is recognised as an expense. The total amount to be expensed over the vesting period, see note 12, is determined by reference to the grant date fair value of the share options granted. Vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The share-based payment costs are recognised in the statement of comprehensive income and a share-based payment reserve is recognised as part of equity and represents the fair value at grant date of the shares/share options that will be delivered on vesting. The grant date fair value will not be subsequently remeasured.

## REVENUE RECOGNITION

Revenue is derived either from the sale of fast-moving consumer goods, delivering of transport services, in-store execution services, promotional services or training services. Revenue is recognised to depict the transfer of goods or services to customers at an amount that the group expects to be entitled to in exchange for those goods or services to the extent that it is highly probable that there will be no significant reversal. Revenue is recognised when performance obligations are satisfied upon transferring control of the goods and services.

Revenue is recognised at a point in time for the delivery of goods and training services. A customer obtains control when he signs the proof of delivery document. Revenue from providing services is recognised in the accounting period in which the services are rendered and is recognised over time when transport, promotional and in-store execution services are delivered. These performance obligations are satisfied over time, as the performance obligations are being fulfilled. A customer obtains control over the services, as performance milestones, depicted in the service delivery contract, are achieved.

The transaction price on the sale of goods might include an element of consideration that is variable on the outcome of future events in the form of settlement discounts. It is considered to be variable consideration because there is uncertainty as to whether the customer will pay the invoice within the discount period. The terms of settlement discounts are stipulated in the trade agreements with customers. The expected settlement value is based on experience with similar customers with similar transactions and doesn't require significant estimation. The group includes some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not incur when the uncertainty associated with the variable consideration is subsequently resolved.

The group uses the practical expedient to disregard the time value of money as the period between transfer of the goods or services and payment is less than one year.

### DIVIDEND INCOME

Dividends are recognised as income, when:

- the group's right to receive payment has been established;
- it is probable that the economic benefits associated with the dividend will flow to the group; and
- the amount of the dividend can be measured reliably.

### INTEREST INCOME

Interest income is recognised using the effective-interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

### DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors.

### HEADLINE EARNINGS AND EARNINGS PER SHARE

Headline earnings are earnings as determined by IAS 33, excluding "separately identifiable remeasurements" (as defined in SAICA Circular 01/2023), net of related tax (both current and deferred) and related non-controlling interest, other than remeasurements specifically included in headline earnings "included remeasurements" (as defined in SAICA Circular 01/2023).

Basic earnings per share is expressed in cents and is based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the company (treasury shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (incentive shares).

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### ESTIMATED IMPAIRMENT OF GOODWILL

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell calculations. These calculations require the use of assumptions (see note 5 for further detail and disclosure of assumptions used).

## 2 FINANCIAL RISK MANAGEMENT

### 2.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by each major entity within the group under policies approved by the respective boards of directors. Each major entity's board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 *Financial Instruments: Disclosures.*

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| **Classes of financial assets** | | | | | |
| Trade receivables | | 1 535 767 | 1 298 765 | – | – |
| Loans receivable from related parties | | – | – | 88 819 | 29 729 |
| Sundry debtors | | 50 239 | 41 680 | 2 | – |
| **Total receivables** | 9 | 1 586 006 | 1 340 445 | 88 821 | 29 729 |
| **Cash and cash equivalents** | 10 | 1 061 982 | 735 849 | 138 262 | 128 874 |
| **Total financial assets** | | 2 647 988 | 2 076 294 | 227 083 | 158 603 |
| Classes of financial liabilities | | | | | |
| Bank overdrafts | | 475 257 | 284 712 | – | – |
| Borrowings | | 402 160 | 400 636 | – | – |
| **Total borrowings** | 14 | 877 417 | 685 348 | – | – |
| Trade and other payables | | 1 249 236 | 1 009 855 | 1 072 | 1 176 |
| Contingent consideration | | 6 000 | – | – | – |
| Amounts due to related parties | | 1 089 | 835 | – | – |
| Payments received in advance | | 17 000 | – | – | – |
| **Total trade and other payables** | 16 | 1 273 325 | 1 010 690 | 1 072 | 1 176 |
| **Total financial liabilities** | | 2 150 742 | 1 696 038 | 1 072 | 1 176 |

## 2 FINANCIAL RISK MANAGEMENT continued

### 2.1 Financial risk factors continued

Financial instruments by category

| Financial assets | Note | Group: Assets measured at amortised cost R'000 | Group: Total R'000 | Company: Assets measured at amortised cost R'000 | Company: Total R'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Receivables | 9 | **1 586 006** | 1 586 006 | **88 821** | 88 821 |
| Cash and cash equivalents | 10 | **1 061 982** | 1 061 982 | **138 262** | 138 262 |
| | | **2 647 988** | 2 647 988 | **227 083** | 227 083 |
| **2022** | | | | | |
| Receivables | 9 | **1 340 445** | 1 340 445 | **29 729** | 29 729 |
| Cash and cash equivalents | 10 | **735 849** | 735 849 | **128 874** | 128 874 |
| | | **2 076 294** | 2 076 294 | **158 603** | 158 603 |

| Financial liabilities | Note | Group: Liabilities measured at amortised cost R'000 | Group: Liabilities measured at fair value R'000 | Group: Total R'000 | Company: Liabilities measured at amortised cost R'000 | Company: Liabilities measured at fair value R'000 | Company: Total R'000 |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| Borrowings | 14 | **877 417** | **–** | **877 417** | **–** | **–** | **–** |
| Contingent consideration | 16 | **–** | **6 000** | **6 000** | **–** | **–** | **–** |
| Trade and other payables | 16 | **1 267 325** | **–** | **1 267 325** | **1 072** | **–** | **1 072** |
| | | **2 144 742** | **6 000** | **2 150 742** | **1 072** | **–** | **1 072** |
| **2022** | | | | | | | |
| Borrowings | 14 | 685 348 | – | 685 348 | – | – | – |
| Trade and other payables | 16 | 1 010 690 | – | 1 010 690 | 1 176 | – | 1 176 |
| | | 1 696 038 | – | 1 696 038 | 1 176 | – | 1 176 |

The group's management has assessed which business models apply to the financial assets held by the group and has classified its financial assets into the appropriate IFRS 9 category. All financial assets/liabilities (excluding contingent consideration) are classified as measured at amortised cost as the assets and liabilities are held with the objective to collect or pay the contractual cash flows which are solely payments of principle and interest.

Excluding the non-current borrowings and loans receivable from related parties, carrying values approximate fair values due to the short-term nature of these financial instruments.

## 2 FINANCIAL RISK MANAGEMENT continued

### 2.1 Financial risk factors continued

(a) Market risk

The group reviews its foreign currency exposure, including commitments, on an ongoing basis.

(i) **Foreign exchange risk**

The group operates in Southern Africa and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Botswana Pula and the South African Rand. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations as well as translation risk arising from the consolidation of foreign operations into South African Rand.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Natural hedging is applied as far as possible to minimise the exposure. The forex gain or loss recognised in the group's statement of comprehensive income for the year is disclosed in note 19.

The group's financial assets and liabilities where the balance is denominated in a currency other than the entity's functional currency, are analysed in the following table:

| | Note | Pula R'000 | Rand R'000 | Other R'000 | Total R'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| **Financial assets** | | | | | |
| Receivables | 9 | – | 381 975 | 3 425 | 385 400 |
| Cash and cash equivalents | 10 | 11 | 533 495 | – | 533 506 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 16 | (20) | (298 746) | (16) | (298 782) |
| Borrowings | 14 | – | – | (9 493) | (9 493) |
| | | (9) | 616 724 | (6 084) | 610 631 |

| | Note | Pula R'000 | Rand R'000 | Other R'000 | Total R'000 |
|---|---|---|---|---|---|
| **2022** | | | | | |
| **Financial assets** | | | | | |
| Receivables | 9 | – | 350 206 | – | 350 206 |
| Cash and cash equivalents | 10 | 4 | 326 173 | 1 462 | 327 639 |
| **Financial liabilities** | | | | | |
| Trade and other payables | 16 | (15) | (250 975) | – | (250 990) |
| Borrowings | 14 | – | – | – | – |
| | | (11) | 425 404 | 1 462 | 426 855 |

The Botswana Pula (BWP) to the Rand was at BWP1/ZAR1.3826 (2022: BWP1/ZAR1.3289) at year end and an average of BWP1/ZAR1.381 (2022: BWP1/ZAR1.3224) for the year.

Other currencies include the Euro, United States Dollar (USD) and Zambian Kwacha (ZMW).

## 2 FINANCIAL RISK MANAGEMENT continued

### 2.1 Financial risk factors continued

(a) Market risk continued

(i) **Foreign exchange risk** continued

The percentage change used has been selected according to what could reasonably be expected as a change in exchange rates based on historical movements in exchange rates. The table below shows the sensitivity of the above translated financial assets and liabilities of the group to a 10% movement in the Rand exchange rate (representing the Rand strengthening or weakening against the foreign currencies).

| Impact on net financial assets | | Pula appreciation R'000 | Other appreciation R'000 | Total Group appreciation R'000 | Total Group depreciation R'000 |
|---|---|---|---|---|---|
| **2023** | 10% | **(71 762)** | **608** | **(71 154)** | **71 154** |
| 2022 | 10% | (45 738) | (42) | (45 780) | 45 780 |

The Namibian Dollar (NAD), Lesotho Loti (LSL) and Emalangeni (SZL) are pegged to the South African Rand, therefore, no sensitivity to these currencies are expected. Other currencies include the Euro, United States Dollar (USD) and Zambian Kwacha (ZMW).

(ii) **Cash flow and fair value interest rate risk**

The group's interest rate risk arises from interest-bearing cash and cash equivalents and long-term and short-term borrowings.

The group's exposure to floating rate and fixed rate interest-bearing financial instruments is as follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | **Note** | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 |
| **Borrowings** | | | | | |
| Floating rate | | **(658 670)** | (515 789) | **–** | – |
| Fixed rate and non-interest-bearing | | **(218 747)** | (169 559) | **–** | – |
| | 14 | **(877 417)** | (685 348) | **–** | – |
| **Cash and cash equivalents** | | | | | |
| Floating rate | | **972 389** | 684 287 | **138 251** | 128 872 |
| Fixed rate and non-interest-bearing | | **89 593** | 51 562 | **11** | 2 |
| | 10 | **1 061 982** | 735 849 | **138 262** | 128 874 |
| **Total** | | | | | |
| Floating rate | | **313 719** | 168 498 | **138 251** | 128 872 |
| Fixed rate and non-interest-bearing | | **(129 154)** | (117 997) | **11** | 2 |
| | | **184 565** | 50 501 | **138 262** | 128 874 |

The group companies manage their cash flow interest rate risk by monitoring interest rates on a regular basis and engaging in discussions with financial institutions in the relevant countries to obtain the optimum rate.

The fixed rate borrowings increased in the year due to the increase in building lease agreements.

## 2 FINANCIAL RISK MANAGEMENT continued

### 2.1 Financial risk factors continued

(a) Market risk continued

(ii) **Cash flow and fair value interest rate risk** continued

This sensitivity analysis has been prepared using the closing net borrowings or net cash position for the financial year. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as the prior. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below. The percentage change used has been selected according to what could reasonably be expected as a change in interest rates based on historical movements in interest rates within the countries. Based on simulations performed, the impact on post-tax profit of a 3% movement in interest rates is analysed in the following table:

| | | Group | | Company | |
|---|---|---|---|---|---|
| **Impact on post-tax profit** | | **Increase R'000** | **Decrease R'000** | **Increase R'000** | **Decrease R'000** |
| **2023** | 3% | **8 699** | **(8 699)** | **3 028** | **(3 028)** |
| 2022 | 3% | 4 709 | (4 709) | 2 784 | (2 784) |

(b) Credit risk

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers. For banks and financial institutions, only independently rated financial institutions with a high credit quality are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, management responsible for risk control, assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

The utilisation of credit limits is regularly monitored.

Trade receivables of approximately R344.8 million (2022: R315.4 million) are derived from two external customers domiciled in Botswana and are attributed to the Botswana, Lesotho and Namibia segments.

# Notes to the **consolidated and separate financial statements** continued

## 2 FINANCIAL RISK MANAGEMENT continued

### 2.1 Financial risk factors continued

(b) Credit risk continued

The table below shows the group's maximum exposure to credit risk by class of asset:

| | Note | Group Balance R'000 | Group Maximum exposure R'000 | Company Balance R'000 | Company Maximum exposure R'000 |
|---|---|---|---|---|---|
| **2023** | | | | | |
| Receivables | 9 | **1 586 006** | 1 586 006 | **88 821** | 88 821 |
| Cash and cash equivalents | 10 | **1 061 982** | 1 061 982 | **138 262** | 138 262 |
| | | **2 647 988** | 2 647 988 | **227 083** | 227 083 |
| 2022 | | | | | |
| Receivables | 9 | **1 340 445** | 1 340 445 | **29 729** | 29 729 |
| Cash and cash equivalents | 10 | **735 849** | 735 849 | **128 874** | 128 874 |
| | | **2 076 294** | 2 076 294 | **158 603** | 158 603 |

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

| | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|
| **Receivables** | | | | |
| Group 1 | **29 455** | 10 373 | **–** | – |
| Group 2 | **1 552 360** | 1 294 942 | **–** | – |
| Group 3 | **3 720** | 34 555 | **–** | – |
| Non-rated | **471** | 575 | **88 821** | 29 729 |
| **Cash and cash equivalents** | | | | |
| B | **990 128** | 663 685 | **138 262** | 128 874 |
| F1 | **56 443** | 53 181 | **–** | – |
| F3 | **4 077** | 2 591 | **–** | – |
| Not rated | **11 334** | 16 392 | **–** | – |
| | **2 647 988** | 2 076 294 | **227 083** | 158 603 |

The above receivables balances are shown net of loss allowances of R14.5 million (2022: R10.9 million). See note 9 for more detail.

## 2 FINANCIAL RISK MANAGEMENT continued

### 2.1 Financial risk factors continued

(b) Credit risk continued

**Receivables**

Group 1 - new customers (less than six months)
Group 2 - existing customers (more than six months) with no defaults in the past.
Group 3 - existing customers (more than six months) with some defaults in the past.
No credit limits were set for loans to related parties.

**Cash and cash equivalents**

B, F1, F3 = Fitch's rating
These ratings are considered sufficient enough to warrant not providing for a loss allowance.

Net trade receivables of R435.8 million (2022: R349.1 million) were past due. The ageing analysis of past due, net trade receivables, is as follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| 30 days | | **361 514** | 292 459 | **–** | – |
| 31 to 60 days | | **48 691** | 31 688 | **–** | – |
| 61 to 90 days | | **12 318** | 6 608 | **–** | – |
| 91 to 120 days | | **4 576** | 11 649 | **–** | – |
| 121 days plus | | **8 726** | 6 690 | **–** | – |
| Total net past due | | **435 825** | 349 094 | **–** | – |
| Within terms (not past due) | | **1 099 942** | 949 671 | – | – |
| Total net trade receivables | 9 | **1 535 767** | 1 298 765 | **–** | – |

(c) Liquidity risk

Liquidity risk arises from the seasonal fluctuations in short-term borrowing positions. A material and sustained shortfall in cash flows could undermine investor confidence and restrict the group's ability to raise funds. The group manages its liquidity risk by monitoring weekly cash flows and ensuring that adequate cash is available or borrowing facilities maintained. The group has no significant concentration of liquidity risk with any one single counterparty.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available.

Total undrawn facilities available amount to R154.8 million (2022: R318.7 million). For detail on undrawn facilities available, refer to note 14.

The company has extended a written offer of an unlimited loan facility at 0% interest that is repayable on demand, to its wholly owned subsidiary, CAS Marketing (Pty) Ltd (CAS Marketing). The value of this inter-company loan, gross of the estimated credit loss, is R69.7 million. The company has agreed to assist, by subordinating its claim in favour of and for the benefit of other creditors of CAS Marketing. As at 31 December 2023, CAS Marketing's total liabilities exceeded its total assets by R45.2 million (including this intercompany loan).

