ca&s group

Integrated report for the year ended 31 December 2021

Collaboration. Activation. Sales.

Contents

ca&s group

Integrated report

for the year ended 31 December

2021

Collaboration.
Activation.
Sales.

About this report

Report objective

This Integrated Report (IR) provides our stakeholders with insight into our ability to create value over the short, medium and long term. It outlines the group's strategy and business model, operating environment, material risks and governance, as well as our financial performance for the year 1 January to 31 December 2021.

Reporting frameworks

The report has been prepared in line with the Value Reporting Foundation's International <IR> Framework. It takes into consideration the principles and practices contained in the South African King Code of Governance Principles 2016 (King IV™). The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the South African Companies Act, as well as the listings requirements of the Botswana Stock Exchange (BSE) and the Cape Town Stock Exchange (CTSE).

Reporting scope and boundary

Integrated reporting is an ongoing journey. As the concepts and practices of both integrated and sustainability reporting develop, CA&S' management will continue to improve disclosures and application as deemed appropriate.

This report covers the primary activities of the CA&S Group's subsidiaries and associates operating in the southern African region, including both financial and non-financial outcomes. While the report is primarily written for investors, we also present information relevant to the way we create value for other key stakeholders, including our staff, clients, regulators and society.

The information in the integrated report is informed by materiality, with a focus on issues that are important to both CA&S and our key stakeholders.

Navigation icons

Six capitals

- Financial
- Manufactured
- Social and relationship
- Human
- Intellectual
- Natural

Our service offering

- Warehousing and distribution
- Retail Execution
- Retail support services
- Technology and data
- Strategy Retail and Advisory services

Disclosure and assurance

CA&S aims for the highest standards for all disclosures included in this IR to provide meaningful, accurate, complete, transparent and balanced information to stakeholders. The board of directors (the board), its committees and management were involved in determining and approving disclosures made in this IR.

The financial information included in this IR was prepared in accordance with IFRS, with PricewaterhouseCoopers Inc. independently assuring the annual financial statements.

Forward-looking statements

This report contains forward-looking statements about the group's operating environment, outlook and operations, which are affected by risks and uncertainty. Certain factors could influence the ultimate outcomes to be significantly different from our forecasts. Our forward-looking statements have not been audited by our external auditors.

Responsibility and approval

The board acknowledges its responsibility to ensure the integrity of this IR. In its opinion, the report addresses all the issues that are material to the group's ability to create value and fairly presents the integrated performance of the CA&S Group. The board has applied its collective mind to the preparation and presentation of this report and believes that it has been prepared in accordance with the <IR> Framework. The board of directors of CA&S Group approved this report on 29 April 2022.

Johan Holtzhausen
Non-executive Chairman

Duncan Lewis
Chief Executive Officer

Frans Reichert
Finance director

Leon Cronje
Independent non-executive

Blackie Marole
Independent non-executive

Shiellah Moakofi
Independent non-executive

Elias Masilela
Independent non-executive

Badal Patel
Independent non-executive

Frans Britz
Non-executive

Nico de Waal
Non-executive

Jean Craven
Alternate director to B Patel

Our financial and non-financial **milestones**

Revenue
R8 028 million
(2020 R7 932 million)

Adjusted EBITDA
R476 million
(2020 R451 million)

Headline earnings
R272 million
(2020 R232 million)

Net asset value per share
R3.85
(2020 R3.53)

Dividend declared for the year
11.77 cents
(2020 10.26 cents)

Employees

R1.024 billion paid in **wages** and **salaries**

10 432 employment opportunities in southern Africa

Stores Serviced

Products delivered to more than **4 180 outlets**

Merchandising services in more than **5 400 outlets**

CSI Spend

R3.5 million spent in 2021

24 charitable organisations/ initiatives

Infrastructure

89 000m² **warehousing** available

We have **252 trucks** in our fleet

Who we are and **what** we do

The CA&S Group is the holding entity of a collective of fast-moving consumer goods (FMCG) retail solutions businesses that operate across southern Africa, offering route-to-market services to prominent multinational, as well as local brand owners and manufacturers.

Our clients depend on us for continuous on-shelf availability across categories, channels and geographies. While providing clients with a supply chain solution into stores, onto shelves and into baskets and trollies, we ensure that their products are available, visible and promoted – ultimately contributing to improved market share.

Warehousing and distribution

The Group has an unparalleled distribution network in the region, with our companies closely collaborating to take brands beyond borders.

We have excellent storage solutions and our distribution network enables us to consistently deliver for our clients, giving them surety that their products are safely stored, maintained and readily available for distribution.

Retail execution

We partner with clients to grow their brands by increasing their market share and volume from the formalised trade right through to the main market via our cash van operation.

We build on-shelf visibility, optimising brand positioning. We implement category flows and ensure sufficient stock is on hand and readily available, especially when there is fluctuating demand. We assist in the maintenance of retailer systems and influence sales where we are able.
We have deep local channel knowledge and established, respectful retailer relationships at all levels.

Retail support services

The Group runs Shopper Marketing campaigns and activates brands across southern Africa.

Recruited, trained and mentored sales-oriented staff are immersed in clients' brands to ensure they can educate and sell their benefits and advantages.

Technically skilled Point of Sale (POS) specialist teams implement POS strategies, building everything from cardboard bins and ad hoc displays to permanent customised stands in steel, glass or wood.

Technology and data services

We provide purpose-built, adaptable end-to-end cloud-based FMCG value chain software solutions and platforms. We have more than 15 years' experience in the sales force automation space, trusted by some of the largest names in the world to deal with the regions deemed most difficult to manage and succeed in.

Our mobile automation solutions encompass everything from sales and invoice generation to stock management, settlements and debtor management, B2B, consumer loyalty and rewards, and integrated mobile payments.

Services include image recognition technology and data management and mining for actionable business insights.

Our solution has assisted large FMCG players and food & beverage distributors optimise their route to market; implement loyalty and rewards initiatives and gain visibility within their value chain.

Retail advisory, partnership and training

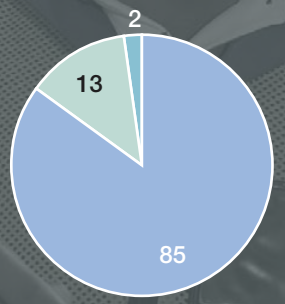
Our team of industry experts and practitioners have extensive experience across multiple functions spanning retail and manufacturing.

We assist clients to develop end-to-end route-to-market strategies to unlock brand and business potential.
We assist with key account management, category plans and run capability training.
Services include data analytics, specialist retail recruitment services, regional and global expansion support.

ca&s group

Each business in the group is strong in its own right – all were founded by owners/operators with deep local knowledge to fulfil specific client needs, and they built extraordinary relationships with customers. Together, they are far more than the sum of their parts. In coming together to learn, share and collaborate to create better client solutions and outcomes across the region, we are in a unique position to unlock meaningful opportunity and growth.

Revenue derived from (%)



- Warehousing and distribution
- Sales and merchandising
- Other services

Our **purpose**

Collaboration is at the heart of our business.
We believe in the exponential power of true partnerships to unlock potential for our clients, for our people and their communities, for our business and shareholders.

Purpose: The Power of &...

We believe in the exponential power of true partnerships to unlock potential for our clients, for our people and their communities, for our business and shareholders.

We share 〉 **Knowledge and Experience**

We believe in 〉 **People and Passion**

We focus on 〉 **Execution and Efficiency**

We are passionate about 〉 **Learning and Sharing**

Each individual business in the group is strong in its own right, but together, are far more than the sum of their parts. In coming together to learn, share and collaborate to evolve better client solutions and outcomes across the region, we are in a unique position to unlock meaningful opportunity and growth.

ca&s group

What differentiates us

A presence in **12 African countries**

Operations with **broad trade coverage**, from bottom end and convenience to formal and corporate stores.

Deep **local market knowledge** and understanding.

Shared **experience between our businesses**, across geographies and specialised focus areas.

Long-standing relationships with major multi-national manufacturers.

Our customer relationships, combined with regional connectivity and shared collective expertise, give the CA&S Group a powerful and unmatched competitive advantage in the region.

Our **vision**

To be the most effective group in the region at seamlessly executing and driving clients' brand strategies on the ground, for the best possible sales return on their investment.

Our **mission**

To leverage the potency of our collective reach, scale, market insights and experience to ensure we repeatedly deliver against our clients' expectations, building real partnerships in the process.

Our Guiding Values

DISTINGUISHED DELIVERY

Performance & accountability

We strive to exceed expectations, creating and delivering remarkable customer experiences through a performance-based culture built on accountability and collaboration.

WE RELY ON EACH OTHER

Trust & confidence

Being able to rely on each other through every opportunity makes us stronger together. It helps us deliver consistently high service levels and value-added results that builds complete client confidence.

A MULTI-FOCAL APPROACH

Today & tomorrow

Our multi-focal approach and a broad understanding of the market we operate in helps us develop unique and relevant insights needed to identify and act on opportunities today that will build longer-term sustainability.

PEOPLE PARTNERSHIPS

Collaboration & respect

We create and sustain meaningful relationships through collaboration, transparency, mutual respect, and a passionate focus on client partnerships and our people.

ENTREPRENEURIAL HEARTS

Responsive & agile

We respond to and act on opportunities with speed, energy, tenacity and agility.

PATHFINDERS IN SOLUTION-SEEKING

Innovation & advancement

Our entrepreneurial vision and passion for innovation help to drive us further every day, constantly seeking improvement and the advancement of our people and businesses.

Our **name**

Collaboration

Collaboration is how our shared experience, expertise and knowledge in our territories and our fields make a meaningful impact for our clients and their brands. It is where the 'Power of &' truly comes to life by not only creating value, but also sharing value with our clients.

Strategy & Experience
Connections & Opportunities

Activation

We take a brand's true potential and put it into action. We execute and operationalise, order, store, deliver, and activate channels, opening market access and brand success.

Insight & Execution
Agility & Reliability

Sales

Sales is our end game. Sharing the success of our clients' brands and growing together exponentially through every in-store and on-shelf opportunity, creates true brand affinity for our shoppers.

Demand & Delivery
Shopper & Brand Availability

Brands beyond Borders

We partner with our clients to take brands across geographical borders, then assist moving them through the supply chain and into stores, onto shelves and into baskets and trollies, ensuring they are available, visible and promoted to shoppers across the southern African region. We work closely with clients to solve trade obstacles, to build category and brand presence on shelf and to protect and grow their market shares.

Continuous on-shelf availability is what our clients depend on us for. Our businesses are focused on building on-shelf visibility, optimising brand positioning and presence on shelves across categories, channels and geographies. This extends to off-shelf displays and all manner of promotional activity within retail and wholesale outlets.

We maintain oversight of store systems where they're automated, to ensure alignment, and where they're not, sales staff ensure store owners are appraised of upcoming innovation and new product lines as well as special offers and seasonal shopper incentive drives. We ensure brands are placed optimally, priced correctly and implement category flows, reacting to fluctuating demand and ensuring sufficient stock is on hand or on order. We rotate stock and maintain stock pressure, replenishing shelves on a continuous basis. We warehouse, manage, deliver, erect and maintain all manner of point-of-sale, from cardboard to steel and plexiglass.

Our excellent storage solutions and distribution network ensure that our clients' products are safely stored, maintained and readily available where we have full responsibility for brands. We specialise in training, empowering and motivating work forces to improve productivity through practical modules which are tailored to customers' needs.

We offer shopper promotions in and out of store, bringing brands to life where it counts. This extends to community and school programmes as well as clubs and commuter hubs.

Our **footprint**

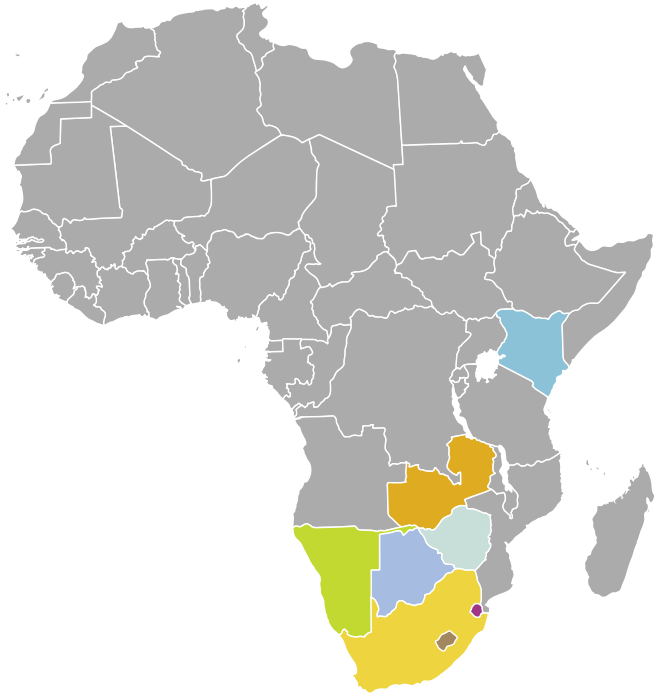
We pride ourselves in our growing collective footprint, with a presence in all major centres in eight countries.

Namibia
SMC Brands
Wutow

Botswana
CA Sales & Distribution
Smithshine Enterprises
Kalahari Training Institute
PEO Promotions
SMC Brands

Lesotho
SMC Brands
Whitakers

South Africa
The PnS Group
Retail Development Solutions
MACmobile
Visual Worx



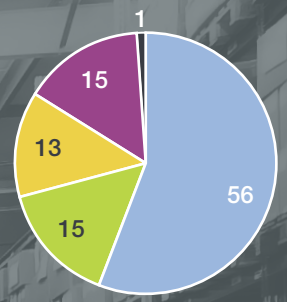
Kenya
MACmobile

Zambia
Promexs

Zimbabwe
Bullred Distribution

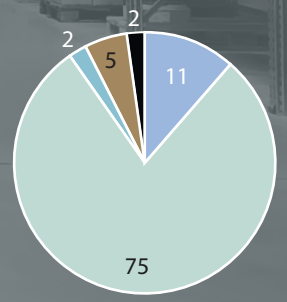
eSwatini
Logico
SMC Brands
Takbro Logistics

Revenue contribution per country (%)



- Botswana
- Namibia
- South Africa
- Eswatini
- Other (Zimbabwe, Zambia, Lesotho)

Employee ratio of the biggest group companies (%)



- CA Sales and Distribution
- PnS
- SMC
- Logico
- Wutow

Group companies overview

Group company	Service offering		Shareholding	Operation and service delivery
CA	CA Sales and Distribution provides sales, merchandising, warehousing, distribution and debtors services for 30 top FMCG brand owners.	Retail execution Warehousing and distribution	100%	
smc BRANDS	SMC Brands is a wholesale liquor distributor, representing more than 160 international and South African brands.	Retail execution Warehousing and distribution	100%	
pns group	PnS Group is a leading national South African retail execution business, delivering maximum in-store impact for clients at the shelf at more than 5 400 stores.	Retail execution	94%	
Logico	Logico is an FMCG sales and distribution business that offers distribution solutions into Eswatini to more than 30 clients.	Retail execution Warehousing and distribution	90%	
WUTOW	Wutow is a Namibian FMCG sales, merchandising, warehousing and distribution business, servicing more than 70 brands.	Retail execution Warehousing and distribution	100%	
SMITHSHINE	Smithshine enterprises offers distribution for frozen and ambient goods to retail, forecourts and bottom-end.	Warehousing and distribution	94%	

Group companies overview continued

Group company	Service offering		Shareholding	Operation and service delivery
promexs	Promexs is a specialist national sales, merchandising and promotions business that services 40 FMCG brands in Zambia.	Retail execution Retail support services	60%	
PEO PROMOTIONS	PEO Promotions offer brand building, promotions, media services and bottom-end brand seeding.	Retail support services	70%	
BULLRED DISTRIBUTION	Bullred Distribution is an established, Zimbabwean FMCG distribution company.	Retail execution Warehousing and distribution	49%	
RETAIL DEVELOPMENT SOLUTIONS	Retail Development Solutions helps clients to navigate the complex maze that is retail, to identify and grow brand and category opportunities.	Retail advisory, partnership and training	30%	
Kalahari Training Institute	Kalahari Training Institute is Botswana's premier accredited vocational training provider.	Retail advisory, partnership and training	83%	

Group companies overview continued

Group company	Service offering		Shareholding	Operation and service delivery
MACmobile	MACmobile's solutions enable customers to seamlessly adopt new technologies, automate their supply chain and provide order-to-invoice generation. They work closely with customers and business partners in 12 countries to accelerate their business performance.	Technology and data services	47%	
Visible worX	Visible Worx is a retail display and point of sale execution partner of choice.	Retail execution Retail support services	30%	
TAKBRO SERVICES	Takbro Logistics offers clearing and customs services in Eswatini.	Warehousing and distribution	49%	
WHITAKERS	Whitakers is an established sales and merchandising company.	Retail execution	45%	

Our value creation **business model**

We believe in the exponential power of true partnerships to unlock potential for our clients, for our people and their communities, for our business and shareholders.

Inputs

Our resource capitals

Financial capital

Debt financing and cash generated from operations

Wealth created in 2021:
R1 691 million

Net cash: **R16 million**

Intellectual capital

Our know-how, procedures, processes and in-house developed technology

Training spend: **R44 million**

Manufactured capital

Our warehouses, fleet and equipment

Warehouse space: **89 442m²**

Delivery vehicles: **252**

Handheld devices for merchandisers:
2 126

Natural capital

Renewable and non-renewable environmental resources that enable our performance

Fuel consumption:
6 176 559 litres

Relationship capital

Long-standing relationships and brand reputation with clients, customers and the communities we operate in

Total clients: **141**

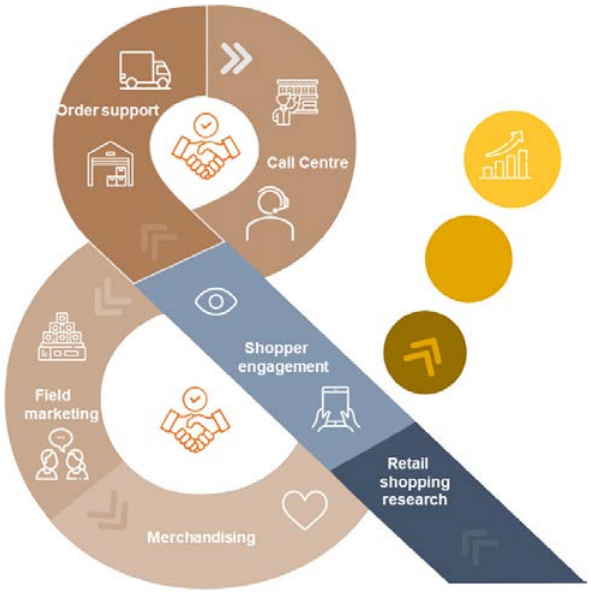
Human capital

Our employees' skills and experience, loyalty and enthusiasm

Average number of employees:
10 432

Our core activity

Providing route to market solutions



We deliver value outcomes to our stakeholders through our **strategic outcomes and focus areas** (page 33)

We respond to trends within our **operating environment** that impact how we create, preserve, and erode value (page 15)

Sound governance underpins our corporate ability to achieve our value creating strategic objectives (page 27)

Our most **material matters** are those factors that have the greatest potential impact on our ability to create value (page 22)

1. Managing macro-economic challenges
2. Pursuing new market opportunities
3. Adapting to digital transformation and disruptive technologies
4. Growing and sustaining strategic partnerships
5. Managing environmental and social impacts across the supply chain
6. Operating as a socially responsible corporate citizen
7. Empowering workforces for optimised performance

Risks (page 20)

We continue to evaluate the likelihood and impact of our top risks:

- **R1** Losing a major client
- **R2** Credit risk
- **R3** Market risk: Economic decline
- **R4** Fraud, stock theft, crime and corruption
- **R5** Failure to attract or retain critical skills
- **R6** Compliance risk
- **R7** Data and information
- **R8** Business continuity – safekeeping of assets
- **R9** Inability to trade due to lockdown restrictions

Outputs

Our service offerings:

- **Warehousing and distribution**
- **Retail execution**
- **Retail support services**
- **Technology and data**
- **Retail advisory and training**

Outcomes

Value created for stakeholders

Shareholders

A low-risk business with increased emerging market coverage in southern Africa

- Number of ordinary shares: **461 432 502**
- Headline earnings per ordinary share: **R59.61**
- Return on equity: **15.64%**
- Dividends per ordinary share: **11.77 cents**
- Share price at year end: **365 thebe**

Employees

An employer of choice with a high-performance culture that rewards exceptional performance

- Salaries, wages and other benefits:
  R1 024 billion
- Employees trained: **6 446**
- Employees promoted: **144**
- Employees retrenched: **272**
- Staff retention: **83.1%**

Government

A successful business that contributes to the economy and community wellbeing

- Contribution through taxes and levies:
  R351 million

Community

Investment in education and enterprise development to create employment

- CSI spend: **R3.5 million**

Customers and clients

Increased market share through speed of distribution and reduced cost-to-market

- Revenue growth: **1.2%**
- Products delivered to more than **4 180** outlets
- Merchandising services in more than **5 400** outlets
- Brands represented: **931**

Our value creation **business model** continued

Trade-offs

When we commit resources to a certain course of action as part of our strategy and in response to our risks and operating environment, within our corporate governance framework, there are necessary trade-offs between resources and outcomes over time. Some of our pertinent trade-offs are outlined below.

Organic vs acquisitive growth

"The Power of &", which encompasses our organisational ethos and culture, explains how acquisitions and partnerships give us an edge in our chosen markets. To grow sustainably, we must maintain an optimal balance between building our existing businesses through cross-selling strategies, and entering new geographies and channels by bringing new partners on board. A pure focus on organic growth may see us missing out on exciting opportunities to expand quickly, while acquisitive carries greater risk and requires more capital.

We are therefore pursuing a mixed strategy with approximately 80% of our energy and resources devoted to organic growth, and 20% going towards acquisitive expansion opportunities.

Capitals impacted:

- Financial capital
- Manufactured capital
- Intellectual capital
- Social and relationship capital

Following short-term consumer trends vs a customer-centric approach

As economic circumstances change over time, consumers find the value of their disposable income rising or declining and respond by trading up or down in categories. While there may be revenue opportunities in pursuing clients who provide the cheapest or higher-end products at the time, depending on short-term spikes in consumer preferences, CA&S chooses instead to build strong, long-term relationships with tier 1 owners in their respective markets. This approach sees us benefiting from a balanced portfolio that is resilient in the face of changing short-term consumer preferences.

Capitals impacted:

- Financial capital
- Social and relationship capital

Listing on the JSE vs CTSE

Our shareholders have expressed a desire for improved liquidity of CA&S Group shares, with our listings on both the BSE and the CTSE providing limited access to new shareholders – those who purchase our shares tend to hold on to them in the long term. While the decision to convert our listing on the CTSE to a listing on the JSE will carry a much larger compliance burden for the group, it will open up market exposure and attract fresh capital.

Capitals impacted:

- Financial capital
- Intellectual capital
- Social and relationship capital

Digital transformation vs maintaining a more traditional approach

Across industries and markets, it is a race to grab hold of opportunities provided by the fourth industrial revolution – those who fail to implement digital transformation are likely to be left behind – and the group is well aware of the advantages of using technology to mine the opportunities of the future. Logico's acquisition of Takbro taps into the e-retailing market, while our African consumer data platform and insights engine will bolster the group's success through effective management. We also invested in IT infrastructure to build our long-term digital capability, while we develop solutions and new acquisitions add to our digital capacity and learning.

Capitals impacted:

- Financial capital
- Manufactured capital
- Intellectual capital
- Social and relationship capital

Investing in environmentally friendly solutions

In 2021, the group invested approximately R3 million in solar power in Eswatini. While this is a substantial investment in the short term, we are already benefitting from improved cost efficiencies of R0.4 million, and it aligns to our group-wide drive for environmental sustainability. In 2022, we are gathering baseline data on our environmental footprint to inform future sustainability initiatives.

Capitals impacted:

- Financial capital
- Natural capital

Chairman's letter

Although 2021 was again dominated by the continued Covid-19 pandemic and the response to it, CA&S succeeded in delivering pleasing results.

Responding to trends in the operating environment

Bolstering our ESG structures

In addition to the broader economic impact of the pandemic and its knock-on effect on CA&S, we were also directly impacted by the temporary closure, in some instances, of entire departments due to positive tests in the workplace, with many employees having to adapt to working from home. In our business, this is far from ideal but the CA&S team has done well to reposition itself and to continue to deliver to customers. I maintain that if it was easy, everyone would do it. Our team has done exceptionally well.

The human impact of the pandemic was brought home to us again during 2021 with a further three colleagues being sadly lost to COVID-19 during the year. Our thoughts and prayers are with the families of these employees and also with our other employees who may have lost family members to the pandemic.

Given our substantial workforce of about 11 000 people, CA&S tackled COVID-19 primarily through education on the disease, providing the necessary PPE and making vaccines easily available.

A positive outcome of the pandemic has been that CA&S has become more efficient and cost-effective. The crisis compelled us to reconsider in detail and a fundamental level the value and cost of everything that CA&S does and to eliminate what is unnecessary. This was an exacting and, at times, uncomfortable exercise, but CA&S is a better business today because of it.

Thankfully, towards the end of 2021, most restrictions on movement and trade were lifted as hospitalisation rates reduced significantly across those countries in which we operate. Although overall vaccination rates in our trading economies remain low compared to those in developed countries, it seems that local communities may be benefitting from increased levels of natural immunity, arising through one or more bouts of infection. We anticipate that most of the remaining restrictions in the countries where we operate, will come to an end in 2022, unless a particularly dangerous mutation like the Delta variant should appear. Nevertheless, we should remain vigilant and continue to strongly encourage vaccination to ensure, as far as possible, a safe working environment and customer interaction.

That said, COVID-19 has permanently changed societies in ways that we are only beginning to understand. In the CA&S context, we are closely monitoring consumer and retail trends to assess how these may impact on our businesses.

There is no doubt that consumers are under financial pressure. They are trading down in categories by, for example, purchasing cheaper toothpaste and shampoo, as part of a distinct migration to private label offerings. We are seeing a major shift as private label items improve in quality and range, with private label items already making up about 20% of the present South African consumer basket.

The pandemic persuaded many consumers to avoid the crowds that congregate in large flagship malls and 'hypermarket'-sized stores. Smaller and regional stores are reaping the benefit as shopper volumes diminish in the mammoth outlets. This trend is unfolding in tandem with a swing towards online ordering through market-disrupting apps such as Checkers 60Sixty and Woolies Dash. The swiftly increasing numbers of delivery scooters on South Africa's roads show that trend to have considerable traction.

Operating environment

After the severe impact of the pandemic in 2020, the 2021 year featured rising commodity prices and reviving global trade, with widespread rains across sub-Saharan Africa yielding bumper crops in several food commodities.

On the downside, the world appears to have entered an era of rising interest rates fuelled by an aggregation of factors, with price inflation and erratic global supply chains as the main drivers. As the cost of money goes up, certain brand-owner clients are introducing price increases that are not well received by retailers and cash-strapped consumers.

The current war in Ukraine and its various potential outcomes can impact CA&S' business along several fronts, including inflation, access to commodities and security of supply. The challenge for us for 2022 is to evaluate these realities and mitigate their impacts on our business.

In our specific markets, and despite a sharp 8.6% improvement in Botswana's GDP in the twelve months through September 2021, Botswana still saw unemployment increasing to 24.5%. CA&S fortunately benefited from a healthy 11.4% growth in the wholesale and retail trade industry, which took pole position as Botswana's most significant commercial sector. As global trade and commodity demand revives, the Ministry of Finance and Economic Development predicts that Botswana's GDP growth will moderate to 4.3% in 2022.

South Africa and Eswatini were the hardest hit as both countries were afflicted by internal unrest and unprecedented rioting.

Chairman's letter continued

South Africa's GDP fell by 6.4% in 2020, but rebounded by an unexpected 4.9% in 2021, despite the unfortunate KwaZulu-Natal and Gauteng riots of July 2021. If Eskom – South Africa's primary power producer – can keep the lights on in 2022, the country is on track for further healthy recovery, though with slower growth than the 2021 rebound.

In the first half of 2021, Eswatini's GDP bounced back strongly, supported by US$ 8 million in World Bank and IMF funding. This promising performance was derailed to a degree by a fuel supply crisis in July and civil protest against the absolute monarchy of King Mswati III. GDP growth is expected to slow in 2022, driven by the slowdown in the economic growth of its main trading partner, South Africa.

As a tourist destination and semi-arid country that is heavily reliant on unpredictable rain, Namibia has been hit hard by COVID-19 and a recent severe drought that restrained economic activity and increased unemployment levels. While most of the country's dams are now more than 80% full and the Swakop river flowed into the Atlantic Ocean for the first time in over a decade, large parts of Namibia still require disaster support.

Under fresh political leadership, Zambia is recovering slowly from a perilous financial position in 2020. Food and price inflation have soared in recent years, but rising copper and other commodity prices are expected to enable liquidity to start flowing back into the country.

Like Namibia and Eswatini, Lesotho has been heavily constrained by South Africa's stagnant economic performance of the last decade. Fortunately, Lesotho will benefit from rising commodity prices and the IMF expects its GDP to expand 1.6% in 2022 and 1.8% in 2023 as water projects and mining and construction activity regain momentum.

> I remain confident that despite a challenging operational environment, we have put the correct building blocks in place to continue on a growth trajectory.

Environmental, Social and Governance

Until this year, CA&S did not have a specific environmental, social and governance (ESG) policy and allowed each business unit or subsidiary to contribute to their own chosen ESG initiatives. This had made sense, as we are spread across several jurisdictions that have their own specific social and environmental needs.

However, the CA&S board and executive leadership has realised that, as a group, we can enable more social and environmental good by integrating our ESG activities across our countries of operation and the group itself. In the last quarter of 2021, we accordingly contracted independent specialists to guide CA&S through the journey of developing an ESG roadmap that will harness our operations and activities into a force for social and environmental wellbeing. At this time, the group is developing an ESG baseline in accordance with best practices, and we will report back on this initiative through integrated and other corporate reporting. Obviously, we will still take into consideration the specific ESG activities of each jurisdiction.

Liquidity of CA&S shares

At the time of writing, CA&S has a primary listing on the Botswana Stock Exchange with a secondary listing on the Cape Town Stock Exchange (formerly 4AX). CA&S shares are, *inter alia,* sought after on these relatively smaller exchanges and being tightly held, which restricts liquidity and opportunities for the broader investor pool. To open up market exposure to CA&S and attract fresh capital, we are planning to migrate our listing from the Cape Town Stock Exchange to the Johannesburg Stock Exchange (JSE) during the course of 2022. This regulatory and shareholder process will be lengthy and requires board attention, but we view it as strategically necessary to raise CA&S' profile and access to the broader investment universe.