# Notes to the **consolidated and separate financial statements** continued

## 2 FINANCIAL RISK MANAGEMENT continued

### 2.1 Financial risk factors continued

(c) Liquidity risk continued

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Note | Undiscounted value R'000 | Less than 1 year R'000 | Between 1 and 2 years R'000 | Between 2 and 5 years R'000 | Over 5 years R'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2023** | | | | | | |
| Secured and unsecured loans | 14 | **197 807** | **55 765** | **45 268** | **96 774** | **–** |
| Lease liabilities | 14 | **281 971** | **59 865** | **53 159** | **104 117** | **64 830** |
| Bank overdraft | 14 | **475 257** | **475 257** | **–** | **–** | **–** |
| Contingent consideration | 16 | **6 000** | **6 000** | **–** | **–** | **–** |
| Trade and other payables | 16 | **1 267 325** | **1 267 325** | **–** | **–** | **–** |
| | | **2 228 360** | **1 864 212** | **98 427** | **200 891** | **64 830** |
| **2022** | | | | | | |
| Secured and unsecured loans | 14 | 234 189 | 47 899 | 47 866 | 117 076 | 21 348 |
| Lease liabilities | 14 | 253 706 | 54 024 | 39 290 | 80 486 | 79 906 |
| Bank overdraft | 14 | 284 712 | 284 712 | – | – | – |
| Trade and other payables | 16 | 1 010 690 | 1 010 690 | – | – | – |
| | | 1 783 297 | 1 397 325 | 87 156 | 197 562 | 101 254 |
| **Company** | | | | | | |
| **2023** | | | | | | |
| Trade and other payables | 16 | **1 072** | **1 072** | **–** | **–** | **–** |
| | | **1 072** | **1 072** | **–** | **–** | **–** |
| **2022** | | | | | | |
| Trade and other payables | 16 | 1 176 | 1 176 | – | – | – |
| | | 1 176 | 1 176 | – | – | – |

Trade and other payables, including the contingent consideration, to the value of R943.9 million, is due within 90 days of the reporting period.

## 2 FINANCIAL RISK MANAGEMENT continued

### 2.2 Capital risk 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 and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group's capital comprises total equity as shown in the consolidated statement of financial position plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents as shown in the consolidated statement of financial position. When funding is required, management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider issuing ordinary shares by the group's holding company, perpetual preference shares, short, long or medium term borrowings with variable or fixed rates.

The group manages capital by maintaining a low gearing ratio. Increased long-term debt is approved by the board based on the impact on the gearing ratio. This ratio is calculated as net debt divided by the total capital. The group's target is to maintain a gearing ratio of less than 1.

The gearing ratios at 31 December 2023 and 31 December 2022 were as follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 |
| Total borrowings | 14 | **877 417** | 685 348 | **–** | – |
| Less: Cash and cash equivalents | 10 | **(1 061 982)** | (735 849) | **(138 262)** | (128 874) |
| Net cash | | **(184 565)** | (50 501) | **(138 262)** | (128 874) |
| Total equity | | **2 732 885** | 2 174 893 | **1 170 834** | 1 101 070 |
| Total capital | | **2 548 320** | 2 124 392 | **1 032 572** | 972 196 |
| Gearing ratio (%) | | **(7)** | (2) | **(13)** | (13) |

### 2.3 Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances and trade and other payables resulting from normal business operations. The nominal value less loss allowance of trade receivables and payables are assumed to approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Fair value hierarchy

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 3 PROPERTY, PLANT AND EQUIPMENT

| | Group | | | | |
|---|---|---|---|---|---|
| | Vehicles, plant and machinery R'000 | Office equipment and other R'000 | Computer equipment R'000 | Land & buildings R'000 | Total R'000 |
| **2023** | | | | | |
| **At the end of the year** | | | | | |
| Cost | 514 972 | 49 146 | 59 136 | 652 199 | 1 275 453 |
| Accumulated depreciation | (314 731) | (25 510) | (44 509) | (119 976) | (504 726) |
| **Net book value** | 200 241 | 23 636 | 14 627 | 532 223 | 770 727 |
| **Reconciliation of net book value:** | | | | | |
| Opening net book value 1 January 2023 | 157 467 | 19 034 | 13 280 | 446 491 | 636 272 |
| Exchange differences | 1 697 | 138 | 56 | 9 959 | 11 850 |
| Additions - owned assets | 52 157 | 8 192 | 8 315 | 2 310 | 70 974 |
| Additions - right-of-use assets | 18 755 | 554 | – | 52 084 | 71 393 |
| Disposals | (11 021) | (3 178) | (471) | (1 238) | (15 908) |
| Termination of lease agreements | (1 262) | (48) | – | (595) | (1 905) |
| Business combinations | 23 796 | 3 102 | 424 | 62 017 | 89 339 |
| Lease modifications | 5 200 | – | – | (128) | 5 072 |
| Transfers to intangible assets - software | – | – | (391) | – | (391) |
| Reclassified as assets available for sale | (238) | (9) | – | – | (247) |
| Depreciation | (46 310) | (4 149) | (6 586) | (38 677) | (95 722) |
| **Closing net book value 31 December 2023** | 200 241 | 23 636 | 14 627 | 532 223 | 770 727 |
| **Right-of-use assets included above comprise:** | | | | | |
| Cost of right-of-use assets | 123 780 | 1 319 | – | 214 081 | 339 180 |
| Accumulated depreciation | (58 785) | (540) | – | (64 232) | (123 557) |
| **Net book value** | 64 995 | 779 | – | 149 849 | 215 623 |

## 3 PROPERTY, PLANT AND EQUIPMENT continued

| | Group | | | | |
|---|---|---|---|---|---|
| | Vehicles, plant and machinery R'000 | Office equipment and other R'000 | Computer equipment R'000 | Land & buildings R'000 | Total R'000 |
| **2022** | | | | | |
| **At the end of the year** | | | | | |
| Cost | 424 553 | 37 073 | 51 087 | 527 461 | 1 040 174 |
| Accumulated depreciation | (267 086) | (18 039) | (37 807) | (80 970) | (403 902) |
| **Net book value** | 157 467 | 19 034 | 13 280 | 446 491 | 636 272 |
| **Reconciliation of net book value:** | | | | | |
| Opening net book value 1 January 2022 | 127 353 | 17 194 | 13 814 | 363 409 | 521 770 |
| Exchange differences | (1 097) | (140) | (95) | (6 627) | (7 959) |
| Additions - owned assets | 39 925 | 3 002 | 6 100 | 1 867 | 50 894 |
| Additions - right-of-use assets | 33 357 | 798 | – | 118 017 | 152 172 |
| Disposals | (5 465) | (253) | (152) | – | (5 870) |
| Termination of lease agreements | (135) | – | – | (18) | (153) |
| Business combinations | 2 731 | 1 332 | 414 | 5 856 | 10 333 |
| Lease modifications | (41) | – | – | (1 628) | (1 669) |
| Transfers between asset classes | 685 | 488 | 7 | (1 180) | – |
| Depreciation | (39 846) | (3 387) | (6 808) | (33 205) | (83 246) |
| **Closing net book value 31 December 2022** | 157 467 | 19 034 | 13 280 | 446 491 | 636 272 |
| **Right-of-use assets included above comprise:** | | | | | |
| Cost of right-of-use assets | 114 055 | 1 457 | – | 171 020 | 286 532 |
| Accumulated depreciation | (49 949) | (715) | – | (42 131) | (92 795) |
| **Net book value** | 64 106 | 742 | – | 128 889 | 193 737 |

Additions to the right-of-use assets during the 2023 financial year were R71.4 million (2022: R152.2 million).

The total cash outflow for leases in 2023 was R69.9 million (2022: R65 million).

## 3 PROPERTY, PLANT AND EQUIPMENT continued

The statement of comprehensive income includes the following amounts relating to leases:

| | Group | |
|---|---|---|
| **Depreciation charge of right-of-use assets** | **2023 R'000** | **2022 R'000** |
| Buildings | **28 615** | 23 855 |
| Plant and machinery | **1 102** | 528 |
| Vehicles | **16 119** | 21 710 |
| Office equipment | **468** | 411 |
| | **46 304** | 46 504 |

The group companies lease various properties, vehicles and machinery under non-cancellable lease agreements. The lease terms are between three and ten years.

A register with full detail of property, plant and equipment is available at each company's registered office. See note 14 for the bond over properties.

No major change in the nature of property, plant and equipment or change in the policy regarding the use thereof took place during the financial year.

## 4 INVESTMENT PROPERTIES

| | Group |
|---|---|
| | 2023<br>R'000 |
| **At the end of the year** | |
| Cost | 12 582 |
| Accumulated depreciation | (3 583) |
| **Net book value** | 8 999 |
| | |
| **Reconciliation of net book value:** | |
| Subsidiaries acquired | 24 477 |
| Reclassified as assets available for sale | (15 478) |
| **Closing net book value 31 December 2023** | 8 999 |

At the acquisition of Taeuber & Corssen, investment properties were fair valued based on an unbinding offer to purchase, at that date. The group engaged external experts, Eaton Property Valuations, in July 2023 to value the properties using the income capitalisation method. The properties include a vacant land, warehouse and office buildings in Ongwediwa, Namibia. The properties were valued at R14 million, which is higher than the book value and therefore no depreciation was provided for the financial year.

No rental income was received during the financial year and direct costs of R1.3 million were incurred.

Refer to note 11 - Assets available for sale, for further information.

No investment properties have been held as security and there are no capital commitments relating to the investment properties.

# Notes to the **consolidated and separate financial statements** continued

## 5 INTANGIBLE ASSETS

| | Group | | | |
|---|---|---|---|---|
| | Goodwill R'000 | Customer lists R'000 | Computer software R'000 | Total R'000 |
| **2023** | | | | |
| At the end of the year | | | | |
| Cost | 566 184 | 11 818 | 7 462 | 585 464 |
| Accumulated amortisation | – | (3 381) | (5 367) | (8 748) |
| Accumulated impairment | (64 519) | – | – | (64 519) |
| **Net book value** | 501 665 | 8 437 | 2 095 | 512 197 |
| **Reconciliation of net book value:** | | | | |
| Opening net book value 1 January 2023 | 495 845 | 1 881 | 2 643 | 500 369 |
| Additions | – | – | 686 | 686 |
| Amortisation (note 19 (ii)) | – | (2 440) | (1 625) | (4 065) |
| Exchange differences | 196 | – | – | 196 |
| Transfers from computer equipment (note 3) | – | – | 391 | 391 |
| Business combinations (note 25) | 5 624 | 8 996 | – | 14 620 |
| **Closing net book value 31 December 2023** | 501 665 | 8 437 | 2 095 | 512 197 |
| **2022** | | | | |
| **At the end of the year** | | | | |
| Cost | 560 329 | 2 822 | 5 240 | 568 391 |
| Accumulated amortisation | – | (941) | (2 597) | (3 538) |
| Accumulated impairment | (64 484) | – | – | (64 484) |
| **Net book value** | 495 845 | 1 881 | 2 643 | 500 369 |
| **Reconciliation of net book value:** | | | | |
| Opening net book value 1 January 2022 | 472 706 | – | 4 227 | 476 933 |
| Additions | – | – | 34 | 34 |
| Amortisation | – | (941) | (1 618) | (2 559) |
| Exchange differences | (103) | – | – | (103) |
| Business combinations | 23 242 | 2 822 | – | 26 064 |
| **Closing net book value 31 December 2022** | 495 845 | 1 881 | 2 643 | 500 369 |

## 5 INTANGIBLE ASSETS continued

### Impairment test for goodwill

Goodwill arising from a business combination is allocated, at acquisition, to the group's cash-generating units (CGUs) that are expected to benefit from the business combination. The CGUs to which the amount of goodwill has been allocated, are presented below.

| | Note | 2023 R'000 | 2022 R'000 |
|---|---|---|---|
| CA Sales and Distribution (Pty) Ltd and subsidiaries (CA Sales) | | 262 097 | 262 097 |
| Pack n Stack Investment Holdings (Pty) Ltd and subsidiaries (PnS) | | 112 060 | 112 060 |
| Logico Unlimited (Pty) Ltd and subsidiaries (Logico) | | 42 858 | 42 858 |
| SMC Brands Namibia (Pty) Ltd (SMC Namibia) | | 26 855 | 26 855 |
| Effective Sales and Merchandising (Pty) Ltd (ESM) | | 21 774 | 21 774 |
| SMC Brands Botswana (Pty) Ltd (SMC Botswana) | | 17 971 | 17 971 |
| SMC Brands Swaziland (Pty) Ltd (SMC Swaziland) | | 5 855 | 5 855 |
| Brand Support Services (Pty) Ltd (MarketMax) | 25 | 5 560 | – |
| Smithshine Enterprises (Pty) Ltd (Smithshine) * | | 3 726 | 3 583 |
| Visible Worx (Pty) Ltd (Visible Worx) | | 1 468 | 1 468 |
| Kalahari Training Institute (Pty) Ltd (KTI) * | | 1 142 | 1 098 |
| Peo Capital (Pty) Ltd (Peo) * | | 235 | 226 |
| Takbro Logistics (Pty) Ltd (Takbro) | 25 | 64 | – |
| | | 501 665 | 495 845 |

* Values are impacted by foreign exchange rate movements.

The recoverable amount of a CGU is determined based on the fair value less cost of disposal which requires the use of assumptions. These calculations use post-tax cash flow projections based on financial budgets approved by management, covering a five-year period.

Management has determined the values assigned to each of the below key assumptions as follows:

| Assumption | Approach used to determining values | Fair value hierarchy |
|---|---|---|
| Revenue average annual growth rate over the five-year period | Based on past performance and management's expectations of market development as well as current industry trends, including long term inflation forecasts for each territory. Management considered the impact of economic uncertainties on the cashflow projections, through adjusting their costs and revenue for the impact of the higher expected inflation in the period before the terminal period. | 3 |
| Budgeted gross margin | Based on past performance and management's expectations for the future, including the impact of economic uncertainty and long term inflation forecasts for each territory, on gross margins. | 3 |
| Long-term growth rate | This is the growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports. | 3 |
| Discount rate | Reflect specific risks relating to the relevant segments and the countries in which they operate. | 3 |

## 5 INTANGIBLE ASSETS continued

### Impairment test for goodwill continued

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

| | CA Sales<br>% | PnS<br>% | Logico<br>% | SMC Namibia<br>% | ESM<br>% | SMC Botswana<br>% |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Revenue growth | **9.4** | **7.4** | **10.4** | **15.4** | **7.7** | **9.3** |
| Gross margin | **10.3** | **28.0** | **16.8** | **17.7** | **29.5** | **16.6** |
| Long-term growth rate | **5.0** | **5.0** | **5.0** | **5.0** | **5.0** | **5.0** |
| Discount rate (post tax) | **12.3** | **17.2** | **16.6** | **16.6** | **20.3** | **14.3** |
| **2022** | | | | | | |
| Revenue growth | 7.0 | 6.0 | 8.7 | 8.2 | 9.7 | (2.2) |
| Gross margin | 10.8 | 28.2 | 19.3 | 17.7 | 26.0 | 18.0 |
| Long term growth rate | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Discount rate (post tax) | 13.3 | 18.2 | 17.9 | 15.4 | 18.8 | 13.5 |

The increased revenue growth assumptions of the CGUs, compared to the prior year assumptions, are due to increased inflation as well as new clients and products.

The discount rates fluctuated compared to 2022 due to changes in the corporate debt margin and the assumptions regarding the equity market risk premium and the country related inflation rates.

The results of the group's impairment tests are dependent upon estimates and judgements made by management, particularly in relation to the key assumptions described above. Sensitivity analysis to potential changes in key assumptions has therefore been considered.

**Sensitivity analysis of assumptions used in the goodwill impairment tests of CGUs indicating low safety margins:**

The table below shows the adjusted assumptions used in isolation in the calculation of the fair value less cost of disposal where the estimated recoverable amount equals the carrying value. Apart from the below, no other CGUs' key assumptions were sensitive.

| | | CA Sales<br>2023<br>R'000 | SMC Namibia<br>2023<br>R'000 | CA Sales<br>2022<br>R'000 | SMC Namibia<br>2022<br>R'000 |
|---|---|---|---|---|---|
| Recoverable amount based on fair value less cost of disposal using original assumptions | | **2 216 390** | **105 716** | 1 425 320 | 100 227 |
| Carrying value | | **1 119 349** | **91 118** | 1 025 479 | 79 345 |
| Headroom | | **1 097 041** | **14 598** | 399 841 | 20 882 |
| Adjusted assumptions where the carrying value equals the recoverable amount | | | | | |
| Revenue growth rate | % | **2.9** | **12.2** | 3.8 | (3.6) |
| Gross margin | % | **8.6** | **16.9** | 10.0 | 16.3 |
| Long-term growth rate | % | **(8.2)** | **2.3** | (0.1) | 0.7 |
| Discount rate | % | **18.9** | **18.2** | 16.3 | 17.8 |

CGUs assumptions were considered sensitive when a movement of less than 10% in any one of the assumptions above will result in the fair value equalling the carrying value.