In appreciation

> I am proud of the CA&S management team that, despite a challenging environment, performed admirably. CA&S' people in every jurisdiction continued to manage these hurdles well to deliver exemplary bottom-line returns.

I take this opportunity to thank the board and the various executive teams for taking on these challenges with grit, passion and resilience and delivering results that continue to keep CA&S on its growth path. Specifically, I want to thank the CEO, CFO, and group Exco for an invaluable role they played. Thank you to our customers and suppliers, as key pillars of the CA&S value chain, for being unceasingly proactive in keeping shelves stocked, despite chronic supply chain issues.

To our shareholders and investors, thank you for your continued confidence in us during the worst of times. CA&S has weathered the Covid storm well and has repositioned its business to be more resilient. I am confident that CA&S remains on track to deliver sustainable returns and expand its business operations.

JA Holtzhausen

Operating environment

Macro-economic growth for sub-Saharan Africa

According to the IMF's October 2021 Regional Economic Outlook Report on sub-Saharan Africa, the region should grow by 3.8% in 2022. The 2021 calendar year saw higher commodity prices, improved global trade, and greater agricultural yields, which benefitted the resource-rich sub-Saharan African economies.

However, the Covid-19 pandemic amplified inflation in the region, which was already rising before Covid-19 arrived. Sub-Saharan Africa's average food inflation leaped from 2% in 2019 to approximately 11% in 2021, driven by local factors such as unrest and global food price increases. Simultaneously, the cost of money increased as central banks raised interest rates, while climbing fuel prices stifled consumer spending power.

Civil unrest disrupted several southern African countries in 2021, notably South Africa and Eswatini. While the reasons for the unrest may differ, the impact is similar – an undermined business confidence and scarred international reputation.

The tough macro-economic environment also resulted in reduced demand for discretionary and premium products, shifting demand to value-for-money offerings and increasing competition. Volumes and margins are threatened, while cost recovery ahead of inflation remains a challenge. Exchange rates also contribute to retail costs, with raw materials often linked to the US dollar and Euro.

Related risks	Related material matters
R2 Credit risk	1 Managing macro-economic challenges
R3 Market risk: Economic decline	4 Growing and sustaining strategic partnerships
R4 Fraud, stock theft, crime and corruption	
R8 Business continuity – safekeeping of assets	
R9 Inability to trade due to lockdown restrictions	

Ongoing impacts of Covid-19

Sub-Saharan countries often battled to access Covid-19 vaccines, which slowed down national vaccination campaigns. Eswatini and Namibia, for example, delayed their vaccination drives as they waited for vaccines to arrive. Lockdown regulations provided an alternative for keeping citizens safe, but with dire economic and social consequences.

Fortunately, most of CA&S' products and services were declared an essential service in all our jurisdictions, and we were able to continue work and trade, notwithstanding banned categories such as alcohol. The pandemic placed pressure on consumer spending and changed consumer needs and expectations. It disrupted local and global supply chains, which increased production costs, caused delivery slowdowns, and presented new challenges in terms of employee engagement and wellbeing.

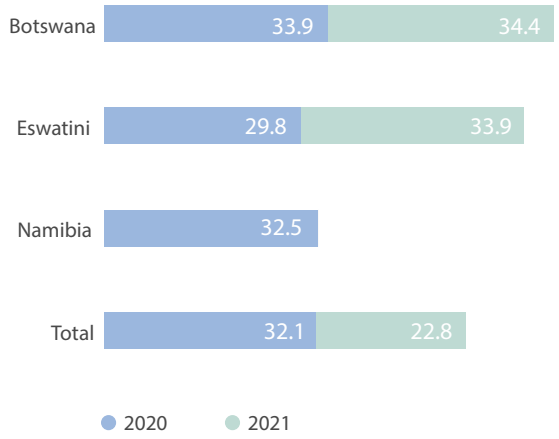
In the emerging post-Covid-19 environment, consumers across income-groups are typically shopping less frequently, across fewer categories, and at fewer retailers, for bigger baskets. E-commerce channels became markedly more used by middle and higher-income groups.

The profile of goods favoured by each income-group shifted as inflation pushed up prices, driving consumer price-consciousness and the demand for value and affordability.

The future impact and duration of the pandemic remains unknown. However, the group remains well positioned, with a strong balance sheet and a diverse geographical presence across southern Africa.

Related risks	Related material matters
R3 Market risk: Economic decline	1 Managing macro-economic challenges
R7 Data and information	2 Pursuing new market opportunities
R9 Inability to trade due to lockdown restrictions	3 Adapting to digital transformation and disruptive technologies
	7 Empowering workforces for optimised performance

Lost alcohol trading days (%)



Operating environment continued

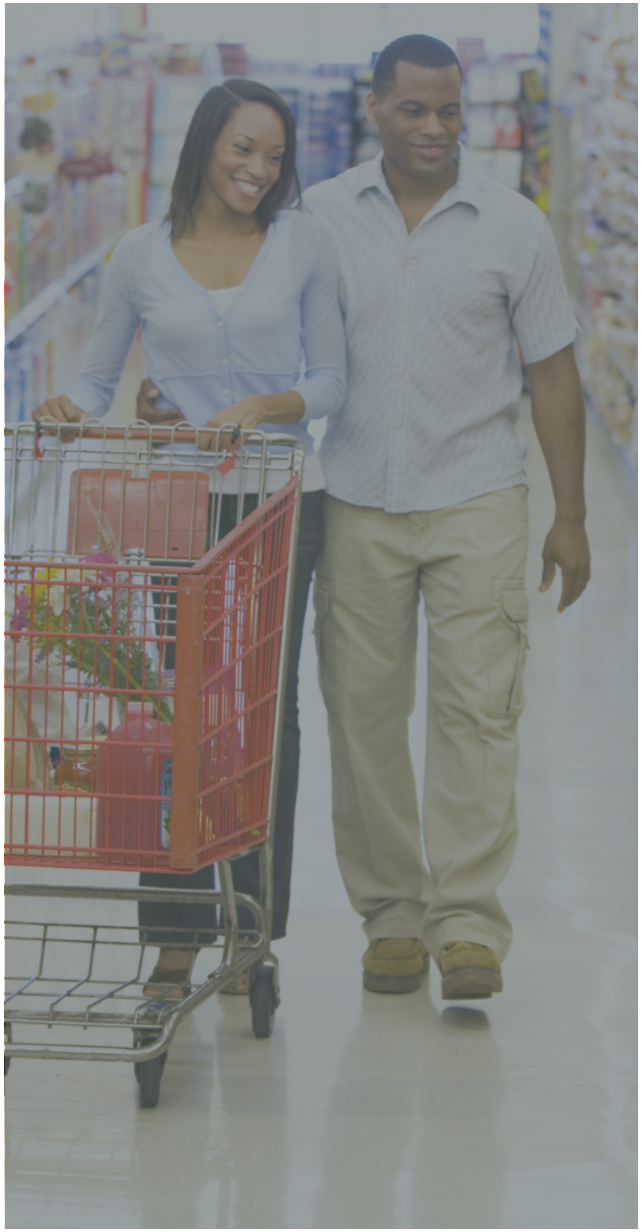
Predicted permanent changes to retail trends

Retail trends are driven by the macro environment, prevailing social conditions and the rapid advancement of technology as a key enabler of retail evolution. Covid-19 accelerated e-commerce and fast-tracked digital platforms. Current retail trends include the following:

- **Value** has become a primary focus globally, with Africa being no exception. Retailers are expanding their brands and private labels are attracting significant investment. Retailers need to find ways to continue offering value that not only keeps them in the game, but adds to their market differentiation. Private labels are improving in terms of quality and range of offering.
- At the same time, constrained customer spending sees consumers **trading down**, seeking cheaper alternatives in personal care categories.
- Shoppers are shifting toward **omni-channel shopping** that incorporates both digital channels and traditional stores. Many local retail chains have introduced e-commerce as an option, and are recording repeat buys on those channels. Digital payments, including e-wallet transactions, are becoming the norm.
- **Private labels** are gaining traction in the market.
- **Artificial intelligence (AI)** will fundamentally change both the front and back end of retail. Store design will be impacted by the incorporation of virtual assistance and built-in media opportunities for augmented reality. The retail sector will move toward 'smart' everything, including receiving areas, storerooms, shelves, product and price tags, POS, trollies and check-outs.
- **Blockchain** in the form of distributed ledger technology is already used by Walmart and Carrefour to track the origin of fresh goods. Traceability, tracking, transparency and authentication will play a significant role in the evolution of intelligent supply chains, delivering enhanced and safer shopper experiences.
- Beginning with process automation and warehouse management, the science of **robotics** will infuse mainstream retail in years to come as its hardware and software becomes more cost effective. This will extend from the automation of physical tasks and virtual assistants to the use of drones and autonomous vehicles for deliveries.

The retail consumer base will continue to grow, with the IMF predicting that one billion people will be added to the sub-Saharan population over the next three decades – almost doubling its size and vastly expanding the number of people purchasing both in-store and online.

Related risks	Related material matters
R5 Failure to attract or retain critical skills R7 Data and information	2 Pursuing new market opportunities 3 Adapting to digital transformation and disruptive technologies 4 Growing and sustaining strategic partnerships 5 Managing environmental and social impacts across the supply chain



Stakeholder relationships

Our success is dependent on positive relationships with all our stakeholders, and CA&S aims to create value for everyone by engaging them in two-way dialogue and responding to their concerns. Their feedback informs our material matters. CA&S Group companies apply stakeholder- and region-specific communication strategies in response to their unique circumstances, some of which are included below.

Stakeholder	Their expectations	How we respond	Communication channels	Key concerns in 2021
Employees Our employees are our greatest asset.	• Accountability from business leaders • Sustainable business growth • Opportunities for career advancement	• Learning and development opportunities • Reward and recognition programmes	• Daily interaction through face-to-face engagements, WhatsApp groups and email • LinkedIn • Operational software platforms • Quarterly internal newsletter • Monthly, quarterly or bi-annual performance reviews • Staff group discussions	**Safety from Covid-19**. We supported remote work and virtual meetings, while driving vaccination and availing health and wellness programmes for all staff members. **Civil unrest in South Africa and Eswatini.** The safety of our staff members was our first priority. We kept employees informed and maintained remote work where possible, and group sites were checked for safety before people arrived for work. Since protesters often targeted liquor trucks and storage facilities, movement to and at our warehouses was limited to avoid attracting attention.
Clients (brand owners) Our clients remain at the centre of our business, and it is their needs and strategies that shape our business plans.	• Increased distribution of their brands, across geographies and channels • Growth in their brand presence and market share • Brand and product visibility • Consistent on-shelf availability of products	• Efficient storage, distribution, sales, replenishment, display and promotions, thereby ensuring that brands are available, visible and promoted • Having their products listed with retailers • Regular communication around product availability	• Performance reports • Regular virtual and in-person meetings and feedback sessions • Weekly/monthly performance dashboards • Weekly strategic sessions • Supplier in-country visits • Trade visits in market • Performance reports – quarterly KPI reports, and event and promotional proof of performance reports • Social media updates	**Challenges at border posts**. CA&S ensured that brand products still reached the shelves. **Stock availability**. CA&S Group ordered and maintained higher stock levels to compensate for longer lead times. **Expired stock** following trade restrictions and unrest in South Africa. The Group shared the write-off cost with brand owners and implemented an extra 21 days' cover on all key value item stock since the start of Covid-19. The situation provided an opportunity for us to on-board clients looking for a reliable partner.

Stakeholder relationships continued

Stakeholder	Their expectations	How we respond	Communication channels	Key concerns in 2021
Customers Our customers include wholesale, retail, independent channels and specialist outlets that sell our clients' brands.	• Making manufacturers' and brand owners' products available to them • Helping them to grow market share and revenue • Maintaining >95% service levels	• Providing ordering mechanisms and replenishment services that ensure stock pressure and continuous on-shelf availability • Delivering desired brands to their shelves • Boosting sales by building promotional displays and activating brands with sampling and education • Maintaining high inbound service levels in logistics and warehousing • In-store activations	• Ongoing sales, in-store system and shelf replenishment services • Proof of performance • Weekly touch-base calls and emails to top customers • Monthly performance meetings • Ongoing marketing and price drives • Delivery and assembly of promotional materials	**Stock availability**. CA&S Group ordered and maintained higher stock levels to compensate for longer lead times. **Trade and movement restrictions**. We provided extended payment terms for key accounts affected by the liquor bans, and managed our employee resources during movement restrictions to ensure optimal operations for our traders.
Consumers Consumers ultimately purchase our clients' brands from our customers.	• Availability of leading brands that they can trust • Providing a range across categories including homecare, personal care and food products	• Making desired products and brands available in various regions • Enabling consumer choice	• In-store promotional activity engaging shoppers • Marketing initiatives • Product communication • Product relevance drives	**Lower spending power due to inflation and rising interest rates**. We provide a range of products across price points. We implemented cost containment measures and negotiated special deals with clients and suppliers, thereby passing on savings to our consumers.
Communities Our communities are the source of our talent base and consumers. We accept our responsibility for supporting their growth and wellbeing.	• Transformation and inclusion • Social investment	• Driving transformation and inclusion across our supply chain and procurement • Investing in education and charities who support the most vulnerable • Financial contributions to charitable initiatives	• Donations and social spend focused on education • Sanitiser donations • Covid-19-Fund donation	**Community support:** **Education**. We supported various educational initiatives through donations and volunteering. **Safety from Covid-19**. We donated sanitiser and face masks, contributed financially to vaccination rollouts in some of our countries of operation, and distributed food hampers and food products. **Poverty**. By expanding into new markets such as Lesotho, the group provides access to local job opportunities and channels brand owners' investment to new markets.

Stakeholder relationships continued

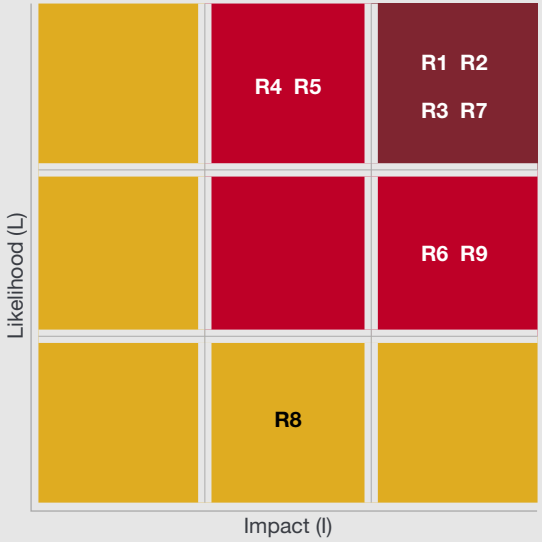
Stakeholder	Their expectations	How we respond	Communication channels	Key concerns in 2021
Government We acknowledge the authority of government bodies in each of the countries we operate in. They enable our industry and the national infrastructures we depend on to deliver services.	• Integrity and ethics • Paying taxes • Contribution to the country's growth • Improving living standards	• Paying taxes in line with regulations • Reducing poverty by creating job opportunities • Making a range of brands available to citizens and affording them choice • Social investment	• Monitoring official government communication channels	**Localisation**. Following constrained supply chains, governments are turning their attention to local manufacturers and suppliers. Our established network brand owners help us to provide local options where possible. **Promoting Covid-19 safety measures**. We donated P500 000 to the Botswana government and assisted the Covid-19 Task Force where we could.
Investors/ Shareholders Our investors and shareholders invest in our business, enabling our pursuit for sustainable growth.	• Return on investment • Dividends • Good governance and sustainable business	• Increasing net asset value, returns, dividends and share price • Maintaining a robust balance sheet to protect against risk • Maintaining a strong, experienced management team • Following good governance and sustainable business practices that ensure a sustainable business for the long term	• Annual and bi-annual financial reporting • Annual general meeting • Investor roadshows • Stock exchange news portal announcements	**Liquidity of the CA&S share**. We are considering a dual listing on the Johannesburg Stock Exchange, where a bigger marketplace will provide greater share liquidity. **CA&S ESG strategy**. A third-party service provider evaluated CA&S' ESG initiatives and supported us in crafting a new ESG strategy for greater impact and responsibility.

Risk considerations

Responsibility for risk management

The CA&S Group's board is ultimately responsible for overseeing the group's risk management processes. The board is assisted by the audit and risk committee, which ensures that the risk management process complies with relevant standards and governance requirements. The senior management in each operation is responsible for managing risks in their respective areas, while the oversight of risk management at operational level rests with the relevant executive teams. CA&S' business risk registers are updated and reviewed bi-annually.

Each risk is evaluated in terms of its likelihood and impact, both on an inherent (actual impact) and residual (after mitigating action) basis. The following heat map reflect the group's top risks.



- R1 Losing a major client
- R2 Credit risk
- R3 Market risk: Economic decline
- R4 Fraud, stock theft, crime and corruption
- R5 Failure to attract or retain critical skills
- R6 Compliance risk
- R7 Data and information
- R8 Business continuity – safekeeping of assets
- R9 Inability to trade due to lockdown restrictions

Our top risks are ranked below based on their likelihood, potential impact, and the mitigating measures in place.

Rank and YoY movement	Risk	Description	I	L	Mitigating actions	Material matters
1 ↑	**Losing a major client**	Our biggest clients control brands that are household names in our countries of operation. Losing any of these clients will have a major impact on our results.	Critical	Possible	• Deliver results and exceed clients expectations – grow their sales volumes • Maintain high service quality to both the trade and suppliers • Expand our client base to reduce overreliance on any one client	Growing and sustaining strategic partnerships
2 ↑	**Credit risk**	Any major customer that defaults on its payments would result in a significant financial loss and lost sales in the medium term.	Critical	Possible	• Maintain healthy relationships and two-way dialogue with customers; know and understand our in-country customers • Manage customer credit limits and monitor buying and payment patterns	Growing and sustaining strategic partnerships Pursuing new market opportunities
3 →	**Market risk: Economic decline**	Weakened consumer demand, driven by sluggish economic growth, negatively impacts volumes. At the same time, client cost bases could rise at higher-than-inflation rates, squeezing profit margins.	Critical	Likely	• Continuously engage with clients to improve processes, costs and service levels • Expand and diversify our client base • Diversify our geographic footprint to reduce reliance on any one region • Diversify the products and services on offer to maintain relevance despite shifts in demand	Managing macro-economic challenges Pursuing new market opportunities Managing environmental and social impacts across the supply chain

Risk considerations

Rank and YoY movement	Risk	Description	I	L	Mitigating actions	Material matters
4 ↑	**Fraud, stock theft, crime and corruption**	Instances of fraud, theft, crime and corruption can result in loss of life, financial loss, reduced profit margin and negative impact on reputation.	Major	Likely	• Maintain optimal security controls and checks at all warehouses • Maintain strong internal audit function to ensure compliance to policies and best practice • Maintain a fraud and ethics hotline, managed by an independent third-party service provider	Operating as a socially responsible corporate citizen
5 ↑	**Failure to attract or retain critical skills**	A loss of critical skills would hamper our ability to deliver our strategy and maintain business viability and profitability, through loss of skill, knowledge, and client rapport.	Major	Likely	• Continue with continuity and succession planning by management and the board • Maintain attractive incentive schemes and remuneration packages • Create a safe and pleasant work environment • Be a best place to work	Empowering workforces for optimised performance
6 ↑	**Compliance risk**	Failure to maintain the highest standards of compliance with regulatory requirements and best practice may result in penalties and/or the loss of reputation.	Major	Possible	• Management evaluates and continually improves internal controls • Internal auditor evaluates compliance and the effectiveness of controls • Maintain a fraud and ethics hotline, managed by an independent third-party service provider	Operating as a socially responsible corporate citizen
7 ↓	**Data and information**	Loss of data and connectivity impact on product and service delivery, as well as reputation and client trust.	Major	Possible	• Maintain daily backups, and regular system upgrades and maintenance • Maintain dedicated server rooms and cloud-based backups managed by reputable external service providers • Maintain access controls to manage physical and virtual access to the servers • Update antivirus software and firewalls regularly • Test disaster recovery plans and make them easily available in time of need	Adapting to digital transformation and disruptive technologies
8 ↓	**Business continuity – safekeeping of assets**	Disruption at our facilities due to floods, fire, or a significant technical breakdown may lead to: • interruptions in deliveries, resulting in lost sales and reduced market share for our clients • damage to stock and equipment.	Major	Unlikely	• Maintain good security controls and ensure disaster prevention measures are in place • Ensure that stock and other content is adequately insured • Maintain adequate fire systems	Growing and sustaining strategic partnerships
9 ↓	**Inability to trade due to lockdown restrictions**	Our regional governments could maintain lockdown restrictions, which are applied more stringently during a pandemic. Liquor sales have been particularly affected during the latest pandemic.	Critical	Possible	Maintain remote working options for our employees where possible Diversify our offering to ensure ongoing delivery of essential products and services Maintain health and safety measures to ensure business is allowed to continue despite restrictions	Managing macro-economic challenges

Material matters

Our approach to materiality

Our most material matters are those factors that have the greatest potential to affect, either positively or negatively, our ability to create value as a business in the short, medium and long term.

Materiality determination process

In 2021 we determined our material matters through the following materiality assessment process, which was facilitated by independent consultants.

Engage stakeholders

Desktop research provided insight into our preliminary material matters, which were evaluated for their potential impact on the group's stakeholders, strategy, performance, prospects, and risks.

Identify and define material topics

Stakeholder surveys were distributed to a diverse cross-section of the group's internal stakeholders to assess the importance of each material matter.

Prioritise material topics

The survey results were reviewed at executive level before being condensed into seven materiality themes, as outlined below.

We continue engaging with our stakeholders and monitoring our operating environment for changes in material matters.

Material themes	Why this is important to CA&S	Strategic considerations
1 Managing macro-economic challenges		
External factors • Geopolitical volatility and uncertain operating environments • Covid-19 trading restriction • Fluctuating commodity prices • Sluggish economic growth in our geographies • Foreign exchange fluctuations and financial market instability **Internal responses** • Maintaining long-term performance	We operate across eight geographies in southern Africa and intend expanding our footprint, especially into East Africa. Every market presents its own challenges in terms of macro-economic, political and social factors. We follow a cautious approach, and local partnerships provide the insights we need to be successful in new markets. Geographical diversity also bolsters our resilience, with countries balancing out instability in any single area. We also benefit from a diverse portfolio in terms of tiers, brands and channels. Our clients own 200 top consumer brands, which provides stability irrespective of whether consumers are trading up or down.	**Our opportunities** • Expand our basket of goods • Enter new geographies **Associated risks** • Losing a major client • Credit risk • Market risk: Economic decline • Fraud, stock theft, crime and corruption • Inability to trade due to lockdown (pandemic)
2 Pursuing new market opportunities		
External factors • Consumer demand dynamics and changing behaviour **Internal responses** • Operating in multiple geographical regions • Leveraging local industry knowledge to provide solutions • Responding to consumer lifestyle trends • Increasing the group's market share	The complex African business landscape requires a customised approach to every market that we operate in. Local partnerships and knowledge are central to our strategy – these enable us to respond to local nuances and market-specific risks and opportunities. This also provides insights into how consumer expectations are changing. We generally observe consumers migrating to an omni-channel approach, for example. Being agile and responsive will allow us to grow our market share, to the benefit of our clients, customers and consumers.	**Our opportunities** • Expand our service offering • Channel broadening • Build new businesses **Associated risks** • Failure to attract or retain critical skills • Compliance risk • Data and information

Material matters continued

Material themes	Why this is important to CA&S	Strategic considerations
3 Adopting disruptive technologies		
External factors • E-commerce • Cyber threats and data privacy • Social media platforms **Internal responses** • Implementing innovative solutions to support strategy delivery • Enhancing operational efficiency through systems and technologies • Leveraging data for insight-led decision making	Digital disruption is the order of the day, especially after the Covid-19 pandemic trade restrictions drove businesses to find new ways of reaching customers. E-commerce is on the rise, although not all our markets are ready for a fully-online approach yet in terms of infrastructure. The risk lies in not taking advantage of the opportunities on offer. We are tracking the impacts of the Fourth Industrial Revolution and the "new normal". Digitalisation offers operational efficiencies and cost-effectiveness, while data mining can inform better decision-making for the group and our clients. New technologies also bring new threats – we require high levels of cyber security to guard against data breaches that could harm both our operations and our reputation. Social media is a growing channel for constructive two-way communication with stakeholders that also presents those same stakeholders with a public forum on which to voice their concerns.	**Our opportunities** • Increase digitisation • Converge with another industry • Improve awareness about our group **Associated risks** • Failure to attract or retain critical skills • Data and information • Business continuity
4 Growing and sustaining strategic partnerships		
External forces • Competitive landscape changes **Internal responses** • Acquisitions that unlock synergies • Expanding into new geographies • Service portfolio diversification • Customer and client relationships retention and growth • Continuous stakeholder engagement • Retaining market leadership • Effective capital allocation and management	"The Power of &" is central to who we are. The group exists through partnerships – we link our clients to consumers. Satisfying the demand from consumers on time, every time and in the desired location is what keeps us in the game. As mentioned, local partnerships and acquisitions also provide us with a competitive edge by enabling us to succeed across different markets. Geographical, service and channel diversification add to our long-term sustainability as a group, even when the competitive landscape or consumer behaviours change. Our connections and relationships with the regulators across various regions enable us to navigate challenging situations, specifically with regard to the Covid-19 pandemic. Trading across borders was eased by having good relationships with governments.	**Our opportunities** • Expand our basket of goods • Enter new geographies **Associated risks** • Market risk: Economic decline • Fraud, stock theft, crime and corruption • Failure to attract or retain critical skills

Material matters continued

Material themes	Why this is important to CA&S	Strategic considerations
5 Managing environmental and social impacts across the supply chain		
External factors • Growing social consciousness around environmental and social responsibility • Climate change **Internal responses** • Supply chain stewardship, responsible sourcing, and ethical procurement • Encouraging responsible marketing and advertising and product safety	As the threat of climate change grows and stakeholder activism increases, society is increasingly aware that companies need to be environmentally and socially responsible for the good of people and the planet. While we do not have direct control of the environmental and social impacts of our clients' manufacturing processes, we choose to represent world-class clients who value environmental and social sustainability – and we promote the circular economy and responsible advertising across the value chain.	**Our opportunities** • Cost savings through green projects **Associated risks** • Compliance risk
6 Operating as a socially responsible corporate citizen		
External factors • Growing expectations for environmental, social and governance (ESG) integration by society and governments • Growing legislative compliance requirements **Internal responses** • Integrating corporate purpose into everyday business activities • Operational efficiency and cost saving through effective resource management: energy, water, waste and carbon emissions • Prioritising investment in operating communities • Integrating a governance framework and responsible business ethics • Legal compliance	As a diverse group of companies, each with unique social and environmental circumstances, CA&S favours region-specific CSI initiatives that usually support or enhance education. Stronger communities add to our long-term resilience as a group, and we are responsible for giving back to our host communities. On the environmental front, internal sustainability drives, such as solar energy or borehole water initiatives, deliver cost and operational efficiencies as well as benefits for the planet. Good governance is also non-negotiable – regulatory compliance affects the group's reputation, financial performance and sustainability as an entity listed on the BSE and the CTSE. Our local relationships strengthen the group's understanding of regulatory requirements.	**Our opportunities** • Partner with stakeholders through CSI initiatives **Associated risks** • Compliance risk
7 Empowering workforces for optimised performance		
External factors • Evolving world of work conditions, especially remote work • A competitive global job market **Internal responses** • Attracting, retaining and managing talented employees • Skills development and career growth opportunities • Employee engagement	Our people are what make our business exceptional. Our operations, reputation and ultimately success depend on their skill, capacity and motivation. The Covid-19 pandemic changed the world of work by normalising the remote office and thereby expanding the job market – local talent has as much access to overseas opportunities, with higher salaries, as it does to local ones. We are committed to attracting and retaining a diverse pool of top talent by ensuring that we offer competitive remuneration and benefits alongside rewarding work.	**Our opportunities** • Be awarded as a top employer • Exceptional service delivery attracting new clients **Associated risks** • Failure to attract or retain critical skills

Chief executive officer's review

Looking back, 2021 held enormous promise, mostly because we thought the worst of the pandemic and the impact thereof was behind us. Regrettably, this was not to be.

Investment in **technology**

Capability building

Three primary issues impacted our business, these were disrupted supply chains in Africa and abroad, riots and unrest in South Africa and Eswatini, amplified by restricted consumer demand due to pandemic-related lockdowns and restricted trading hours.

The group faced supply chain disruptions on several fronts, particularly in our imported goods inventories. We have experienced that Durban harbour, for various operational reasons, faces severe import processing inefficiencies. At the same time road border crossings between South Africa, Botswana, Namibia and Eswatini slowed precipitously as unrest-related curfews and Covid-19 lockdowns caused misalignments and delays along the supply chain.

Africa is not alone in this quandary. The pandemic, bad weather and political strife around the world put global supply on the back foot, with key manufacturers unable to supply items such as specialised computer chips that enable motor vehicles and multiple other digital devices to function. These knock-on effects are disrupting worldwide supply levels and may be fuelling rising inflation. Taken together, these factors prompted management to invest in building inventories in affected lines to more sustainable levels, to safeguard our reputation as dependable, reliable and stable suppliers to our retailers and shoppers.

The political unrest and rioting that broke out across Eswatini, KwaZulu-Natal and Gauteng in the middle of the year inflicted unexpected damage to our clients in these regions, with retail, food processing and other infrastructure being destroyed – accompanied by sad losses of life. Over and above the physical damage, these were systemic shocks to our societies that will continue playing out for years into the future.

Despite the ructions of 2021, our strategy remains on track, supported by strong fundamentals and I am pleased with our results for 31 December 2021 given the circumstances and remain positive about our business given our diversified footprint in Africa.

Although I am disappointed with the pedestrian revenue growth of 1.2% to just over R8.0 billion on the prior year, our net profit after tax grew by 23% to R284.0 million and headline earnings grew by 17% to R271.6 million.

Implementation of strategy

CA&S' strategy, adopted in 2019, remains relevant today, despite the extraordinary events of 2020 and 2021. Our strategy remains geared towards reaching our ambition of growing into a R20 billion business within five years. Our ambitious plans include both organic and acquisitive growth.

CA&S' current revenue of just over R8 billion per annum can expand to R18 billion by rigorously applying our organic growth strategy. I believe that the additional revenue will be obtained through acquisitions, whether this entails buying businesses in new geographies, or acquiring businesses that can provide additional services to existing customers – in other words, broadening our business offering. Coupled with that is a geographical expansion, with a current bias towards southern and East Africa.