# Notes to the **consolidated and separate financial statements** continued

## 6 INVESTMENTS IN SUBSIDIARIES

| | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|
| Ordinary shares at cost | **930 952** | 930 952 |
| Share based payments allocated to subsidiaries | **12 012** | 10 813 |
| | **942 964** | 941 765 |

The group's subsidiaries at 31 December 2023 are set out below. They have share capital consisting solely of ordinary shares that are held directly and indirectly by the company.

The proportion of ownership interests held, equals the voting rights held by the group. The country of incorporation is also their principal place of business.

| Direct holding | Indirect holding | Country of incorporation | Effective holding 2023 % | Effective holding 2022 % | Stated capital R'000 | Shares at cost 2023 R'000 | Shares at cost 2022 R'000 |
|---|---|---|---|---|---|---|---|
| CA Sales & Distribution (Pty) Ltd | | Botswana | 100 | 100 | 798.7 | 336 422 | **336 422** |
| | Dafin Sales and Distribution (Pty) Ltd | Botswana | 100 | 100 | | | |
| | Warehousing Services Botswana (Pty) Ltd | Botswana | 100 | 100 | | | |
| | Kalahari Sales (Pty) Ltd | Botswana | 100 | 100 | | | |
| Logico Unlimited (Pty) Ltd | | Eswatini | 100 | 100 | 100.0 | 204 273 | **204 273** |
| | Biotrace Trading 338 (Pty) Ltd | South Africa | 100 | 100 | | | |
| | Takbro Services (Pty) Ltd | Eswatini | 60 | 49 | | | |
| | Takbro Logistics (Pty) Ltd | South Africa | 60 | 49 | | | |
| Pack 'n Stack Investment Holdings (Pty) Ltd | | South Africa | 94 | 94 | 2.0 | 218 019 | **218 019** |
| | Agility-in-store (Pty) Ltd | South Africa | 94 | 94 | | | |
| | Array Marketing (Pty) Ltd | South Africa | 94 | 94 | | | |
| | Brand Support Services (Pty) Ltd | South Africa | 94 | 94 | | | |
| | Pack 'n Stack (Pty) Ltd | South Africa | 71 | 71 | | | |
| | Pack 'n Stack IT (Pty) Ltd * | South Africa | 32 | 32 | | | |
| | PnS Activate (Pty) Ltd | South Africa | 94 | 94 | | | |
| | PnS Retail Solutions Namibia (Pty) Ltd | Namibia | 94 | 94 | | | |
| | Surapax (Pty) Ltd | South Africa | 94 | 94 | | | |
| | Effective Sales and Merchandising (Pty) Ltd | South Africa | 71 | 71 | | | |
| | Pack 'n Stack Eswatini (Pty) Ltd | Eswatini | 94 | – | | | |
| | Visible Worx (Pty) Ltd * | South Africa | 48 | 48 | | | |
| SMC Brands SA (Pty) Ltd | | South Africa | 100 | 100 | 100.0 | 158 017 | **158 017** |
| | SMC Brands Botswana (Pty) Ltd | Botswana | 100 | 100 | | | |
| | SMC Brands Namibia (Pty) Ltd | Namibia | 100 | 100 | | | |
| | SMC Brands Swaziland (Pty) Ltd | Eswatini | 100 | 100 | | | |
| | SMC Brands Lesotho (Pty) Ltd | Lesotho | 90 | 100 | | | |

# Notes to the **consolidated and separate financial statements** continued

## 6 INVESTMENTS IN SUBSIDIARIES continued

| Direct holding | Indirect holding | Country of incorporation | Effective holding 2023 % | Effective holding 2022 % | Stated capital R'000 | Shares at cost 2023 R'000 | Shares at cost 2022 R'000 |
|---|---|---|---|---|---|---|---|
| Wutow Trading (Pty) Ltd | | Namibia | 100 | 100 | 0.0 | 14 221 | 14 221 |
| | WUTCA Trading (Pty) Ltd | Namibia | 100 | – | | | |
| | T&C Properties Namibia (Pty) Ltd | Namibia | 100 | – | | | |
| | Taeuber and Corssen (Pty) Ltd | Namibia | 100 | – | | | |
| | Smithshine Trading Namibia (Pty) Ltd | Namibia | 100 | – | | | |
| | HBW Trading (Pty) Ltd | Namibia | 100 | – | | | |
| Diverse Distribution (Pty) Ltd | | Namibia | 100 | 100 | 0.1 | – | – |
| Private Label Sales and Merchandising Services (Pty) Ltd | | South Africa | 100 | 100 | 0.1 | – | – |
| CAS Marketing (Pty) Ltd | | South Africa | 100 | 100 | 1.0 | – | – |
| CA Sales Investments (Pty) Ltd | | South Africa | 100 | 100 | 1.0 | – | – |
| | Expo Africa Marketing Ltd | Mauritius | 90 | 90 | | | |
| | Expo Africa (Pty) Ltd | Botswana | 90 | 90 | | | |
| | Expo Mozambique Ltd | Mozambique | 90 | 90 | | | |
| | Expo Africa Marketing and Promotions (Pty) Ltd | Namibia | 90 | 90 | | | |
| Pamstad (Pty) Ltd | | Botswana | 100 | 100 | – | – | – |
| | Smithshine Enterprises (Pty) Ltd | Botswana | 100 | 95 | | | |
| | Smithshine Distribution (Pty) Ltd | Zambia | 95 | 95 | | | |
| | Kalahari Training Institute (Pty) Ltd | Botswana | 83 | 83 | | | |
| | Peo Capital (Pty) Ltd | Botswana | 70 | 70 | | | |
| | Promexs Ltd | Zambia | 100 | 100 | | | |
| | Breckwick Holdings (Pty) Ltd | Botswana | 100 | 100 | | | |
| | | | | | | 930 952 | 930 952 |

* *Despite the indirect shareholding of CA Sales Holdings Ltd being below 50%, its direct subsidiary, Pack 'n Stack Investments Holdings (Pty) Ltd has control over those subsidiaries. In the case of Pack 'n Stack IT (Pty) Ltd, 55% of its shares are owned by an employee trust.*

The investments of the holding company increased with the share based payment expense allocation as per IFRS 2. The holding company has an obligation to settle the transaction with the subsidiaries' employees by providing its own equity instruments. The CA Sales Holdings Share Incentive Trust was incorporated by the company and the first trustees. The Trust is setup to facilitate and govern the implementation of the Executive Share Option Scheme 2018, 2019, 2020, 2021, 2022 and 2023. The Trust is consolidated by the company and is seen as an extension of the company and therefore the actions of the Trust are viewed as those of the company. In the current year no funding was provided to the Trust.

## 6 INVESTMENTS IN SUBSIDIARIES continued

### Non-controlling interest (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interest that is material to the group. The amounts disclosed are before inter-company eliminations.

| | Pack 'n Stack | | Visible Worx | |
|---|---|---|---|---|
| | 2023<br>R'000 | 2022<br>R'000 | 2023<br>R'000 | 2022<br>R'000 |
| **Summarised statement of financial position** | | | | |
| Current assets | 483 631 | 449 239 | 22 110 | 15 279 |
| Current liabilities | (273 620) | (280 242) | (13 052) | (7 756) |
| Current net assets | 210 011 | 168 997 | 9 058 | 7 523 |
| Non-current assets | 123 795 | 99 501 | 4 002 | 2 936 |
| Non-current liabilities | (17 959) | (8 509) | (3 017) | (1 321) |
| Non-current net assets | 105 836 | 90 992 | 985 | 1 615 |
| Net assets | 315 847 | 259 989 | 10 043 | 9 138 |
| Accumulated NCI | (18 477) | (15 209) | (4 921) | (4 477) |
| **Summarised statement of comprehensive income** | | | | |
| Revenue | 1 465 152 | 1 307 370 | 40 955 | 16 654 |
| Profit for the period | 142 015 | 106 033 | 1 094 | 2 901 |
| **Total comprehensive income attributable to the owners** | 142 015 | 106 033 | 912 | 2 198 |
| Profit allocated to NCI | 8 309 | 6 203 | 447 | 1 077 |
| Dividends paid to NCI | 4 826 | 2 603 | – | – |
| **Summarised cash flows** | | | | |
| Cash flows from operating activities | 112 304 | 91 006 | 2 950 | 1 490 |
| Cash flows from investing activities | (10 795) | 6 217 | (1 764) | 2 236 |
| Cash flows from financing activities | (99 770) | (60 847) | (613) | (430) |
| **Net increase in cash and cash equivalents** | 1 739 | 36 376 | 573 | 3 296 |

## 6 INVESTMENTS IN SUBSIDIARIES continued

### Transactions with non-controlling interest

On 8 December 2023, Pamstad (Pty) Ltd, a wholly owned subsidiary of CA Sales Holdings Ltd, acquired the remaining 5% of the issued shares of Smithshine Enterprises for equity instruments of CA Sales Holding Ltd, to the value of R3.8 million. Immediately prior to the purchase, the group's carrying amount of the existing 5% non-controlling interest in Smithshine Enterprises was R2.9 million. The group recognised a decrease in non-controlling interest of R2.9 million and a decrease in retained earnings attributable to the owners of the parent of R0.9 million.

In January 2023, SMC Brands Lesotho (Pty) Ltd, a wholly owned subsidiary of CA Sales Holdings Ltd, issued shares to minority shareholders, reducing the group's shareholding by 10% of the issued shares of SMC Brands Lesotho (Pty) Ltd, as part of a business combination. The complete transaction was not yet finalised by the reporting date. Immediately prior to the transaction, the group's carrying amount of 10% of the retained loss of SMC Brands Lesotho (Pty) Ltd was R0.3 million. The group recognised a debit in non-controlling interest of R0.3 million and a decrease in the retained loss attributable to the owners of the parent of R0.3 million.

| **2023** | **SMC Lesotho R'000** | **Smithshine R'000** | **Total R'000** |
|---|---|---|---|
| Carrying amount of non-controlling interest sold/acquired | **341** | **2 940** | **3 281** |
| Consideration in the form of equity instruments | **–** | **(3 822)** | **(3 822)** |
| Excess of consideration received/(paid) recognised in the transactions with non-controlling interest reserve within equity | **341** | **(882)** | **(541)** |

| **2022** | **Logico R'000** | **Smithshine R'000** | **Promexs R'000** | **Total R'000** |
|---|---|---|---|---|
| Carrying amount of non-controlling interest acquired | 24 439 | 414 | 2 530 | 27 383 |
| Consideration in the form of equity instruments | (52 275) | – | – | (52 275) |
| Cash consideration paid to non-controlling interest | – | (793) | (7 452) | (8 245) |
| Excess of consideration paid recognised in the transactions with non-controlling interest reserve within equity | (27 836) | (379) | (4 922) | (33 137) |

# Notes to the **consolidated and separate financial statements** continued

## 7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Set out below are the associates of the group as at 31 December 2023. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| | | | | Group | | Company | |
|---|---|---|---|---|---|---|---|
| | | Percentage of ownership interest | | Carrying amount | | Carrying amount | |
| **Name of entity** | **Place of business** | 2023 % | 2022 % | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| IBP Africa Distribution (Pty) Ltd | South Africa | **30%** | 30% | **–** | – | **–** | – |
| Whitakers Agencies (Pty) Ltd and Whitakers Agencies (Lesotho) (Pty) Ltd | South Africa and Lesotho | **45%** | 45% | **3 661** | 3 443 | **1 903** | 1 903 |
| Bullred Farming (Pvt) Ltd | Zimbabwe | **49%** | 49% | **6 780** | 10 148 | **–** | – |
| Private Label Sales and Merchandising Cape Town (Pty) Ltd | South Africa | **49%** | 49% | **–** | – | **–** | – |
| Mac Investments (Pty) Ltd | South Africa | **46.67%** | 46.67% | **6 463** | 5 756 | **–** | – |
| Mac Marketing Communications (Mauritius) Ltd | Mauritius | **46%** | 46% | **11 968** | 10 092 | **–** | – |
| Takbro Logistics (Pty) Ltd | Eswatini | **–** | 49% | **–** | 1 225 | **–** | – |
| **Carrying value of ordinary share investments in unlisted associated companies** | | | | **28 872** | 30 664 | **1 903** | 1 903 |

All the above entities are privately owned companies.

## 7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD continued

The table below provides summarised financial information of the associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements or management accounts of the relevant associates and not the group's share of those amounts.

| | Bullred | | Mac Investments | | Mac Marketing | | Total | Total |
|---|---|---|---|---|---|---|---|---|
| | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| **Summarised statement of financial position** | | | | | | | | |
| Current assets | **72 361** | 67 457 | **13 775** | 14 192 | **10 592** | 6 282 | **96 728** | 87 931 |
| Non-current assets | **1 747** | 153 | **863** | 273 | **–** | – | **2 610** | 426 |
| Current liabilities | **(60 412)** | (45 379) | **(248)** | – | **(1 580)** | (2 157) | **(62 240)** | (47 536) |
| Non-current liabilities | **(56)** | (17) | **(11 910)** | (13 484) | **–** | – | **(11 966)** | (13 501) |
| Non-controlling interest | **–** | – | **(59)** | – | **–** | – | **(59)** | – |
| Net assets | **13 640** | 22 214 | **2 421** | 981 | **9 012** | 4 125 | **25 073** | 27 320 |
| **Reconciliation to carrying amounts:** | | | | | | | | |
| Opening net assets | **22 214** | 17 434 | **981** | (876) | **4 125** | 4 384 | **27 320** | 20 942 |
| Profit for the period | **11 609** | 17 313 | **2 999** | 2 204 | **6 130** | 5 710 | **20 738** | 25 227 |
| Non-controlling interest | **–** | – | **15** | – | **–** | – | **15** | – |
| Dividends paid | **–** | – | **(1 500)** | – | **(3 693)** | (5 702) | **(5 193)** | (5 702) |
| Foreign currency translation and other adjustments | **(20 183)** | (12 533) | **(74)** | (347) | **2 450** | (267) | **(17 807)** | (13 147) |
| Closing net assets | **13 640** | 22 214 | **2 421** | 981 | **9 012** | 4 125 | **25 073** | 27 320 |
| Group's share % | **49%** | 49% | **47%** | 47% | **46%** | 46% | | |
| Group's share R'000 | **6 684** | 10 885 | **1 130** | 458 | **4 146** | 1 898 | **11 960** | 13 241 |
| Goodwill | **–** | – | **5 298** | 5 298 | **7 297** | 7 297 | **12 595** | 12 595 |
| Foreign currency translation and other adjustments | **96** | (737) | **35** | – | **525** | 897 | **656** | 160 |
| Carrying amount | **6 780** | 10 148 | **6 463** | 5 756 | **11 968** | 10 092 | **25 211** | 25 995 |

## 7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD continued

| | Bullred 2023 R'000 | Bullred 2022 R'000 | Mac Investments 2023 R'000 | Mac Investments 2022 R'000 | Mac Marketing 2023 R'000 | Mac Marketing 2022 R'000 | Total 2023 R'000 | Total 2022 R'000 |
|---|---|---|---|---|---|---|---|---|
| **Summarised statement of comprehensive income** | | | | | | | | |
| Revenue | 135 907 | 132 050 | 25 078 | 19 311 | 15 545 | 13 296 | 176 530 | 164 657 |
| Profit for the period | 11 609 | 17 313 | 2 999 | 2 204 | 6 130 | 5 710 | 20 738 | 25 227 |
| Group's share | 49% | 49% | 47% | 47% | 46% | 46% | | |
| Share of profit of investments accounted for using the equity method | 5 688 | 8 486 | 1 400 | 1 029 | 2 820 | 2 627 | 9 908 | 12 142 |
| **Immaterial aggregated associates** | | | | | | | | |
| Carrying amount | | | | | | | 3 661 | 4 668 |
| Profit for the period | | | | | | | 483 | 4 185 |
| Share of profit of investments accounted for using the equity method | | | | | | | 448 | 1 590 |

The year-end for Whitakers Agencies South Africa (Pty) Ltd and Whitakers Agencies (Lesotho) (Pty) Ltd is February. The management accounts for the period 1 January to 31 December were used to include the associate's profit after tax in the group's statement of comprehensive income. Whitakers provides clients with merchandisers, field managers & sales representatives to the FMCG trade in Lesotho.

The year-end for MACMobile Group is December. The management accounts for the period 1 January to 31 December were used to include the associates profit after tax in the group's statement of comprehensive income. MACMobile Group provides clients with end-to-end, cloud-based FMCG value-chain information technology solutions.

The year-end for Bullred is December. The management accounts for the period 1 January to 31 December were used to include the associates profit after tax in the group's statement of comprehensive income. Bullred distributes liquor products and FMCG products on behalf of clients in Zimbabwe.