Environmental, Social and Governance (ESG)

The impact of business – positive and negative – has become a burning issue for human society, and rightly so. We at CA&S fully accept that being an environmental and socially responsible corporate citizen wherever we operate is a moral imperative.

Even so, CA&S is the holding company of a group of businesses in various geographies that have traditionally supported worthy causes in their own territories. Although these various initiatives are undertaken with enthusiasm and the right intentions, they haven't been coordinated for optimum sustainability through an integrated ESG strategy.

The board resolved to develop a group ESG strategy and in 2021, CA&S engaged the leadership across the various businesses to commence the process of mapping our ESG aspirations, priorities and strategic objectives.

Our new ESG framework will enable each CA&S business to develop a strategy that also addresses the specific ESG priorities of each operational area.

Regional update

South Africa

Unfortunately, our South African business (PnS) lost of one of their largest clients due to corporate activity; being the PepsiCo Simba/Pioneer Foods transaction. Despite the loss of this revenue the business was able to adequately reset the cost base and deliver a very respectable set of results.

PnS was awarded the Premier Brands sales & merchandising contract, effective 1 February 2022. This is significant and comfortably replaces lost revenue.

The acquisition of Effective Sales & Merchandising, a business within the wholesale and tier 2 sector of the market was concluded by 1 January 2022 and is key to our channel broadening strategy.

PnS BBBEE rating moved from a Level 4 to a Level 3 and for the second year in a row PnS was awarded with the Top Employer accreditation, acknowledging our people, processes and systems.

Chief executive officer's review continued

Botswana

Good results were achieved in a year where Covid-19 lockdowns lead to a loss of revenue in excess of P200 million in the alcohol division and also lead to revenue losses in our training and promotions companies respectively. Looting in South Africa during the last quarter of 2021 had a severe impact on local factories, some of CA Sales Botswana's largest trading partners, causing out of stocks on product lines and consequential revenue loss to the business. Strikes and unrest in South Africa and border closures due to Covid-19 lead to delays and further out of stock issues within the Botswana business.

CA Sales Botswana has invested in technology to streamline operations and reduce costs in various areas across the organisation. Several projects have gone live in the latter part of 2021 and others are planned to go live in the second quarter of 2022. The investment in technology to ensure effective implementation and mine efficiencies is ongoing.

CA Sales Botswana was awarded both Business Partner of the year and Top Agent in the BLNS region at an awards ceremony in 2021. The business is proud of its staff and will continue to invest in its employees by means of training and other initiatives to ensure its winning team stays future fit.

Amid a year of challenges, our business in Botswana has established a green fields operation in Zambia, expanding our geographical footprint in Africa by offering sales, warehousing and distribution services to existing and new trading partners in Zambia.

Eswatini

Our operations enjoyed a good year, despite the obvious setbacks that affected all our operations.

Unfortunately, the business did experience some setbacks. The riots resulted in the looting and burning of several retail stores, subsequently a curfew was put in place for several months and whilst trading hours have been reinstated, we have yet to fully recover.

Factors contributing to a good year include the new solar installation that has been successfully implemented and is currently supplying 70% of our daytime electricity requirements.

This project will be expanded over the next two financial years, and we expect that once the project is fully implemented, legislation will be in place to allow us to supply back into the grid and ultimately reduce our total energy costs.

The business has been on a massive capability building drive (people, technology and systems) and I am pleased to note the upgrades have been implemented and are now complete. This reduces our risk of cyber-attacks and ensuring contingencies are in place in the event of an unforeseen incident.

Furthermore, the new premises are fully operational and this enabled us to take-on the distribution business of a large brand owner servicing the South African market.

The investment in people continues and the implementation of our integrated organisational and talent programme, including a performance management system is currently taking place.

Namibia

The labour unrest in South Africa resulted in supply issues, specifically for clients that use Durban as a port of entry. This resulted in a loss of revenue due to a shortage of stock, a shortage of raw materials as well as panic buying in South Africa negatively impacted service levels.

Despite this, revenue grew and we have a robust new business pipeline and are confident that these operations will grow significantly. In particular now that our new 12 000 m^2 warehouse facility is completed and we have taken occupation. We now have 60% more capacity; hence we are geared for significant growth and are excited about our regional prospects.

Lesotho

Our recently incorporated Lesotho business made its first sales in October, after managing to secure its wholesale liquor licence. This is significant for the group and we are excited about future prospects.

By the fourth quarter, most of the liquor trade restrictions were lifted and the hospitality industry and off-trade outlets were back to normal operating hours resulting an exceptional performance, all things considered.

Future outlook

When looking ahead, we are certainly not short of matters to worry about. At the time of writing, a war has broken out in Europe, and closer to home the issues of high unemployment, unrest, energy concerns and volatility remain rife. However, the macro-environment is not unique to us – these apply to all our clients, consumers and our competitors. Our job is to remain focused and customer centric.

The group has a robust new business pipeline and is actively exploring new opportunities. CA&S is onboarding various key clients this year, and continues to investigate potential acquisitions, this will, if successful contribute to our ambitions.

Regional and international supply chain disruption is likely to continue through 2022, particularly with the advent of the war in Ukraine. Closer to home, CA&S has to consider alternative ports of entry and is actively investigating several options to ensure we remain dependable, reliable and stable throughout this period.

Attracting, retaining and developing the right talent remains a critical success factor, even as technology and the "new normal" continues to evolve at an extraordinary pace. With our success being built by the excellent leadership of businesses in the group, we implemented processes to develop the next generation of leaders on various levels in each operation.

Thanks

In another exceptionally challenging year, our clients kept their faith in CA&S' management of their brands and products across our markets. I am grateful for the trust you continue to place in us.

Our shareholders continued to believe in us. I remain confident that your faith in the CA&S strategy will continue to be rewarded. I also want to thank the board and the management of the group's various businesses, who relentlessly support the leadership team.

I remain grateful to all staff for their continued efforts as we attempt to live a life of purpose and contribute to making a difference in the lives of our staff and our communities.

Most of all, I want to thank those team members who get up early to deliver stock, merchandise shelves and execute brand plans ensuring our customers' stores are presentable and shoppable every day. You are the foundation on which CA&S is built, and we salute you.

D Lewis
Chief executive officer

Group **strategy**

Goals and aspirations

The Power of &

We believe in the exponential power of true partnership to unlock potential for our clients, for our people, for our businesses and shareholders.

Our **vision**

To be the most effective group in the region at seamlessly executing and driving clients' brand strategies on the ground, for the best possible sales return on their investments.

Aspiration

CA&S to be a R20 billion business (in terms of annual revenue in the next five years)

We will achieve this through both organic and acquisitive growth.

Strategic outcomes

For our shareholders	For our clients and their customers
• A de-risked business with increased emerging market coverage outside southern Africa • Return on investment in excess of 20%	• Increased market share through speed of distribution and reduced cost to market • Ability to exponentially increase sales by leveraging unique technologies, data and insights

For our people	For the communities we operate in
• Being an employer of choice in our industry • High performance culture that rewards exceptional performance • Mentorship and personal development opportunities	• Prioritised investment in education to create employment

What we prioritise

Build new businesses	Expand along the value chain	Grow new products and services
Enter new geographies	Address new customer segments	Use new distribution channels

We enable growth for the Business of Today – Organic growth

- Champion individual businesses to accelerate their growth
- Maintain and build competitive advantage through capacity-building
- Create supportive structures
- Prepare people – implement succession planning
- Invest in scalable processes
- Future-readiness: Apply systems and technologies that will support growth
- Promote insight-led sales

Group **strategy** continued

We unleash The Power of & – Leveraging the collective

Leverage our interdependence to mine and extract opportunities within the group:

- Our collective client base –offering services as a group rather than individual businesses
- Our geographical reach – partnerships beyond borders
- Industry insights
- Specific expertise
- Technologies

We create the Business of Tomorrow – Acquisitive growth to expand and diversify

Expand our portfolio with a dedicated team driving focused mergers with and acquisition of game-changing new businesses:

- Expand our geographical coverage in select emerging markets, especially in southern and East Africa
- Expand our channel reach
- Expand our range of services through value chain integration
- Leverage data and insights to create scalable platform opportunities

Critical success factors

Insights-led decision making	Agility	Aligned leadership
A business with a leadership team who understands the future market forces that will create exponential growth opportunities and integrates this into their decision-making	A highly agile business, able to respond faster than any other player to changing market conditions and client requirements	A leadership team who lives The Power of & – acting as one, with a shared responsibility to achieve our aspiration and individual accountability for operating company success

Client centricity	Grow existing and build new
Proven model of partnership and collaboration to unlock opportunities and to grow with our clients	Aggressively grow existing businesses and be ready to invest in disruptive new opportunities that provide diversification from client, scope of service and geography perspectives

2022 Focus areas

CA&S is not required to – and will not – disclose competitive information about our forthcoming ventures, but we can provide an overview to shareholders of areas where management is focusing in the coming year. CA&S intends:

- Pursuing acquisitions that expand our footprint significantly into East Africa and as part of our channel-broadening strategy
- Exploring partnerships with private label brands and exclusive new brands in our key geographies
- Retaining our Botswana Stock Exchange listing and bolstering our share liquidity by switching our listing from the Cape Town Stock Exchange to a listing on the JSE
- Continuing building our insights-led sales capabilities through technology and data to identify sales opportunities across the group for brand owners
- Ramping up a new group-wide ESG framework to guide the gathering of baseline data and set environmental and social targets across the group
- Continuing to encourage employees to get vaccinated for Covid-19 so that the majority are vaccinated by the end of the year

ESG roadmap

CA&S Group understands the importance of good corporate citizenship, both in terms of social and environmental responsibility and corporate governance. Not only does it provide us with a social license to operate and contribute to our effectiveness and long-term sustainability as an organisation – it is undeniably a moral imperative. The challenge for CA&S, given the geographical and services diversity of the businesses, is to determine a uniform ESG strategy. In Q4 2021, CA&S embarked on an externally-facilitated journey to map our ESG aspiration, priorities and strategic objectives. The following ESG framework is in place to guide our approach to corporate citizenship as a group.

Our ESG aspiration

To partner for a better future that unlocks the potential of our people and communities and sustains our environment

Our priorities

Environmental

Managing our environmental dependencies and impact

Our 2022 ESG objectives

Determine baseline measurements, set targets and implement control measures across the group for:

- Fuel efficiency
- Energy consumption
- GHG-emissions
- Paper and plastic recycling

Explore solar installations across key facilities

Social (internal)

Managing our Improving livelihoods and employee wellbeing

Our 2022 ESG objectives

- Formalise the training and development programmes across the group
- Determine diversity and inclusion targets
- Determine the baseline LTIFR (Lost Time Injury Frequency Rate) across the group, while starting to increase awareness around health and safety

Social (external)

Positively impacting the communities we operate in

Our 2022 ESG objectives

- Entrench a more structured approach to CSI across the group
- Establish current local supplier spend relative to total spend, and explore opportunities to increase local spend

Governance

Committing to good corporate governance internally and across our value chain

Our 2022 ESG objectives

- Ensure full compliance with King IV
- Ensure full compliance with regulatory practices within operating companies
- Establish supplier screening criteria across the group
- Assess the level of competency around ESG matters at a board level, develop an applicable roadmap, and build the cadence of ESG reviews

With the foundation of our group-wide ESG strategy in place, we set up a working group to ensure subsidiary alignment to the central ESG framework. We are working with each group subsidiary to set appropriate key performance indicators for their unique context. Every subsidiary is responsible for driving actions and monitoring progress against targets, with monthly engagement to share ideas across the group.

Chief financial officer's review

The year 2021 was again disrupted and challenged by the Covid-19 pandemic, but thankfully its negative impact began subsiding as the year progressed and governments eased back on strict alcohol and trading restrictions.

Increased shareholding in **PnS to 94%**

Increased shareholding in **Logico to 90%**

Despite pedestrian revenue growth on the prior year, CA&S is pleased to report strong profit and headline earnings growth from which we were able to declare dividends to our shareholders despite another challenging year. The group is on track to continue its growth in 2022, though Covid-19's continued presence and the sudden outbreak of war in Europe prove once again the future is unpredictable.

The following overview of our 2021 financial performance serves to complement the annual financial statements published on pages 66 to 130 of this report.

Financial performance

Income statement

The group's revenue increased by 1.2% on the prior year to over R8 billion, despite trading restrictions and supply constraints triggered by uncertainty during the pandemic, as well as social unrest in Eswatini and South Africa. The loss of a major client contract due to corporate activity, which impacted on two of our regions, put further constraints on our revenue for the year. The group's new operation in Lesotho, which started trading during October, contributed R16.3 million to total revenue. Gross profit increased by 4.8% on the prior year to R1.1 billion. Despite the above-mentioned setbacks, net profit after taxation of R284.0 million increased by 23.1% on the prior year, aided by our continual focus on operational efficiency. Headline earnings of R271.6 million (2020: R232.0 million) was 17.1% higher than the prior year.

Goodwill was impaired with R7.5 million, relating to our investments in Expo Africa Group and Promexs Limited (see note 4). The Expo Africa Group had been making losses for the past two years and a decision was made to close the business. Currency devaluations in Zambia, where Promexs operates, had negatively impacted on results compared to expectation. Even so, Promexs remains profitable, and we are positive that business in this region will continue growing.

Operating expenses were contained to a 4.0% increase on the prior year. This outcome was aided by lower impairment and fair value losses in the current year as well as lower bad debt and stock write offs compared to the prior year. The group also invested more heavily in information technology spend and staff training in 2021 (see note 17).

Net finance costs decreased by 50.9% compared to the prior year as the bond on our properties in Botswana reduced and net debt turned to a positive cash position in the current year (see note 2.1a (ii) and 19).

The group's effective tax rate decreased to 27%, from 30.7% in the prior year. The tax rate, excluding the non-deductible impairment charges of R9.1 million and withholding taxes of R4.7 million, is 25.2%, compared to 26.4% for the year ended 31 December 2020 (adjusted for non-deductible impairment charges, fair value loss and withholding tax). The decrease is due to the higher profit contribution of Botswana entities at a 22% tax rate and lower profit contribution from South African entities at a 28% tax rate.

Financial position

Capital expenditure was reprioritised this year in favour of investing in vehicles and warehouse machinery as well as leasehold improvements in Eswatini. The new operation in Lesotho contributed R11.8 million (including right of use assets) to the total fixed assets balance on the balance sheet. Intangible assets declined to R476.9 million, primarily due to the goodwill impairment of R7.5 million, as mentioned earlier.

In March 2021, Logico Unlimited (Pty) Ltd, a subsidiary of CA Sales Holdings Ltd, acquired 49% of the share capital of Takbro Logistics (Pty) Ltd, a clearing and customs agent.

Our investment in the Bullred associate was written off in prior years due to the losses made by the company, partly due to Zimbabwe's unstable economic environment. The company has since turned profitable and its full year results, translated to USD at the open market rate, have been accounted for.

In May, the group acquired an additional 5.05% of the issued shares of Pack 'n Stack Investments Holdings (Pty) Ltd for equity instruments to the value of R23.4 million. This transaction involved D Lewis, a director of CA Sales Holdings Ltd. The group recognised a decrease in non-controlling interest of R9.9 million and a decrease in retained earnings attributable to owners of the parent of R13.49 million.

Chief financial officer's review continued

On 1 December, the group acquired an additional 10% of the issued shares of Logico Group for cash to the value of R22.4 million and equity instruments to the value of R22.4 million. The group recognised a decrease in non-controlling interest of R21.4 million and a decrease in retained earnings attributable to owners of the parent of R23.5 million. The group has committed to purchasing the remaining 10% from the minority shareholders of Logico Group during 2022. The purchase price will be settled with an issue of equity. A contingent consideration of R55.7 million was raised at year end, in line with the maximum total consideration according to the announcement published in December 2021.

On 1 January 2022, Pack 'n Stack (Pty) Ltd, a subsidiary of CA Sales Holdings Ltd, acquired 100% of the share capital of Effective Sales and Merchandising (Pty) Ltd (ESM), for up to a maximum of R37.1 million if all profit warranties are achieved. ESM is a supplier of sales and merchandising services based in South Africa. This acquisition opened the doors to South Africa's sales and merchandising wholesale industry. The first payment of R24.8 million for this acquisition was made before the year end and included in the statement of cash flows.

Net working capital remained fairly flat at R861.8 million, with the prior year at R858.5 million. Included in the current year balance is R17.2 million of the new Lesotho operation. Our inventory levels were increased to ensure stock availability during this period of stock supply constraints, while trade receivables balances reduced as customer cash liquidity improved.

Net borrowings (total borrowings less cash and cash equivalents) decreased to a positive cash position of R15.9 million from a net debt position of R146.0 million in the prior year. This resulted from cash balances increasing due to higher cash profits and lower working capital outflows. This year's investments were mostly funded through the issue of equity instruments valued at R45.8 million.

Deferred tax assets for the group decreased by R7.8 million due to a lower tax loss at Wutow Trading and increased capital allowances.

Cash flow

Cash inflows from operating activities increased to R318.1 million from R264.7 million in the previous year, due to increased cash profits, decreased working capital outflow, lower taxes paid and lower finance cost.

Investing activity outflows included the first payment of R24.8 million for the acquisition of Effective Sales and Merchandising. The remainder of this consideration will be paid in 2023.

The group's capital spend of R46.5 million was higher than the R28.0 million of the prior year due to reprioritising capital investment and spending R4.4 million on the new Lesotho operation. Outflows from financing activities in the current year included the purchase of additional non-controlling interest in Logico to the value of R22.4 million. In the year of review the group paid total dividends, including those to the non-controlling interest shareholders, of R55.7 million, compared to R59.4 million in the previous year.

Dividend

In terms of our dividend policy, based on our headline earnings, CA&S declared a dividend of 11.77 cents per share on 18 March 2022.

Outlook

While Covid-19 remains a worldwide reality and we cannot predict further variants and trading restrictions, the end of this pandemic appears to be in sight. However, Russia's invasion of Ukraine is placing additional strain on global supply chains already disrupted by Covid-19. Still, CA&S is already legendary in our markets for getting goods onto shelves against all the odds and despite the headwinds, CA&S remains well capitalised. We are continuing to perform well against strategy and we are on track to continue the positive growth trend.

FJ Reichert
Chief financial officer

Value-added statement

for the year ended 31 December 2021

	2021 R'000	2020 R'000
Turnover	**8 027 916**	7 931 740
Less: Cost of products and services	**6 359 116**	6 323 576
Value added by operations	**1 668 800**	1 608 164
Add: Income from investments and associates	**22 221**	8 251
Wealth created	**1 691 021**	1 616 415
Applied to:		
Employees		
Salaries, wages and other benefits	**1 023 560**	1 023 971
Governments		
Corporate and indirect taxation (note 1)	**298 880**	295 942
Levies (note 2)	**52 199**	42 063
Providers of capital	**80 557**	90 578
Interest on borrowings	**24 696**	31 218
Dividends to non-controlling interests	**9 465**	13 282
Dividends to ordinary shareholders	**46 396**	46 078
Retained in the group	**235 825**	163 861
Wealth distributed	**1 691 021**	1 616 415
Note 1	**298 880**	295 942
Income taxation (excluding deferred tax)	**97 350**	109 669
Customs duties, import surcharges etc.	**201 530**	186 273
Note 2	**52 199**	42 063
Training levies	**8 901**	4 912
Skills development levy	**7 138**	4 869
Alcohol levy	**35 742**	28 857
Flour levy	**–**	49
Tobacco levy	**418**	3 376
Contribution to governments	**351 079**	338 005
Employee statistics		
Average number of employees	**10 432**	11 250
Turnover per employee	**770**	705
Value added per employee	**160**	143
Wealth created per employee	**162**	144

Performance against strategy

Strategic highlights 2021

Acquisitive growth to expand and diversify

PnS

In 2021, PnS Group acquired wholesale specialist Effective Sales & Merchandising (ESM) for R37 million (effective date: 1 January 2022). ESM brings over 30 years' experience in the wholesale FMCG market, expanding PnS' capabilities.

Logico

Logico acquired Takbro, a clearing and customs agent, as part of our channel-broadening strategy. Takbro allows us to offer expanded distribution solutions to the growing e-commerce industry.

Organic growth

SMC Brands Lesotho

CA&S Group founded SMC Brands Lesotho as a liquor distribution business in October 2021.

Strategic challenges 2021

Expo Africa

The profitability of the Expo Africa group of companies was damaged by pandemic-related lockdowns in 2020 and 2021. The remaining goodwill of R6.6 million was written off by the year end.

Country review

Botswana

Macro-economic operating environment

An 8.6% expansion in Botswana's GDP in the 12 months through September 2021 countered the contraction experienced in the same period in 2020. At the same time, growth in the wholesale and retail trade industry accelerated to 11.4%, overtaking construction at the end of last year as the nation's most significant industry. However, inflation appears to be climbing due to rising fuel prices, while unemployment increased to 24.5% in Q4 2021.

The IMF forecasts an economic expansion of 4.7% in 2022 as higher metal and minerals prices revive Botswana's mining industry, while Fitch Solutions predicts 4.9% consumer inflation. Household spending is expected to recover to pre-Covid-19 levels due to the ongoing recovery of Botswana's tourism sector and labour market.

CA&S Group regional performance overview

Highlights:

- CA Sales and Distribution received two Tiger Brands awards:
  - Region of the Year
  - Partner of the Year
- SMC Botswana increased its market share by signing new liquor clients

Challenges:

- Restricted trading hours and liquor bans impacting on SMC Botswana and CA Sales and Distribution
- Movement restrictions impacting training and promotions businesses
- Loss of Simba as a long-standing client due to corporate activities

Revenue (Rm)
R4 516
(2020: R4 586)

EBIT (Rm)
R177
(2020: R157)

Assets (Rm)
R2 102
(2020: R 1 936)

Liabilities (Rm)
R1 161
(2020: R1 122)

Country review continued

South Africa

Macro-economic operating environment

After contracting by 7% in 2020, GDP increased by a higher-than-expected 4.9% in 2021, bolstered by stronger commodity prices, a rebound in household spending and growth in the finance and trade sectors. However, during July, political unrest disrupted supply chains to neighbouring countries and South Africa's economy remains 1.8% smaller than in Q1 2020 immediately before Covid-19's arrival. Headline inflation for 2021 reached 4.5%. The South African Reserve Bank increased its benchmark interest rate by 25 basis points in November 2021, January 2022 and March 2022.

Trading levels have not yet returned to pre-Covid-19 levels, although business and consumer confidence improved in the latter part of 2021 and into 2022. As Covid-19 lockdown restrictions and travel bans ease, South Africa may remain constrained in sustaining its 2021 pace of recovery due to chronic loadshedding and the conflict in Ukraine. The country's growth is expected to slow to 2.1% in 2022.

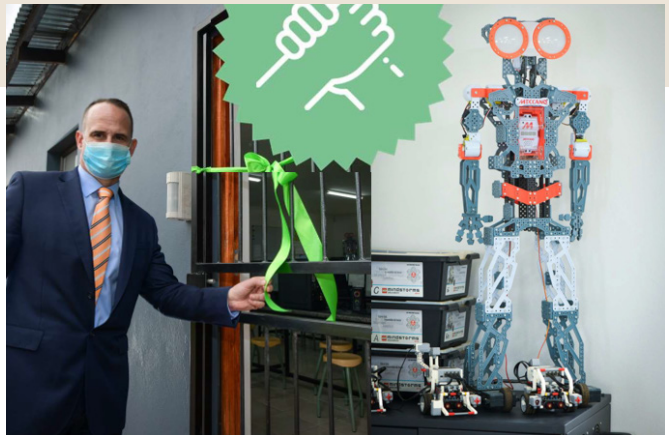
CA&S Group regional performance overview

Highlights:

- PnS Group was recognised as 2021 top employer by the Top Employer Institute
- MACmobile developed a new digital broad sheet and e-commerce platform

Challenges:

- Loss of Simba as a long-standing client due to corporate activities



Revenue (Rm)
R1 025
(2020: R1 058)

EBIT (Rm)
R95
(2020: R123)

Assets (Rm)
R816
(2020: R790)

Liabilities (Rm)
R302
(2020: R249)

Country review continued

Eswatini

Macro-economic operating environment

Following negative GDP growth of 1.9% in 2020, the Central Bank of Eswatini estimates that the economy grew by 5.9% in 2021. Headline inflation averaged 3.73% in 2021, driven by purchases of food and non-alcoholic beverages, as well as transport, housing and utilities spend.

Growth was muted by the looting and riots that gripped South Africa, causing fuel supplies to Eswatini to dry up and dampening economic activity in July. Eswatini also experienced its own unrest - protests against police brutality turned violent, developing into pro-democracy demonstrations that demanded the end of King Mswati III's 35-year rule. The uncertainty is expected to continue dampening growth in the short term.

CA&S Group regional performance overview

Highlights:

- Increasing group shareholding in Logico
- SMC Eswatini increased its market share by signing new liquor clients

Challenges:

- Unpredictable trading restrictions on the back of political protests

Revenue (Rm)

R1 246

(2020: R1 149)

EBIT (Rm)

R96

(2020: R80)

Assets (Rm)

R474

(2020: R360)

Liabilities (Rm)

R245

(2020: R170)

Country review continued

Namibia

Macro-economic operating environment

Namibia's economy contracted by 8.5% in 2020 as the country contended with droughts that restricted water supply, reduced agricultural output, and limited hydroelectrical power generation. The country's 2021 economic growth was limited to an estimated 0.9%, following poor performance in, among others, the wholesale and retail trade industries. Average inflation increased to 3.6% in 2021, mainly driven by food prices, and housing and transport costs.

However, the Bank of Namibia projects a 3.4% acceleration in GDP growth in 2022. Namibia aims to become a logistics hub as part of its Vision 2030 programme, by using its Walvis Bay port to serve landlocked countries in the Southern African Development Community (SADC).

CA&S Group regional performance overview

Highlights:

- Wutow added a new warehousing facility with 12 000m² capacity (occupation January 2022)

Challenges:

- Ongoing recessionary environment

Revenue (Rm)

R1 220

(2020: R 1 162)

EBIT (Rm)

R26

(2020: -R4)

Assets (Rm)

R301

(2020: R334)

Liabilities (Rm)

R192

(2020: R241)

Country review continued

Other geographies

Besides the countries already listed, CA&S has operations in three more African countries. The growth potential on the continent is substantial and we will continue to expand our service delivery reach through both organic and acquisitive growth.

Revenue (Rm)
R48
(2020: R21)

EBIT (Rm)
R7
(2020: R3)

Assets (Rm)
R71
(2020: R23)

Liabilities (Rm)
R49
(2020: R7)

Sustainability review

Human capital

Number of employees

Total number of employees at year-end	Staff retention	Employees appointed during the year	Employees retrenched during the year
10 423	83.1%	1 467	272
(2020: 11 250)	(2020: 91.6%)	(2020: 1 318)	(2020: 924)

Training and skills development

Investment in staff training, including learnerships and sponsorships (R'000)	Employees trained
R43 644	6 446
(2020: 12 303)	(2020: 3 672)

Training courses attended	Employees who obtained degrees/diplomas paid for by the company	Employees promoted during the year
117	2	144
(2020: 135)	(2020: 6)	(2020: 129)

Natural capital

Fuel consumed

6 176 559 ℓ

(2020: 6 420 491 ℓ)

Social capital

Number of charity organisations supported during the year

24

(2020: 21)

CSI spend	2021 R'000	2020 R'000
Donations	1 459	1 903
Enterprise development	1 481	100
Other CSI spend	580	492

Delivering value to our communities

The number of social initiatives undertaken by all the companies across the group are too many to list here. Although we only showcase a few of the highlights in this report, the group contributes to a plethora of projects and non-profit organisations to uplift the elderly and the destitute, support young people in achieving academic success, and combat diseases like cancer and Covid-19.

Sustainability review continued

Social capital continued

Botswana

Charitable New Years' Function

Kalahari Training Institute contributed to a charitable new year celebration. Profits from the event provided relief to families in need.

Monax Shelter For Hope Trust

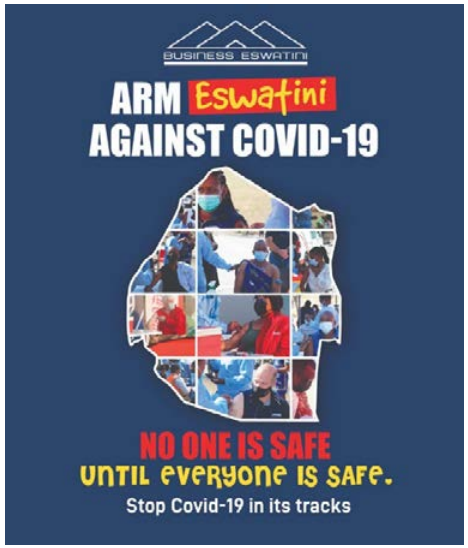
The Monax Shelter for Hope Trust in Metsimothlabe looks after the elderly. CA Sales and Distribution assisted with food and toiletries to help the home continue its work in the community.

Olorato Children Care Centre

The Olorato Centre, located in Kanye, Botswana, takes care of orphans and vulnerable children. CA Sales and Distribution provided food and toiletries to the Centre.

Eswatini

Supporting the rollout of Covid-19 vaccines



CA&S Group endorses vaccination against Covid-19, and Logico supported Business Eswatini in its vaccination drive to the Eswatini business community in June 2021.

Bulembu Ministries

Bulembu is a children's home with 370 vulnerable children in its care. Logico has supported the home for many years and provided several food packages during 2021.

Namibia

Die Helpende Hande

Wutow Trading provided food and basic groceries to 28 families and 54 elderlies through Die Helpende Hande, a community-based charity organisation.

Make a noise

MakeANoise is a community safety initiative that aims to help prevent gender-based violence, child abuse and rape. Wutow Trading provided meal packets for the vulnerable children and youth who benefit from the initiative.

Shoprite Namibia mobile soup kitchen

Shoprite Namibia provides underprivileged children in informal settlements with a warm meal. Wutow Trading supported the initiatives with monthly funding from May to December 2021.

South Africa

The Potato Foundation

The Potato Foundation provides education and feeding schemes to children in need. In 2021, Pack 'n Stack's biggest contribution to the Potato Foundation took the form of a new computer centre at General Beyers Primary School in Danville, including 20 new computers for the classroom.

Furthermore, Pack 'n Stack provided food relief, face masks, and feminine hygiene products to the Potato Foundation and various other organisations. The company also sponsored school fees and soccer uniforms during the year.