### Transfers to subsidiaries

The group obtained control over Takbro Logistics (Pty) Ltd in May 2023 and the subsidiary was consolidated. See note 25.

## 8 INVENTORIES

| | Group | |
|---|---|---|
| | **2023 R'000** | **2022 R'000** |
| Finished goods held for re-sale | 988 310 | 756 393 |
| Other consumable stock items | 2 494 | 3 445 |
| | 990 804 | 759 838 |

Inventories are measured at the lower of cost or net realisable value. Inventories are ceded against trade loans and bank overdraft facilities to the value of R579.3 million (2022: R537.3 million) as disclosed in note 14.

Inventories recognised as an expense during the year ended 31 December 2023 amounted to R8.6 billion (2022: R7.2 billion). These were included in cost of sales.

Amounts written off during the year due to stock losses and damages amounted to R1.3 million (2022: R3.8 million).

Amounts written off are for short dated stock, expired stock, damaged stock and a provision for stock that has been discontinued in the trade.

## 9 TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| **Trade receivables** | 1 550 265 | 1 309 707 | – | – |
| Loans to related parties (note 26) | – | – | 161 270 | 66 230 |
| Less: Loss allowance | (14 498) | (10 942) | (72 451) | (36 501) |
| Trade receivables | 1 535 767 | 1 298 765 | 88 819 | 29 729 |
| Deposits | 16 444 | 4 784 | – | – |
| Staff loans | 1 128 | 1 344 | – | – |
| Payables with debit balances | 22 031 | 27 453 | 2 | – |
| Other receivables | 10 636 | 8 099 | – | – |
| **Trade and other receivables - financial assets** | 1 586 006 | 1 340 445 | 88 821 | 29 729 |
| Vat receivable | 109 740 | 37 010 | – | – |
| Prepayments | 16 748 | 5 384 | – | – |
| **Trade and other receivables - non-financial assets** | 126 488 | 42 394 | – | – |
| **Total trade and other receivables** | 1 712 494 | 1 382 839 | 88 821 | 29 729 |
| Current portion | 1 712 494 | 1 382 839 | 2 | – |
| Non-current portion | – | – | 88 819 | 29 729 |

The group's business model is to collect contractual cash flows from its trade receivables. As per IFRS 9, trade receivables therefore qualify as financial assets held at amortised cost.

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. They are generally due for settlement between 30 and 90 days as per their credit terms and therefore are all classified as current. Trade receivables are measured at the undiscounted invoice price. As a practical expedient, the group presumes that a trade receivable does not have a significant financing component as the expected term is less than one year. Trade receivables outstanding for more than 60 days past the credit terms are considered to be in default. Unresolved claims included in 60+ days past the credit terms, are not seen as accounts in default. A specific loss is raised for amounts over 180 days where no communication has been received from the debtor. Details about the group's loss allowance policy are provided in note 1.

The net decrease in the loss allowance has been reported separately in the statement of comprehensive income. The criteria for a bad debt write off is explained in the accounting policies (note 1).
The loss allowance has increased with R3.6 million as a result of the Taeuber & Corssen acquisition. A material portion of the acquired provision was utlised to write off bad debts to the value of R9.3 million.

Trade and other receivables of R1.5 billion (2022: R1.3 billion) were fully performing.
Receivables of certain subsidiaries have been pledged as security for trade loans and overdraft facilities to the value of R475.3 million (2022: R294.9 million). See note 14.

## 9 TRADE AND OTHER RECEIVABLES continued

### Loans to related parties

The company has impaired R36.0 million (2022: R7.1 million) of its loan to CAS Marketing (Pty) Ltd during the year, as the related party had no expectation to settle this amount in the foreseeable future. As the recovery strategies indicate that the company will fully recover the remaining loans, the expected credit loss will be limited to the effect of discounting the amount due on the loans (at the loan's effective interest rate, which is 0% as the loan is interest free) over the period until cash is realised. As the effective interest rate is 0%, and all strategies indicate that the company will fully recover the remaining outstanding loans, there is no impairment loss to recognise on the remaining outstanding balances.

Where the related parties have no liquid funds available to repay the loans and there is no realistic expectation of recovering the outstanding loans, or part thereof, an estimated credit loss will be raised for the unrecoverable portion of the loans to the related parties.

### Deposits

Deposits consist mostly of deposits made to landlords for leased properties. These are repayable upon cancellation of the lease agreements.

### Prepayments

Prepayments consist mostly of payments made on annual software licenses as well as annual insurance premiums.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023<br>R'000 | 2022<br>R'000 | 2023<br>R'000 | 2022<br>R'000 |
| South African Rand (ZAR) | **732 177** | 659 750 | **88 821** | 29 729 |
| Namibian Dollar (NAD) | **247 982** | 124 086 | **–** | – |
| Emalangeni (SZL) | **282 254** | 208 760 | **–** | – |
| Botswana Pula (BWP) | **385 624** | 362 273 | **–** | – |
| Other | **64 457** | 27 970 | **–** | – |
| | **1 712 494** | 1 382 839 | **88 821** | 29 729 |

Included in "Other" in the current year are EUR, Lesotho Loti (LSL) and Zambia Kwacha (ZMW).

The Namibian Dollar (NAD), Lesotho Loti (LSL) and Emalangeni (SZL) are currently at ratios of one-to-one to the Rand.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The group does not hold any collateral as security.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical default rates over the expected life. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical default rates have been assessed, using a 24-month period. Forward looking estimates include the economic outlook of the country in which the customer resides. The group has identified GDP, food inflation and levels of consumer confidence in the countries in which it sells its goods and services to be the most relevant factors. See the accounting policies (note 1) for more information.

## 9 TRADE AND OTHER RECEIVABLES continued

The loss allowance as at 31 December was determined as follows:

| 31 December 2023 | Botswana R'000 | Eswatini R'000 | Namibia R'000 | South Africa R'000 | Other countries R'000 | Group eliminations R'000 | Total R'000 |
|---|---|---|---|---|---|---|---|
| **Not past due** | | | | | | | |
| Gross carrying amount | 456 781 | 242 818 | 128 608 | 238 273 | 41 804 | (5 824) | 1 102 460 |
| Expected loss rate | (0.1%) | (0.1%) | (1.1%) | (0.2%) | (0.0%) | – | (0.2%) |
| Expected loss allowance | (312) | (251) | (1 416) | (524) | (15) | – | (2 518) |
| **0 - 30 days past due** | | | | | | | |
| Gross carrying amount | 227 846 | 8 751 | 35 640 | 82 562 | 9 460 | (209) | 364 050 |
| Expected loss rate | (0.2%) | (1.6%) | (2.7%) | (1.1%) | (0.5%) | – | (0.7%) |
| Expected loss allowance | (519) | (142) | (951) | (875) | (49) | – | (2 536) |
| **31 - 60 days past due** | | | | | | | |
| Gross carrying amount | 19 583 | 7 115 | 9 612 | 10 939 | 3 016 | (402) | 49 863 |
| Expected loss rate | (0.4%) | (1.1%) | (3.7%) | (6.0%) | (0.2%) | – | (2.4%) |
| Expected loss allowance | (77) | (75) | (359) | (654) | (7) | – | (1 172) |
| **61 - 120 days past due** | | | | | | | |
| Gross carrying amount | 13 904 | 246 | 4 267 | 1 630 | 867 | – | 20 914 |
| Specific loss allowance | (166) | – | (1 005) | – | (17) | – | (1 188) |
| | 13 738 | 246 | 3 262 | 1 630 | 850 | – | 19 726 |
| Expected loss rate | (15.7%) | (6.5%) | (16.3%) | (7.0%) | (1.4%) | – | (14.4%) |
| Expected loss allowance | (2 157) | (16) | (533) | (114) | (12) | – | (2 832) |
| **>120 days past due** | | | | | | | |
| Gross carrying amount | 2 668 | 215 | 4 137 | 5 391 | 567 | – | 12 978 |
| Specific loss allowance | (252) | (174) | (1 140) | – | (134) | – | (1 700) |
| | 2 416 | 41 | 2 997 | 5 391 | 433 | – | 11 278 |
| Expected loss rate | (25.2%) | (224.4%) | (42.6%) | (9.8%) | (9.9%) | – | (22.6%) |
| Expected loss allowance | (610) | (92) | (1 276) | (531) | (43) | – | (2 552) |
| **Total gross carrying amount** | 720 782 | 259 145 | 182 264 | 338 795 | 55 714 | (6 435) | 1 550 265 |
| Total specific loss allowance | (418) | (174) | (2 145) | – | (151) | – | (2 888) |
| | 720 364 | 258 971 | 180 119 | 338 795 | 55 563 | (6 435) | 1 547 377 |
| Total expected loss rate | (0.5%) | (0.2%) | (2.5%) | (0.8%) | (0.2%) | – | (0.8%) |
| Total expected loss allowance | (3 675) | (576) | (4 535) | (2 698) | (126) | – | (11 610) |
| **Total loss allowance** | (4 093) | (750) | (6 680) | (2 698) | (277) | – | (14 498) |

## 9 TRADE AND OTHER RECEIVABLES continued

| 31 December 2022 | Botswana R'000 | Eswatini R'000 | Namibia R'000 | South Africa R'000 | Other countries R'000 | Group eliminations R'000 | Total R'000 |
|---|---|---|---|---|---|---|---|
| **Not past due** | | | | | | | |
| Gross carrying amount | 438 719 | 177 786 | 90 894 | 234 414 | 15 031 | (5 835) | 951 009 |
| Expected loss rate | (0.0%) | (0.1%) | (0.8%) | (0.1%) | (0.1%) | – | (0.1%) |
| Loss allowance | (200) | (112) | (738) | (274) | (13) | – | (1 337) |
| **0 - 30 days past due** | | | | | | | |
| Gross carrying amount | 205 297 | 4 937 | 12 971 | 66 071 | 5 614 | (1 366) | 293 524 |
| Expected loss rate | (0.2%) | (1.0%) | (2.7%) | (0.5%) | (0.5%) | – | (0.4%) |
| Loss allowance | (335) | (50) | (356) | (299) | (26) | – | (1 066) |
| **31 - 60 days past due** | | | | | | | |
| Gross carrying amount | 19 958 | 4 221 | 3 830 | 5 744 | 913 | (1 351) | 33 315 |
| Expected loss rate | (0.4%) | (1.1%) | (5.0%) | (21.9%) | (5.7%) | – | (4.9%) |
| Loss allowance | (80) | (46) | (193) | (1 256) | (52) | – | (1 627) |
| **61 - 120 days past due** | | | | | | | |
| Gross carrying amount | 5 174 | 10 969 | 597 | 5 931 | 780 | (1 558) | 21 893 |
| Specific loss allowance | (99) | – | (32) | – | – | – | (131) |
| | 5 075 | 10 969 | 565 | 5 931 | 780 | (1 558) | 21 762 |
| Expected loss rate | (18.5%) | (3.7%) | (10.1%) | (18.4%) | (1.2%) | – | (11.5%) |
| Loss allowance | (941) | (405) | (57) | (1 093) | (9) | – | (2 505) |
| **>120 days past due** | | | | | | | |
| Gross carrying amount | 8 342 | 133 | 741 | 1 462 | 128 | (840) | 9 966 |
| Specific loss allowance | (1 059) | (114) | (54) | – | (11) | – | (1 238) |
| | 7 283 | 19 | 687 | 1 462 | 117 | (840) | 8 728 |
| Expected loss rate | (30.0%) | (15.8%) | (38.0%) | (39.2%) | (13.7%) | – | (34.8%) |
| Loss allowance | (2 185) | (3) | (261) | (573) | (16) | – | (3 038) |
| **Total gross carrying amount** | 677 490 | 198 046 | 109 033 | 313 622 | 22 466 | (10 950) | 1 309 707 |
| Total specific loss allowance | (1 158) | (114) | (86) | – | (11) | – | (1 369) |
| | 676 332 | 197 932 | 108 947 | 313 622 | 22 455 | (10 950) | 1 308 338 |
| Total expected loss rate | (0.6%) | (0.3%) | (1.5%) | (1.1%) | (0.5%) | – | (0.7%) |
| Expected loss allowance | (3 741) | (616) | (1 605) | (3 495) | (116) | – | (9 573) |
| **Total loss allowance** | (4 899) | (730) | (1 691) | (3 495) | (127) | – | (10 942) |

## 9 TRADE AND OTHER RECEIVABLES continued

The closing loss allowance for trade receivables as at 31 December reconciles to the opening loss allowance as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| Opening loss allowance as at 1 January | 10 942 | 10 266 | 36 501 | 25 945 |
| Increase in loss allowance recognised in statement of comprehensive income during the year | 2 119 | 5 861 | 35 950 | 10 556 |
| Release of loss allowance recognised in statement of comprehensive income during the year | (5 712) | (585) | – | – |
| Receivables written off during the year as uncollectible | (9 887) | (4 649) | – | – |
| Business combinations | 16 865 | – | – | – |
| Other movements including foreign exchange translation differences | 171 | 49 | – | – |
| **At 31 December** | 14 498 | 10 942 | 72 451 | 36 501 |

The expected credit loss for other classes of assets within trade and other receivables are not considered to be material.

## 10 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| Cash at bank and in hand | 627 406 | 411 510 | 138 262 | 128 874 |
| Short-term bank deposits | 434 576 | 324 339 | – | – |
| | 1 061 982 | 735 849 | 138 262 | 128 874 |

The cash and cash equivalents disclosed above and in the statement of cash flows include R4.7 million (2022: R4.2 million) which are held by Pamstad (Pty) Ltd and CAS Marketing (Pty) Ltd. These deposits are held as guarantees against a supplier credit accounts.

The carrying amounts of the group's cash and cash equivalents are denominated in the following currencies:

| | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|
| Rand (ZAR) | 845 805 | 627 996 | 138 251 | 128 872 |
| Namibian Dollar (NAD) | 43 290 | 15 618 | – | – |
| Emalangeni (SZL) | 67 463 | 33 859 | – | – |
| Botswana Pula (BWP) | 81 392 | 49 097 | 11 | 2 |
| Other (incl.US Dollar, Zambia Kwacha, Lesotho Loti) | 24 032 | 9 279 | – | – |
| | 1 061 982 | 735 849 | 138 262 | 128 874 |

## 11 ASSETS AVAILABLE FOR SALE

| | Group 2023 R'000 |
|---|---|
| Reconciliation of assets available for sale: | |
| Reclassified from property, plant and equipment | 247 |
| Reclassified from investment properties | 15 478 |
| Fair value gain | 544 |
| Closing net book value 31 December 2023 | 16 269 |

Assets classified as available for sale include investment properties and equipment included in the Namibia segment. These assets do not currently align with the group's long-term strategy. There are no businesses classified as available for sale. The disposal of these properties is most likely expected to occur within the next 12 months and, therefore, have been classified as available for sale. The proceeds from disposal are expected to exceed or equal the book value of the assets. Assets that are classified as available for sale are not depreciated, as per the accounting policy in note 1.

A payment received in advance of R17 million for the sale of these assets has been recorded in trade and other payables (note 16). As the legal transfer of the assets was not finalised at the reporting date, the assets have not been disposed of at year-end. The offer to purchase was used to determine the fair value of these assets, less cost to sell, which costs included architect drawings and agent commission.

These assets have not been encumbered.

## 12 STATED CAPITAL

| | 2023 Number | 2022 Number |
|---|---|---|
| **Authorised shares** | | |
| Ordinary shares with no par value | 2 000 000 000 | 2 000 000 000 |

| **Movements in ordinary shares** | 2023 Number of shares | 2022 Number of shares | 2023 R'000 | 2022 R'000 |
|---|---|---|---|---|
| Balance at the beginning of the year | 473 337 178 | 461 432 502 | 949 342 | 894 379 |
| Share swap | – | 11 028 559 | – | 52 275 |
| Share buy back | (100 025) | – | (706) | – |
| Shares issued | 510 904 | – | 3 822 | – |
| Share options exercised | 1 632 904 | 876 117 | 3 339 | 2 688 |
| **Balance at the end of the year (fully paid)** | 475 380 961 | 473 337 178 | 955 797 | 949 342 |

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of shares and amounts paid on the shares held.

510 904 shares were issued in December 2023 to a minority shareholder of a subsidiary in exchange for a 5% increase in shareholding of that subsidiary (see note 6).

Options were exercised in May 2023. R3.8 million relating to the employee tax was debited to the share-based payment reserve. The remaining cost of R4.0 million in the share-based payment reserve relating to the exercised options was transferred and credited to retained earnings.

The board proposed the implementation of an odd-lot offer to facilitate the reduction in the number of odd-lot holders in a fair manner, which resulted in the repurchase by the Company of the odd-lot holdings from the odd-lot holders at the offer price. This reduced the administrative time and costs associated with the large number of odd-lot holders. Shareholder approval was obtained in June 2023 at the General Meeting and the repurchase of the shares amounted to R0.7 million paid to odd-lot holders on 24 July 2023. This resulted in a reduction of 4 131 shareholders.

### Substantial shareholders above 5%

Pursuant to the provisions of section 56 of the South African Companies Act, the following shareholders held directly and indirectly equal to or in excess of 5% of the issued share capital as at 31 December 2023:

| | Total shareholding | % |
|---|---|---|
| Botswana Insurance Fund Management | 60 259 318 | 13 |
| Botswana Public Officers Pensions Fund (BPOPF) | 58 787 782 | 12 |
| Export Marketing Investments (Pty) Ltd | 42 200 690 | 9 |
| Coronation Fund Managers | 35 857 665 | 8 |
| **Total** | 197 105 455 | 41 |

# Notes to the **consolidated and separate financial statements** continued

## 12 STATED CAPITAL continued

The shareholding of directors in the ordinary issued share capital of CA Sales Holdings Ltd as at 31 December was as follows:

| | 2023 Number | 2023 % | 2022 Number | 2022 % |
|---|---|---|---|---|
| **Direct shareholding** | | | | |
| ***Executive directors*** | | | | |
| DS Lewis | 2 845 689 | 0.60 | 2 650 588 | 0.56 |
| FJ Reichert | 164 047 | 0.04 | 27 084 | 0.01 |
| ***Non-Executive directors*** | | | | |
| JA Holtzhausen | 759 233 | 0.16 | 732 996 | 0.15 |
| **Indirect shareholding** | | | | |
| ***Executive directors*** | | | | |
| DS Lewis | 11 248 100 | 2.37 | 11 248 100 | 2.38 |
| ***Non-Executive directors*** | | | | |
| FW Britz | 1 229 382 | 0.26 | 1 229 382 | 0.26 |
| E Masilela | 110 250 | 0.02 | 30 850 | 0.01 |
| L Cronje | 9 950 | 0.00 | 9 950 | 0.00 |
| JA Holtzhausen | 627 092 | 0.13 | 560 250 | 0.12 |
| **Total** | 16 993 743 | 3.58 | 16 489 200 | 3.49 |

## 12 STATED CAPITAL continued

### Share-based payments

Executive Share Option Schemes

CA Sales Holdings Ltd operates five equity-settled share incentive schemes under which the share options were granted to selected executive management of the group's subsidiaries and holding company. The share option schemes were approved by shareholders at the preceding annual general meetings. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

In terms of the aforementioned scheme, share options are allocated to participants on the grant date at fair value. The settlement of the purchase consideration payable by the executive in terms of the shares granted occurs when options are exercised. The options are equity settled and have no performance conditions. The benefit to the employees is the growth potential in the value of the shares to which the options relate.

| | Executive share option scheme – 2019 | Executive share option scheme – 2020 | Executive share option scheme – 2021 | Executive share option scheme – 2022 | Executive share option scheme – 2023 |
|---|---|---|---|---|---|
| The equity-settled share-based payment charge recognised in the statement of comprehensive income (R'000) | 158 | 1 624 | 980 | 1 408 | 2 523 |
| The equity-settled share-based payment charge (prior year) (R'000) | 311 | 2 474 | 1 205 | 1 135 | – |
| This charge, net of the related tax effect, was debited to the statement of comprehensive income and credited to other reserves (refer note 13). | | | | | |
| Date granted | 14 March 2019 | 12 March 2020 | 13 March 2021 | 15 March 2022 | 24 March 2023 |
| Number granted | 1 258 972 | 7 090 200 | 3 639 000 | 7 793 800 | 4 862 500 |
| Contractual life | 5 years | 5 years | 5 years | 5 years | 5 years |
| Number vested | 567 507 | 3 263 275 | 893 950 | – | – |
| Number forfeited | 408 952 | 579 325 | 63 200 | 83 700 | – |
| Number available to vest | 282 513 | 3 247 600 | 2 681 850 | 7 710 100 | 4 862 500 |
| Vesting conditions | 25% per year from year 2 | | | | |
| Fair value of each share option granted | R6.86 | R6.70 | R6.22 | R6.33 | R8.98 |
| **The fair values were calculated by applying the Black-Scholes option pricing model** | | | | | |
| **Option pricing model input:** | | | | | |
| Share price at grant date | R5.11 | R5.12 | R5.07 | R4.74 | R6.76 |
| Exercise price | R5.11 | R5.12 | R5.07 | R4.74 | R6.76 |
| Expected volatility | 44.59% | 42.83% | 41.97% | 47.39% | 32.71% |
| Expected dividend yield | 1.37% | 1.86% | 2.03% | 2.48% | 2.13% |
| Contractual life | 5 years | 5 years | 5 years | 5 years | 5 years |
| Risk free interest rate | 7.20% | 6.14% | 4.45% | 7.21% | 12.80% |

To allow for the effects of early exercise, it was assumed that the executives would exercise the options after vesting date when the share price was the same as the exercise price. Volatility was calculated using the share average volatility of similar businesses listed on the JSE.

Scheme 2018 fully vested in May 2023. The current year share-based payment charge relating to scheme 2018 was R0.2 million.

## 12 STATED CAPITAL continued

Below is the reconciliation of the share options for the five schemes relating to the executive directors of the company:

| | | Number of share options as at 31 December 2022 | Number of share options awarded during the year | Number of share options exercised during the year | Strike price per share R | Exercise price per share R | Date granted | Number of share options as at 31 December 2023 |
|---|---|---|---|---|---|---|---|---|
| D Lewis | Scheme 2018 | 342 900 | – | 342 900 | 4.54 | 7.34 | 13 April 2018 | **–** |
| | Scheme 2019 | 31 860 | – | 15 930 | 5.11 | 7.34 | 14 March 2019 | **15 930** |
| | Scheme 2020 | 1 295 325 | – | 431 775 | 5.12 | 7.34 | 12 March 2020 | **863 550** |
| | Scheme 2021 | 1 138 500 | – | 284 625 | 5.07 | 7.34 | 13 March 2021 | **853 875** |
| | Scheme 2022 | 1 375 800 | – | – | 4.74 | | 15 March 2022 | **1 375 800** |
| | Scheme 2023 | – | 961 200 | – | 6.76 | | 24 March 2023 | **961 200** |
| | | 4 184 385 | 961 200 | 1 075 230 | | | | **4 070 355** |
| F Reichert | Scheme 2018 | 87 500 | – | 87 500 | 4.54 | 7.34 | 13 April 2018 | **–** |
| | Scheme 2019 | 238 878 | – | 119 439 | 5.11 | 7.34 | 14 March 2019 | **119 439** |
| | Scheme 2020 | 398 400 | – | 132 800 | 5.12 | 7.34 | 12 March 2020 | **265 600** |
| | Scheme 2021 | 244 900 | – | 61 225 | 5.07 | 7.34 | 13 March 2021 | **183 675** |
| | Scheme 2022 | 1 407 700 | – | – | 4.74 | | 15 March 2022 | **1 407 700** |
| | Scheme 2023 | – | 398 600 | – | 6.76 | | 24 March 2023 | **398 600** |
| | | 2 377 378 | 398 600 | 400 964 | | | | **2 375 014** |
| | | 6 561 763 | 1 359 800 | 1 476 194 | | | | **6 445 369** |

There are no vested share options which have not been exercised.

## 13 OTHER RESERVES

The following table shows a breakdown of the other reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table:

| | Group | | | Company | |
|---|---|---|---|---|---|
| **Group** | **Foreign currency translation R'000** | **Share-based payment R'000** | **Total R'000** | **Share-based payment R'000** | **Total R'000** |
| **2023** | | | | | |
| Opening carrying value | 8 784 | 14 653 | 23 437 | 14 653 | 14 653 |
| Currency translation adjustments | 24 771 | – | 24 771 | – | – |
| Foreign currency translation reclassified to comprehensive income | 226 | – | 226 | – | – |
| Share-based payment cost of share options exercised | – | (3 791) | (3 791) | (3 791) | (3 791) |
| Share-based payment cost – 2018 scheme | – | 228 | 228 | 228 | 228 |
| Share-based payment cost – 2019 scheme | – | 158 | 158 | 158 | 158 |
| Share-based payment cost – 2020 scheme | – | 1 624 | 1 624 | 1 624 | 1 624 |
| Share-based payment cost – 2021 scheme | – | 980 | 980 | 980 | 980 |
| Share-based payment cost – 2022 scheme | – | 1 408 | 1 408 | 1 408 | 1 408 |
| Share-based payment cost – 2023 scheme | – | 2 523 | 2 523 | 2 523 | 2 523 |
| Transfer remaining cost of share options exercised | – | (4 011) | (4 011) | (4 011) | (4 011) |
| **Closing carrying value** | 33 781 | 13 772 | 47 553 | 13 772 | 13 772 |
| **2022** | | | | | |
| Opening carrying value | 26 085 | 15 882 | 41 967 | 16 030 | 16 030 |
| Currency translation adjustments | (17 763) | 148 | (17 615) | – | – |
| Share based payment cost of share options exercised | – | (932) | (932) | (932) | (932) |
| Share-based payment cost – 2018 scheme | – | 1 093 | 1 093 | 1 093 | 1 093 |
| Share-based payment cost – 2019 scheme | – | 311 | 311 | 311 | 311 |
| Share-based payment cost – 2020 scheme | – | 2 474 | 2 474 | 2 474 | 2 474 |
| Share-based payment cost – 2021 scheme | – | 1 205 | 1 205 | 1 205 | 1 205 |
| Share-based payment cost – 2022 scheme | – | 1 135 | 1 135 | 1 135 | 1 135 |
| Transfer remaining cost of share options exercised | – | (5 567) | (5 567) | (5 567) | (5 567) |
| Transfer cost of forfeited share options to retained earnings | – | (1 096) | (1 096) | (1 096) | (1 096) |
| Transactions with non-controlling interest | 462 | – | 462 | – | – |
| **Closing carrying value** | 8 784 | 14 653 | 23 437 | 14 653 | 14 653 |

### Nature and purpose of other reserves

Share-based payment

The share-based payment reserve is used to recognise the grant date fair value of options issued to employees, but not exercised.

Foreign currency translation

Exchange differences arising on the translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to comprehensive income when the net investment is disposed of.

## 14 BORROWINGS

| | Group 2023 R'000 | Group 2022 R'000 |
|---|---|---|
| **Non-current** | | |
| Unsecured loans | 263 | 266 |
| Secured loans | 132 063 | 167 960 |
| Lease liabilities | 178 255 | 154 599 |
| **Total non-current borrowings** | 310 581 | 322 825 |
| **Current** | | |
| Bank overdrafts | 475 257 | 284 712 |
| Unsecured loans | 11 307 | 33 |
| Secured loans | 38 630 | 38 002 |
| Lease liabilities | 41 642 | 39 776 |
| **Total current borrowings** | 566 836 | 362 523 |
| **Total borrowings** | 877 417 | 685 348 |

The lease liabilities increased as operations acquired additional warehouse facilities in Lesotho,South Africa and Zambia. The carrying amount of total borrowings is a reasonable approximation of the fair value.

| | Group 2023 R'000 | Group 2022 R'000 |
|---|---|---|
| The carrying amounts of the group's borrowings are denominated in the following currencies: | | |
| South African Rand (ZAR) | 58 979 | 46 344 |
| Namibian Dollar (NAD) | 195 461 | 165 841 |
| Emalangeni (SZL) | 8 129 | 33 514 |
| Botswanan Pula (BWP) | 584 571 | 433 813 |
| Other (incl. Lesotho Loti (LSL), United States Dollar (USD) and Zambian Kwacha (ZMW)) | 30 277 | 5 836 |
| | 877 417 | 685 348 |

## 14 BORROWINGS continued

| | Group | |
|---|---|---|
| | **2023 R'000** | **2022 R'000** |
| **The secured loans are secured as follows:** | | |
| Loan secured by mortgage bond over fixed property | **170 693** | 195 804 |
| Total secured revolving trade loan facilities | **50 000** | 66 000 |
| Loans secured by cessions of inventories and trade receivables | **–** | (10 158) |
| Undrawn facilities | **50 000** | 55 842 |
| Total unsecured revolving trade loan facilities | **12 080** | – |
| Unsecure loans | **(11 307)** | – |
| Undrawn facilities | **773** | – |
| Total bank overdraft facilities | **579 259** | 547 503 |
| Bank overdrafts are secured by cessions of inventories and trade receivables | **(475 257)** | (284 712) |
| Undrawn facilities | **104 002** | 262 791 |

The principal covenant limits of the mortgage bond are net debt to EBITDA of no more than 2.5 times, interest cover of no less than 3 times and a debt service cover ratio of no less than 1.35 times. Compliance with the debt covenants is formally tested annually and have not been breached. The group has complied with these covenants throughout the reporting period. As at 31 December 2023, the ratio of net debt to EBITDA was 0.3 times (2022: 0.4 times), interest cover was 15.7 times (2022: 13.0 times) and the debt service cover ratio was positive as the relevant operation was in a short term net cash position in both 2023 and 2022.

## 14 BORROWINGS continued

The group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically entered into for fixed periods of three to ten years but may have extension options, described in the accounting policies (note 1).

| | Group | |
|---|---|---|
| | 2023 R'000 | 2022 R'000 |
| **Reconciliation of net book value of lease liabilities:** | | |
| Opening net book value | 194 375 | 82 885 |
| Exchange differences | 444 | (318) |
| New leases | 71 393 | 152 172 |
| Business combinations | 2 879 | 10 248 |
| Termination of lease agreements | (1 832) | (493) |
| Capital repayments | (52 429) | (48 935) |
| Finance cost accrued | 17 509 | 16 025 |
| Finance cost paid | (17 509) | (15 850) |
| Other movements including lease modifications | 5 067 | (1 359) |
| **Closing net book value** | 219 897 | 194 375 |

Cost relating to short-term and low-value leases, included in expenses is R25.8 million (2022: R21.6 million) and R2.6 million (2022: R0.9 million) respectively, as per note 19 (ii).

Interest on lease liabilities for the year amounted to R17.5 million (2022: R16.0 million) as per note 21.

| **The effective interest rates per annum at the reporting date were as follows:** | Group | |
|---|---|---|
| | 2023 | 2022 |
| Lease liabilities | 6.5% - 11.5% | 4.75% - 13.5% |
| Secured loans | 6.3% | 5.0% - 10.0% |
| Overdrafts | 4.7% - 11.8% | 4.7% - 10.25% |

Refer to note 2.1(ii) for interest rate risk exposure.

## 14 BORROWINGS continued

The present value lease liabilities may be analysed as follows:

| | Group | |
|---|---|---|
| **Gross lease liabilities - minimum lease payments** | 2023 R'000 | 2022 R'000 |
| Not later than one year | 59 865 | 54 024 |
| Later than one year not later than two years | 53 159 | 39 290 |
| Later than two years not later than five years | 104 117 | 80 486 |
| Later than five years not later than ten years | 64 830 | 79 905 |
| | 281 971 | 253 705 |
| Less: future finance charges on lease liabilities | (62 074) | (59 330) |
| Present value of lease liabilities | 219 897 | 194 375 |
| **The present value of lease liabilities is as follows:** | | |
| Not later than one year | 41 642 | 39 776 |
| Later than one year not later than two years | 39 197 | 27 838 |
| Later than two years not later than five years | 80 740 | 57 880 |
| Later than five years not later than ten years | 58 318 | 68 881 |
| | 219 897 | 194 375 |

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Details of right-of-use assets are disclosed in note 3.

In the instances where the extention options, offered in the agreements, were not taken, the potential future cashflow exposure, were those extention options to be taken, is R17.8 million (2022: R35.2 million)

The lease agreements do not contain purchase options. There are no restrictions imposed by the lease arrangements such as those concerning dividends, additional debt and further leasing. Leased assets may not be used as security for borrowing purposes.