Zambia

Shoprite Zambia mobile soup kitchen

The Shoprite mobile soup kitchen in Zambia serves up to 1 000 cups of soup and bread to vulnerable children every day. In 2021, Promexs oversaw the project and garnered sponsorships in the form of bread, vegetables and soup to feed the children every day for 12 months.

Engaging underprivileged youth through sport

Every year, Promexs sponsors the Zambia Sports Fishing Association's International Fishing Competition, as well as the Zambia Bowling Association's National Bowling Tournament, thereby opening the door for local youth to participate in these sporting events.

Our board of directors

Executive

Duncan Lewis 53

South African
Chief Executive Officer
Appointed 9 April 2019

Duncan began his career in industrial marketing. He joined Pack 'n Stack in 2003 and was appointed CEO in 2013. He has a deep knowledge of the workings and challenges of the FMCG industry and competitive landscape, excelling in developing and executing strategies that drive market differentiation, sustainable growth and profit that lead to increased shareholder value.

Frans Reichert 49

CA(SA)
South African
Finance director
Appointed 30 June 2020

Frans has been the Chief Financial Officer of the CA&S Group since 2018, he was also the Company Secretary up to 5 April 2022 and has been in a financial role in the group since 2012.

Non-executive

Frans Britz 55

CA(SA)
South African
Non-executive director
Appointed 8 December 2011

Frans has been the financial director of JSE listed companies and involved in FMCG related businesses for more than 18 years. He was an executive director of the CA&S Group for seven years and was the CEO during the last two years before he retired as executive director and continued as non-executive director of the group.

Nico de Waal 46

B.Eng (Mech) (Cum Laude), MBA
South African
Non-executive director
Appointed 8 December 2011

Nico served as a management consultant for eight years, specialising in strategy and operations. Prior to joining PSG Group, he was an executive at SABMiller plc. He currently serves as the CEO of PSG Alpha Investments (Pty) Ltd.

Johan Holtzhausen 51

B.Iuris (Cum Laude), LLB, HDip Tax
South African
Non-executive Chairman
Appointed 8 December 2011

Johan has been involved with numerous listings, mergers and acquisitions, cross border transactions (in most SADC countries), and prominent BEE and private equity transactions in South Africa and abroad.

● Audit and Risk Committee ● Social and Ethics Committee ● Remuneration Committee

Our board of directors continued

Independent non-executive

Leon Cronje 65

CA(SA)

South African

Independent non-executive director

Appointed 2 September 2019

Leon served in managerial financial positions since 1983. He retired as CFO of Pioneer Foods in 2015 after serving in that position for 16 years. Since then, he served as an independent director on numerous boards.

Blackie Marole 66

MA (Economics)

Motswana

Independent non-executive director

Appointed 7 November 2017

Blackie spent 21 years of his career in the civil service where he reached the highest post in the Ministry of Energy, Water and Minerals Resources as its Permanent Secretary. He was also the CEO of Debswana and provided oversight as director and/or chairman of various national and international boards.

Elias Masilela 57

BA (Social Sciences), MSc (Economic Policy and Analysis)

South African

Independent non-executive director

Appointed 7 November 2017

Elias currently holds various positions including executive chairman and director. Previously he held various senior positions including chief executive officer of the Public Investment Commission, director of the South African Reserve Bank and deputy director general of the South African National Treasury.

Shiellah Moakofi 40

MSc (Strategic Management)

Motswana

Independent non-executive director

Appointed 30 June 2020

Shiellah held various roles in public relations. She is currently working as Corporate Communications manager at a company in Botswana with the mission of driving regional socio-economic development.

Badal Patel 40

CA(UK)

British

Independent non-executive director

Appointed 6 November 2014

Badal has many years of extensive business experience ranging from banking, mergers and acquisitions, investment management, financial analysis, audit and assurance, business and compliance consulting.

Jean Craven 49

B. Com Accounting

South African

Alternate director to B Patel

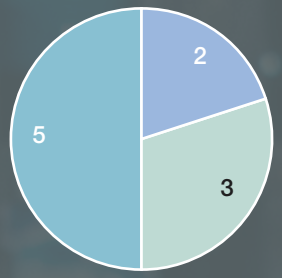
Appointed 17 April 2012

Jean has many years of experience in building and managing commodity trading businesses at leading South African financial institutions.

● Audit and Risk Committee ● Social and Ethics Committee ● Remuneration Committee

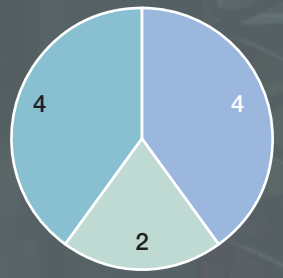
Board **demographics**

Composition



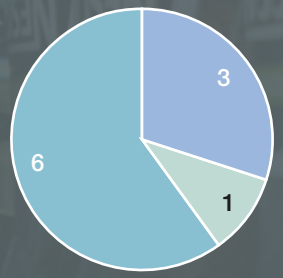
- Executive
- Non-executive
- Independent non-executive

Tenure



- 0 to 3 years
- 4 to 6 years
- +7 years

Race



- Black
- Indian
- White

Top skills

How our board **creates and preserves value**

Roles and responsibilities of the board

The board's key roles and responsibilities include, *inter alia,* the following:

- Ultimate accountability and responsibility for the performance and affairs of the group
- Leading ethically, by example, and governing the corporate citizenship of the group
- Setting the group's strategic objectives with a focus on value creation
- Ensuring an effective control environment including risk management and compliance with applicable laws, codes and standards
- Promoting the interests and expectations of stakeholders

Board composition

The board has 10 directors, comprising eight non-executive directors and two executive directors. Board composition is of enormous importance and there are three critical dimensions:

- Creating the right balance of skills and experience
- Maintaining a strong level of independence and objectivity
- Ensuring that all directors have sufficient knowledge of the company and the context in which it operates

Corporate governance review

Sound corporate governance is an integral part of the group's success in achieving its strategic objective to create sustainable value. The board plays a pivotal role in strategy planning and establishes clear benchmarks to measure the group's strategic objectives. The board is accountable and responsible for the performance and affairs of the company. CA&S' board of directors is committed to implementing sound corporate governance principles.

Board of directors

The board comprises directors who bring a diverse range of industry knowledge and experience to the board and exercise their judgement freely and independently. The board sets strategic objectives, monitors and reviews management's performance, and embeds a culture of ethical leadership in the group. It delegates certain functions to management and committees to assist it in discharging its duties properly. Every committee has terms of reference and a work plan that are reviewed annually, and the directors confirm that all committees functioned in line with these terms of reference during the year. Committee members have the required skills to execute each mandate.

The board met four times during the year.

Director changes

Elias Masilela was appointed as lead independent director on 30 August 2021. The names of the directors serving at the end of the year under review and their biographical details are set out on pages 41 to 42.

The chief executive officer

The CEO, Duncan Lewis, reports to the board. He is responsible for overseeing execution of the board-approved strategic direction and objectives of CA&S. The CEO is not a member of the audit and risk or the remuneration committees, but attends these meetings by invitation.

Company secretary

All directors have unlimited access to the services of the company secretary, who ensures proper administration of proceedings and matters relating to the board, the company and shareholders, in line with applicable legislation and procedures. The company secretary is the secretary at all meetings of the board, audit and risk committee, and social and ethics committee. The company secretary is also responsible for the submission of the annual compliance certificates to the BSE and CTSE.

In compliance with King IV, the Companies Act and the Listings Requirements, the board has considered and is satisfied that the company secretary is competent, and has the relevant qualifications and experience.

The company secretary of the Company for the period under review was Frans Reichert. Based on the professional qualification as a Chartered Accountant for 24 years and the past eight years' experience as company secretary of CA Sales Holdings, the board was satisfied that Frans Reichert had an appropriate level of experience, competence and qualification to execute his responsibilities as company secretary. The company secretary seeks professional legal advice from time to time. Frans resigned as company secretary on 5 April 2022.

A new company secretary, Bernadien Naude was appointed on 5 April 2022, based on her professional qualification as a Chartered Accountant for 22 years and her experience in assisting the company secretary with his responsibilities for the past four years. The new company secretary will continue to seek advice from the previous company secretary as well as professional legal advice from time to time.

The board will implement a formal annual assessment process to satisfy itself on the competence of the company secretary, going forward.

Internal audit and compliance officer

The internal audit function provides independent assurance on the adequacy and effectiveness of the system of internal controls that maintain significant business risks at an acceptable level.
The purpose, authority and responsibility of the internal audit function is consistent with the Institute of Internal Auditors' definition of internal auditing and to the principles of King IV.

External audit

PricewaterhouseCoopers Inc., the external auditor, provides stakeholders with an independent opinion on the annual financial statements of the group and company.

Member attendance

	Board	Audit and risk	Remuneration	Social and ethics
Number of meetings	4	2	2	1
Frans Britz	4			1
Leon Cronje	4	2		
Nico de Waal	4			1
Johan Holtzhausen	4		2	1
Duncan Lewis	4			
Blackie Marole	4	2		
Elias Masilela	3	2	2	
Shiellah Moakofi	4		2	
Badal Patel	4	2		1
Frans Reichert	4			

Statement of **compliance**

(i) Botswana Stock Exchange (BSE) and Cape Town Stock Exchange (CTSE)

The company is subject to and remains compliant with the Listings Requirements of the BSE and CTSE.

(ii) South African Companies Act, 71 of 2008

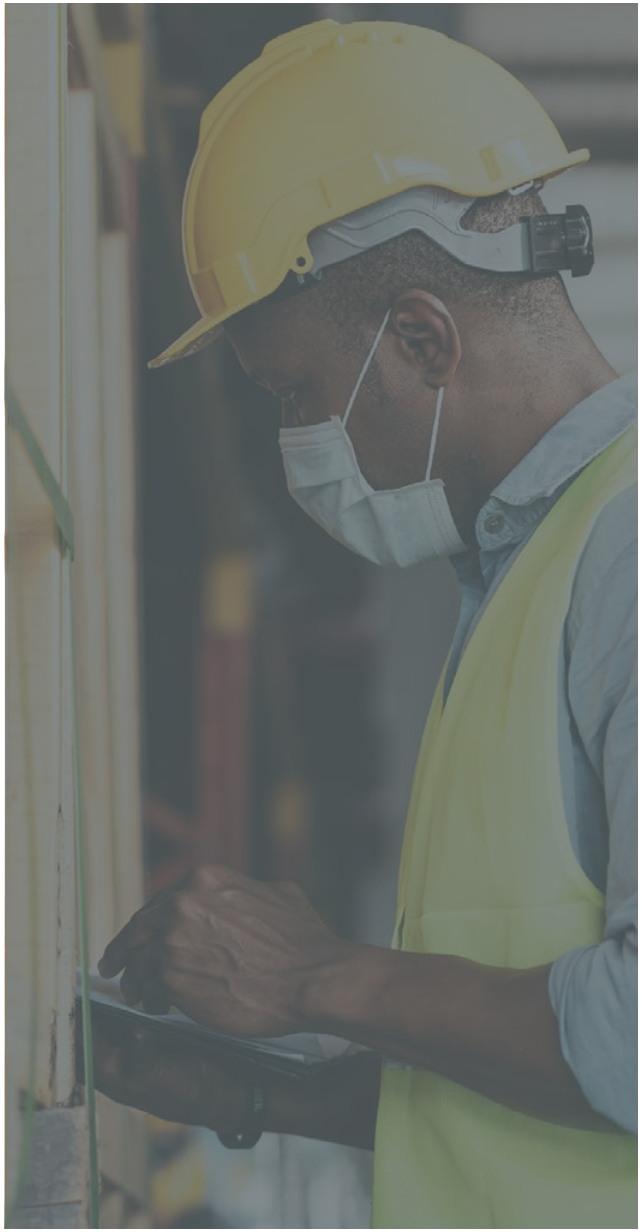
The company ensures compliance to the Act.

(iii) King IV Report on Corporate Governance for South Africa, 2016 (King IV)

The company is committed to the highest standards of business integrity and ethical leadership and wholly subscribes to the principles of good corporate governance as articulated in King IV. The group complies with all the requirements of King IV apart from the requirement that the chairman should be an independent director – a lead independent director was appointed to mitigate this deviation.

The group is committed to achieve an ethical culture, good performance, an effective control environment and legitimacy as advocated in King IV.

Set out on the following page are the references to the IR, explaining the company's compliance with the applicable 16 principles in King IV:



Statement of **compliance** continued

	Principle	Application/explanation	Page
1	The governing body should lead ethically and effectively.	Corporate governance section in the IR	44
2	The governing body should govern the ethics of the group in a way that supports the establishment of an ethical culture.	Corporate governance section in the IR	44 – 55
3	The governing body should ensure that the group is and is seen to be a responsible corporate citizen.	Chairman's letter Corporate social investment section in the IR Corporate governance section in the IR	13 39 44
4	The governing body should appreciate that the group's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Organisational overview section CEO's report CFO's report Corporate governance section in the IR	3 – 29 25 30 44
5	The governing body should ensure that reports issued by the group enable stakeholders to make informed assessments of the group's performance, and its short, medium and long-term prospects.	IR in its entirety; All other announcements published on the BSE and CTSE News Services	
6	The governing body should serve as the focal point and custodian of the corporate governance in the group.	Corporate governance section in the IR	44
7	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	Details of the board of directors Corporate governance section in the IR	41 – 43 44
8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	Corporate governance section in the IR	44
9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	Corporate governance section in the IR	44
10	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	Corporate governance section in the IR	44
11	The governing body should govern risk in a way that supports the group in setting and achieving its strategic objectives.	Chairman's letter CEO's report CFO's report Corporate governance section in the IR	13 25 30 44
12	The governing body should govern technology and information in a way that supports the group setting and achieving its strategic objectives.	Corporate governance section in the IR	44
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the group being ethical and a good corporate citizen.	IR in its entirety Corporate governance section in the IR	 44
14	The governing body should ensure that the group remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Remuneration report in the IR	48 – 55
15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the group's external reports.	Corporate governance section in the IR Audit and risk committee report in the IR	44 56
16	In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the group over time.	IR in its entirety All other announcements published on the BSE and CTSE News Services	

Committee reports

Audit and risk committee

The audit and risk committee (ARC) oversees financial reporting and the effectiveness of the risk management process, as well as policies and internal controls.

Members

- Badal Patel (Chairman)
- Leon Cronje
- Blackie Marole
- Elias Masilela

Responsibilities

The ARC executes all statutory duties in terms of section 94 of the South African Companies Act. This committee's primary responsibilities include:

- Understanding and promoting the principles of King IV
- Facilitating mandatory audit firm rotation every 10 years
- Overseeing the integrated reporting process
- Managing risk and compliance
- Monitoring internal financial and risk management controls
- Promoting cyber security

2021 highlights and focus areas

- Improving our corporate reporting, including our integrated report, in line with international standards
- Rolling out internal audit plans
- Investigating the group's insurance policies to ensure sufficient risk cover

2022 focus areas

- Commencing the handover process to new external auditors as PricewaterhouseCoopers Inc. concludes their final year in service with us pending mandatory rotation
- Driving the implementation of disaster recovery plans
- Improving the group's cyber security
- Standardising the group's IT processes and procedures

Social and ethics committee

The social and ethics committee's primary role is to support, advise and guide CA&S's value system to maintain and promote ethical standards and social responsibility.

Members

- Nico de Waal (Chairman)
- Frans Britz
- Johan Holtzhausen
- Badal Patel

Responsibilities

This committee was established in 2021 in line with the South African Companies Act, to promote public and stakeholders' interests in the company's operations. It deals with matters relating to:

- Environmental management and climate change
- Ethics management
- Safety, occupational health and wellness
- Social labour plans and corporate social investment
- Human resource development, and employment equity and transformation
- Stakeholder engagement
- The protection of company assets

2021 highlights and focus areas

- Compiling the committee charter
- Rolling out an ethics and fraud hotline across the group
- Monitoring and consolidating social initiatives and spend across the group
- Drafting Code of Conduct guidelines

2022 focus areas

- Formally approving the committee charter
- Promoting the group's social initiatives internally and externally
- Creating a formal ESG roadmap for the group
- Garnering baseline ESG data for analysis and reporting

Remuneration Committee

The remuneration committee approves remuneration policies and recommends non-executive director fees.

Members

- Johan Holtzhausen (Chairman)
- Elias Masilela
- Shiellah Moakofi

Responsibilities

The committee members ensure the group's reward and remuneration policies are aligned to the requirements of King IV, the group's value creation strategy, and the principles of fairness and competitiveness.

The committee, on the board's behalf:

- approves remuneration strategies and policies designed to attract, motivate and retain employees, senior management and directors
- recommends the remuneration policy and implementation reports to shareholders
- determines non-executive director fees for approval by shareholders

Accordingly, the committee's primary responsibilities are to:

- oversee the remuneration and incentives of CA&S Group's executives and other employees at head office to ensure fairness to both employees, the company, shareholders and other stakeholders
- review the group's non-executive director fees and make appropriate recommendations to shareholders for approval thereof
- provide guidance to the heads of unlisted companies forming part of the broader CA&S Group

2021 and 2022 focus areas

Read the below remuneration report, including the implementation report, by the chairman of the Remuneration Committee for more information.

Remuneration report

PART 1: Implementation report

Remuneration within a holding company

CA&S Group is a holding company with almost 70% of its total assets represented by independently managed unlisted investments, each with its own remuneration policy designed specifically for its business and the industry in which it operates. An investment holding company is distinctly different from an operational company. It has limited day-to-day operations and its primary focus is to make and help grow investments that will procure long-term value creation for shareholders. The remuneration policy for such a holding company therefore needs to be conducive to driving long-term decision-making in order to achieve the company's objectives.

Accordingly, the primary responsibilities of the CA&S Group Remuneration Committee ("Remcom" or "Committee") are to:

- oversee the remuneration and incentives of CA&S Group's executives and other employees at head office to ensure it is fair and responsible toward such individuals as well as the company (i.e. shareholders and other stakeholders);
- review CA&S Group's non-executive director fees and make appropriate recommendations to shareholders for approval thereof; and
- provide guidance to the heads of unlisted companies forming part of the broader CA&S Group.

The Remcom comprises myself as chairman, Elias Masilela and Shiellah Moakofi. We are non-executive directors of CA&S Group. After comprehensive prior consultation with management, the Committee held two formal meetings during the past year on 16 March 2021 and 2 December 2021, and all members were present.

CA&S Group's remuneration philosophy

CA&S Group aims to align remuneration practices with its business strategies to deliver on its stated objective of sustainable long-term value creation for shareholders through a combination of share price appreciation and the payment of dividends.

Remuneration practices should always be fair and responsible to both the employee and the company (i.e. shareholders and other stakeholders), while continuously reporting thereon in a transparent manner.

CA&S Group has provided its shareholders with solid returns over the past four years since listing its shares in the open market, even in the light of the pandemic during the past two years.

Sustainable value creation will always depend on, among other, CA&S Group attracting and retaining the services of talented executives and employees. To achieve this, CA&S Group's remuneration practices need to be appropriate and competitive.

J Holtzhausen
Chairman,
Remuneration Committee

Remuneration report continued

PART 2: Remuneration policy

The Remcom has introduced an appropriate remuneration policy for CA&S Group's head office employees (including CA&S Group's executive directors) to help drive long-term decision-making in order to ultimately deliver on CA&S Group's stated objective of sustainable long-term value creation for shareholders. CA&S Group's most significant successes to date have been early-stage investments, the likes of CA Sales & Distribution, SMC Brands, Pack 'n Stack and Logico. As with any start-up business, it may take years to determine its success, and it will be imperative for management to maintain a long-term focus to help achieve this. It would therefore be irrational to remunerate executives based on meeting short-term operational targets or when making new investments. The policy has consequently been designed to suitably align the interests of employees with those of shareholders – if CA&S Group shareholders do well, the employees will do well, and *vice versa.*

1. Providing context to CA&S Group's (CA&S) operations at head office level

1.1 As at 31 December 2021, the total number of employees at head office level comprised of six individuals. They were the chief executive officer (CEO), the chief financial officer (CFO), an internal auditor, an industrial engineer, a finance support individual and an admin support staff member.

1.2 Accordingly, the CA&S Group's head office employment costs are limited to that of the aforementioned six employees. For the year ended 31 December 2021, CA&S Group's head office total employment costs (STF, STI and LTI) amounted to approximately 1.29% (2020: 1.10%) of the entire CA&S Group's total salary expense.

1.3 The CA&S Group's head office is supported by members of the group's executive committee (senior executives) and other senior management. The senior executives are CEO's or directors of subsidiaries or associates of the CA&S Group. Their salaries and related expenses are borne by the subsidiaries or associates where they are employed.

2. Executives and employees

2.1 The remuneration of CA&S Group's executives and senior executives (collectively "the executives") are reviewed annually by the Remcom, which seeks to ensure that balance is maintained between the fixed (base salary – STF) and variable (incentives – STI and share options – LTI) elements of remuneration, as well as between short-term (base salary – STF and incentives – STI) and long-term (share options – LTI) financial performance objectives. The Remcom takes cognisance of both local and international best remuneration practices to ensure that remuneration is fair and responsible to both the company (i.e. shareholders and other stakeholders) and the executives.

2.2 The table below provides an overview of the various groups pertaining to executives and their respective remuneration components:

Group	Focus	Strategic view	Remuneration	Longest period of remuneration deferral
CEO and CFO	Formulate, drive and oversee implementation of strategy	Longest term	Base salary (STF), incentives (STI) share options (LTI)	Five years
Executives (excluding CEO and CFO)	Strategy implementation	Long term	Base salary (STF), incentives (STI) share options (LTI)	Five years
Other staff	Support (administration)	Short term	Base salary (STF), discretionary bonus (STI)	One year

2.3 Total remuneration incorporates the following components:

2.3.1 Base salary (STF)

Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 March of each year, coinciding with the Remuneration Committee meeting evaluating the prior year's performance of the group and its executives. Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes to ensure that remuneration is market related.

The total base salary is paid over a period of 12 months. Benefits, forming part of total cost to company, are limited to:

- group life cover (providing death, disability and dread disease benefits); and
- membership to a retirement fund.

Remuneration report continued

PART 2: Remuneration policy continued

2.3.2 Discretionary bonuses (STI)

The success of CA&S Group can be attributable to operational and financial performance of the underlying subsidiaries and associates in the group. Although part of the CA&S Group, the day-to-day activities and operations of each business is mostly independent from the rest of the group and as such businesses are managed fairly autonomously by their respective management teams.

It is therefore imperative that senior management in each operation is awarded not only on group results, but also on the performance of the respective subsidiary or associate they are responsible for.

The executives therefore qualify for yearly short terms incentives (STI) based primarily on the financial performance of the subsidiary or associate they are responsible for, as well as individual key performance measures agreed each year. A component of the STI is, however, based on the financial performance of the CA&S Group, to ensure the executives continues to play a key role in the group.

STI will range between 20% and 150% of total cost to company, depending on seniority and performance of the subsidiary or associate.

2.3.3 Share options (LTI)

CA&S Group's shareholders adopted a share incentive scheme at CA Sales Holdings Ltd's AGM held on 25 June 2018. In terms of the scheme, CA Sales Holdings Ltd share options are awarded to executives and other qualifying employees with the primary objectives of retaining their services and aligning their interests with those of shareholders, being sustainable value creation through a combination of share price appreciation and the payment of dividends over the long term.

A key feature of CA&S Group's share incentive scheme is that participants will only benefit if there is long-term share price appreciation. This should ultimately depend on sustained recurring earnings per share growth by CA&S Group, and management's ability to continuously grow revenue and earnings of all subsidiaries and associates as well as the success of new value adding acquisitions to the group.

The share incentive scheme also ensures a rolling long-term focus for participants, considering the annual vesting of share options in 25%-tranches on each of the 2nd, 3rd, 4th and 5th anniversary of the award date and consequent award top-ups as detailed below.

2.4 Mechanics of the share incentive scheme (LTI)

2.4.1 Award

Share options are awarded annually at the discretion of the Remcom.

The number of share options to be awarded is calculated using a mathematical formula based on the respective participant's base salary and a multiple of between 1x and 5x applied thereto, depending on the participant's seniority and accordingly the level of responsibility assumed within the organisation, subject to his/her performance as assessed by the Remcom. In calculating the annual share option awards, the strike value of unvested share options and where applicable funded investments are taken into account.

All share options are awarded at a strike price equal to CA&S Group's 30- or 60-day volume weighted average traded share price immediately preceding such award date (i.e. awarded at the ruling market-value), thereby creating an embedded performance hurdle whereby participants will only benefit from the share incentive scheme if there is long- term share price appreciation and thus value creation for CA&S Group's shareholders.

2.4.2 Vesting

The Remcom has introduced additional performance measures as vesting conditions for share options awarded on or after 14 March 2018. The result being that share options will continue to vest in 25%-tranches on each of the 2nd, 3rd, 4th and 5th anniversary of the award date, but subject to the following condition:

Share options from the share incentive scheme will generally only vest on condition that the participant is in service of CA&S Group on vesting date.

2.4.3 Termination of service

In the case of resignation, dismissal or early retirement (before attaining the age of 60 years) of a participant (i.e. bad leaver), unvested share options are generally forfeited.

In the case of the death, permanent disability, compulsory retirement (attaining the age of 65 years) or retrenchment of a participant (i.e. good leaver), any share options capable of being exercised within a period of 12 months thereafter, will generally continue to be exercisable provided it is exercised during such 12 months.

In the case of the termination of employment for any reason other than dismissal, the Remcom may in its absolute discretion permit the exercise of any unvested share options upon such additional terms and conditions as it may determine (e.g. as part of non-compete provisions in the case of early retirement of an executive).

Remuneration report continued

PART 2: Remuneration policy continued

2.4.4 Loan funding (related to LTI)

Loan funding has been made available to participants of the share incentive scheme to assist them in exercising their share options and to remain invested in CA&S Group, on the following terms:

- Maximum loan funding of 90% of the strike value and section 8C income tax payable in respect of the vesting of share options (i.e. a minimum cash deposit of 10% is required from the participant).
- The borrower shall be required to pledge such a number of shares as is equal to 150% of the loan value.
- Interest accrues on the outstanding loans at the South African Revenue Service fringe benefit rate; and
- Loans are repayable in full after three years.
- Share options could also be settled on a "net-equity basis" (i.e. the participant's after-tax upside will be settled through the issue of fully paid-up CA&S Group shares to the participant, and CA&S Group will pay over the related section 8C income tax payable in cash on the participant's behalf).

2.5 Termination of employment benefits

CA&S Group employees (including the executives) are not entitled to any payments upon termination of their service, except for those provided for in law (e.g. accrued annual leave and retrenchment payments).

2.6 Gender pay parity

CA&S Group fully subscribes to the equal pay for work of equal value philosophy, and consequently there is no pay differentiation on the basis of gender.

3. Non-executive directors

The remuneration of non-executive directors is reviewed annually by the Remcom, which seeks to ensure that fees are market related considering the nature of CA&S Group's operations, for approval by shareholders. Changes to the fee structure will be effective 1 July, subject to approval by shareholders at CA&S Group's AGM held in June of each year. The annual fees payable to non-executive directors from July 2022 are not subject to the attendance of meetings.

CA&S Group also pays all reasonable travelling and accommodation expenses incurred by non-executive directors to attend board and committee meetings.

CA&S Group's non-executive directors do not have any employment contracts, nor receive any benefits associated with permanent employment and do not participate in the CA&S Group's share incentive scheme.

The proposed fee structure for CA&S Group's financial year ending 31 December 2021, which will be presented to shareholders for approval at CA&S Group's upcoming AGM on 23 June 2022, is set out in the table below (excluding value-added tax, to the extent applicable):

	Fee per annum 2022 R	Fee per annum 2021 R	Fee per meeting 2021 R
Board (directors)	175 000	113 952	28 488
Board (chairman)	200 000	113 952	28 488
Sub-committees	25 000	22 790	11 395

Voting at upcoming AGM

Both CA&S Group's remuneration policy and its implementation report will be presented to shareholders for separate non-binding advisory votes thereon at CA&S Group's upcoming AGM to be held on 23 June 2022. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report at the meeting, CA&S Group will engage with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholder concerns, always with due regard to meeting CA&S Group's stated business objectives while being fair and responsible toward both the employees and shareholders.

J Holtzhausen
Chairman: CA&S Group Remcom

29 April 2022

Remuneration report continued

PART 3: Implementation report

The Remcom confirms that CA&S Group complied with its remuneration policy in all respects for the year ended 31 December 2021.

All components of remuneration paid to CA&S Group's executives and non-executive directors in accordance with CA&S Group's remuneration policy are comprehensively disclosed and reported on herein.

1. CEO and CFO remuneration

1.1 Total (single figure) remuneration

The table below provides information on the total ("single-figure" as contemplated in King IV) remuneration, both long-term ("LTI") and short-term ("STI"), of CA&S Group's executives:

	STI			LTI	
	Basic salary	(Accrued) Incentive bonus	Total short-term remuneration	Gains from exercise of share options	Total remuneration
For the year ended 31 December 2021					
DS Lewis	3 840 375	1 801 800	5 642 175	13 652	5 655 827
FJ Reichert	2 327 500	1 092 000	3 419 500	3 484	3 422 984
	6 167 875	2 893 800	9 061 675	17 136	9 078 811
For the year ended 31 December 2020					
DS Lewis	3 177 625	693 000	3 870 625	65 401	3 936 026
FJ Reichert	1 925 833	420 000	2 345 833	16 689	2 362 522
	5 103 458	1 113 000	6 216 458	82 090	6 298 548

The basic salaries for 2021 included the refund of the salary sacrifices made in 2020 (R417 375). Excluding this adjustment, 2021 basic salaries increased by 4.2% on 2020.

Benchmarking

Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that an individual assumes to ensure that remuneration is market-related.

For this purpose, PwC's most recent Executive directors: Practices and remuneration trends report (published in August 2021) containing comprehensive independent market research on the remuneration of executive directors, was consulted.

The table below benchmarks the CA&S Group CEO and CFO's base salary, with no discretionary bonus, for the year ended 31 December 2021, against the total of the median, total guaranteed pay of the CEOs and CFOs of JSE-listed small cap, consumer goods sector companies.

	CA&S Group R'000	Benchmark (August 2021) R'000
CEO	3 840	5 060
CFO	2 328	3 170

Remuneration report continued

PART 3: Implementation report continued

1.2 STI

CA&S Group's STI consequently comprises the following:

	Fixed STI	Variable STI
Executives	Base salary	Discretionary performance-based bonus
Support staff	Base salary	Discretionary bonus

Fixed STI

Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 March of each year.

Base salary increases are determined with reference to the South African inflation rate and other generally accepted benchmarks, always with due regard for market-comparable remuneration. The average base salary increases (as approved by the Remcom) for CA&S Group employees for the financial year commencing 1 March 2022 are set out in the table below:

	Increase %
CEO and CFO	5% and 7% respectively
Senior executives	between 4 and 6%
Support staff	between 4 and 8%

Variable STI

Discretionary performance-based bonus

CA&S Group's executives are eligible for discretionary bonuses, subject to meeting financial indicators. Such discretionary bonuses amounted to approximately R2.9 million (2020: R1.1million) in total for the year ended 31 December 2021.

Benchmarking STI

Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes to ensure that remuneration is market related.

For this purpose, PwC's most recent Executive directors: Practices and remuneration trends report (published in August 2021) containing comprehensive independent market research on the remuneration of executive directors was consulted.

The table below benchmarks the CA&S Group CEO and CFO's discretionary performance-based bonus accrued for the year ended 31 December 2021 against the total of the median short-term incentives of JSE-listed small cap companies (no industry-specific data published) as per PwC's Executive directors: Practices and remuneration trends report:

	CA&S Group R'000	Benchmark (August 2021) R'000
CEO	1 802	280
CFO	1 092	270

Following the onset of the Covid-19 pandemic, many STIs have not paid out due to the non-meeting of previously set targets. Therefore, the benchmark is unusually low for small cap companies. The CA&S Group has achieved certain hurdles in the set targets for the year ended 31 December 2021.

The table below sets out the total of the CA&S Group CEO and CFO's STI for each of the past three financial years compared to CA&S Group's headline earnings and market capitalisation (net of treasury shares) as at year-end:

Reporting date	STI* Rm	Headline earnings Rm	Market capitalisation as at year-end Rm	Headline earnings %	Market capitalisation as at year-end %
31 December 2019	8.2	230.4	2 236	3.56	0.37
31 December 2020	6.2	232.0	2 297	2.67	0.27
31 December 2021	**9.1**	**271.6**	**2 286**	**3.35**	**0.40**

** Includes base salary and discretionary performance-based bonuses earned.*

CA&S Group's support staff remain eligible for discretionary bonuses, subject to meeting company key performance objectives. The total of such discretionary bonuses accrued amounted to R0.70 million (2020: R0.28 million) for the year ended 31 December 2021.

Remuneration report continued

PART 3: Implementation report continued

1.3 LTI

Share incentive scheme

A key feature of CA&S Group's share incentive scheme is that participants, including the executive directors, will only benefit if there is long-term share price appreciation and thus value creation for all CA&S Group shareholders as share options are awarded at the ruling market price on award date (as detailed in the remuneration policy). If shareholders do well, employees will do well, and vice versa.

CA&S Group's two executives have either served within the broader group or in their respective current capacities since inception of CA&S Group.

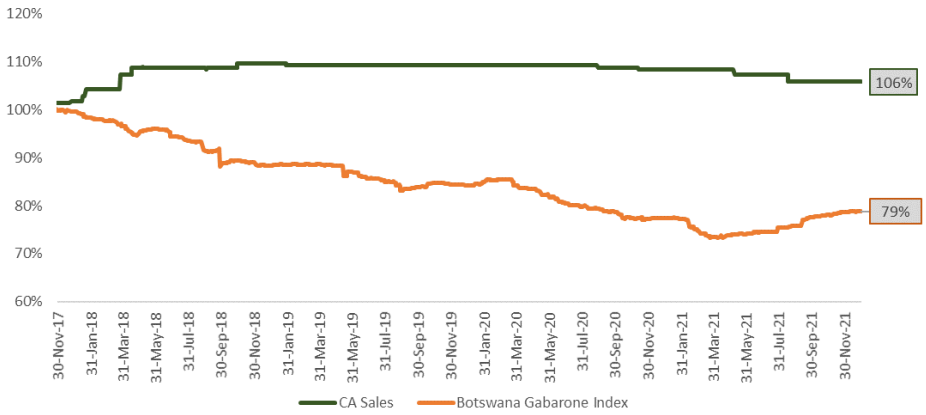
Evaluating executives' LTI

Since listing, the compound annual growth rate (CAGR) in CA&S Group's share price was 1.4%.

When evaluating CA&S Group's performance over the long term, one should focus on the total return index (TRI) as a measurement tool. The TRI is the CAGR of an investment and is calculated by taking cognisance of share price appreciation, dividends and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies. CA&S Group's TRI as at 31 December 2021 was 3.1% per annum since the listing in 2017.

For shareholders on the BSE, the growth in their investment in CA&S Group excelled the average BSE index over the same period.

CA Sales versus BSE (since listing)



1.4 Unvested share option awards (LTI)

The table below provides information on CA&S Group executives' unvested share options as at 31 December 2021.

	Number of share options as at 31 December 2020	Number of share options awarded during the year	Strike price per share R	Date granted	Number of share options as at 31 December 2021	Value of unvested share options as at 31 December 2021* R
D Lewis	1 028 700		4.53	13 Apr 2018	**685 800**	**294 894**
	63 720		5.11	14 Mar 2019	**47 790**	**–**
	1 727 100		5.12	12 Mar 2020	**1 727 100**	**–**
		1 138 500	5.07	13 Mar 2021	**1 138 500**	**–**
	2 819 520	1 138 500			**3 599 190**	**294 894**
F Reichert	262 500		4.53	13 Apr 2018	**175 000**	**75 250**
	477 756		5.11	14 Mar 2019	**358 317**	**–**
	531 200		5.12	12 Mar 2020	**531 200**	**–**
		244 900	5.07	13 Mar 2021	**244 900**	**–**
	1 271 456	244 900			**1 309 417**	**75 250**
	4 090 976	1 383 400			**4 908 607**	**370 144**

** Based on the closing CA&S Group share price as at 31 December 2021.*

Remuneration report continued

PART 3: Implementation report continued

1.5 Extent of the share incentive scheme (LTI)

CA&S Group shareholders approved the maximum number of CA&S Group shares that may be utilised for purposes of the share incentive scheme (both in total and on a per individual basis) at the AGM held on 21 June 2021. The maximum number of shares allowed in total is 20 000 000 shares of which 87 862 has been exercised at 31 December 2021. The maximum number of shares allowed per individual is 5 000 000 shares of which 87 862 has been exercised at 31 December 2021.

At 31 December 2021, the share incentive scheme had 15 participants, comprising the executives of the group company and senior executives of the subsidiaries.

At 31 December 2021, the total number of share options that had already been awarded but remain unvested amounted to 17 115 784, representing 3.7% of CA&S Group's total number of shares in issue (net of treasury shares). However, assuming that all share options are settled on a net-equity basis, the dilution to CA&S Group shareholders should be significantly less than the aforementioned 3.7%.

1.6 Loan funding (related to LTI)

Share incentive scheme funding

The terms pertaining to such funding are set out in paragraph 2.4.4 of the remuneration policy.

There has been no funding granted to date and therefore no outstanding loan balances as at 31 December 2021.

2. Non-executive directors' remuneration

The table below provides information on the total remuneration paid to CA&S Group's non-executive directors, including fees paid to non-executive directors for services rendered in an executive capacity:

	Fees R'000	Consulting fee R'000	Total remuneration R'000
For the year ended 31 December 2021			
F Britz	**122**		**122**
L Cronje	**133**		**133**
N de Waal	**122**		**122**
J Holtzhausen	**144**		**144**
B Marole	**133**		**133**
E Masilela	**124**		**124**
S Moakofi	**133**		**133**
B Patel	**144**		**144**
	1 055		**1 055**
For the year ended 31 December 2020			
F Britz	126		126
L Cronje	126		126
N de Waal	126		126
J Holtzhausen	137		137
B Marole	126		126
E Masilela	147		147
S Moakofi	81		81
B Patel	126		126
T Rogers	79	15	94
	1 074	15	1 089

Report of the **audit and risk committee**

for the year ended 31 December 2021

The audit and risk committee ("the committee") reports that it has considered the matters set out in the South African Companies Act, and is satisfied with the independence and objectivity of the external auditor, PricewaterhouseCoopers Inc. The committee has considered and recommended the fees payable to the external auditor and is satisfied with the extent of non-audit related services performed.

The committee has satisfied itself that the financial function, including the chief financial officer, have the appropriate expertise, experience and resources, and is satisfied that the internal financial controls of the company are working effectively.

A board-approved audit and risk committee charter stipulating, *inter alia,* the committee's composition and duties and responsibilities, has been adopted. The committee is satisfied that it complied with the responsibilities as set out in the audit and risk committee charter as well as relevant legal and regulatory responsibilities.

Based on the information and explanations given by management and discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review.

The committee has evaluated the annual financial statements of the company and group for the year ended 31 December 2021, and based on the information provided to the committee, considers that the company and group companies comply, in all material respects, with the requirements of the South African Companies Act and International Financial Reporting Standards.

B Patel
Chairman of Audit and Risk Committee

14 March 2022

Preparation of **annual financial statements**

for the year ended 31 December 2021

These annual financial statements have been prepared under the supervision of FJ Reichert CA(SA), group financial director.

Going-concern

The financial statements have been prepared on the basis of accounting policies applicable to a going-concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Management considered a variety of risk elements which included macroeconomic factors, contractual obligations and supply chain constraints from trade restrictions as a result of the COVID-19 pandemic and the possible financial impact it could have on the measurement, presentation and disclosures provided in the consolidated financial statements. Management also considered the additional credit risk due to the pandemic in determining the recoverability of trade receivables. Based on the additional considerations, the directors confirmed that the application of the going-concern basis for the preparation of the financial statements continued to be appropriate.

Certificate by **company secretary**

for the year ended 31 December 2021

Notice in terms of section 29 of the Companies Act, Act 71 of 2008, as amended ("the Act").

These annual financial statements have been audited in compliance with the Act. These annual financial statements have been prepared under the supervision of FJ Reichert CA(SA), group financial director.

Secretarial certification

In accordance with section 88 of the Companies Act, for the year ended 31 December 2021, it is hereby certified that the company and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns that are required of a public company in terms of the Act and that such returns are true, correct and up to date.

FJ Reichert
Company secretary

14 March 2022

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

for the year ended 31 December 2021

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"). The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The code of Corporate Practice and Conduct has been integrated into the group's strategies and operations.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year-to-date 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and its report is presented on pages 61 to 65.

The external auditor was 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 directors believe that all representations made to the independent auditor during its audit are valid and appropriate.

The annual financial statements set out on pages 66 to 130, which have been prepared on the going-concern basis, were approved by the directors on 14 March 2022 and are signed on its behalf by:

JA Holtzhausen
Chairman

DS Lewis
Chief Executive Officer

14 March 2022

Directors' report

Nature of business

The CA&S group specialises in the fast-moving consumer goods industry and on-shelf availability to the manufacturers or owners of some of the world's leading consumer brands. The service offering includes the sale of fast-moving consumer goods, delivering of transport services, merchandising services, promotional services or training services. The group has a varied geographical presence across Southern Africa operating in Botswana, Eswatini, Lesotho, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe.

Operating results

The majority of the group's products and services are classified as essential, which ensured continued trading during the COVID-19 pandemic, albeit challenged by regular manufacturer supply chain disruptions and delays at border crossings. The biggest negative impact was the restriction on alcohol sales for an extended period during the year.

Revenue increased by 1.2% to over R8.0 billion on the prior year despite trading restrictions and supply constraints triggered by uncertainty during the pandemic. Gross profit only increased with 4.8% on the prior year to R1.1 billion. Net profit after taxation of R284.0 million showed 23.1% growth on the prior year. The group's action plans to ensure sustainability of the businesses and job security for its employees, resulted in cost containment. Headline earnings of R271.6 million (2020: R232.0 million) is 17.1% higher than the prior year.

There was an impairment of goodwill to the value of R7.5 million, relating to the investment in Expo Africa Group and Promexs Limited. The Expo Africa Group has been making losses for the past two years and a decision was made to close the business. Promexs is operating in Zambia where the currency devaluation has negatively impacted on the results compared to expectation. For detail of the impairments, see note 4.

The group increased its shareholding in Pack 'n Stack Investment Holdings (Pty) Ltd and Logico Unlimited. For detail of the transactions with non-controlling interest, see note 5.

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 10 to the financial statements. Additional shares were issued on 12 May 2021 to a minority shareholder of a subsidiary who is also a director of CA Sales Holdings Ltd, in exchange for a 5.1% increase in the shareholding of that subsidiary. On 7 October 2021, share options were exercised by directors of the company and executives of the subsidiaries of the group. Additional shares were issued on 20 December 2021 to a minority shareholder of a subsidiary, in exchange for 50% of a 10% increase in the shareholding of that subsidiary. The other 50% was settled in cash.

Dividends

A final dividend of 11.77 (Prior Year: 10.26) cents (or BWP equivalent) per share in respect of the year ended 31 December 2021 was declared on Friday, 18 March 2022, for payment to the ordinary shareholders of the company at the close of business on Monday, 11 April 2022. 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 461 432 502. 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 Cape Town Stock Exchange, 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 9.4160 cents per share.

The last date to trade is Tuesday, 5 April 2022 and trading ex-dividend commences on Wednesday, 6 April 2022.

Going-concern

The financial statements have been prepared on the basis of accounting policies applicable to a going-concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities and commitments will occur in the ordinary course of business. Management considered a variety of risk elements which included macroeconomic factors, contractual obligations and supply chain constraints from trade restrictions as a result of the COVID-19 pandemic and the possible financial impact it could have on the measurement, presentation and disclosures provided in the consolidated financial statements. Management also considered the additional credit risk due to the pandemic in determining the recoverability of trade receivables. Based on the additional considerations, the directors confirmed that the application of the going-concern basis for the preparation of the financial statements continued to be appropriate.

Directors' report continued

Directors

Detail of the directors are listed in note 25.

The shareholding of directors in the ordinary issued share capital of CA Sales Holdings Ltd as at 31 December 2021 was as follows:

	2021 Number	2021 %	2020 Number	2020 %
Direct shareholding				
DS Lewis	**2 597 175**	**0.56**	1 953 325	0.43
FJ Reichert	**3 752**	**0.00**	3 033	0.00
Indirect shareholding				
FW Britz	**1 229 382**	**0.27**	1 229 382	0.27
DS Lewis	**11 231 100**	**2.43**	7 247 542	1.60
Total	**15 061 409**	**3.26**	10 433 282	2.31

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.

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 2021 are the following:

A reduction in the South African corporate tax rate from 28% to 27%, has been announced and will be effective from 1 April 2022. As a result, the relevant deferred tax balances will be remeasured in 2022.

Pack 'n Stack (Pty) Ltd acquired 100% of the shares of Effective Sales and Merchandising (Pty) Ltd, a company with a service offering similar to that of Pack 'n Stack (sales and merchandising), but with experience in the wholesale industry. The payment of R24.8 million for this acquisition was made before the year end as can be seen in the statement of cash flows, but consolidation will only start from 1 January 2022 as per the agreement.

Wutow Trading (Pty) Ltd entered into a new lease for its warehouse facility in Windhoek, Namibia, on 1 January 2022. The lease has been signed for a 10-year period. The right of use asset and lease liability at inception is estimated at R115.7 million. The depreciation expense for 2022 will be R11.6 million and the interest on the lease liability will be R8.4 million. The cash outflow on the repayment of the lease liability in the next 12 months will be R12.9 million.

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 implementation phase of the development of its ESG framework which involves the identifying of initiatives and setting of targets.

Auditor

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the South African Companies Act.

Secretary

The secretary of the company is FJ Reichert.

Independent **auditor's report**

To the Shareholders of CA Sales Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of CA Sales Holding Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2021, and its consolidated and separate financial performance and its 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.

What we have audited

CA Sales Holding Limited's consolidated and separate financial statements set out on pages 66 to 130 comprise:

- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 financial statements* section of our report.

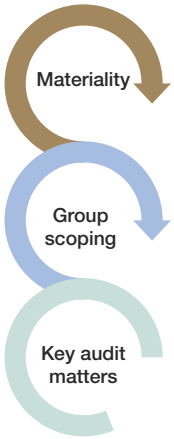
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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 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' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R64.2 million, which represents 0.8% of revenue from contracts with customers.

Group audit scope

Our scoping assessment identified only one financially significant component in the Group. We also included six other components in the scope of our group audit, based on indicators such as the contribution to consolidated revenue, consolidated profit before tax, consolidated total assets and consolidated total liabilities.

Key audit matters

- Impairment assessment of goodwill

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent **auditor's report** continued

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R64.2 million
How we determined it	0.8% of total consolidated revenue from contracts with customers.
Rationale for the materiality benchmark applied	We chose total consolidated revenue from contracts with customers as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users as the nature of the Group's business entails high sales volumes with low profit margins. We chose 0.8% in the current year due the consolidated financial statements being widely distributed and the fact that the Group has significant external borrowings.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment included consideration of the financial significance of the Group's components as well as the sufficiency of work planned to be performed over material financial statement line items. We identified only one financially significant component in the Group. We also included six other components in the scope of our group audit, based on indicators such as the contribution to consolidated revenue, consolidated profit before tax, consolidated total assets and consolidated total liabilities. The remainder of the components were considered to be insignificant to the Group individually and in aggregate.

For the financially significant component and for the in scope components, we performed full scope audits. Analytical review procedures were performed over the remaining components that were considered to be insignificant. This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us sufficient and appropriate audit evidence to form an opinion on the consolidated financial statements as a whole.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team and by component auditors operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Independent **auditor's report** continued

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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
Refer to the following notes to the consolidated financial statements for detail: • Note 1: Accounting policies – Intangible assets, Goodwill; and • Note 4: Intangible assets. International Accounting Standard 36 - Impairment of Assets requires goodwill to be tested annually for impairment, or more frequently if impairment indicators are identified. At year end, the Group's total goodwill balance amounted to R472.6 million, after an impairment of R7.4 million recognised in the current year in respect of the Expo Africa and Promexs cash generating units ("CGUs"). Management applied the fair value less costs of disposal ("FVLCD") method to determine the recoverable amount of each CGU to which goodwill has been allocated. In determining the FVLCD of the respective CGUs, management prepares post-tax cash flow projections based on financial budgets approved by management, and makes key assumptions which include future revenue growth rates, gross margins, the long-term growth rates and the post-tax discount rates. In determining the FVLCD, management has also considered the impact of the COVID-19 pandemic on the Group's cashflow projections and gross margins. We considered the impairment assessment of goodwill to be a matter of most significance to the current year audit due to the following: • The judgement applied by management in determining the key assumptions used in their FVLCD calculation; and • The magnitude of the carrying value of goodwill recognised in relation to the consolidated financial statements.	Our audit addressed the key audit matter as follows: • Through discussions with management we obtained an understanding of the processes and procedures applied by management in making their impairment assessment of goodwill, which included: » an understanding of the process followed in determining cash-flow projections, including management's considerations of the COVID-19 impact on these cash flow projections; and » the determination of the key assumptions applied in their FVLCD calculation. • We compared the process followed by management in determining these cash flow forecasts to the Group's past practice and we noted no inconsistencies. • We challenged and tested the reasonability of the key assumptions used by management in their calculations, which included future revenue growth rates, gross margin, long-term growth rate and the post-tax discount rate. This was done by comparing these key assumptions to industry benchmarks. Based on our work performed, we accepted management's key assumptions. • We agreed the cash flows projections used in management's FVLCD calculation to management approved financial budgets, with no material exceptions noted. • We considered the reasonableness of management's budgeting process by comparing the 2021 actual results to the prior year cash flow projections for 2021. Where variances were noted, we followed up with management and evaluated the reasonability of the variances. We did not note any aspect in this regard which required further consideration. • We performed sensitivity assessments on the forecasted impacts of COVID-19 to assess the reasonability of management's COVID-19 adjusted forecasts. We did not note any aspect in this regard which required further consideration. • Making use of our internal valuation expertise, we assessed the appropriateness and reasonability of the post-tax discount rate of the respective CGUs used in the FVLCD calculation by independently calculating the discount rate, taking into account independently obtained data. We found that the discount rates used by management fell within an acceptable range. • We compared the long-term growth rates used by management to economic and industry growth rates, as well as to the actual growth achieved from 2018 to 2021 in each CGU. We found the long-term growth rates to be within an acceptable range. • We tested the mathematical accuracy of management's valuation model and compared the valuation methodology applied by management to the 2020 valuation model for consistency. No material differences or inconsistencies were noted. • We performed independent sensitivity calculations on the impairment assessments in order to determine the degree by which the key assumptions needed to change in order to trigger any additional impairments. We discussed these with management and considered the likelihood of such changes occurring. Whilst our independently determined key assumptions were different from those applied by management, the impact of these differences was found to be immaterial to the impairment assessment.

Independent **auditor's report** continued

Separate financial statements

We have determined that there are no key audit matters in respect of the separate financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled *"Annual Financial Statements for year ended 2021",* which includes the Directors' Report, the Report of the Audit and Risk Committee and the Certificate by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled *"CA Sales Holdings Limited Annual Report 2021",* which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 that we 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 financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group 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.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent **auditor's report** continued

We communicate with the directors 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 directors 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 directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 PricewaterhouseCoopers Inc. has been the auditor of CA Sales Holdings Limited for nine years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: TJ Howatt
Registered Auditor

Johannesburg
16 March 2022

Consolidated and separate **statements of financial position**

as at 31 December 2021

	Notes	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Assets					
Non-current assets		**1 054 359**	1 053 596	**948 777**	825 326
Property, plant and equipment	3	**521 770**	512 202	**–**	–
Intangible assets	4	**476 933**	486 796	**–**	–
Investment in subsidiaries	5	**–**	–	**946 874**	823 423
Investments accounted for using the equity method	6	**27 094**	19 604	**1 903**	1 903
Deferred income tax assets	13	**28 562**	34 994	**–**	–
Current assets		**2 544 859**	2 242 087	**138 735**	149 255
Inventories	7	**585 877**	554 746	**–**	–
Trade and other receivables	8	**1 295 083**	1 307 761	**35 867**	48 660
Income tax receivable		**7 951**	6 322	**–**	–
Cash and cash equivalents	9	**655 948**	373 258	**102 868**	100 595
Total assets		**3 599 218**	3 295 683	**1 087 512**	974 581
Equity and liabilities					
Stated capital	10	**894 379**	848 599	**894 379**	848 599
Other reserves	11	**41 967**	36 825	**16 030**	13 362
Retained earnings		**839 030**	709 113	**120 154**	111 139
		1 775 376	1 594 537	**1 030 563**	973 100
Non-controlling interest	5	**40 326**	60 763	**–**	–
Total equity		**1 815 702**	1 655 300	**1 030 563**	973 100
Liabilities					
Non-current liabilities		**262 333**	303 759	**–**	–
Borrowings	12	**253 268**	296 070	**–**	–
Deferred income tax liabilities	13	**9 065**	7 689	**–**	–
Current liabilities		**1 521 183**	1 336 624	**56 949**	1 481
Trade and other payables	14	**1 019 203**	1 004 014	**56 946**	1 479
Employee benefits and other provisions	15	**105 497**	99 114	**–**	–
Income tax payable		**9 703**	10 302	**3**	2
Borrowings	12	**386 780**	223 194	**–**	–
Total liabilities		**1 783 516**	1 640 383	**56 949**	1 481
Total equity and liabilities		**3 599 218**	3 295 683	**1 087 512**	974 581

Consolidated and separate **statements of comprehensive income**

for the year ended 31 December 2021

	Notes	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Continuing operations					
Revenue from contracts with customers	16	**8 027 916**	7 931 740	**–**	–
Dividend income		**–**	–	**63 287**	87 929
Cost of sales		**(6 887 542)**	(6 844 040)	**–**	–
Gross profit		**1 140 374**	1 087 700	**63 287**	87 929
Other operating expenses	17	**(769 176)**	(739 396)	**(12 749)**	(2 370)
Net impairment gains/(losses) on financial assets	8	**858**	(12 631)	**8 272**	(34 217)
Other operating income	17	**19 455**	20 184	**5**	1
Operating profit		**391 511**	355 857	**58 815**	51 343
Share of profit of investments accounted for using the equity method	6	**9 537**	1 519	**–**	–
Profit before interest and tax		**401 048**	357 376	**58 815**	51 343
Finance income	19	**12 684**	6 732	**337**	277
Finance costs	19	**(24 696)**	(31 218)	**–**	(1)
Profit before income tax		**389 036**	332 890	**59 152**	51 619
Income tax	20	**(105 086)**	(102 251)	**(2 571)**	(2 920)
Profit for the year		**283 950**	230 639	**56 581**	48 699
Other comprehensive income to be subsequently reclassified to profit or loss:					
Currency exchange differences on translation of foreign operations net of taxation		**3 323**	8 157	**–**	–
Total comprehensive income for the year		**287 273**	238 796	**56 581**	48 699
Profit attributable to:					
– Owners of the parent		**264 529**	207 723	**56 581**	48 699
– Non-controlling interest		**19 421**	22 916	**–**	–
Total profit for the year		**283 950**	230 639	**56 581**	48 699
Total comprehensive income attributable to:					
– Owners of the parent		**267 003**	215 955	**56 581**	48 699
– Non-controlling interest		**20 270**	22 841	**–**	–
Total comprehensive income for the year		**287 273**	238 796	**56 581**	48 699
Earnings per share for profit attributable to the owners of the parent					
Basic earnings per share	(cents)	**58.05**	46.04		
Diluted earnings per share	(cents)	**58.04**	46.01		

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

for the year ended 31 December 2021

		GROUP					
	Notes	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
Balance at 1 January 2020		833 348	25 734	551 524	1 410 606	56 950	1 467 556
Profit for the year		–	–	207 723	207 723	22 916	230 639
Other comprehensive income for the year:							
Currency translation differences net of taxation	11	–	8 232	–	8 232	(75)	8 157
Transactions with owners:							
Share swap	5	15 251	–	–	15 251	–	15 251
Share based payment cost of share options exercised		–	(147)	–	(147)	–	(147)
Share-based payment costs relating to the 2018 scheme	11	–	3 843	–	3 843	–	3 843
Share-based payment costs relating to the 2019 scheme	11	–	630	–	630	–	630
Share-based payment cost relating to the 2020 scheme	11	–	2 564	–	2 564	–	2 564
Transfer remaining cost of share options exercised	11	–	(1 886)	1 886	–	–	–
Transfer cost of forfeited share options	11	–	(1 263)	1 263	–	–	–
Transfers between reserves	11	–	(476)	(78)	(554)	554	–
Acquisition of subsidiary		–	(406)	–	(406)	1 824	1 418
Transaction with non-controlling interest	5	–	–	(7 127)	(7 127)	(8 124)	(15 251)
Dividends paid		–	–	(46 078)	(46 078)	(13 282)	(59 360)
Balance as at 31 December 2020		848 599	36 825	709 113	1 594 537	60 763	1 655 300
Balance at 1 January 2021		**848 599**	**36 825**	**709 113**	**1 594 537**	**60 763**	**1 655 300**
Profit for the year		**–**	**–**	**264 529**	**264 529**	**19 421**	**283 950**
Other comprehensive income for the year:							
Currency translation differences net of taxation	11	**–**	**2 474**	**–**	**2 474**	**849**	**3 323**
Transactions with owners:							
Share swap	5	**45 780**	**–**	**–**	**45 780**	**–**	**45 780**
Share based payment cost of share options exercised	11	**–**	**(28)**	**–**	**(28)**	**–**	**(28)**
Share-based payment costs	11	**–**	**7 162**	**–**	**7 162**	**–**	**7 162**
Transfer remaining cost of share options exercised	11	**–**	**(3 918)**	**3 918**	**–**	**–**	**–**
Transfer cost of forfeited share options	11	**–**	**(548)**	**548**	**–**	**–**	**–**
Transactions with non-controlling interest	5	**–**	**–**	**(36 956)**	**(36 956)**	**(31 242)**	**(68 198)**
Increase in investment in subsidiary	5	**–**	**–**	**(55 726)**	**(55 726)**	**–**	**(55 726)**
Dividends paid		**–**	**–**	**(46 396)**	**(46 396)**	**(9 465)**	**(55 861)**
Balance as at 31 December 2021		**894 379**	**41 967**	**839 030**	**1 775 376**	**40 326**	**1 815 702**

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

for the year ended 31 December 2021

	Notes	COMPANY			
		Stated capital R'000	Other reserves R'000	Retained income R'000	Total equity R'000
Balance at 1 January 2020		833 348	9 621	105 369	948 338
Profit for the year		–	–	48 699	48 699
Transactions with owners:					
Share swap	5	15 251	–	–	15 251
Share based payment cost of share options exercised	11	–	(147)	–	(147)
Share-based payment costs relating to the 2018 scheme	11	–	3 843	–	3 843
Share-based payment costs relating to the 2019 scheme	11	–	630	–	630
Share-based payment cost relating to the 2020 scheme	11	–	2 564	–	2 564
Transfer remaining cost of share options exercised	11	–	(1 886)	1 886	–
Transfer cost of forfeited share options	11	–	(1 263)	1 263	–
Dividends paid		–	–	(46 078)	(46 078)
Balance as at 31 December 2020		848 599	13 362	111 139	973 100
Balance at 1 January 2021		**848 599**	**13 362**	**111 139**	**973 100**
Profit for the year		**–**	**–**	**56 581**	**56 581**
Transactions with owners:					
Share swap	5	**45 780**	**–**	**–**	**45 780**
Share based payment cost of share options exercised	11	**–**	**(28)**	**–**	**(28)**
Share-based payment costs	11	**–**	**7 162**	**–**	**7 162**
Transfer remaining cost of share options exercised	11	**–**	**(3 918)**	**(1 718)**	**(5 636)**
Transfer cost of forfeited share options	11	**–**	**(548)**	**548**	**–**
Dividends paid		**–**	**–**	**(46 396)**	**(46 396)**
Balance as at 31 December 2021		**894 379**	**16 030**	**120 154**	**1 030 563**

	COMPANY	
	2021 cents	2020 cents
Dividends paid per share	**10.26**	10.26

Consolidated and separate **statements of cash flows**

for the year ended 31 December 2021

	Notes	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Cash flows from operating activities					
Cash generated from operations	22.1	**442 759**	405 303	**10 033**	15 387
Interest paid		**(24 696)**	(31 218)	**–**	(1)
Income taxes paid	22.5	**(99 967)**	(109 355)	**(2 570)**	(2 938)
Net cash generated from operating activities		**318 096**	264 730	**7 463**	12 448
Cash flows from investing activities					
Acquisition of subsidiaries		**–**	(459)	**–**	(80)
Prepayment for acquisition of subsidiary	28	**(24 844)**	–	**–**	–
Additions to property, plant and equipment	3	**(46 494)**	(27 963)	**–**	–
Additions to intangible assets	4	**(2 029)**	(3 177)	**–**	–
Proceeds from disposal of property, plant and equipment	22.2	**5 869**	5 319	**–**	–
Acquisition of associated companies	6	**(290)**	(10 102)	**–**	–
Loan repaid by associated companies	6	**1 136**	750	**–**	750
Loans granted to associated companies	6	**–**	(1 511)	**–**	–
Dividends received		**1 818**	1 367	**63 287**	87 929
Interest received	19	**12 684**	6 732	**337**	277
Net cash (outflow)/inflow from investing activities		**(52 150)**	(29 044)	**63 624**	88 876
Cash flows from financing activities					
Transactions with non-controlling interest	6	**(22 418)**	–	**(22 418)**	–
Dividends paid		**(46 396)**	(46 078)	**(46 396)**	(46 078)
Dividends paid to non-controlling interest		**(9 465)**	(13 282)	**–**	–
Repayments of borrowings	22.4	**(96 177)**	(120 790)	**–**	–
Proceeds from borrowings	22.4	**5 855**	36 027	**–**	–
Net cash outflow from financing activities		**(168 601)**	(144 123)	**(68 814)**	(46 078)
Net increase in cash and cash equivalents		**97 345**	91 563	**2 273**	55 246
Effects of exchange rate changes on cash and cash equivalents		**1 154**	3 305	**–**	–
Cash and cash equivalents including overdrafts at the beginning of the year		**245 573**	150 705	**100 595**	45 349
Cash and cash equivalents including overdrafts at the end of the year	9	**344 072**	245 573	**102 868**	100 595

Notes to the consolidated and separate financial statements

1. Accounting policies

Summary of significant 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 Cape Town Stock Exchange ("CTSE") listings requirements were also taken into consideration in the presentation. The consolidated 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 2021.