## 15 DEFERRED INCOME TAX

| | Asset 2023 R'000 | Liability 2023 R'000 | Asset 2022 R'000 | Liability 2022 R'000 |
|---|---|---|---|---|
| The balance comprises temporary differences attributable to: | | | | |
| Tax losses | 3 996 | – | 6 552 | – |
| Provisions | 35 854 | – | 35 239 | – |
| Lease liabilities | 64 296 | – | 54 631 | – |
| Other liabilities | 631 | – | 513 | – |
| Unrealised losses | – | – | 1 032 | – |
| Property, plant and equipment | – | (26 793) | – | (14 442) |
| Intangible assets | – | (2 278) | – | (527) |
| Prepayments | – | (270) | – | (100) |
| Unrealised profits | – | (1 176) | – | – |
| Right-of-use assets | – | (59 302) | – | (51 222) |
| **Total deferred tax assets/(liabilities)** | 104 777 | (89 819) | 97 967 | (66 291) |
| Set-off of deferred tax liabilities pursuant to set-off provisions | (64 692) | 64 692 | (57 955) | 57 955 |
| **Net deferred tax assets/(liabilities)** | 40 085 | (25 127) | 40 012 | (8 336) |

Deferred income taxes are calculated on all temporary differences under the liability method using the principal tax rate of the country of incorporation as applied.

The gross movement on the net deferred income tax assets is as follows:

| | Property , plant & equipment R'000 | Provisions R'000 | Tax losses R'000 | Right-of-use assets R'000 | Lease liabilities R'000 | Intangibles assets and other differences R'000 | Total R'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2023** | | | | | | | |
| At 1 January | (14 442) | 35 239 | 6 552 | (51 222) | 54 631 | 918 | 31 676 |
| Business combinations | (10 792) | – | – | – | – | (2 429) | (13 221) |
| Charged to statement of comprehensive income | (1 215) | 507 | (1 945) | (8 624) | 10 223 | (1 155) | (2 209) |
| Other movements (incl. foreign currency translation differences) | (344) | 108 | (611) | 544 | (558) | (427) | (1 288) |
| **At 31 December** | (26 793) | 35 854 | 3 996 | (59 302) | 64 296 | (3 093) | 14 958 |
| **2022** | | | | | | | |
| At 1 January | (12 387) | 19 147 | 12 087 | (11 808) | 12 788 | (330) | 19 497 |
| Business combinations | – | – | 1 751 | (1 640) | 1 888 | (790) | 1 209 |
| Charged to statement of comprehensive income | (2 136) | 16 111 | (7 267) | (37 811) | 39 994 | 2 008 | 10 899 |
| Other movements (incl. foreign currency translation differences) | 81 | (19) | (19) | 37 | (39) | 30 | 71 |
| **At 31 December** | (14 442) | 35 239 | 6 552 | (51 222) | 54 631 | 918 | 31 676 |

## 15 DEFERRED INCOME TAX continued

The group did not recognise deferred income tax assets of R61.6 million (2022: R2.1 million) in respect of losses amounting to R157.9 million (2022: R7.8 million) that can be carried forward against future taxable income.

| | 2023 R'000 | 2022 R'000 |
|---|---|---|
| **Unrecognised temporary differences** | | |
| Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised: | | |
| Foreign currency translation | 33 781 | 8 784 |
| Undistributed earnings | 1 916 201 | 1 491 929 |
| | 1 949 982 | 1 500 713 |
| Unrecognised deferred tax liabilities relating to the above temporary differences | 526 495 | 405 193 |

Temporary differences of R33.8 million (2022: R8.8 million) have arisen as a result of the translation of the financial statements of the group's subsidiaries outside South Africa. However, a deferred tax liability has not been recognised as the liability will only crystallise in the event of disposal of the subsidiaries, and no such disposal is expected in the foreseeable future.

The subsidiaries of the group have undistributed earnings of R1.9 billion (2022: R1.5 billion) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as CA Sales Holdings Ltd is able to control the timing of distributions from these subsidiaries and is not expected to distribute these profits in the foreseeable future.

# Notes to the **consolidated and separate financial statements** continued

## 16 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 |
| Trade payables | **986 957** | 786 916 | **20** | 125 |
| Refund liabilities from contracts with suppliers | **12 184** | 9 293 | **–** | – |
| Deferred payments | **23** | 23 | **–** | – |
| Employee benefits | **25 699** | 24 356 | **–** | – |
| Payroll related accruals | **46 691** | 48 438 | **–** | – |
| Supplier related accruals | **111 515** | 98 457 | **–** | – |
| Other accrued expenses | **66 167** | 42 372 | **1 052** | 1 051 |
| Payments received in advance | **17 000** | – | **–** | – |
| Amounts due to related parties (note 26) | **1 089** | 835 | **–** | – |
| Contingent consideration | **6 000** | – | **–** | – |
| **Trade and other payables - financial liabilities** | **1 273 325** | 1 010 690 | **1 072** | 1 176 |
| Dividends payable | **29** | 20 | **29** | 20 |
| VAT payable | **40 612** | 29 057 | **–** | – |
| Trade and other payables - non-financial liabilities | **40 641** | 29 077 | **29** | 20 |
| **Total trade and other payables** | **1 313 966** | 1 039 767 | **1 101** | 1 196 |
| Current portion | **1 313 966** | 1 039 767 | **1 101** | 1 196 |
| The carrying amounts of the group's trade and other payables are denominated in the following currencies: | | | | |
| Rand (ZAR) | **474 261** | 415 892 | **1 081** | 1 072 |
| Namibian Dollar (NAD) | **183 967** | 98 848 | **–** | 109 |
| Emalangeni (SZL) | **161 267** | 97 352 | **–** | – |
| Botswana Pula (BWP) | **479 113** | 420 253 | **20** | 15 |
| Other (incl.US Dollar, Euro, Lesotho Loti, Zambia Kwacha) | **15 358** | 7 422 | **–** | – |
| | **1 313 966** | 1 039 767 | **1 101** | 1 196 |

The payments received in advance relate to the sale of the assets available for sale. The legal transfer of the assets was not finalised at the reporting date. See note 11.

The contingent consideration relates to the acquisition of Effective Sales and Merchandising in 2022. At that time, indications were that the future profits on which the contingent consideration was determined, would not realise and therefore, the contingent consideration was fair valued at zero. As at the reporting date, indications are that the profit targets are now highly likely to be met, the fair value of the contingent consideration has increased to R6.0 million. See note 19 (ii).

## 17 EMPLOYEE BENEFITS AND OTHER PROVISIONS

Movements in each class of provision during the financial year are set out below:

| **2023 Group** | **Severance benefit R'000** | **Bonuses R'000** | **Leave pay R'000** | **Other R'000** | **Total R'000** |
|---|---|---|---|---|---|
| Opening balance | 23 686 | 119 092 | 30 584 | – | 173 362 |
| Charged to statement of comprehensive income | 10 610 | 77 240 | 5 784 | – | 93 634 |
| Utilised during the year | (7 643) | (87 083) | (6 097) | – | (100 823) |
| Business combinations | – | – | 5 226 | – | 5 226 |
| Other (incl. foreign currency translation) | 865 | 382 | 223 | – | 1 470 |
| **Closing balance** | 27 518 | 109 631 | 35 720 | – | 172 869 |

| **2022 Group** | **Severance benefit R'000** | **Bonuses R'000** | **Leave pay R'000** | **Other R'000** | **Total R'000** |
|---|---|---|---|---|---|
| Opening balance | 20 715 | 59 284 | 23 919 | 1 579 | 105 497 |
| Charged to statement of comprehensive income | 10 307 | 84 088 | 10 092 | – | 104 487 |
| Utilised during the year | (6 955) | (24 170) | (4 958) | (1 579) | (37 662) |
| Business combinations | – | 111 | 1 625 | – | 1 736 |
| Other (incl. foreign currency translation) | (381) | (221) | (94) | – | (696) |
| **Closing balance** | 23 686 | 119 092 | 30 584 | – | 173 362 |

### Severance benefit scheme

For employees who are employed in Botswana, Eswatini and Lesotho, the group has implemented the requirements of the countries' labour acts relating to severance benefit schemes. The benefits are paid out when employees' services are terminated.

### Bonus provisions

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders, after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. The pay-out of bonuses depend on the achievement of certain criteria by the group and the individuals. These criteria are only calculated after the year end. Bonuses are paid after finalisation of the group results, which occurs usually four months after year end.

### Leave pay provision

The leave obligations cover the group's liability for annual leave. The current portion of this liability includes all of the provided annual leave. The leave obligation reduces when employees take leave, which occurs through out the year and is paid out if and when employees resign.

## 18 REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of revenue from contracts with customers

The group derives revenue from selling and distributing fast-moving consumer goods as well as services such as retail execution and advisory, retail support and training. The group's reportable segments are operating segments that are differentiated by the country of operation. There were no intersegmental revenue. For services provided over time, the obligations are always fulfilled by month end with monthly settlements and no contract assets or liabilities at month end. The table below shows the segment revenue information as well as the basis on which revenue is recognised:

| | Botswana R'000 | Eswatini R'000 | Namibia R'000 | South Africa R'000 | Other Countries R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Selling and distribution of products | 5 642 332 | 1 589 471 | 2 115 865 | 1 540 | 239 330 | 9 588 538 |
| Retail execution and advisory | 1 217 | 30 768 | – | 1 421 432 | 19 317 | 1 472 734 |
| Transport | 59 151 | 70 576 | 8 964 | 93 062 | – | 231 753 |
| Retail support and training | 4 732 | – | – | 16 108 | 8 159 | 28 999 |
| **Revenue from external customers** | 5 707 432 | 1 690 815 | 2 124 829 | 1 532 142 | 266 806 | 11 322 024 |
| **Timing of revenue recognition** | | | | | | |
| At a point in time | 5 644 582 | 1 589 471 | 2 115 865 | 1 540 | 239 026 | 9 590 484 |
| Over time | 62 850 | 101 344 | 8 964 | 1 530 602 | 27 780 | 1 731 540 |
| **Revenue from external customers** | 5 707 432 | 1 690 815 | 2 124 829 | 1 532 142 | 266 806 | 11 322 024 |
| **2022** | | | | | | |
| Selling and distribution of products | 5 070 088 | 1 359 553 | 1 413 194 | 810 | 88 407 | 7 932 052 |
| Retail execution and advisory | 2 124 | 40 454 | – | 1 290 713 | 17 260 | 1 350 551 |
| Transport | 54 129 | 51 088 | – | 82 729 | – | 187 946 |
| Retail support and training | 4 720 | – | – | – | 10 092 | 14 812 |
| **Revenue from external customers** | 5 131 061 | 1 451 095 | 1 413 194 | 1 374 252 | 115 759 | 9 485 361 |
| **Timing of revenue recognition** | | | | | | |
| At a point in time | 5 073 175 | 1 359 553 | 1 413 194 | 810 | 90 823 | 7 937 555 |
| Over time | 57 886 | 91 542 | – | 1 373 442 | 24 936 | 1 547 806 |
| **Revenue from external customers** | 5 131 061 | 1 451 095 | 1 413 194 | 1 374 252 | 115 759 | 9 485 361 |

There were no costs incurred to obtain contracts. Obligations for returns and refunds related to contracts with customers are disclosed under note 16.

## 19 OPERATING PROFIT

The following items have been credited/charged in arriving at the operating profit:

| | Note | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|---|
| **(i) Other operating income** | | | | | |
| Fair value gain on step-up acquisition | | 149 | – | – | – |
| Fair value gain on assets available for sale | | 544 | – | – | – |
| Gain on bargain purchase | 25 | 123 572 | – | – | – |
| Profit on sale of property, plant and equipment | | 7 026 | 3 592 | – | – |
| Profit on termination of lease agreement | | 87 | 340 | – | – |
| Rental income | | 994 | 1 169 | – | – |
| Botswana training levy refund | | 13 106 | 9 605 | – | – |
| Bad debts recovered | | 234 | 351 | – | – |
| Sundry income | | 2 142 | 2 039 | – | – |
| | | 147 854 | 17 096 | – | – |

## 19 OPERATING PROFIT continued

| | Note | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|---|
| **(ii) Expense by nature** | | | | | |
| Amortisation of intangible assets | 5 | 4 065 | 2 559 | – | – |
| Auditor's remuneration - audit fees | | 10 730 | 6 780 | – | – |
| Auditor's remuneration - other services | | 92 | 124 | – | – |
| Bank charges | | 7 553 | 6 662 | 19 | 18 |
| Conferences and subscriptions | | 9 698 | 9 291 | – | – |
| Depreciation | 3 | 95 722 | 83 246 | – | – |
| Directors remuneration | 27 | 17 964 | 10 362 | – | – |
| Donations and enterprise development | | 4 560 | 992 | – | – |
| Employee benefit expenses | 20 | 454 328 | 386 657 | 2 278 | 2 072 |
| Fair value loss on contingent consideration | 16 | 6 000 | – | – | – |
| Fair value loss on step-up acquisition | | – | 809 | – | – |
| Foreign exchange losses | | 34 310 | 3 946 | 72 | 3 |
| Forklift expenses | | 5 250 | 4 991 | – | – |
| Write off of intergroup loan | | – | – | – | 1 968 |
| Information technology cost | | 47 534 | 37 369 | – | – |
| Insurance | | 22 701 | 17 039 | – | – |
| Loss on sale of property, plant and equipment | | 1 650 | 260 | – | – |
| Loss on termination of lease agreement | | 160 | – | – | – |
| Marketing & advertising | | 4 362 | 3 846 | – | – |
| Short term leases | | 25 753 | 21 559 | – | – |
| Low-value leases | | 2 567 | 926 | – | – |
| Office expenses and staff uniforms | | 5 793 | 6 935 | – | – |
| Pallet hire | | 12 951 | 23 383 | – | – |
| Professional fees | | 38 429 | 29 414 | 1 336 | 2 138 |
| Repairs and maintenance | | 14 266 | 13 009 | – | – |
| Security, fumigation & sanitation | | 12 054 | 9 154 | – | – |
| Staff training | | 19 933 | 16 707 | – | – |
| Stationary, printing & office expenses | | 9 372 | 7 120 | – | – |
| Stock write off and provisions for write off | | 1 307 | 3 847 | – | – |
| Telephone and communication | | 7 874 | 6 959 | – | – |
| Third party transport expenses | | 81 540 | 39 937 | – | – |
| Travel and entertainment | | 21 527 | 19 418 | – | – |
| Vehicle expenses - fuel and maintenance | | 126 638 | 118 906 | – | – |
| Water & electricity | | 18 521 | 11 681 | – | – |
| Write off of debt | | 178 | 179 | – | – |
| Other expenses | | 14 285 | 14 503 | 70 | – |
| | | 1 139 667 | 918 570 | 3 775 | 6 199 |

## 20 EMPLOYEE BENEFIT EXPENSES

| | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|
| Wages and salaries, including restructuring costs and other termination benefits: | | | | |
| Salaries, wages and allowances | 447 407 | 380 439 | – | – |
| Share based payment expenses | 6 921 | 6 218 | 2 278 | 2 072 |
| | 454 328 | 386 657 | 2 278 | 2 072 |
| Salaries, wages and allowances included in cost of sales | 1 078 991 | 949 847 | – | – |
| | 1 533 319 | 1 336 504 | 2 278 | 2 072 |

## 21 FINANCE INCOME AND COSTS

| | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|
| **Finance income** | | | | |
| Bank deposits | 68 067 | 20 343 | 1 233 | 1 263 |
| Local tax authority | 1 | 32 | – | – |
| Related party (note 26) | – | 269 | – | – |
| | 68 068 | 20 644 | 1 233 | 1 263 |
| **Finance costs** | | | | |
| Bank overdrafts | 25 938 | 5 182 | – | – |
| Secured loans | 12 243 | 12 321 | – | – |
| Lease liabilities | 17 509 | 16 025 | – | – |
| Other | 841 | 52 | – | – |
| | 56 531 | 33 580 | – | – |
| **Net finance (income)/costs** | (11 537) | 12 936 | (1 233) | (1 263) |

## 22 INCOME TAX EXPENSE

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| **Current tax** | | | | |
| Current tax on profits for the year | **135 463** | 143 497 | **319** | 340 |
| Adjustments for current tax of prior periods | **1 302** | (553) | **–** | – |
| Withholding tax | **15 385** | 7 494 | **9 130** | 2 700 |
| Securities transfer tax | **2** | – | **2** | – |
| **Total current tax expense** | **152 152** | 150 438 | **9 451** | 3 040 |
| **Deferred income tax** | | | | |
| Current year movement | **1 420** | (10 833) | **–** | – |
| Adjustments for deferred tax of prior periods | **789** | (66) | **–** | – |
| **Total deferred tax expense/(benefit)** | **2 209** | (10 899) | **–** | – |
| **Income tax expense** | **154 361** | 139 539 | **9 451** | 3 040 |
| **Numerical reconciliation of income tax expense to prima facie tax payable:** | | | | |
| Profit before income tax expense | **758 849** | 518 135 | **145 735** | 73 405 |
| Tax at the South African tax rate of 27% (2022: 28%) | **204 889** | 145 078 | **39 348** | 20 553 |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | | | |
| Assessed tax losses | **(8 852)** | 1 984 | **–** | – |
| Capital gains tax rate differential | **178** | 12 | **–** | – |
| Interest expense disallowed under Section 41A of the Botswana Tax Act | **(335)** | (230) | **–** | – |
| Foreign tax rate differential * | **(5 352)** | (12 454) | **–** | – |
| Income from associated companies | **(2 486)** | (3 659) | **–** | – |
| Non-deductible charges[1] | **11 225** | 8 604 | **10 712** | 4 678 |
| Non-taxable income[2] | **(62 657)** | (8 155) | **(49 741)** | (24 891) |
| Tax adjustments of prior periods | **2 091** | (619) | **–** | – |
| Dividend withholding taxation | **12 693** | 6 550 | **9 130** | 2 700 |
| Withholding taxation | **2 692** | 944 | **–** | – |
| Change in tax rate | **–** | 1 106 | **–** | – |
| Other | **275** | 378 | **2** | – |
| **Income tax expense** | **154 361** | 139 539 | **9 451** | 3 040 |

* The group operates in seven countries across Africa which have statutory corporate tax rates from between 22% to 32%.

## 22 INCOME TAX EXPENSE continued

| | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|
| [1] Non-deductible charges include the tax impact of: | | | | |
| Share based payment expenses | **1 095** | 1 053 | **615** | 580 |
| Dividends paid to employees of the Trust | **5 263** | 4 189 | **–** | – |
| Apportionment of expenses to non-taxable income | **367** | 526 | **367** | 526 |
| Impairment of intergroup loans | **–** | – | **9 707** | 3 507 |
| Fair value losses | **1 620** | 226 | **–** | – |
| Donations | **115** | 281 | **19** | – |
| Legal and professional fees of capital nature | **2 226** | 926 | **4** | 65 |
| Capital expenditure disallowed under the Botswana Tax Act | **290** | 758 | **–** | – |
| Other non-deductible expenses | **249** | 645 | **–** | – |
| | **11 225** | 8 604 | **10 712** | 4 678 |
| [2] Non-taxable income include the tax impact of: | | | | |
| Learnership rebates | **(10 663)** | (6 936) | **–** | – |
| Employment tax incentive | **(10 597)** | (391) | **–** | – |
| Dividends received | **–** | – | **(49 741)** | (24 891) |
| Fair value gains | **(214)** | – | **–** | – |
| Gain on bargain purchase | **(39 543)** | – | **–** | – |
| Profit on sale of fixed assets | **(934)** | (6) | **–** | – |
| Capital gains | **(478)** | (478) | **–** | – |
| Other non-taxable income | **(228)** | (344) | **–** | – |
| | **(62 657)** | (8 155) | **(49 741)** | (24 891) |

## 23 EARNINGS PER SHARE

| | Group | |
|---|---|---|
| | **2023 cents** | 2022 cents |
| **Basic earnings per share** | | |
| From continuing operations attributable to the ordinary equity holders of the company | **125.22** | 78.53 |
| **Diluted earnings per share** | | |
| From continuing operations attributable to the ordinary equity holders of the company | **122.90** | 77.78 |
| **Headline earnings per share** | | |
| Profit attributable to ordinary equity holders of the company, adjusted as required by SAICA Circular 01/2023 | **97.97** | 78.21 |
| **Diluted headline earnings per share** | | |
| Profit attributable to ordinary equity holders of the company, adjusted as required by SAICA Circular 01/2023 | **96.15** | 77.46 |

| **Reconciliation of earnings used in calculating earnings per share** | **2023 R'000** | 2022 R'000 |
|---|---|---|
| **Basic earnings per share** | | |
| Profit attributable to the ordinary equity holders of the company used in calculating the basic earnings per share | | |
| From continuing operations | **594 150** | 364 677 |
| **Diluted earnings per share** | | |
| The company does not have any potentially dilutive transactions | | |
| Profit attributable to the ordinary equity holders of the company used in calculating the diluted earnings per share | | |
| From continuing operations | **594 150** | 364 677 |

## 23 EARNINGS PER SHARE continued

| | Gross | | Net | |
|---|---|---|---|---|
| **Headline earnings** | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| Profit attributable to ordinary equity holders of the company | | | 594 150 | 364 677 |
| Adjustments as per SAICA Circular 01/2023: | | | | |
| Profit on sale of property, plant and equipment | (5 376) | (3 332) | (5 031) | (2 245) |
| Fair value gain on assets available for sale | (544) | – | (544) | – |
| Insurance proceeds for stolen computer equipment | (48) | – | (35) | – |
| Fair value (gain)/ loss on step-up acquisition | (149) | 809 | (149) | 762 |
| Gain on bargain purchase | (123 572) | – | (123 572) | – |
| Headline earnings used in calculating headline earnings per share | | | 464 819 | 363 194 |

The net amounts of the headline earnings adjustments are adjusted with the tax and non-controlling interest impact, where applicable.

| | | | | |
|---|---|---|---|---|
| **Diluted headline earnings** | | | | |
| The company does not have any potentially dilutive transactions | | | | |
| Headline earnings used in calculating diluted headline earnings per share | | | 464 819 | 363 194 |

| **Weighted average number of shares used as the denominator** | 2023 Number | 2022 Number |
|---|---|---|
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and headline earnings per share | 474 469 254 | 464 408 671 |
| Adjustments for calculation of diluted earnings per share and diluted headline earnings per share: | | |
| Share options | 8 970 514 | 4 469 396 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and diluted headline earnings per share | 483 439 768 | 468 878 067 |

The group adopted earnings per share (EPS) and headline earnings per share (HEPS) as its trading statement requirement in accordance with the JSE Listings Requirements par 8.62 (b).

## 24 NOTES TO THE CASH FLOW STATEMENT

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 R'000 | 2022 R'000 | 2023 R'000 | 2022 R'000 |
| **24.1 Cash generated from/(utilised) by operations** | | | | |
| Profit before income tax | 758 849 | 518 135 | 145 735 | 73 405 |
| Adjustments for: | | | | |
| Depreciation | 95 722 | 83 246 | – | – |
| Amortisation | 4 065 | 2 559 | – | – |
| Net profit on disposal of property, plant and equipment | (5 376) | (3 332) | – | – |
| Dividends received | – | – | (184 227) | (88 897) |
| Finance income | (68 068) | (20 644) | (1 233) | (1 263) |
| Finance costs | 56 531 | 33 580 | – | – |
| Fair value adjustments on contingent consideration | 6 000 | – | – | – |
| Fair value (gain)/loss on step-up acquisition | (149) | 809 | – | – |
| Fair value gain on assets available for sale | (544) | – | – | – |
| Impairment (gains)/losses on financial assets | (3 593) | 5 276 | 35 950 | 10 556 |
| Gain on bargain purchase | (123 572) | – | – | – |
| Write off of intergroup loan | – | – | – | 1 968 |
| Share of profit of investments accounted for using the equity method | (10 356) | (13 732) | – | – |
| Share-based payments | 6 921 | 6 218 | 2 278 | 2 072 |
| Net loss/(profit) on termination of lease agreements | 73 | (340) | – | – |
| Unrealised foreign exchange losses | 10 552 | 347 | – | – |
| Write-off of balances during unwinding of operation | – | (2 899) | – | – |
| Other | 289 | (78) | – | – |
| Payment on share options exercised | (3 791) | (932) | (3 790) | (932) |
| | 723 553 | 608 213 | (5 287) | (3 091) |
| **Changes in working capital** | | | | |
| Increase in inventories | (160 638) | (181 487) | – | – |
| Increase in trade and other receivables | (159 991) | (123 689) | (2) | – |
| Increase/(decrease) in trade and other payables | 137 660 | 82 086 | (96) | 22 |
| (Decrease)/increase in employee benefits and other provisions | (6 850) | 73 192 | – | – |
| | (189 819) | (149 898) | (98) | 22 |
| **Cash generated from/(utilised) by operations** | 533 734 | 458 315 | (5 385) | (3 069) |
| **24.2 Proceeds from disposal of property, plant and equipment** | | | | |
| In the statement of cash flows, proceeds from sale of property, plant and equipment comprise: | | | | |
| Net book value | 15 908 | 5 870 | – | – |
| Net profit on disposal of property, plant and equipment | 5 376 | 3 332 | – | – |
| **Proceeds** | 21 284 | 9 202 | – | – |

# Notes to the **consolidated and separate financial statements** continued

## 24 NOTES TO THE CASH FLOW STATEMENT continued

| | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|
| **24.3 Non-cash investing and financing activities** | | | | |
| Acquisition of right-of-use assets through leases (notes 3 and 14) | 71 393 | 152 172 | – | – |
| **24.4 Net cash/(debt) reconciliation** | | | | |
| Cash and cash equivalents excluding bank overdraft | 1 061 982 | 735 849 | 138 262 | 128 874 |
| Bank overdrafts | (475 257) | (284 712) | – | – |
| Current borrowings | (49 937) | (38 035) | – | – |
| Non-current borrowings | (132 326) | (168 226) | – | – |
| Current leases | (41 642) | (39 776) | – | – |
| Non-current leases | (178 255) | (154 599) | – | – |
| **Net cash** | 184 565 | 50 501 | 138 262 | 128 874 |

| Group | Other assets: Cash R'000 | Liabilities from financing activities: Overdraft R'000 | Current leases R'000 | Non-current leases R'000 | Current loans R'000 | Non-current loans R'000 | Total R'000 |
|---|---|---|---|---|---|---|---|
| **Net cash/(debt) as at 1 January 2023** | 735 849 | (284 712) | (39 776) | (154 599) | (38 035) | (168 226) | 50 501 |
| Cash flows | 306 550 | (181 757) | 52 429 | – | 43 169 | (11 307) | 209 084 |
| Finance cost accrual | – | (25 938) | (17 509) | – | (12 243) | – | (55 690) |
| Finance cost paid | – | 25 938 | 17 509 | – | 12 243 | – | 55 690 |
| Business combinations | 5 571 | – | (154) | (2 725) | – | – | 2 692 |
| Foreign exchange adjustments | 14 012 | (8 788) | 672 | (1 116) | (1 355) | (6 509) | (3 084) |
| Non-cash movements – new leases | – | – | – | (71 393) | – | – | (71 393) |
| Non-cash movements – termination of leases | – | – | 682 | 1 150 | – | – | 1 832 |
| Other non-cash movements | – | – | (4 220) | (847) | – | – | (5 067) |
| Transfers from non-current to current balances | – | – | (51 275) | 51 275 | (53 716) | 53 716 | – |
| **Net cash/(debt) as at 31 December 2023** | 1 061 982 | (475 257) | (41 642) | (178 255) | (49 937) | (132 326) | 184 565 |

## 24 NOTES TO THE CASH FLOW STATEMENT continued

### 24.4 Net cash/(debt) reconciliation continued

| Group | Other assets | Liabilities from financing activities | | | | | |
|---|---|---|---|---|---|---|---|
| | Cash R'000 | Overdraft R'000 | Current leases R'000 | Non-current leases R'000 | Current loans R'000 | Non-current loans R'000 | Total R'000 |
| **Net cash/(debt) as at 1 January 2022** | 655 948 | (311 876) | (38 098) | (44 787) | (36 806) | (208 481) | 15 900 |
| Cash flows | 118 058 | (12 061) | 48 935 | – | 34 312 | (32) | 189 212 |
| Finance cost accrual | – | (5 182) | (16 025) | – | (12 321) | – | (33 528) |
| Finance cost paid | – | 5 182 | 15 850 | – | 12 321 | – | 33 353 |
| Business combinations | 4 567 | – | (2 770) | (7 478) | (30) | (263) | (5 974) |
| Foreign exchange adjustments | (42 724) | 39 225 | 102 | 216 | 857 | 4 182 | 1 858 |
| Non-cash movements – new leases and bonds | – | – | – | (152 172) | – | – | (152 172) |
| Non-cash movements – termination of leases | – | – | 493 | – | – | – | 493 |
| Other non-cash movements | – | – | 325 | 1 034 | – | – | 1 359 |
| Transfers from non-current to current balances | – | – | (48 588) | 48 588 | (36 368) | 36 368 | – |
| **Net cash/(debt) as at 31 December 2022** | 735 849 | (284 712) | (39 776) | (154 599) | (38 035) | (168 226) | 50 501 |

### 24.5 Taxation paid

| | Group 2023 R'000 | Group 2 022 R'000 | Company 2 023 R'000 | Company 2 022 R'000 |
|---|---|---|---|---|
| Tax liability at the beginning of the year | **(4 137)** | (1 752) | **(5)** | (3) |
| Charge to profit and loss | **(154 361)** | (139 539) | **(9 451)** | (3 040) |
| Movement in deferred taxation | **2 209** | (10 899) | **–** | – |
| Acquisition of subsidiary | **1 233** | (496) | **–** | – |
| Foreign currency translation | **56** | 135 | **–** | – |
| Other adjustments | **(41)** | 9 | **–** | – |
| Net tax liability at the end of the year | **20 165** | 4 137 | **15** | 5 |
| **Tax paid** | **(134 876)** | (148 405) | **(9 441)** | (3 038) |

## 25 BUSINESS COMBINATIONS

### Acquisition of subsidiaries

TAEUBER AND CORSSEN GROUP

On 2 January 2023, Wutow Trading (Pty) Ltd, a wholly owned subsidiary of CA Sales Holdings Ltd, acquired 100% of the share capital of T&C Properties Namibia (Pty) Ltd and Taeuber and Corssen (Pty) Ltd for R65 million, collectively known as the T&C Group. T&C Group is a distribution and retail execution business based in Namibia. As a result of the acquisition, the group increased its footprint in Namibia. The transaction resulted in a gain on bargain purchase value of R123.6 million.

Transaction costs relating to the acquisition, in the form of Namibia Competition Commissioner and professional fees, amounted to R4.2 million. These costs have been expensed as per the accounting policy and are included in professional fees (note 19 (ii)) .

The following table summarises the purchase consideration paid for the T&C Group and the fair value of assets acquired and liabilities assumed, at the acquisition date:

| | 2023<br>R'000 |
|---|---|
| Cash paid | 65 000 |
| **Total purchase consideration** | 65 000 |
| Recognised amounts of identifiable assets acquired and liabilities assumed: | |
| Cash and cash equivalents | 3 880 |
| Property, plant and equipment | 87 542 |
| Investment properties | 24 477 |
| Inventories | 52 801 |
| Trade and other receivables | 156 580 |
| Income tax receivable | 1 361 |
| Trade and other payables | ( 125 584) |
| Deferred tax liability | ( 10 792) |
| Borrowings | ( 1 693) |
| **Total identifiable net assets** | 188 572 |
| Gain on bargain purchase (included in other operating income note 19 (i)) | ( 123 572) |
| **Net assets acquired** | 65 000 |
| **Cash flow on acquisition** | |
| Purchase consideration – cash paid | 65 000 |
| Cash and cash equivalents acquired | ( 3 880) |
| **Net cash outflow – investing activities** | 61 120 |

The assets and liabilities recognised are the final amounts.

The gain on bargain purchase arose as a result of the fair value of net assets acquired, exceeding the purchase price. The operations were loss making for the past few years and the seller took a strategic decision to exit the Namibia market. The gain on bargain purchase is included in other operating income in the statement of comprehensive income, but is excluded from headline earnings (see note 19 (i) and 23).

The revenue included in the consolidated statement of comprehensive income contributed by the T&C Group was R333.4 million with R29.0 million profit after tax for the 12 months.

## 25 BUSINESS COMBINATIONS continued

### Acquisition of operations

THE OPERATIONS OF MARKETMAX

In June 2023, Brand Support Services (Pty) Ltd, an indirect subsidiary of CA Sales Holdings Ltd, acquired all the operations of MarketMax (Pty) Ltd for R11.5 million. Contracts acquired are with clients who retail their brands in the pharmaceutical channel. This acquisition is in line with the group's channel broadening strategy.

There were no transaction costs relating to the acquisition.

The following table summarises the purchase consideration paid for the operations of MarketMax and the fair value of assets acquired and liabilities assumed at the acquisition date:

| | 2023 R'000 |
|---|---|
| Cash paid | 11 500 |
| **Total purchase consideration** | 11 500 |
| Recognised amounts of identifiable assets acquired and liabilities assumed: | |
| Property, plant and equipment | 75 |
| Intangible assets | 8 996 |
| Deferred income tax assets | ( 2 429) |
| Trade and other payables | ( 702) |
| **Total identifiable net assets** | 5 940 |
| Goodwill | 5 560 |
| **Net assets acquired** | 11 500 |
| **Cash flow on acquisition** | |
| Purchase consideration – cash paid | 11 500 |
| **Net cash outflow – investing activities** | 11 500 |

The assets and liabilities recognised are the final amounts.