(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:

- Amendment to IFRS 3 – Business combinations – Asset or liability in a business combination clarity
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before intended use
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – on Onerous Contracts – cost of fulfilling a contract
- Amendment to IAS 1 – Presentation of Financial Statements – on classification of liabilities as current or non-current
- Annual improvements cycle 2018 to 2020

Consolidation

Group financial statements

The group annual financial statements comprise those of the company, its subsidiaries and associated companies.

Subsidiaries

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.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests 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.

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.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Investments in subsidiaries in the company's standalone financial statements are accounted for at cost less impairment. Where intergroup loans are receivable from a subsidiary, the loan receivable will only represent a further investment in the subsidiary, where the subsidiary classifies this loan as equity in the subsidiary's standalone financial statements. If there are instances where the subsidiary treats the loan as a financial liability, the company will treat this loan as a financial asset. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

Notes to the consolidated and separate financial statements continued

1. Accounting policies continued

Direct attributable costs of investment are capitalised as part of the investment, as incurred.

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.

Transactions and non-controlling interests

The group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the group. Purchases from non-controlling interests 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 profit or loss. 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 profit or loss.

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 profit or loss. 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.

Certain associated companies have year-ends that differ from that of the group. 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. 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. Cross-holdings 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.

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.

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 profit or loss where appropriate.

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 of the cost of the investment.

Notes to the consolidated and separate financial statements continued

1. Accounting policies continued

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 re-measured. 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".

Group companies

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

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.

Notes to the consolidated and separate financial statements continued

1. Accounting policies continued

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. 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").

Notes to the consolidated and separate financial statements continued

1. Accounting policies continued

The group's financial assets at amortised cost category comprises "trade and other receivables" in the statement of financial position (note 8). The company's financial assets at amortised cost category comprises "loans to related parties" in the statement of financial position (note 8). 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.

Due to the short-term nature of the trade receivables and related party loans, the carrying amounts are considered to be the same as 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 – Assets carried at amortised cost

The group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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. The impact of COVID has been factored into the group's ECL models, which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective geographies. Trade receivables are grouped based on shared risk characteristics and days past due. For loans to related parties, management applies the 3-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 8.

A loss allowance is recognised at the first statement of financial position 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 8, 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 discount 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.

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.

Notes to the consolidated and separate financial statements continued

1. Accounting policies continued

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

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; 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. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

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.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the group.

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 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.

Notes to the consolidated and separate financial statements continued

1. Accounting policies continued

Leases continued

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.

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 profit or loss. 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.

Notes to the consolidated and separate financial statements continued

1. Accounting policies continued

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 10, 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, merchandising 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 merchandising 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.

Government grants

The group received government grants in respect of staff costs in various geographies. The group accounts for government grants in profit or loss in the year the staff costs are incurred and are presented in the consolidated statement of comprehensive income net of the related staff cost.

Notes to the consolidated and separate financial statements continued

1. Accounting policies continued

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 re-measurements" (as defined in SAICA Circular 01/2021), net of related tax (both current and deferred) and related non-controlling interest, other than re-measurements specifically included in headline earnings "included re-measurements" (as defined in SAICA Circular 01/2021).

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 judgments

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 4 for further detail and disclosure of assumptions used).

Notes to the consolidated and separate financial statements continued

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, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

The group has considered the potential impact of COVID-19 on the group by taking a variety of risk elements into account which included considering macro-economic factors, contractual obligations and supply chain impacts.

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	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Classes of financial assets					
Trade receivables		**1 210 341**	1 248 860	**–**	–
Loans receivable from related parties		**–**	–	**35 867**	48 650
Sundry debtors		**31 010**	21 652	**–**	10
Total receivables	8	**1 241 351**	1 270 512	**35 867**	48 660
Cash and cash equivalents	9	**655 948**	373 258	**102 868**	100 595
Total financial assets – IFRS 7		**1 897 299**	1 643 770	**138 735**	149 255
Classes of financial liabilities					
Bank overdrafts		**311 876**	127 685	**–**	–
Borrowings		**328 172**	391 579	**–**	–
Total borrowings	12	**640 048**	519 264	**–**	–
Accounts payable and accruals		**937 850**	979 394	**1 201**	1 107
Contingent consideration		**55 726**	4 209	**55 726**	–
Amounts due to related parties		**319**	378	**–**	354
Total trade and other payables	14	**993 895**	983 981	**56 927**	1 461
Total financial liabilities – IFRS 7		**1 633 943**	1 503 245	**56 927**	1 461

Notes to the consolidated and separate financial statements continued

2. Financial risk management continued

2.1 Financial risk factors continued

Financial instruments by category

		GROUP		COMPANY	
Financial assets	Notes	Assets measured at amortised cost R'000	Total R'000	Assets measured at amortised cost R'000	Total R'000
2021					
Receivables	8	**1 241 351**	**1 241 351**	**35 867**	**35 867**
Cash and cash equivalents	9	**655 948**	**655 948**	**102 868**	**102 868**
		1 897 299	**1 897 299**	**138 735**	**138 735**
2020					
Receivables	8	1 270 512	1 270 512	48 660	48 660
Cash and cash equivalents	9	373 258	373 258	100 595	100 595
		1 643 770	1 643 770	149 255	149 255

		GROUP			COMPANY		
Financial liabilities	Notes	Liabilities measured at amortised cost R'000	Liabilities measured at fair value R'000	R'000	Liabilities measured at amortised cost R'000	Liabilities measured at fair value R'000	Total R'000
2021							
Borrowings	12	**640 048**	**–**	**640 048**	**–**	**–**	**–**
Contingent consideration	14	**–**	**55 726**	**55 726**	**–**	**55 726**	**55 726**
Trade and other payables	14	**938 169**	**–**	**938 169**	**1 201**	**–**	**1 201**
		1 578 217	**55 726**	**1 633 943**	**1 201**	**55 726**	**56 927**
2020							
Borrowings	12	519 264	–	519 264	–	–	–
Contingent consideration	14	–	4 209	4 209	–	–	–
Trade and other payables	14	979 772	–	979 772	1 461	–	1 461
		1 499 036	4 209	1 503 245	1 461	–	1 461

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/liabilities are held with the objective to collect/pay the contractual cash flows which are solely payments of principle and interest.

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

Notes to the consolidated and separate financial statements continued

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 to minimise the exposure. The forex gain and loss recognised in the group's statement of comprehensive income for the year is disclosed in note 17.

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:

	Notes	Pula R'000	Rand R'000	Other R'000	Total R'000
2021					
Financial assets					
Receivables	8	–	350 822	145	350 967
Cash and cash equivalents	9	6	285 123	1 822	286 951
Financial liabilities					
Trade and other payables	14	–	(221 391)	–	(221 391)
Borrowings	12	–	(850)	–	(850)
		6	413 704	1 967	415 677
2020					
Financial assets					
Receivables	8	10	374 537	155	374 702
Cash and cash equivalents	9	51	75 660	–	75 711
Financial liabilities					
Trade and other payables	14	–	(237 664)	–	(237 664)
		61	212 533	155	212 749

Other currencies include USD (United States Dollar).

The Botswana Pula (BWP) to the Rand was at BWP1/ZAR1.35755 at year end and an average of BWP1/ZAR1.33336 for the year.

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 20% movement in the Rand exchange rate (representing the Rand strengthening or weakening against the foreign currencies).

Impact on post-tax profit	Pula 20% appreciation R'000	Other 20% appreciation R'000	Total Group 20% appreciation R'000	Total Group 20% depreciation R'000
2021	**(84 315)**	**(406)**	**(84 721)**	**84 721**
2020	(42 591)	(214)	(42 805)	42 805

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 USD (United States Dollar).

Notes to the consolidated and separate financial statements continued

2. Financial risk management continued

2.1 Financial risk factors continued

(a) Market risk continued

(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	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Borrowings					
Floating rate		**(590 071)**	(455 111)	**–**	–
Fixed rate		**(49 977)**	(64 153)	**–**	–
	12	**(640 048)**	(519 264)	**–**	–
Cash and cash equivalents					
Floating rate		**626 749**	363 913	**102 864**	100 544
Fixed rate and non-interest-bearing		**29 199**	9 345	**4**	51
	9	**655 948**	373 258	**102 868**	100 595
Total					
Floating rate		**36 678**	(91 198)	**102 864**	100 544
Fixed rate and non-interest-bearing		**(20 778)**	(54 808)	**4**	51
		15 900	(146 006)	**102 868**	100 595

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 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. 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 for the prior year. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below. Based on simulations performed, the impact on post-tax profit of a 1% movement in interest rates is analysed in the following table:

	GROUP		COMPANY	
Impact on post-tax profit	1% increase R'000	1% decrease R'000	1% increase R'000	1% decrease R'000
2021	**423**	**(423)**	**741**	**(741)**
2020	(775)	775	724	(724)

The positive impact from a rate increase in the current year is due to the net cash position vs. a net borrowings position in the prior year.

(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. Sales to retail customers are settled in cash or with major credit cards.

Trade receivables of approximately R358.5 million are derived from two external customers domiciled in Botswana and are attributed to the Botswana, Lesotho and Namibia segments.

There was a significant change in the group's exposure to credit risk and its objectives, for managing and measuring the risk during the 2020 financial year due to the impact of COVID-19. The impact of COVID-19 has been factored into expected credit losses (ECL) for trade receivables which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective countries. Based on this assessment, the ECL for trade receivables has increased by R11.3 million in the prior year. R7.4 million of this provision realised and was utilised to write off bad debt in the current year. The risk has reduced somewhat in 2021 and the ECL has further been reduced by R0.9 million.

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:

	Notes	GROUP Balance R'000	GROUP Maximum exposure R'000	COMPANY Balance R'000	COMPANY Maximum exposure R'000
2021					
Receivables	8	**1 241 351**	**1 241 351**	**35 867**	**35 867**
Cash and cash equivalents	9	**655 948**	**655 948**	**102 868**	**102 868**
		1 897 299	**1 897 299**	**138 735**	**138 735**
2020					
Receivables	8	1 270 512	1 270 512	48 660	48 660
Cash and cash equivalents	9	373 258	373 258	100 595	100 595
		1 643 770	1 643 770	149 255	149 255

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Receivables				
Group 1	**7 326**	6 233	**–**	–
Group 2	**1 160 764**	1 181 950	**–**	–
Group 3	**73 261**	82 329	**–**	–
Non- rated	**–**	–	**35 867**	48 660
Cash and cash equivalents				
B	**440 244**	312 931	**102 868**	100 595
F1+	**32 387**	–	**–**	–
F1	**151 082**	17 293	**–**	–
F3	**8 667**	7 390	**–**	–
Not rated	**23 568**	35 644	**–**	–
	1 897 299	1 643 770	**138 735**	149 255

The above balances are shown after loss allowances of R10.3 million (2020: R18.7 million). See note 8 for more detail.

Receivables

Group 1 – new customers (less than 6 months)

Group 2 – existing customers (more than 6 months) with no defaults in the past.

Group 3 – existing customers (more than 6 months) with some defaults in the past.

No credit limits were set for loans to related parties.

B, F1, F1+, F3 = Fitch's rating

Trade receivables of R337.3 million (2020: R345.5 million) were past due but not impaired. These relate to customers for whom there is no recent history of default. The ageing analysis of these net trade receivables is as follows:

	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
30 days	**225 711**	248 786	**–**	–
31 to 60 days	**82 072**	63 102	**–**	–
61 to 90 days	**8 430**	9 820	**–**	–
91 to 120 days	**13 986**	21 672	**–**	–
121 days plus	**7 086**	2 155	**–**	–
	337 285	345 535	**–**	–

(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 R239.2 million (2020: R328 million). For detail on undrawn facilities available, refer to note 12.

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.

		GROUP				
	Notes	Carrying 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
2021						
Borrowings	12	**663 631**	**389 865**	**70 009**	**117 957**	**85 800**
Contingent consideration	14	**55 726**	**55 726**	**–**	**–**	**–**
Trade and other payables	14	**938 171**	**938 171**	**–**	**–**	**–**
		1 657 528	**1 383 762**	**70 009**	**117 957**	**85 800**
2020						
Borrowings	12	543 514	229 960	73 495	125 466	114 593
Contingent consideration	14	4 209	4 209	–	–	–
Trade and other payables	14	979 772	979 772	–	–	–
		1 527 495	1 213 941	73 495	125 466	114 593

		COMPANY				
	Notes	Carrying 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
2021						
Contingent consideration	14	**55 726**	**55 726**	**–**	**–**	**–**
Trade and other payables	14	**1 201**	**1 201**	**–**	**–**	**–**
		56 927	**56 927**	**–**	**–**	**–**
2020						
Trade and other payables	14	1 461	1 461	–	–	–
		1 461	1 461	–	–	–

Notes to the consolidated and separate financial statements continued

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 gearing ratios at 31 December 2021 and 31 December 2020 were as follows:

		GROUP		COMPANY	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Total borrowings	12	**640 048**	519 264	**–**	–
Less: Cash and cash equivalents	9	**(655 948)**	(373 258)	**(102 868)**	(100 595)
Net debt		**(15 900)**	146 006	**(102 868)**	(100 595)
Total equity		**1 815 702**	1 655 300	**1 030 563**	973 100
Total capital		**1 799 802**	1 801 306	**927 695**	872 505
Gearing ratio (%)		**(1)**	8	**(11)**	(12)

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).

Notes to the consolidated and separate financial statements continued

3. Property, plant and equipment

	GROUP				
	Vehicles plant and machinery R'000	Office equipment and other R'000	Computer equipment R'000	Land and buildings R'000	Total R'000
2021					
At the end of the year					
Cost	378 395	32 810	48 703	406 280	866 188
Accumulated depreciation	(251 042)	(15 616)	(34 889)	(42 871)	(344 418)
Net book value	127 353	17 194	13 814	363 409	521 770
Reconciliation of net book value:					
Opening net book value 1 January 2021	126 787	12 106	9 968	363 341	512 202
Exchange differences	(200)	(53)	54	(215)	(414)
Additions – owned assets	15 713	8 291	8 752	13 738	46 494
Additions – right-of-use assets	24 059	–	–	19 359	43 418
Disposals	(3 025)	(12)	(181)	–	(3 218)
Termination of lease agreements	(1 148)	(115)	–	(11 218)	(12 481)
Lease modifications	–	–	–	(1 566)	(1 566)
Transfers from intangibles – software	–	–	320	–	320
Depreciation	(34 833)	(3 023)	(5 099)	(20 030)	(62 985)
Closing net book value 31 December 2021	127 353	17 194	13 814	363 409	521 770
Right-of-use assets included above comprise:					
Cost of right-of-use assets	130 049	841	–	43 612	174 502
Accumulated depreciation	(68 813)	(486)	–	(12 926)	(82 225)
Net book value	61 236	355	–	30 686	92 277

Notes to the consolidated and separate financial statements continued

3. Property plant and equipment continued

	GROUP				
	Vehicles plant and machinery R'000	Office equipment and other R'000	Computer equipment R'000	Land and buildings R'000	Total R'000
2020					
At the end of the year					
Cost	354 174	29 306	41 284	410 110	834 874
Accumulated depreciation	(227 387)	(17 200)	(31 316)	(46 769)	(322 672)
Net book value	126 787	12 106	9 968	363 341	512 202
Reconciliation of net book value:					
Opening net book value 1 January 2020	127 993	15 312	11 314	356 903	511 522
Exchange differences	1 834	186	(63)	9 862	11 819
Additions – owned assets	10 331	2 350	4 227	11 055	27 963
Additions – right-of-use assets	19 001	120	–	20 143	39 264
Disposals	(2 722)	(460)	(159)	–	(3 341)
Termination of lease agreements	–	–	–	(5 582)	(5 582)
Subsidiaries acquired	1 515	217	27	–	1 759
Transfers between asset classes	2 180	(2 117)	(63)	–	–
Transfers to intangibles – software	–	–	(345)	–	(345)
Depreciation	(33 345)	(3 502)	(4 970)	(29 040)	(70 857)
Closing net book value 31 December 2020	126 787	12 106	9 968	363 341	512 202
Right-of-use assets included above comprise:					
Cost of right-of-use assets	117 210	1 758	–	63 364	182 332
Accumulated depreciation	(54 803)	(1 003)	–	(28 048)	(83 854)
Net book value	62 407	755	–	35 316	98 478

Additions to the right-of-use assets during the 2021 financial year were R43.4 million (2020: R39.3 million). The total cash outflow for leases in 2021 was R43.2 million (2020: R49.1 million). The statement of comprehensive income includes the following amounts relating to leases:

Depreciation charge of right-of-use assets	2021 R'000	2020 R'000
Buildings	**11 248**	19 722
Plant and machinery	**958**	1 316
Vehicles	**20 258**	17 376
Office equipment	**286**	648
	32 750	39 062

The group companies lease various properties, vehicles and machinery under non-cancellable lease agreements. The lease terms are between three and five years, and the assets are owned by the group companies.

A vehicle and asset finance credit line facility with Nedbank Limited of R5 million (2020: R5 million) at prime rate, is secured by the underlying asset (see note 12).

A register with full detail of property, plant and equipment is available at each company's registered office.

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.

Notes to the consolidated and separate financial statements continued

4. Intangible assets

	GROUP			
	Goodwill R'000	Customer lists R'000	Computer software R'000	Total R'000
2021				
At the end of the year				
Cost	557 354	–	5 206	562 560
Accumulated amortisation	–	–	(979)	(979)
Accumulated impairment	(84 648)	–	–	(84 648)
Net book value	472 706	–	4 227	476 933
Reconciliation of net book value:				
Opening net book value 1 January 2021	480 187	–	6 609	486 796
Additions	–	–	2 029	2 029
Amortisation	–	–	(2 419)	(2 419)
Impairment	(7 463)	–	(1 666)	(9 129)
Exchange differences	(18)	–	(6)	(24)
Transfers to computer equipment	–	–	(320)	(320)
Closing net book value 31 December 2021	472 706	–	4 227	476 933
2020				
At the end of the year				
Cost	557 357	112 466	11 194	681 017
Accumulated amortisation	–	(111 299)	(4 585)	(115 884)
Accumulated impairment	(77 170)	(1 167)	–	(78 337)
Net book value	480 187	–	6 609	486 796
Reconciliation of net book value:				
Opening net book value 1 January 2020	499 383	800	4 761	504 944
Business combinations	872	–	–	872
Additions	–	–	3 177	3 177
Amortisation	–	(800)	(1 657)	(2 457)
Impairment	(20 170)	–	–	(20 170)
Exchange differences	102	–	(17)	85
Transfers from computer equipment	–	–	345	345
Closing net book value 31 December 2020	480 187	–	6 609	486 796

Notes to the consolidated and separate financial statements continued

4. 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 carrying amount of Expo Africa Group has been reduced to its recoverable amount through recognition of an impairment against goodwill of R6.6 million. This impairment impacted on the Botswana segment. The Expo Africa Group has been making losses for the last two years and a decision was made to close the business. The investment in the group and the goodwill recognised at acquisition have been fully impaired. The carrying amount of Promexs Limited has been reduced to its recoverable amount through recognition of an impairment against goodwill of R0.8 million. This impairment impacted on the "Other countries" segment that includes Zambia. The current country risk and inflation rate in Zambia resulted in a decrease in the carrying amount of this cash generating unit.

The total goodwill impairment of R7.4 million, is included in expenses (note 17(ii)).

The CGUs to which the amount of goodwill has been allocated, are presented below.

	2021 R'000	2020 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
SMC Brands Botswana (Pty) Ltd (SMC Botswana)	**17 971**	17 971
Expo Africa Group (Expo)	**–**	6 644
SMC Brands Swaziland (Pty) Ltd (SMC Swaziland)	**5 855**	5 855
Smithshine Enterprises (Pty) Ltd (Smithshine)*	**3 658**	3 660
Kalahari Training Institute (Pty) Ltd (KTI)*	**1 121**	1 122
Promexs Ltd	**–**	834
Peo Capital (Pty) Ltd (Peo)*	**231**	231
	472 706	480 187

** 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 COVID-19 on the cashflow projections.	3
Budgeted gross margin	Based on past performance and management's expectations for the future, including the impact of COVID-19 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

Notes to the consolidated and separate financial statements continued

4. Intangible assets continued

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

	CA Sales %	PnS %	SMC Botswana %	SMC Namibia %	Logico %
2021					
Revenue growth	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**
Gross margin	**10.3**	**25.3**	**16.6**	**17.4**	**19.5**
Long-term growth rate	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**
Discount rate (post tax)	**11.5**	**17.4**	**12.6**	**13.7**	**20.0**
2020					
Revenue growth	7.0	7.0	7.0	5.7	7.0
Gross margin	10.2	25.4	16.1	16.7	17.6
Long-term growth rate	5.0	5.0	5.0	5.0	5.0
Discount rate (post tax)	11.1	18.1	11.2	13.6	18.6

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.

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.

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

Apart from the below, no other CGUs' key assumptions were sensitive.

		SMC Namibia 2021 R'000	CA Sales 2021 R'000	SMC Namibia 2020 R'000	CA Sales 2020 R'000
Recoverable amount based on fair value less cost of disposal using original assumptions		**97 945**	**1 424 415**	103 554	1 381 990
Carrying value		**77 991**	**1 046 831**	74 573	707 329
Safety margin		**19 954**	**377 584**	28 981	674 661
Adjusted assumptions where the carrying value equals the recoverable amount					
Revenue growth rate	(%)	**(5.6)**	**1.3**	(1.7)	0.8
Gross margin	(%)	**15.9**	**9.4**	15.0	8.9
Long-term growth rate	(%)	**1.6**	**1.3**	0.1	(3.6)
Discount rate	(%)	**15.8**	**13.9**	16.5	16.2

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 equaling the carrying value.

Notes to the consolidated and separate financial statements continued

5. Investments in subsidiaries

	COMPANY	
	2021 R'000	2020 R'000
Ordinary shares at cost	934 403	810 478
Share based payments allocated to subsidiaries	12 471	12 945
	946 874	823 423

The group's subsidiaries at 31 December 2021 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 %	Stated capital R'000	Shares at cost 2021 R'000	Shares at cost 2020 R'000
CA Sales & Distribution (Pty) Ltd		Botswana	100	798.7	336 422	336 422
	Dafin Sales and Distribution (Pty) Ltd	Botswana	100			
	Warehousing Services Botswana (Pty) Ltd	Botswana	100			
	Kalahari Sales (Pty) Ltd	Botswana	100			
Logico Unlimited (Pty) Ltd		Eswatini	90	100.0	207 724	107 161
	Biotrace Trading 338 (Pty) Ltd	South Africa	90			
Pack 'n Stack Investment Holdings (Pty) Ltd		South Africa	94	2.0	218 019	194 657
	Agility-in-store (Pty) Ltd	South Africa	94			
	Array Marketing (Pty) Ltd	South Africa	94			
	Brand Support Services (Pty) Ltd	South Africa	94			
	Magnet Marketing (Pty) Ltd	South Africa	84			
	Pack 'n Stack (Pty) Ltd	South Africa	71			
	Pack 'n Stack IT (Pty) Ltd	South Africa	94			
	PnS Activate (Pty) Ltd	South Africa	94			
	PnS Retail Solutions Namibia (Pty) Ltd	Namibia	94			
	Surapax (Pty) Ltd	South Africa	94			
SMC Brands SA (Pty) Ltd		South Africa	100	100.0	158 017	158 017
	SMC Brands Botswana (Pty) Ltd	Botswana	100			
	SMC Brands Namibia (Pty) Ltd	Namibia	100			
	SMC Brands Swaziland (Pty) Ltd	Eswatini	100			

Notes to the consolidated and separate financial statements continued

5. Investments in subsidiaries continued

Direct holding	Indirect holding	Country of incorporation	Effective holding %	Stated capital R'000	Shares at cost 2021 R'000	Shares at cost 2020 R'000
Wutow Trading (Pty) Ltd		Namibia	100	0.0	14 221	14 221
Diverse Distribution (Pty) Ltd		Namibia	100	0.1	0	0
Private Label Sales and Merchandising Services (Pty) Ltd		South Africa	100	0.1	0	0
CAS Marketing (Pty) Ltd		South Africa	100	1.0	–	–
CA Sales Investments (Pty) Ltd		South Africa	100	1.0	–	–
	Expo Africa Marketing Ltd	Mauritius	90			
	Expo Africa (Pty) Ltd	Botswana	90			
	Expo Zambia Marketing Ltd	Zambia	90			
	Expo Mozambique Ltd	Mozambique	90			
	Africa Marketing and Promotions (Pty) Ltd	South Africa	90			
	Expo Africa Marketing Swaziland (Pty) Ltd	Eswatini	90			
	Expo Africa Marketing (Lesotho) (Pty) Ltd	Lesotho	90			
	Expo Africa Marketing and Promotions (Pty) Ltd	Namibia	90			
Pamstad (Pty) Ltd		Botswana	100	0.0	–	–
	Smithshine Enterprises (Pty) Ltd	Botswana	94			
	Kalahari Training Institute (Pty) Ltd	Botswana	83			
	Peo Capital (Pty) Ltd	Botswana	70			
	Promexs Ltd	Zambia	60			
	Breckwick Holdings (Pty) Ltd	Botswana	100			
					934 403	810 478

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 and 2021. 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.

Notes to the consolidated and separate financial statements continued

5. Investments in subsidiaries continued

Non-controlling interest (NCI)

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

	Pack 'n Stack		Logico Unlimited	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Summarised statement of financial position				
Current assets	**354 895**	287 966	**330 997**	271 380
Current liabilities	**(198 942)**	(155 936)	**(172 462)**	(136 836)
Current net assets	**155 953**	132 030	**158 535**	134 544
Non-current assets	**49 682**	62 913	**96 700**	81 013
Non-current liabilities	**(12 380)**	(19 656)	**(24 855)**	(30 816)
Non-current net assets	**37 302**	43 257	**71 845**	50 197
Net assets	**193 255**	175 287	**230 380**	184 741
Accumulated NCI	**(11 305)**	19 106	**(23 038)**	36 948
Summarised statement of comprehensive income				
Revenue	**965 060**	1 001 805	**1 160 372**	1 112 698
Profit for the period	**58 509**	72 675	**74 608**	64 206
Total comprehensive income	**58 509**	72 675	**74 608**	64 206
Profit allocated to NCI	**4 437**	8 803	**13 362**	12 841
Dividends paid to NCI	**2 413**	5 160	**6 000**	7 022
Summarised cash flows				
Cash flows from operating activities	**117 930**	98 740	**84 343**	62 595
Cash flows from investing activities	**(21 439)**	982	**(21 143)**	(13 180)
Cash flows from financing activities	**(52 344)**	(54 335)	**(40 997)**	(38 877)
Net increase in cash and cash equivalents	**44 147**	45 387	**22 203**	10 538

Notes to the consolidated and separate financial statements continued

5. Investments in subsidiaries continued

Transactions with non-controlling interest

On 1 May, the group acquired an additional 5.05% of the issued shares of Pack 'n Stack Investments Holdings (Pty) Ltd for equity instruments to the value of R23.36 million. This transaction involved D Lewis, a director of CA Sales Holdings Ltd. Immediately prior to the purchase, the group's carrying amount of the existing 10.9% non-controlling interest in Pack 'n Stack Investments Holdings (Pty) Ltd was R21.30 million. The group recognised a decrease in non-controlling interest of R9.87 million and a decrease in retained earnings attributable to owners of the parent of R13.49 million.

On 1 December, the group acquired an additional 10% of the issued shares of Logico Group for cash to the value of R22.42 million and equity instruments to the value of R22.42 million. Immediately prior to the purchase, the group's carrying amount of the existing 20% non-controlling interest in Logico Group was R42.75 million. The group recognised a decrease in non-controlling interest of R21.37 million and a decrease in retained earnings attributable to owners of the parent of R23.46 million. The group has committed to purchase the remaining 10% from the minority shareholders of Logico Group during 2022. The purchase price will be settled with the issue of equity. The contingent consideration of R55.7 million has been raised (see note 14) and has been calculated by multiplying a price earnings ratio of 7 to the 2021 profit after tax of Logico Group, with an estimation of adjustments as stipulated in the agreement.