The goodwill arose as a result of the business value, derived from the net present value of expected future cash flows, exceeding the fair value of net assets acquired. Goodwill is not expected to be deductible for tax purposes. The intangible assets relate to the fair value of the customer list. This will be amortised over a period of three years. The value of amortisation included in the statement of comprehension income, relating to this customer list, is R1.5 million.

The revenue included in the consolidated statement of comprehensive income since 1 June 2023, contributed by the operations of MarketMax, was R36.7 million with R2.9 million profit after tax.

Had the operations of Market Max been consolidated from 1 January 2023, the consolidated statement of comprehensive income of the group would have included pro-forma revenue of R20.5 million and profit of R1.5 million.

TAKBRO LOGISTICS

Logico Unlimited (Pty) Ltd, a wholly owned subsidiary of CA Sales Holdings Ltd, gained control over Takbro Logistics (Pty) Ltd by acquiring a further 11%, in May 2023, for R0.4 million. The subsidiary was consolidated from June 2023. The net cash inflow from this transaction was R1.3 million.

## 26 RELATED PARTY TRANSACTIONS

### Subsidiaries

Interests in subsidiaries are set out in note 6.

### Associated companies

Interests in associates are set out in note 7.

### Transactions and balances

During the financial year the company and its subsidiaries conducted the following transactions with associates, key management and parties exercising significant influence:

| | | Note | Group 2023 R'000 | Group 2022 R'000 | Company 2023 R'000 | Company 2022 R'000 |
|---|---|---|---|---|---|---|
| **Dividend income** | | | | | | |
| Pack 'n Stack Investment Holdings (Pty) Ltd | | | – | – | 77 674 | 41 897 |
| Logico Unlimited (Pty) Ltd | | | – | – | 20 000 | 27 000 |
| SMC Brands SA (Pty) Ltd | | | – | – | 15 000 | 20 000 |
| CA Sales & Distribution (Pty) Ltd | | | – | – | 71 553 | – |
| **Finance income** | | 21 | | | | |
| Mac Money Mobile Banking Solutions (Pty) Ltd | | | – | 6 | – | – |
| PSG Konsult Ltd | | | – | 263 | – | – |
| **Other operating expenses** | | 19 (ii) | | | | |
| PSG Capital (Pty) Ltd | Professional fees | | – | 89 | – | – |
| PSG Corporate Services (Pty) Ltd | Professional fees | | – | 118 | – | – |
| PSG Corporate Services (Pty) Ltd | Directors fees and travel reimbursements | | – | 242 | – | – |
| PSG Insure (Pty) Ltd | Insurance | | – | 2 | – | – |
| Mac Money Mobile Banking Solutions (Pty) Ltd | IT expenses | | 5 409 | 3 472 | – | – |
| **Trade and other receivables: Loans to related parties** | | 9 | | | | |
| CA Sales and Distribution (Pty) Ltd | | | – | – | 8 827 | 10 252 |
| CAS Marketing (Pty) Ltd | | | – | – | 69 714 | 33 064 |
| Wutow Trading (Pty) Ltd | | | – | – | 76 187 | 11 188 |
| CA Sales Investments (Pty) Ltd | | | – | – | 2 737 | 3 437 |
| Pamstad (Pty) Ltd | | | – | – | 3 805 | 8 289 |
| Loss allowance on the above receivables | | | – | – | (72 451) | (36 501) |
| **Trade payables - Amounts due to related parties** | | 16 | | | | |
| Mac Money Mobile Banking Solutions (Pty) Ltd | | | 1 089 | 835 | – | – |
| **Key management compensation** | | | | | | |
| Salaries and other short-term employee benefits | | | 17 964 | 10 362 | – | – |
| Share options exercised | | | 3 550 | 737 | – | – |

Detailed remuneration disclosures are provided in note 27.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

## 27 DIRECTORS' REMUNERATION

| | Salary (R'000) | Bonus (R'000) | Share options exercised (R'000) | Total (R'000) |
|---|---|---|---|---|
| **Executive directors** | | | | |
| **2023** | | | | |
| D Lewis | 3 941 | 5 676 | 2 604 | 12 221 |
| F Reichert | 2 434 | 3 505 | 946 | 6 885 |
| | 6 375 | 9 181 | 3 550 | 19 106 |
| **Executive directors** | | | | |
| **2022** | | | | |
| D Lewis | 3 754 | 1 802 | 539 | 6 095 |
| F Reichert | 2 311 | 1 092 | 198 | 3 601 |
| | 6 065 | 2 894 | 737 | 9 696 |

See note 12 for share options granted to directors.

The bonuses are those amounts which were paid during the financial year but were calculated based on the results of the prior year.

## 27 DIRECTORS' REMUNERATION continued

| | Board (R'000) | Audit and risk committee (R'000) | Remuneration and nominations committee (R'000) | Social and ethics committee (R'000) | Total (R'000) |
|---|---|---|---|---|---|
| **Non-executive directors** | | | | | |
| **2023** | | | | | |
| FW Britz | 207 | 38 | – | 40 | 285 |
| LR Cronje | 207 | 50 | – | – | 257 |
| JA Holtzhausen | 328 | – | 62 | 40 | 430 |
| B Marole | 208 | 12 | – | 40 | 260 |
| E Masilela | 275 | 12 | 40 | – | 327 |
| JS Moakofi | 208 | – | 40 | – | 248 |
| B Mathews | 207 | 50 | – | 63 | 320 |
| B Patel | 208 | 73 | – | – | 281 |
| | 1 848 | 235 | 142 | 183 | 2 408 |
| **Non-executive directors** | | | | | |
| **2022** | | | | | |
| FW Britz | 118 | – | – | 24 | 142 |
| LR Cronje | 144 | 24 | – | – | 168 |
| N de Waal | 144 | – | – | 24 | 168 |
| JA Holtzhausen | 157 | – | 24 | 24 | 205 |
| B Marole | 144 | 24 | – | – | 168 |
| E Masilela | 144 | 24 | 24 | – | 192 |
| JS Moakofi | 144 | – | 24 | – | 168 |
| B Patel | 144 | 24 | – | 24 | 192 |
| | 1 139 | 96 | 72 | 96 | 1 403 |

## 28 SEGMENTAL REVIEW

The group's chief operating decision makers ("CODM"), consisting of the chief executive officer and the chief financial officer, examine the group's performance from a geographical perspective. The group's reportable segments are operating segments that are differentiated by the country of operation. The segments that individually do not meet the qualitative thresholds indicated in IFRS 8 *Operating Segments* , have been aggregated under the heading "other countries" and include operations in Lesotho, Mauritius, Zambia and Zimbabwe.

The group evaluates the performance of its reportable segments based on revenue and operating profit ("EBIT" and "adjusted EBITDA"). The intersegment sales and transfers are included in the values per segment and eliminated on the intersegmental transactions line.

The segments derive their income from selling and distributing fast-moving consumer goods as well as services such as retail execution and advisory, retail support, training and technology and data solutions (see note 18).

| | Revenue | | EBIT | | Adjusted EBITDA | |
|---|---|---|---|---|---|---|
| | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 |
| Botswana | **5 707 433** | 5 131 061 | **269 466** | 224 081 | **294 392** | 246 828 |
| Eswatini | **1 690 815** | 1 451 095 | **145 353** | 108 626 | **159 834** | 122 643 |
| Namibia | **2 124 829** | 1 413 194 | **181 716** | 43 999 | **79 770** | 60 146 |
| South Africa | **1 532 141** | 1 374 252 | **150 271** | 144 494 | **183 381** | 174 141 |
| Other countries | **266 806** | 115 759 | **252** | 9 982 | **5 896** | 13 229 |
| Intersegmental transactions | **–** | – | **254** | (111) | **254** | (111) |
| **Total** | **11 322 024** | 9 485 361 | **747 312** | 531 071 | **723 527** | 616 876 |
| Reconciliation from adjusted EBITDA to profit after tax: | | | | | | |
| Adjusted EBITDA * | | | | | **723 527** | 616 876 |
| Depreciation & amortisation | | | | | **(99 787)** | (85 805) |
| Gain on bargain purchase (relating to the Namibia segment) | | | | | **123 572** | – |
| EBIT | | | | | **747 312** | 531 071 |
| Net finance income/(cost) | | | | | **11 537** | (12 936) |
| Taxation | | | | | **(154 361)** | (139 539) |
| **Profit after tax** | | | | | **604 488** | 378 596 |

Revenues of approximately R2.7 billion (2022: R2.3 billion) are derived from two external customers domiciled in Botswana and are attributed to the Botswana and Namibia segments.

* Non-IFRS performance measure

Non-IFRS performance measures are measures that (i) are not defined by IFRS, (ii) are not uniformly defined or used by all entities, and (iii) may not be comparable with similar labeled measures and disclosures provided by other entities.  The directos are responsible for compiling the non-IFRS performance measures.

## 28 SEGMENTAL REVIEW continued

| | Employee expenses | | Vehicle expenses | | Depreciation and amortisation | |
|---|---|---|---|---|---|---|
| | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 |
| Botswana | **195 876** | 170 289 | **71 696** | 72 706 | **24 929** | 22 748 |
| Eswatini | **64 446** | 51 396 | **15 626** | 13 907 | **14 480** | 14 018 |
| Namibia | **90 434** | 55 238 | **8 202** | 4 657 | **22 881** | 17 296 |
| South Africa | **1 175 508** | 1 051 572 | **27 766** | 26 123 | **33 108** | 29 646 |
| Other countries | **8 425** | 8 009 | **3 348** | 1 513 | **5 645** | 3 248 |
| Intersegmental transactions | **(1 370)** | – | **–** | – | **(1 256)** | (1 151) |
| **Total** | **1 533 319** | 1 336 504 | **126 638** | 118 906 | **99 787** | 85 805 |
| | Note 20 | | Note 19 | | Note 19 | |

| | Total assets | | Non-current assets excluding deferred tax and financial assets | | Total liabilities | | Capital expenditure and intangibles acquired | |
|---|---|---|---|---|---|---|---|---|
| | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 | **2023 R'000** | 2022 R'000 |
| Botswana | **2 572 708** | 2 253 596 | **636 005** | 625 809 | **1 333 238** | 1 172 876 | **22 018** | 21 790 |
| Eswatini | **625 643** | 467 924 | **115 484** | 113 707 | **279 498** | 149 748 | **18 886** | 11 823 |
| Namibia | **793 207** | 407 714 | **204 966** | 121 281 | **523 131** | 301 888 | **132 198** | 123 441 |
| South Africa | **1 222 694** | 944 110 | **305 713** | 269 123 | **359 386** | 298 520 | **67 433** | 78 431 |
| Other countries | **197 089** | 102 903 | **58 627** | 37 483 | **183 203** | 78 322 | **30 954** | 5 737 |
| Intersegmental transactions | **(258 779)** | (85 641) | **–** | (98) | **(258 779)** | (85 641) | **–** | (1 725) |
| **Total** | **5 152 562** | 4 090 606 | **1 320 795** | 1 167 305 | **2 419 677** | 1 915 713 | **271 489** | 239 497 |

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

## 29 CONTINGENT LIABILITIES

There were no contingencies and commitments which require adjustments to or disclosure in these financial statements.

## 30 CAPITAL COMMITMENTS

The group has capital expenditure commitments to the value of R9.6 million (2022: R3.9 million) that were authorised but not yet contracted or recognised as liabilities.

## 31 EVENTS AFTER BALANCE SHEET DATE

The significant events that occurred after the reporting date that require disclosure in the consolidated annual financial statements for the year ended 31 December 2023 are the following:

### Business combination

On 22 March 2024, CA Sales Investments (Pty) Ltd, a wholly owned subsidiary of CA Sales Holdings Ltd, purchased 49% of the share capital of Roots Sales (Pty) Ltd ("Roots") for R70 million. Roots is domiciled in South Africa and service the main market in the country, which is a channel broadening acquisition for the CA&S Group.

### Dividend declaration

A final dividend of 19.56 (2022: 15.35) cents (or BWP equivalent) per share in respect of the year ended 31 December 2023 was declared on Wednesday, 27 March 2024, for payment to the ordinary shareholders of the company at the close of business on Monday, 22 April 2024. In line with the company's dividend policy, the dividend was maintained at 20% of the headline earnings. The number of issued shares at the declaration date is 475 380 961. The dividend has been declared from income reserves.

## 32 RESTATEMENT OF STATEMENT OF CASH FLOWS

The group reassessed the classification principles regarding bank overdrafts in the statement of cash flows to comply with IAS 7 par. 8. The overdraft was disclosed as cash and cash equivalents in the prior year. The overdraft has now been disclosed as part of cash from financing activities as it is part of the capital structure of the group. This resulted in a restatement of the comparative statement of cash flows and related notes for the year ended 31 December 2022.

This restatement does not impact the statement of financial position, the statement of profit or loss or the statement of changes in equity.

**Included below is the impact of the restatement as discussed above on the statement of cash flows.**

| | Group | | |
|---|---|---|---|
| | As previously presented Audited 2022 R'000 | Adjusted R'000 | Restated Audited 2022 R'000 |
| Repayments of borrowings | (83 247) | (4 229 818) | (4 313 065) |
| Proceeds from borrowings | 32 | 4 241 879 | 4 241 911 |
| **Net cash outflow from financing activities** | (149 499) | 12 061 | (137 438) |
| Net increase in cash and cash equivalents | 110 564 | 12 061 | 122 625 |
| Effects of exchange rate changes on cash and cash equivalents | (3 499) | (39 225) | (42 724) |
| Cash and cash equivalents at the beginning of the year | 344 072 | 311 876 | 655 948 |
| **Cash and cash equivalents at the end of the year** | 451 137 | 284 712 | 735 849 |

## 32 RESTATEMENT OF STATEMENT OF CASH FLOWS continued

**Included below is the impact of the restatement on the net cash/(debt) reconciliation note 24.4.**

| | Group | | | |
|---|---|---|---|---|
| | As previously presented Audited Cash including overdraft R'000 | Adjusted R'000 | Restated Audited Cash R'000 | Restated Audited Overdraft R'000 |
| **Net cash/(debt) as at 1 January 2022** | 344 072 | 311 876 | 655 948 | (311 876) |
| Cash flows | 105 997 | 12 061 | 118 058 | (12 061) |
| Finance cost accrual | (5 182) | 5 182 | – | (5 182) |
| Finance cost paid | 5 182 | (5 182) | – | 5 182 |
| Business combinations | 4 567 | – | 4 567 | – |
| Foreign exchange adjustments | (3 499) | (39 225) | (42 724) | 39 225 |
| **Net cash/(debt) as at 31 December 2022** | 451 137 | 284 712 | 735 849 | (284 712) |

## 33 GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The directors consider that the group entities and company have adequate resources to continue operating for the foreseeable future. The directors have satisfied themselves that the group entities and company are in a sound financial position and that they have access to sufficient cash and borrowing facilities to meet foreseeable cash requirements.

# Corporate **information**

## Company registration number
2011/143100/06

## Country of incorporation
South Africa

## Date of incorporation
7 December 2011

## Tax residency
South Africa

## Registered Office
1st Floor, Building C, Westend Office Park, 254 Hall Street, De Hoewes, Centurion, 0157 South Africa

## Corporate Advisor and JSE Sponsor
PSG Capital (Proprietary) Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building, Stellenbosch, 7600 South Africa
(PO Box 7403, Stellenbosch, 7599)
and at
Suite 1105, 11th Floor, Sandton Eye Building, 126 West Street, Sandton, 2196 South Africa
(PO Box 650957, Benmore, 2010)

## Company Secretary
Bernadien Naude CA(SA)
1st Floor, Building C, Westend Office Park, 254 Hall Street, De Hoewes, Centurion, 0157 South Africa
(PO Box 7403, Stellenbosch, 7599)

## BSE Sponsor
Imara Capital Securities (Proprietary) Limited
Office 3A, 3rd Floor, Masa Centre, Plot 54353 New CBD, Gaborone Botswana
(Private Bag 173, Gaborone, Botswana)

## Auditor and Reporting Accountants
Deloitte & Touche
5 Magwa Crescent, Waterfall City, 2090 South Africa

## Principal Banker
First National Bank Limited

## Website
www.cas.group

## Transfer Secretaries (BSE)
Central Securities Depository Company of Botswana Limited
Fourth Floor, Fairscape Precinct Plot 70667, Fairgrounds Office Park, Gaborone, Botswana

## Transfer Secretaries (JSE)
JSE Investor Services (Proprietary Limited)
1 Exchange Square, Gwen Lane, Sandown, Sandton, 2196 South Africa
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