	Logico 2021 R'000	PnS 2021 R'000	Total 2021 R'000	PnS 2020 R'000	Total 2020 R'000
Carrying amount of non-controlling interest acquired	21 375	9 866	31 241	8 124	8 124
Consideration in the form of equity instruments	(22 418)	(23 361)	(45 779)	(15 251)	(15 251)
Cash consideration paid to non-controlling interest	(22 418)	–	(22 418)	–	–
Excess of consideration paid recognised in the transactions with non-controlling interest reserve within equity	(23 461)	(13 495)	(36 956)	(7 127)	(7 127)

Notes to the consolidated and separate financial statements continued

6. Investments accounted for using the equity method

Set out below are the associates of the group as at 31 December 2021. 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	2021 %	2020 %	2021 R'000	2020 R'000	2021 R'000	2020 R'000
IBP Africa Distribution (Pty) Ltd	South Africa	**30**	30	**–**	–	**–**	–
Whitakers Agencies (Pty) Ltd	South Africa and Lesotho	**45**	45	**3 305**	3 727	**1 903**	1 903
Bullred Farming (Pvt) Ltd	Zimbabwe	**49**	49	**6 035**	–	**–**	–
Private Label Sales and Merchandising Cape Town (Pty) Ltd	South Africa	**49**	49	**–**	–	**–**	–
Mac Money Mobile Banking Solutions (Pty) Ltd	South Africa	**47**	47	**1 160**	(99)	**–**	–
Mac Investments (Pty) Ltd	South Africa	**46.67**	46.67	**3 568**	3 516	**–**	–
Mac Marketing Communications (Mauritius) Ltd	Mauritius	**46**	46	**9 990**	9 503	**–**	–
Visible Worx (Pty) Ltd	South Africa	**30**	30	**2 187**	1 446	**–**	–
Retail Development Solutions (Pty) Ltd	South Africa	**30**	30	**–**	–	**–**	–
Takbro Logistics (Pty) Ltd	Eswatini	**49**	–	**474**	–	**–**	–
				26 719	18 093	**1 903**	1 903

All the above entities are privately owned companies.

	GROUP		COMPANY	
	Carrying amount		Carrying amount	
Loans	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Unlisted				
Mac Money Mobile Banking Solutions (Pty) Ltd ("Mac Money")	**375**	1 511	**–**	–
The loan agreement with Mac Money includes a cession and pledge agreement where the Surety cedes and pledges all his shares in the company to the lender. The repayment date is April 2022 and interest is charged at prime rate plus 2%.				
Carrying value of ordinary share investments in unlisted associated companies	**27 094**	19 604	**1 903**	1 903

Notes to the consolidated and separate financial statements continued

6. 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
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Summarised statement of financial position								
Current assets	37 659	14 961	1 268	1 343	5 666	4 698	44 593	21 002
Non-current assets	478	389	100	113	–	–	578	502
Current liabilities	(20 655)	(9 831)	(2 244)	(2 443)	(1 282)	(166)	(24 181)	(12 440)
Non-current liabilities	(48)	(47)	–	–	–	–	(48)	(47)
Net assets	17 434	5 472	(876)	(987)	4 384	4 532	20 942	9 017
Reconciliation to carrying amounts:								
Opening net assets	–	–	(987)	–	4 532	–	3 545	–
At acquisition	–	–	–	(1 156)	–	4 660	–	3 504
Profit for the period	11 430	5 251	111	169	3 639	1 761	15 180	7 181
Dividends paid	–	–	–	–	(1 368)	(1 367)	(1 368)	(1 367)
Foreign currency translation and other adjustments	6 004	221	–	–	(2 419)	(522)	3 585	(301)
Closing net assets	17 434	5 472	(876)	(987)	4 384	4 532	20 942	9 017
Group's share (%)	49	49	47	47	46	46		
Group's share	8 543	2 681	(409)	(461)	2 017	2 085	10 151	4 305
Goodwill	–	–	3 977	3 977	7 297	7 297	11 274	11 274
Foreign currency translation differences and other adjustments	(2 508)	(2 681)	–	–	676	121	(1 832)	(2 560)
Carrying amount	6 035	–	3 568	3 516	9 990	9 503	19 593	13 019
Summarised statement of comprehensive income								
Revenue	70 607	22 271	14 963	10 739	9 902	6 970	95 472	39 980
Profit for the period	11 430	5 251	111	169	3 639	1 761	15 180	7 181
Group's share (%)	49	49	47	47	46	46		
Share of profit of investments accounted for using the equity method	5 601	–	52	79	1 674	810	7 327	889
Immaterial aggregated associates								
Carrying amount							7 126	5 074
Profit for the period							6 220	1 817
Share of profit of investments accounted for using the equity method							2 210	630

Notes to the consolidated and separate financial statements continued

6. Investments accounted for using the equity method continued

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 and sales representatives to the FMCG trade in Lesotho.

The year end for Mac Mobile Group is March. 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. Mac Mobile Group provides clients with end-to-end, cloud-based FMCG value-chain information technology solutions.

2021

Additions

On 8 March 2021, Logico Unlimited (Pty) Ltd, a subsidiary of CA Sales Holdings Limited, acquired 49% of the share capital of Takbro Logistics (Pty) Ltd, a clearing and customs agent, for R0.3 million. The R0.3 million impacted on the cash outflows from investing activities.

The investment in the Bullred associate was written off in prior years due to the losses made by the company partly due to the instable economic environment of Zimbabwe. The company has since turned profitable and its full year results, translated to USD at the open market rate, have been accounted for.

7. Inventories

	GROUP	
	2021 R'000	2020 R'000
Finished goods held for re-sale	**585 877**	554 746

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 R506.9 million as disclosed in note 12.

Inventories recognised as an expense during the year ended 31 December 2021 amounted to R6.2 billion (2020: R6.1 billion). These were included in cost of sales.

Amounts written off during the year due to stock losses and damages amounted to R7.4 million (2020: R12.1 million).

Due to the trade restrictions of alcohol sales for an extended period during the year, in the majority of the regions, certain alcoholic products with relatively short shelf life expired and were written off during the year. These amounts are included in the total write off mentioned above.

Notes to the consolidated and separate financial statements continued

8. Trade and other receivables

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Trade receivables	**1 220 607**	1 267 562	**–**	–
Loans to related parties (note 24)	**–**	–	**61 812**	82 867
Less: Loss allowance	**(10 266)**	(18 702)	**(25 945)**	(34 217)
Trade receivables	**1 210 341**	1 248 860	**35 867**	48 650
Vat receivable	**23 761**	33 088	**–**	–
Deposits	**4 027**	6 880	**–**	10
Prepayments	**29 971**	4 161	**–**	–
Staff loans	**856**	1 072	**–**	–
Payables with debit balances	**17 228**	4 543	**–**	–
Other receivables	**8 899**	9 157	**–**	–
	1 295 083	1 307 761	**35 867**	48 660
Current portion	**1 295 083**	1 307 761	**–**	48 660
Non-current portion	**–**	–	**35 867**	–

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 60 days past the credit terms are seen as credit impaired. Details about the group's loss allowance policy are provided in note 1.

The decrease in the loss allowance has been reported separately in the statement of comprehensive income and the criteria for the write off is explained in the accounting policies (note 1). The provision has increased significantly in the prior year as some customers were negatively impacted by the trading restrictions imposed by the local governments in their attempts to curb the spread of the pandemic. Customers that were more severely affected were those in the hospitality and entertainment industry. The risk has subsequently reduced, resulting in a decrease in the ECL in the current year.

Trade and other receivables of R1 214 million (2020: R1 263 million) were fully performing.

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
South African Rand (ZAR)	**583 868**	596 791	**35 867**	48 660
Namibian Dollar (NAD)	**108 379**	123 754	**–**	–
Emalangeni (SZL)	**208 851**	186 309	**–**	–
Botswana Pula (BWP)	**381 975**	399 173	**–**	–
Other (including US Dollar, Mozambique Metical, Zambia Kwacha, Lesotho Loti)	**12 010**	1 734	**–**	–
	1 295 083	1 307 761	**35 867**	48 660

The Namibian Dollar (NAD), Lesotho Loti (LSL) and Emalangeni (SZL) is currently at a ratio 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. In addition the impact of COVID-19 has been factored into expected credit losses recognised, which is most relevant to customers that have been temporarily or permanently affected by lockdown regulations in their respective geographies. See the accounting policies (note 1) for more information.

Notes to the consolidated and separate financial statements continued

8. Trade and other receivables continued

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

31 December 2021		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		429 752	181 530	85 118	170 913	9 575	(2 060)	876 888
Expected loss rate	(%)	(0.0)	(0.1)	(0.4)	(0.1)	(10.5)	–	(0.2)
Expected loss allowance		(99)	(171)	(319)	(175)	(1 010)	–	(1 774)
0 – 30 days past due								
Gross carrying amount		165 724	5 376	11 506	44 899	1 487	(3 531)	228 992
Expected loss rate	(%)	(0.2)	(0.5)	(0.8)	(0.3)	(1.6)	–	(0.2)
Expected loss allowance		(257)	(28)	(97)	(152)	(24)	–	(558)
31 – 120 days past due								
Gross carrying amount		85 522	16 005	1 124	6 419	1 103	(1 557)	110 173
Specific loss allowance		(118)	(110)	(30)	–	–	–	(258)
		85 404	15 895	1 094	6 419	1 103	(1 557)	109 915
Expected loss rate	(%)	(2.4)	(5.3)	(6.1)	(2.6)	(5.2)	–	(2.9)
Expected loss allowance		(2 011)	(838)	(67)	(168)	(57)	–	(3 141)
>120 days past due								
Gross carrying amount		9 740	105	1 691	–	166	–	11 702
Specific loss allowance		(2 117)	(99)	(1 280)	–	–	–	(3 496)
		7 623	6	411	–	166	–	8 206
Expected loss rate	(%)	(12.8)	(16.7)	(10.9)	–	(9.6)	–	(12.7)
Expected loss allowance		(977)	(1)	(45)	–	(16)	–	(1 039)
Total gross carrying amount		690 738	203 016	99 439	222 231	12 331	(7 148)	1 227 755
Total specific loss allowance		(2 235)	(209)	(1 310)	–	–	–	(3 754)
		688 503	202 807	98 129	222 231	12 331	(7 148)	1 224 001
Total expected loss rate	(%)	(0.5)	(0.5)	(0.5)	(0.2)	(9.0)	–	(0.5)
Total expected loss allowance		(3 344)	(1 038)	(528)	(495)	(1 107)	–	(6 512)
Total loss allowance		(5 579)	(1 247)	(1 838)	(495)	(1 107)	–	(10 266)

Notes to the consolidated and separate financial statements continued

8. Trade and other receivables continued

31 December 2020		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		486 733	125 466	88 743	226 802	2 075	(24 985)	929 819
Expected loss rate	(%)	(0.1)	(0.1)	(0.2)	(0.1)	–	–	(0.1)
Loss allowance		(574)	(148)	(184)	(325)	–	–	(1 231)
0 – 30 days past due								
Gross carrying amount		202 965	33 372	8 473	5 435	393	(1 352)	250 638
Expected loss rate	(%)	(0.1)	(0.1)	(3.0)	(4.6)	–	–	(0.3)
Loss allowance		(239)	(39)	(250)	(250)	–	–	(778)
31 – 120 days past due								
Gross carrying amount		58 265	8 726	2 576	5 622	1 387	(1 475)	76 576
Expected loss rate	(%)	(2.9)	(0.4)	(1.7)	(4.3)	–	–	(2.7)
Loss allowance		(1 717)	(37)	(43)	(243)	–	–	(2 040)
>120 days past due								
Gross carrying amount		14 894	12 342	10 801	3 330	204	(3 230)	41 571
Expected loss rate	(%)	(3.4)	(2.4)	(11.7)	(2.9)	–	–	(5.2)
Loss allowance		(507)	(292)	(1 268)	(96)	–	–	(2 163)
Total gross carrying amount		762 857	179 906	110 593	241 189	4 059	(31 042)	1 298 604
Total expected loss rate	(%)	(0.4)	(0.3)	(1.6)	(0.4)	–	–	(0.5)
Expected loss allowance		(3 037)	(516)	(1 745)	(914)	–	–	(6 212)
Specific loss allowance		(4 173)	(781)	(7 398)	(138)	–	–	(12 490)
Total loss allowance		(7 210)	(1 297)	(9 143)	(1 052)	–	–	(18 702)

The expected loss allowance for 2021 is higher than 2020 even though the prior year was seen as a higher risk year due to more significant trade restrictions than the current year, because the prior year included a more significant specific loss allowance, resulting in the remaining credit loss to be lower.

The historic rates used in the calculation of the ECL in the prior year were lower as pre-COVID-19, credit losses were insignificant.

Notes to the consolidated and separate financial statements continued

8. 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Opening loss allowance as at 1 January	**18 702**	7 431	**34 217**	–
Increase in loss allowance recognised in statement of comprehensive income during the year	**1 976**	12 631	**–**	34 217
Release of loss allowance recognised in statement of comprehensive income during the year	**(2 834)**	–	**(8 272)**	–
Receivables written off during the year as uncollectible	**(7 385)**	(1 649)	**–**	–
Other movements including foreign exchange translation differences	**(193)**	289	**–**	–
At 31 December	**10 266**	18 702	**25 945**	34 217

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

Book debts of certain subsidiaries have been pledged as security for trade loans and overdraft facilities to the value of R506.9 million. See note 12.

Loans to related parties

As the recovery strategies indicate that the company will fully recover the outstanding balance of the loan, the expected credit loss will be limited to the effect of discounting the amount due on the loan (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 outstanding balance of the loan, there is no impairment loss to recognise on the remaining outstanding balances. The company has impaired R9.9 million of its loan to CA Sales Investments (Pty) Ltd during the year, as the related party had no expectation to settle that amount in the foreseeable future.

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

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.

Notes to the consolidated and separate financial statements continued

9. Cash and cash equivalents

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash at bank and in hand	398 501	323 543	102 868	100 595
Short-term bank deposits	257 447	49 715	–	–
	655 948	373 258	102 868	100 595
Cash and cash equivalents include the following for the purposes of the statement of cash flows:				
Cash and cash equivalents	655 948	373 258	102 868	100 595
Bank overdrafts (note 12)	(311 876)	(127 685)	–	–
	344 072	245 573	102 868	100 595
The carrying amounts of the group's cash and cash equivalents are denominated in the following currencies:				
Rand (ZAR)	523 745	266 484	102 864	100 544
Namibian Dollar (NAD)	11 681	34 536	–	–
Emalangeni (SZL)	48 534	10 596	–	–
Botswana Pula (BWP)	63 830	59 051	4	51
Other (including US Dollar, Zambia Kwacha, Lesotho Loti)	8 158	2 591	–	–
	655 948	373 258	102 868	100 595

Notes to the consolidated and separate financial statements continued

10. Stated capital

	2021 Number of shares	2020 Number of shares	2021 R'000	2020 R'000
Authorised shares				
Ordinary shares with no par value	**2 000 000 000**	2 000 000 000		
Movements in ordinary shares				
Balance at the beginning of the year	**452 206 869**	449 219 484	**848 599**	833 348
Share swap	**9 209 138**	2 916 024	**45 780**	15 251
Share options exercised	**16 495**	71 361	**–**	–
Balance at the end of the year (fully paid)	**461 432 502**	452 206 869	**894 379**	848 599

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 and amounts paid on the shares held.

4 624 590 shares were issued on 12 May 2021 to Duncan Lewis, a minority shareholder of Pack 'n Stack Investments Holdings (Pty) Ltd, who is also a director of CA Sales Holdings Ltd, in exchange for a 5.1% increase in the shareholding of that subsidiary.

4 584 548 shares were issued on 20 December 2021 to a minority shareholder of a subsidiary, in exchange for 50% of a 10% increase in the shareholding of that subsidiary. The other 50% was settled in cash.

Options in the 2018 scheme were exercised in October 2021. R0.03 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.

Options in the 2019 scheme were forfeited as there was no financial benefit to the participants to exercise the options at the share price at the point of vesting. R0.3 million of the cost relating to the forfeited share options was transferred and credited to retained earnings.

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 2021:

	Total shareholding	%
PSG Alpha Investments (Pty) Ltd	**220 825 060**	**47.9**
Botswana Insurance Fund Management	**69 244 074**	**15.0**
Export Marketing Investments (Pty) Ltd	**42 200 690**	**9.1**
Botswana Public Officers Pension Fund	**40 090 538**	**8.7**
Total	**372 360 362**	**80.7**

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

	2021 Number	2021 %	2020 Number	2020 %
Direct shareholding				
DS Lewis	**2 597 175**	**0.56**	1 953 325	0.43
FJ Reichert	**3 752**	**0.00**	3 033	0.00
Indirect shareholding				
FW Britz	**1 229 382**	**0.27**	1 229 382	0.27
DS Lewis	**11 231 100**	**2.43**	7 247 542	1.60
Total	**15 061 409**	**3.26**	10 433 282	2.31

Share-based payments

Executive Share Option Schemes

CA Sales Holdings Ltd operates four 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.

Notes to the consolidated and separate financial statements continued

10. Stated capital continued

Share-based payments continued

	Executive share option scheme 2018	Executive share option scheme 2019	Executive share option scheme 2020	Executive share option scheme 2021
The equity-settled share based payment charge recognised in the statement of comprehensive income ('000)	R2 533	R511	R3 150	**R968**
The equity-settled share based payment charge (prior year) ('000)	R3 843	R630	R2 564	**R0**
This charge, net of the related tax effect, was debited to the statement of comprehensive income and credited to other reserves (refer note 11).				
Exercise price for options outstanding at year end	R4.53	R5.11	R5.12	**R5.07**
Date granted	13 April 2018	14 March 2019	14 March 2020	**13 March 2021**
Number granted	13 128 000	1 258 972	7 140 200	**3 639 000**
Contractual life	5 years	5 years	5 years	**5 years**
Vesting conditions	25% per year from year 2			
Fair value of each share option granted	R5.94	R6.86	R6.70	**R6.22**
The fair values were calculated by applying the Black-Scholes option pricing model.				
Option pricing model input:				
Share price at grant date	R4.53	R5.11	R5.12	**R5.07**
Exercise price	R4.53	R5.11	R5.12	**R5.07**
Expected volatility	38.67%	44.59%	42.83%	**41.97%**
Expected dividend yield	1.55%	1.37%	1.86%	**2.03%**
Contractual life	5 years	5 years	5 years	**5 years**
Risk free interest rate	7.39%	7.20%	6.14%	**4.45%**

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.

Below is the reconciliation of the share options for the four schemes and the share options relating to the directors of the company.

	Number of share options 2021				Number of share options 2020			
	F Reichert	D Lewis	Employees	Total	F Reichert	D Lewis	Employees	Total
Granted – scheme 2018	**350 000**	**1 371 600**	**9 588 000**	**11 309 600**	350 000	1 371 600	9 588 000	11 309 600
Granted – scheme 2019	**477 756**	**63 720**	**717 496**	**1 258 972**	477 756	63 720	717 496	1 258 972
Granted – scheme 2020	**531 200**	**1 727 100**	**4 881 900**	**7 140 200**	531 200	1 727 100	4 881 900	7 140 200
Granted – scheme 2021	**244 900**	**1 138 500**	**2 255 600**	**3 639 000**	–	–	–	–
Forfeited/Expired	**(119 439)**	**(15 930)**	**(503 119)**	**(638 488)**	–	–	–	–
Exercised – scheme 2018	**(175 000)**	**(685 800)**	**(4 732 700)**	**(5 593 500)**	(87 500)	(342 900)	(2 397 000)	(2 827 400)
Balance at the end of the year	**1 309 417**	**3 599 190**	**12 207 177**	**17 115 784**	1 271 456	2 819 520	12 790 396	16 881 372

309 061 options expired during the period.

Notes to the consolidated and separate financial statements continued

11. 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	
	Foreign currency translation R'000	Share-based payment R'000	Total R'000	Share-based payment R'000	Total R'000
2021					
Opening carrying value	23 614	13 211	36 825	13 362	13 362
Currency translation adjustments	2 471	3	2 474	–	–
Share based payment cost of share options exercised – 2018 scheme	–	(28)	(28)	(28)	(28)
Share-based payment cost – 2018 scheme	–	2 533	2 533	2 533	2 533
Share-based payment cost – 2019 scheme	–	511	511	511	511
Share-based payment cost – 2020 scheme	–	3 150	3 150	3 150	3 150
Share-based payment cost – 2021 scheme	–	968	968	968	968
Transfer remaining cost of share options exercised	–	(3 918)	(3 918)	(3 918)	(3 918)
Transfer cost of forfeited share options to retained earnings	–	(548)	(548)	(548)	(548)
Closing carrying value	26 085	15 882	41 967	16 030	16 030
2020					
Opening carrying value	15 823	9 911	25 734	9 621	9 621
Currency translation adjustments	8 216	16	8 232	–	–
Take-on balance of acquisition	(406)	–	(406)	–	–
Share based payment cost of share options exercised – 2018 scheme	–	(147)	(147)	(147)	(147)
Share-based payment cost – 2018 scheme	–	3 843	3 843	3 843	3 843
Share-based payment cost – 2019 scheme	–	630	630	630	630
Share-based payment cost – 2020 scheme	–	2 564	2 564	2 564	2 564
Transfer remaining cost of share options exercised	–	(1 886)	(1 886)	(1 886)	(1 886)
Transfer cost of forfeited share options to retained earnings	–	(1 263)	(1 263)	(1 263)	(1 263)
Transfer non-controlling share	(19)	(457)	(476)	–	–
Closing carrying value	23 614	13 211	36 825	13 362	13 362

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 profit or loss when the net investment is disposed of.

Notes to the consolidated and separate financial statements continued

12. Borrowings

	GROUP	
	2021 R'000	2020 R'000
Non-current		
Secured loans	**208 481**	240 285
Lease liabilities	**44 787**	55 785
Total non-current borrowings	**253 268**	296 070
Current		
Bank overdrafts	**311 876**	127 685
Secured loans	**36 806**	59 830
Lease liabilities	**38 098**	35 679
Total current borrowings	**386 780**	223 194
Total borrowings	**640 048**	519 264
The carrying amount of total borrowings is a reasonable approximation of the fair value.		
The carrying amounts of the group's borrowings are denominated in the following currencies:		
Rand (ZAR)	**42 175**	47 639
Namibian Dollar (NAD)	**51 860**	87 869
Emalangeni (SZL)	**42 791**	46 509
Botswana Pula (BWP)	**495 778**	337 247
Other (including Zambia Kwacha, Lesotho Loti)	**7 444**	–
	640 048	519 264
The secured loans are secured as follows:		
Loan secured by mortgage bond over fixed property	**231 842**	264 087
Loans secured by cessions of inventories and trade receivables	**13 445**	36 028
Total secured revolving trade loan facilities	**71 000**	285 220
Undrawn facilities	**57 555**	249 192
Bank overdrafts are secured by cessions of inventories and trade receivables	**311 876**	127 685
Total bank overdraft facilities	**493 499**	206 525
Undrawn facilities	**181 623**	78 840

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 2021, the ratio of net debt to EBITDA was 1.2 times (2020: 1.8 times), interest cover was 6.4 times (2020: 4.3 times) and the debt service cover ratio was 3.0 times (2020: 2.4 times).

The principal covenant limits of the overdrafts vary per facility and include net debt to EBITDA of no more than 2.5 times, dividend cover of no less than 2 times and a debt service cover ratio of no less than 2.5 times. Compliance with the debt covenants is formally tested monthly and have not been breached.

The group has complied with these covenants throughout the reporting period. As at 31 December 2021, the ratio of net debt to EBITDA was 0.3 times (2020: 0.6 times), dividend cover was 2.5 times (2020: 1.8 times) and the debt service cover ratio was 2.9 times (2020: 2.8 times) .

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

	GROUP	
	2021 R'000	2020 R'000
Reconciliation of net book value of lease liabilities:		
Opening net book value	**91 464**	98 576
Exchange differences	**22**	952
New leases	**43 419**	39 264
Termination of lease agreements	**(16 281)**	(6 600)
Repayments	**(36 181)**	(41 738)
Other movements	**442**	1 010
Closing net book value	**82 885**	91 464

Cost relating to short-term and low-value leases, included in expenses is R26 million (2020: R15 million) and R3 million (2020: R8 million) respectively as per note 17 (ii).

Interest on lease liabilities for the year amounted to R7.1 million (2020: R7.4 million) as per note 19.

Notes to the consolidated and separate financial statements continued

12. Borrowings continued

The effective interest rates per annum at the balance sheet date were as follows:

	GROUP	
	2021 %	**2020 %**
Lease liabilities	**4.75 – 8.5**	4.25 – 7.5
Secured loans	**5.0 – 7.5**	5.0 – 8.0
Overdrafts	**4.0 – 7.5**	5.0 – 7.25

Refer to note 2.1 for interest rate risk exposure.

The present value lease liabilities may be analysed as follows:

	GROUP	
	2021 R'000	**2020 R'000**
Gross lease liabilities – minimum lease payments		
Not later than one year	**42 905**	41 517
Later than one year not later than five years	**45 792**	59 925
Later than five years not later than ten years	**3 948**	–
	92 645	101 442
Less: future finance charges on lease liabilities	**(9 760)**	(9 978)
Present value of lease liabilities	**82 885**	91 464
The present value of lease liabilities is as follows:		
Not later than one year	**38 098**	35 679
Later than one year not later than five years	**41 804**	55 785
Later than five years not later than ten years	**2 983**	–
	82 885	91 464

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

These leases have no 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.

Notes to the consolidated and separate financial statements continued

13. Deferred income tax

	Asset 2021 R'000	Liability 2021 R'000	Asset 2020 R'000	Liability 2020 R'000
The balance comprises temporary differences attributable to:				
Tax losses	12 087	–	16 986	–
Provisions	19 147	–	20 597	–
Lease liabilities	12 788	–	10 988	–
Share based payment reserve	998	–	608	–
Property, plant and equipment	–	(12 387)	–	(4 435)
Prepayments	–	(388)	–	(417)
Unrealised profits	–	(940)	–	(28)
Right-of-use assets	–	(11 808)	–	(16 994)
Total deferred tax assets/(liabilities)	45 020	(25 523)	49 179	(21 874)
Set-off of deferred tax liabilities pursuant to set-off provisions	(16 458)	16 458	(14 185)	14 185
Net deferred tax assets/(liabilities)	28 562	(9 065)	34 994	(7 689)

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 deferred tax asset include an amount of R10.25 million which relates to carried-forward losses of Wutow Trading (Pty) Ltd. The subsidiary has incurred the losses from its acquisition up to the prior year. The group has concluded that the deferred tax asset will be recoverable using the estimated future taxable income based on the expected additional sales from the additional customer contracts obtained. The subsidiary generated taxable income in 2021.
The gross movement on the net deferred income tax assets is as follows:

	GROUP						
	Property, plant and 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
2021							
At 1 January	(4 435)	20 597	16 986	(16 994)	10 988	163	27 305
Charged to statement of comprehensive income	(7 948)	(1 413)	(4 888)	5 195	1 792	(478)	(7 740)
Other movements (incl. foreign currency translation differences)	(4)	(37)	(11)	(9)	8	(15)	(68)
At 31 December	(12 387)	19 147	12 087	(11 808)	12 788	(330)	19 497
2020							
At 1 January	(9 187)	19 501	9 095	(10 443)	11 180	(208)	19 938
Subsidiaries acquired	(1)	13	–	–	–	–	12
Charged to statement of comprehensive income	(1 642)	2 083	6 423	435	(242)	360	7 417
Other movements (incl. foreign currency translation differences)	6 395	(1 000)	1 468	(6 986)	50	11	(62)
At 31 December	(4 435)	20 597	16 986	(16 994)	10 988	163	27 305

Notes to the consolidated and separate financial statements continued

13. Deferred income tax continued

The group did not recognise deferred income tax assets of R2.0 million (2020: R5.1 million) in respect of losses amounting to R7.3 million (2020: R18.2 million) that can be carried forward against future taxable income.

	2021 R'000	2020 R'000
Unrecognised temporary differences		
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Foreign currency translation	**26 085**	23 614
Undistributed earnings	**1 200 803**	968 129
	1 226 888	991 743
Unrecognised deferred tax liabilities relating to the above temporary differences	**331 260**	277 688

Temporary differences of R26.1 million (2020: R 23.6 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 R1.2 billion (2020: R1.0 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

14. Trade and other payables

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Trade payables	745 246	849 751	150	56
Refund liabilities from contracts with customers	8 363	5 647	–	–
Amounts due to related parties (note 24)	319	378	–	354
Dividends payable	19	18	19	18
VAT payable	25 289	20 015	–	–
Deferred payments	2 249	2 206	–	–
Contingent consideration (note 5)	55 726	4 209	55 726	–
Employee benefits	17 734	16 506	–	–
Payroll related accruals	56 210	9 400	–	–
Supplier related accruals	71 415	57 598	–	–
Other accrued expenses	36 633	38 286	1 051	1 051
	1 019 203	1 004 014	56 946	1 479
Current portion	1 019 203	1 004 014	56 946	1 479
The carrying amounts of the group's trade and other payables are denominated in the following currencies:				
Rand (ZAR)	421 463	341 996	56 946	1 479
Namibian Dollar (NAD)	89 545	107 446	–	–
Emalangeni (SZL)	140 141	103 803	–	–
Botswana Pula (BWP)	366 211	449 438	–	–
Other (incl.US Dollar, Lesotho Loti, Mozambique Metical, Zambia Kwacha)	1 843	1 331	–	–
	1 019 203	1 004 014	56 946	1 479

Notes to the consolidated and separate financial statements continued

15. Employee benefits and other provisions

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

	GROUP				
	Severance benefit R'000	Bonuses R'000	Leave pay R'000	Other R'000	Total R'000
2021					
Opening balance	**17 246**	**54 852**	**24 012**	**3 004**	**99 114**
Charged to statement of comprehensive income	**9 467**	**43 914**	**1 833**	**(1 417)**	**53 797**
Utilised during the year	**(6 018)**	**(39 606)**	**(1 935)**	**–**	**(47 559)**
Other	**20**	**124**	**9**	**(8)**	**145**
Closing balance	**20 715**	**59 284**	**23 919**	**1 579**	**105 497**
2020					
Opening balance	15 099	52 208	30 414	2 756	100 477
Charged to statement of comprehensive income	6 859	50 503	(5 060)	299	52 601
Utilised during the year	(5 046)	(48 659)	(1 669)	–	(55 374)
Other	334	800	327	(51)	1 410
Closing balance	17 246	54 852	24 012	3 004	99 114

Severance benefit scheme

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 working in Botswana and are non-citizens, the group pays gratuity in accordance with the respective contracts of employment. The benefits will only be paid out if and when an employee is retrenched.

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 throughout the year and is paid out if and when employees resign.

Other

Other provisions consist of various minor provisions that vary in nature.

Notes to the consolidated and separate financial statements continued

16. 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 sales and merchandising services, marketing and promotions services, transport services and training services. The group's reportable segments are operating segments that are differentiated by the country of operation. The intersegment transactions have not been eliminated in the segments but are shown separately as 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
2021						
Selling and distribution of products	4 438 416	1 162 237	1 218 825	–	17 440	6 836 918
Services provided	77 471	83 852	1 281	1 025 401	30 376	1 218 381
Total revenue	4 515 887	1 246 089	1 220 106	1 025 401	47 816	8 055 299
Intersegmental revenue	(24 795)	–	(537)	(853)	(1 198)	(27 383)
Revenue from external customers	4 491 092	1 246 089	1 219 569	1 024 548	46 618	8 027 916
Timing of revenue recognition						
At a point in time	4 458 147	1 162 237	1 218 825	–	17 440	6 856 649
Over time	57 740	83 852	1 281	1 025 401	30 376	1 198 650
Total revenue	4 515 887	1 246 089	1 220 106	1 025 401	47 816	8 055 299
Intersegmental revenue	(24 795)	–	(537)	(853)	(1 198)	(27 383)
Revenue from external customers	4 491 092	1 246 089	1 219 569	1 024 548	46 618	8 027 916
2020						
Selling and distribution of products	4 502 321	1 074 747	1 158 284	–	–	6 735 352
Services provided	83 792	74 109	3 837	1 057 977	20 801	1 240 516
Total revenue	4 586 113	1 148 856	1 162 121	1 057 977	20 801	7 975 868
Intersegmental revenue	(33 815)	(66)	(3 207)	(4 054)	(2 986)	(44 128)
Revenue from external customers	4 552 298	1 148 790	1 158 914	1 053 923	17 815	7 931 740
Timing of revenue recognition						
At a point in time	4 517 917	1 061 529	1 158 284	–	–	6 737 730
Over time	68 196	87 327	3 837	1 057 977	20 801	1 238 138
Total revenue	4 586 113	1 148 856	1 162 121	1 057 977	20 801	7 975 868
Intersegmental revenue	(33 815)	(66)	(3 207)	(4 054)	(2 986)	(44 128)
Revenue from external customers	4 552 298	1 148 790	1 158 914	1 053 923	17 815	7 931 740

There were no costs incurred to obtain contracts. Obligations for returns and refunds related to contracts with customers are disclosed under note 14.

Notes to the consolidated and separate financial statements continued

17. Operating profit

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
(i) Other operating income				
Fair value gain on contingent consideration	925	–	–	–
Profit on sale of property, plant and equipment	2 901	2 373	–	–
Profit on termination of lease agreement	2 261	1 018	–	–
Foreign exchange gains	–	–	5	1
Rental income	1 200	1 431	–	–
Botswana training levy refund	8 207	8 999	–	–
Bad debts recovered	484	497	–	–
Sundry income	3 477	5 866	–	–
	19 455	20 184	5	1

Notes to the consolidated and separate financial statements continued

17. Operating profit continued

	Notes	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
(ii) Expense by nature					
Amortisation of intangible assets	4	**2 419**	2 457	**–**	–
Auditor's remuneration – audit fees		**6 323**	6 489	**–**	–
Auditor's remuneration – other services		**145**	613	**–**	–
Bank charges		**5 642**	6 503	**15**	14
Conferences and subscriptions		**6 119**	6 158	**–**	–
Depreciation	3	**62 985**	70 857	**–**	–
Directors remuneration	24	**8 334**	10 250	**–**	–
Employee benefit expenses	18	**319 683**	310 521	**2 000**	1 667
Fair value loss on step-up acquisition		**–**	7 501	**–**	–
Foreign exchange losses		**10 438**	13 413	**–**	–
Forklift expenses		**4 032**	3 420	**–**	–
Impairment of intangible assets	4	**9 129**	20 170	**–**	–
Write off of intergroup loan		**–**	–	**9 931**	–
Information technology cost		**28 645**	14 659	**–**	–
Insurance		**15 361**	13 745	**–**	–
Loss on sale of property, plant and equipment		**250**	395	**–**	–
Marketing and advertising		**2 263**	1 192	**–**	–
Short-term leases		**25 725**	15 209	**–**	–
Low-value leases		**2 786**	7 834	**–**	–
Office expenses and staff uniforms		**15 080**	5 772	**–**	–
Pallet hire		**18 175**	12 679	**–**	–
Professional fees		**16 734**	17 972	**803**	685
Repairs and maintenance		**10 253**	8 992	**–**	–
Security, fumigation and sanitation		**7 543**	7 778	**–**	–
Staff training		**18 024**	5 427	**–**	–
Stationary, printing and office expenses		**5 760**	6 803	**–**	–
Stock write off and provisions for write off		**7 429**	12 084	**–**	–
Telephone and communication		**8 314**	12 280	**–**	–
Third party transport expenses		**35 495**	26 502	**–**	–
Travel and entertainment		**9 225**	7 911	**–**	–
Vehicle expenses – fuel and maintenance		**78 282**	64 714	**–**	–
Water and electricity		**10 648**	11 525	**–**	–
Write off of debt		**2 178**	11 774	**–**	–
Other expenses		**15 757**	15 797	**–**	4
		769 176	739 396	**12 749**	2 370

Notes to the consolidated and separate financial statements continued

18. Employee benefit expenses

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Wages and salaries, including restructuring costs and other termination benefits:				
Salaries, wages and allowances	312 521	303 484	–	–
Share based payment expenses	7 162	7 037	2 000	1 667
	319 683	310 521	2 000	1 667

19. Finance income and costs

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Finance income				
Bank deposits	10 123	5 862	337	277
Local tax authority	1 166	–	–	–
Related party (note 24)	1 395	870	–	–
	12 684	6 732	337	277
Finance costs				
Bank overdrafts	5 133	4 730	–	–
Secured loans	12 209	18 678	–	–
Lease liabilities	7 058	7 367	–	–
Other	296	443	–	1
	24 696	31 218	–	1
Net finance costs/(income)	12 012	24 486	(337)	(276)

Notes to the consolidated and separate financial statements continued

20. Income tax expense

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Current tax				
Current tax on profits for the year	92 744	102 518	90	73
Adjustments for current tax of prior periods	(171)	(49)	–	–
Withholding tax	4 719	7 144	2 423	2 809
Donations tax	–	18	–	–
Securities transfer tax	58	38	58	38
Total current tax expense	97 350	109 669	2 571	2 920
Deferred income tax				
Current year movement	6 874	(7 107)	–	–
Adjustments for deferred tax of prior periods	862	(311)	–	–
Total deferred tax expense/(benefit)	7 736	(7 418)	–	–
Income tax expense	105 086	102 251	2 571	2 920
Numerical reconciliation of income tax expense to *prima facie* tax payable:				
Profit before income tax expense	389 036	332 890	59 152	51 619
Tax at the South African tax rate of 28%	108 930	93 209	16 562	14 453
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Assessed tax losses	269	1 260	–	–
Capital gains tax rate differential	(434)	(162)	–	–
Foreign tax rate differential	(9 558)	(7 881)	–	–
Income from associated companies	(2 552)	(354)	–	–
Non-deductible charges[1]	8 093	11 845	3 565	659
Non-taxable income[2]	(4 662)	(2 529)	(20 037)	(24 620)
Tax adjustments of prior periods	691	(360)	–	–
Other	(410)	79	58	38
Dividend withholding taxation	3 309	5 103	2 423	2 809
Withholding taxation	1 410	2 041	–	–
Income tax expense	105 086	102 251	2 571	(6 661)

Notes to the consolidated and separate financial statements continued

20. Income tax expense continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
[1]**Non-deductible charges include the tax impact of:**				
Share based payment expenses	1 087	993	560	467
Dividends paid to employees of the Trust	3 711	3 490	–	–
Apportionment of expenses to non-taxable income	224	191	224	191
Impairment of intangible assets	2 040	5 648	–	–
Impairment of intergroup loans	–	–	2 781	–
Interest expense disallowed under Section 41A of the Botswana Tax Act	–	467	–	–
Local tax authority penalties and interest	15	126	–	1
Donations	165	174	–	–
Legal and professional fees of capital nature	178	520	–	–
Other non-deductible expenses	673	236	–	–
	8 093	11 845	3 565	659
[2]**Non-taxable income include the tax impact of:**				
Learnership rebates	(4 022)	(3 888)	–	–
Dividends received	–	–	(17 720)	(24 620)
Fair value gains and losses	(259)	1 650	(2 317)	–
Profit on sale of fixed assets	(1)	(14)	–	–
Other non-taxable income including currency translation differences	(380)	(277)	–	–
	(4 662)	(2 529)	(20 037)	(24 620)

Notes to the consolidated and separate financial statements continued

21. Earnings per share

	GROUP	
	2021 cents	2020 cents
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**58.05**	46.04
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**58.04**	46.01
Headline earnings per share		
Profit attributable to ordinary equity holders of the company, adjusted as required by SAICA Circular 01/2021	**59.61**	51.43
Diluted headline earnings per share		
Profit attributable to ordinary equity holders of the company, adjusted as required by SAICA Circular 01/2021	**59.60**	51.39

	GROUP	
Reconciliation of earnings used in calculating earnings per share	2021 R'000	2020 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	**264 529**	207 723
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	**264 529**	207 723

Notes to the consolidated and separate financial statements continued

21. Earnings per share continued

	Gross		Net	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Headline earnings				
Profit attributable to ordinary equity holders of the company			**264 529**	207 723
Adjustments as per SAICA Circular 01/2021:				
Impairment of intangible assets	**9 129**	20 170	**9 129**	17 971
Profit on sale of property, plant and equipment	**(2 651)**	(1 978)	**(2 050)**	(1 161)
Fair value loss on step-up acquisition	**–**	7 501	**–**	7 501
Headline earnings used in calculating headline earnings per share			**271 608**	232 034
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			**271 608**	232 034

Weighted average number of shares used as the denominator	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and headline earnings per share	**455 674 724**	451 181 340
Adjustments for calculation of diluted earnings per share and diluted headline earnings per share:		
Share options	**60 627**	294 836
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	**455 735 351**	451 476 176

Notes to the consolidated and separate financial statements continued

22. Notes to the cash flow statement

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
22.1 Cash generated from operations				
Profit before income tax	389 036	332 890	59 152	51 619
Adjustments for:				
Depreciation	62 985	70 857	–	–
Amortisation	2 419	2 457	–	–
Net profit on disposal of property, plant and equipment	(2 651)	(1 978)	–	–
Impairment of intangible assets	9 129	20 170	–	–
Dividends received	–	–	(63 287)	(87 929)
Finance income	(12 684)	(6 732)	(337)	(277)
Finance costs	24 696	31 218	–	1
Fair value adjustments on contingent considerations	(925)	–	–	–
Fair value loss on step-up acquisition	–	7 501	–	–
Impairment (gains)/losses on financial assets	(858)	–	(8 272)	34 217
Write off of intergroup loan	–	–	9 931	–
Share of profits from associated companies	(9 537)	(1 519)	–	–
Share based payments	7 162	7 037	2 000	1 667
Profit on termination of lease agreement	(2 261)	(1 018)	–	–
Unrealised foreign exchange losses	(2)	4 596	–	–
Other	–	(14)	–	–
Payment on share options exercised	(28)	(147)	(28)	(147)
	466 481	465 318	(841)	(849)
Changes in working capital				
Increase in inventories	(29 293)	(65 819)	–	–
Decrease in trade and other receivables	33 786	12 947	10 765	16 373
(Decrease)/increase in trade and other payables	(28 215)	(7 143)	109	(137)
	(23 722)	(60 015)	10 874	16 236
Cash generated from operations	442 759	405 303	10 033	15 387
22.2 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	3 218	3 341	–	–
Net profit on disposal of property, plant and equipment	2 651	1 978	–	–
Proceeds	5 869	5 319	–	–
22.3 Non-cash investing and financing activities				
Acquisition of right-of-use assets through leases (note 3 and 12)	43 418	39 264	–	–
	43 418	39 264	–	–

Notes to the consolidated and separate financial statements continued

22. Notes to the cash flow statement continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
22.4 Net debt reconciliation				
Cash and cash equivalents excluding bank overdraft	**655 948**	373 258	**102 868**	100 595
Bank overdrafts	**(311 876)**	(127 685)	**–**	–
Current borrowings	**(36 806)**	(59 830)	**–**	–
Non-current borrowings	**(208 481)**	(240 285)	**–**	–
Current leases	**(38 098)**	(35 679)	**–**	–
Non-current leases	**(44 787)**	(55 785)	**–**	–
Net debt	**15 900**	(146 006)	**102 868**	100 595

	GROUP					
	Other assets	Liabilities from financing activities				
	Cash including overdraft R'000	Current leases R'000	Non-current leases R'000	Current borrowings R'000	Non-current borrowings R'000	Total R'000
Net debt as at 1 January 2021	**245 573**	**(35 679)**	**(55 785)**	**(59 830)**	**(240 285)**	**(146 006)**
Cash flows	**97 345**	**36 181**	**–**	**59 996**	**(5 855)**	**187 667**
Foreign exchange adjustments	**1 154**	**72**	**(94)**	**586**	**101**	**1 818**
Non-cash movements – new leases	**–**	**–**	**(43 419)**	**–**	**–**	**(43 419)**
Non-cash movements – termination of leases	**–**	**3 832**	**12 449**	**–**	**–**	**16 281**
Other non-cash movements	**–**	**32**	**(474)**	**–**	**–**	**(441)**
Transfers from non-current to current balances	**–**	**(42 536)**	**42 536**	**(37 558)**	**37 558**	**–**
Net debt as at 31 December 2021	**344 072**	**(38 098)**	**(44 787)**	**(36 806)**	**(208 481)**	**15 900**
Net debt as at 1 January 2020	150 705	(38 987)	(59 589)	(71 770)	(257 807)	(277 448)
Cash flows	89 940	41 738	–	79 052	(36 027)	174 703
Business combinations	1 623	–	–	–	–	1 623
Foreign exchange adjustments	3 305	(470)	(480)	(6 115)	(7 448)	(11 207)
Non-cash movements – new leases and bonds	–	–	(39 264)	–	–	(39 264)
Non-cash movements – termination of leases	–	–	6 600	–	–	6 600
Other non-cash movements	–	–	(1 012)	–	–	(1 013)
Transfers from non-current to current balances	–	(37 960)	37 960	(60 997)	60 997	–
Net debt as at 31 December 2020	245 573	(35 679)	(55 785)	(59 830)	(240 285)	(146 006)

Notes to the consolidated and separate financial statements continued

22. Notes to the cash flow statement continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
22.5 Taxation paid				
Charge to profit and loss	(105 086)	(102 251)	(2 571)	(2 920)
Movement in deferred taxation	7 736	(7 418)	–	–
Acquisition of subsidiary	–	(128)	–	–
Foreign currency translation	(418)	232	–	–
Other adjustments	30	(1 611)	–	–
Movement in net tax liability	(2 229)	1 821	1	(18)
	(99 967)	(109 355)	(2 570)	(2 938)

Notes to the consolidated and separate financial statements continued

23. Related party transactions

Parent entities	Type	Place of incorporation	Ownership interest 2021	Ownership interest 2020
The group's parent entities are the following:				
PSG Alpha Investments (Pty) Ltd	Immediate parent entity	South Africa	47.9%	48.8%
PSG Group Ltd	Ultimate parent entity and controlling party	South Africa	47.9%	48.8%

PSG Group Ltd holds 100% of the issued ordinary shares of PSG Alpha Investments (Pty) Ltd.

Subsidiaries
Interests in subsidiaries are set out in note 5.

Associated companies
Interests in associates are set out in note 6.

Subsidiaries of PSG Group Ltd
PSG Capital (Pty) Ltd
PSG Corporate Services (Pty) Ltd
PSG Alpha Investments (Pty) Ltd

Transactions and balances
During the financial year the company and its subsidiaries conducted the following transactions with associates and parties exercising significant influence and key management personnel.

		Note	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Finance income		19				
Mac Money Mobile Solutions (Pty) Ltd			**185**	34	**–**	–
PSG Konsult Ltd			**1 210**	836	**–**	–
Other operating expenses		17(ii)				
PSG Capital (Pty) Ltd	Professional fees		**84**	485	**–**	–
PSG Corporate Services (Pty) Ltd	IT Services		**–**	10	**–**	–
PSG Corporate Services (Pty) Ltd	Insurance		**107**	83	**–**	–
PSG Corporate Services (Pty) Ltd	Professional fees		**234**	456	**–**	–
PSG Corporate Services (Pty) Ltd	Directors fees and travel reimbursements		**271**	264	**–**	–
PSG Insure (Pty) Ltd	Insurance		**74**	19	**–**	–
Grayston Elliot (Pty) Ltd	Professional fees		**–**	8	**–**	–
T Rogers (Director)	Consulting fees		**–**	15	**–**	–
Mac Money Mobile Solutions (Pty) Ltd	IT expenses		**1 536**	–	**–**	–
Visible Worx (Pty) Ltd	Lease expenses – short-term		**928**	–	**–**	–

Notes to the consolidated and separate financial statements continued

23. Related party transactions continued

	Note	GROUP 2021 R'000	GROUP 2020 R'000	COMPANY 2021 R'000	COMPANY 2020 R'000
Amounts due from related parties					
Loans to associates – equity accounted	6				
Mac Money Mobile Solutions (Pty) Ltd		**375**	1 511	**–**	–
Trade and other receivables: Loans to related parties	8				
CA Sales and Distribution (Pty) Ltd		**–**	–	**12 954**	14 299
CAS Marketing (Pty) Ltd		**–**	–	**25 945**	35 455
Wutow Trading (Pty) Ltd		**–**	–	**11 188**	11 188
CA Sales Investments (Pty) Ltd		**–**	–	**3 437**	13 637
Pamstad (Pty) Ltd		**–**	–	**8 288**	8 288
Loss allowance on the above receivables		**–**	–	**(25 945)**	(34 217)
Cash balances invested with related parties					
PSG Konsult Ltd		**6 351**	27 447	**–**	–
Amounts due to related parties					
Trade payables	14				
Private Label Sales and Merchandising Services (Pty) Ltd		**–**	–	**–**	354
Mac Mobile Group		**234**	7	**–**	–
Visible Worx (Pty) Ltd		**85**	–	**–**	–
Duncan Lewis (Director)		**–**	11	**–**	–
T Swanepoel		**–**	360	**–**	–
Key management compensation					
Salaries and other short-term employee benefits		**8 334**	11 984	**–**	–
Share options exercised		**17**	82	**–**	–

Detailed remuneration disclosures are provided in note 25.

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

Notes to the consolidated and separate financial statements continued

24. Directors remuneration

Executive directors	Salary R'000	Bonus R'000	Share options exercised R'000	Total R'000
2021				
D Lewis	3 840	693	14	4 547
F Reichert	2 326	420	3	2 749
	6 166	1 113	17	7 296
2020				
D Lewis (remuneration received from subsidiary)	–	1 386	–	1 386
D Lewis	3 177	2 406	65	5 648
F Reichert	1 593	2 000	17	3 610
	4 770	5 792	82	10 644

Notes to the consolidated and separate financial statements continued

24. Directors remuneration continued

Non-executive directors	Salary R'000	Consulting fees R'000	Board R'000	Audit committee R'000	Remuneration committee R'000	Social and ethics committee R'000	Total R'000
2021							
Britz, F	–	–	111	–	–	11	122
Cronje, L	–	–	111	22	–	–	133
de Waal, N	–	–	111	–	–	11	122
Holtzhausen, J	–	–	111	–	22	11	144
Marole, B	–	–	111	22	–	–	133
Masilela, E	–	–	80	22	22	–	124
Moakofi, S	–	–	111	–	22	–	133
Patel, B	–	–	111	22	–	11	144
	–	–	857	88	66	44	1 055
2020							
Britz, F	–	–	105	–	–	21	126
Cronje, L	–	–	105	21	–	–	126
de Waal, N	–	–	105	–	–	21	126
Holtzhausen, J	–	–	105	–	21	11	137
Marole, B	–	–	105	21	–	–	126
Masilela, E	–	–	105	21	21	–	147
Moakofi, S	–	–	81	–	–	–	81
Patel, B	–	–	105	21	–	–	126
Rogers, T	–	15	79	–	–	–	94
	–	15	895	84	42	53	1 089
Key management personnel							
2020							
F Reichert	333	–	–	–	–	–	333

See note 10 for share options granted to directors and note 5 regarding the purchase of Pack 'n Stack Investment Holdings (Pty) Ltd shares from a director of CA Sales Holdings Ltd.

The directors fees for N de Waal and J Holtzhausen was paid to PSG Corporate Services (Pty) Ltd.

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

The salaries for the current year include the repayment of salary sacrifices taken in the prior year (total of R0.4 million).

Notes to the consolidated and separate financial statements continued

25. 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. Countries with insignificant results have been aggregated under the heading "other countries" and include Lesotho, Mauritius, Mozambique, 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 revenue from selling and distributing fast-moving consumer goods as well as services such as sales and merchandising services, marketing and promotions services, transport services and training services (see note 16).

	Revenue		EBIT		Adjusted EBITDA	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Botswana	**4 515 887**	4 586 113	**177 165**	156 753	**199 970**	182 539
Eswatini	**1 246 089**	1 148 856	**96 291**	79 940	**108 623**	92 856
Namibia	**1 220 106**	1 162 121	**25 777**	(3 642)	**30 869**	7 638
South Africa	**1 025 401**	1 057 977	**94 693**	122 808	**128 440**	166 237
Other countries	**47 816**	20 801	**7 123**	2 593	**7 680**	2 666
Intersegmental transactions	**(27 383)**	(44 128)	**(1)**	(1 076)	**(1)**	(1 076)
Total	**8 027 916**	7 931 740	**401 048**	357 376	**475 581**	450 860
Reconciliation from adjusted EBITDA to profit after tax:						
Adjusted EBITDA					**475 581**	450 860
Depreciation and amortisation					**(65 404)**	(73 314)
Impairment of intangible assets					**(9 129)**	(20 170)
EBIT					**401 048**	357 376
Net finance cost					**(12 012)**	(24 486)
Taxation					**(105 086)**	(102 251)
Profit after tax					**283 950**	230 639

Revenues of approximately R1.68 billion (2020: R1.81 billion) are derived from two external customers domiciled in Botswana and are attributed to the Botswana and Namibia segments.

Notes to the consolidated and separate financial statements continued

25. Segmental review continued

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.

	Total assets		Non-current assets excluding deferred tax and financial assets		Total liabilities		Capital expenditure and intangibles acquired	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Botswana	**2 101 708**	1 935 553	**637 515**	650 370	**1 161 193**	1 121 817	**21 653**	8 798
Eswatini	**474 364**	359 868	**116 013**	101 922	**244 744**	169 676	**31 933**	19 900
Namibia	**300 710**	334 371	**14 932**	13 737	**191 694**	241 074	**9 461**	4 085
South Africa	**815 551**	789 832	**225 703**	237 707	**302 263**	249 221	**16 218**	37 603
Other countries	**71 209**	22 949	**31 634**	14 866	**48 989**	6 621	**12 676**	2 649
Intersegmental transactions	**(164 324)**	(146 890)	**–**	–	**(165 367)**	(148 026)	**–**	–
Total	**3 599 218**	3 295 683	**1 025 797**	1 018 602	**1 783 516**	1 640 383	**91 941**	73 035

Notes to the consolidated and separate financial statements continued

26. Contingent liabilities

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

27. Capital commitments

The group has capital expenditure commitments to the value of R6.2 million (2020: R6.2 million) that were authorised but not yet contracted or recognised as liabilities.

28. 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 2021 are the following:

A reduction in the South African corporate tax rate from 28% to 27%, has been announced and will be effective from 1 April 2022. As a result, the relevant deferred tax balances will be remeasured in 2022.

Wutow Trading (Pty) Ltd has entered into a new lease for its warehouse facility in Windhoek, Namibia, on 1 January 2022. The lease has been signed for a 10 year period. The right of use asset and lease liability at inception is estimated at R115.7 million. The depreciation expense for 2022 will be R11.6 million and the interest on the lease liability will be R8.4 million. The cash outflow on the repayment of the lease liability in the next 12 months will be R12.9 million.

On 1 January 2022, Pack 'n Stack (Pty) Ltd, a subsidiary of CA Sales Holdings Ltd, acquired 100% of the share capital of Effective Sales and Merchandising (Pty) Ltd ("ESM"), for R 37.1 million. ESM is a supplier of sales and merchandising services based in South Africa. As a result of the acquisition, the group obtained access to the sales and merchandising wholesale industry. The purchase price allocation is provisional. Total estimated intangibles including goodwill of R34.2 million arose from the acquisition but has not been finalised. The first payment of R24.8 million for this acquisition was made before the year end and included in the statement of cash flows.

Transaction costs relating to the acquisition, in the form of professional fees, amounted to R0.1 million. These costs will be expensed as per the accounting policy.

The following table summarises the purchase consideration paid for ESM, the preliminary fair value of assets acquired and liabilities assumed at the acquisition date.

28. Events after balance sheet date continued

	2022 R'000
Cash paid	24 844
Contingent consideration	12 266
Total purchase consideration	**37 110**
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	1 796
Property, plant and equipment	1 696
Deferred income tax assets	89
Trade and other receivables	2 942
Trade and other payables	(1 387)
Borrowings	(2 226)
Total identifiable net assets	**2 911**
Goodwill and other intangibles	34 200
Net assets acquired	**37 110**
Cash flow on acquisition	
Purchase consideration – cash portion	24 844
Cash and cash equivalents acquired	(1 796)
Net cash outflow – investing activities	**23 048**

The assets and liabilities calculated, are preliminary amounts.

The goodwill will arise 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 and other intangibles still to be calculated. Intangibles are attributable to the current relationships with suppliers and customers. Goodwill is not expected to be deductible for tax purposes.

The contingent consideration will be recognised in the 2022 financial year and will be based on ESM's estimated profit after tax for the year ended 31 December 2023 multiplied by a price earnings ratio of 4, multiplied by 30% but capped at a maximum of R12.3 million.

29. Going concern

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

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Analysis of shareholders

Registered shareholder spread

As at 31 December 2021	Number of holders	% of total shareholders	Number of shares	% of share issued capital
Shareholder spread				
1 – 10 000 shares	226	59.79	515 419	0.11
10 001 – 100 000 shares	78	20.63	2 766 081	0.60
100 001 – 1 000 000 shares	48	12.70	19 974 705	4.33
1 000 001 – 100 000 000 shares	25	6.61	217 351 237	47.10
100 000 001 shares and above	1	0.26	220 825 060	47.86
Total	378	100.00	461 432 502	100.00
Public and non-public shareholding				
Non-public shareholders				
Shareholder holding more than 10%	1	0.26	220 825 060	47.86
Directors and directors of subsidiaries	15	3.97	34 978 237	7.58
Public shareholders	362	95.77	205 629 205	44.56
Total	378	100.00	461 432 502	100.00
Shares held by Botswana citizens (individuals and institutions)			163 423 444	35.42
Shares on the BSE share register			152 684 254	33.09
Shares on the CTSE share register			308 748 248	66.91

Shareholders' diary

	Date
Financial year-end	31 December
Annual general meeting	23 June 2022
Reports and accounts	
Announcement of interim results for the six months ending 30 June 2022	September 2022
Announcement of annual results and final dividend for the year ending 31 December 2022	March 2023
Integrated report	April 2023

	Declaration	Payment
Dividends 2020		
Ordinary shares Final dividend	18 March 2022	11 April 2022

Notice of annual general meeting

CA Sales Holdings Limited trading as CA&S Group
(Incorporated in the Republic of South Africa)
(Registration number 2011/143100/06)
Botswana registration number: BW00001085331
Share code: CAS
ISIN: ZAE400000036
("CA&S" or "the company")

Notice is hereby given of the annual general meeting of shareholders of CA Sales Holdings Ltd ("CA&S" or "the company") to be held at the offices of CA Sales and Distribution, 2nd Floor, Boardroom, Portion 867, Commerce Park, Gaborone, Botswana, on 23 June 2022, at 12h00 ("the AGM").

Purpose

The purpose of the AGM is to transact the business set out in the agenda below.

Agenda

A. Presentation of the audited annual financial statements of the company, including the reports of the directors for the year ended 31 December 2021. The integrated report, of which this notice forms part, contains the consolidated financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on CA&S' website at www.cas.group, or may be requested and obtained in person, at no charge, at the registered office of CA&S during office hours.

B. To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

Note:
For any of the ordinary resolutions numbers 1 to 10 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

1. Retirement and re-election of directors

Ordinary resolution number 1

"Resolved that Mr B Patel, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

The reason for ordinary resolution number 1 is that the memorandum of incorporation of the company and to the extent applicable, the South African Companies Act, 71 of 2008, as amended ("the Companies Act"), require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

A summary of Mr Patel's curriculum vitae has been included on page 42 of the integrated report.

Ordinary resolution number 2

"Resolved that Mr F Britz, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

The reason for ordinary resolution number 2 is that the memorandum of incorporation of the company and to the extent applicable, the South African Companies Act, require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

A summary of Mr Britz' curriculum vitae has been included on page 41 of the integrated report.

Ordinary resolution number 3

"Resolved that Ms S Moakofi, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers herself for re-election, be and is hereby re-elected as director."

The reason for ordinary resolution number 3 is that the memorandum of incorporation of the company and to the extent applicable, the South African Companies Act, require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

A summary of Ms Moakofi's curriculum vitae has been included on page 42 of the integrated report.

Notice of annual general meeting continued

2. Re-appointment of the members of the audit and risk committee of the company

Note:

For avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the South African Companies Act.

Ordinary resolution number 4

"Resolved that Mr L Cronje, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

Ordinary resolution number 5

"Resolved that Mr B Patel, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

Ordinary resolution number 6

"Resolved that Mr E Masilela, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

Ordinary resolution number 7

"Resolved that Mr B Marole, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

The reason for ordinary resolutions numbers 4 to 7 (inclusive) is that the company, being a public listed company, must appoint an audit committee and the South African Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

Brief curricula vitae of each of the directors up for re-appointment to the audit and risk committee appear on page 41 and 42 of the integrated report.

3. Re-appointment of auditor

Ordinary resolution number 8

"Resolved that PricewaterhouseCoopers Inc., with the designated auditor being TJ Howatt, as registered auditor and partner in the firm, be and is hereby re-appointed as auditor of the company for the ensuing year on the recommendation of the audit and risk committee of the company."

The reason for ordinary resolution number 8 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the South African Companies Act.

4. Non-binding endorsement of CA&S' remuneration policy

Ordinary resolution number 9

"Resolved that the company's remuneration policy, as set out on pages 49 to 51 of this annual integrated report, be and is hereby endorsed by way of a non-binding advisory vote."

The reason for and effect of ordinary resolution number 9 is that the King IV Report on Corporate Governance for South Africa, 2016™ ("King IV™") recommends, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM. This enables shareholders to express their views on the remuneration policy adopted. Ordinary resolution 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

To the extent that 25% or more of the votes exercised in respect of this ordinary resolution number 9 are exercised against the resolution, the company will issue an invitation to those shareholders who voted against the resolution, to engage with the company.

Notice of annual general meeting continued

5. Non-binding advisory vote on CA&S' implementation report of the remuneration policy

Ordinary resolution number 10

"Resolved that the company's implementation report in regard to the remuneration policy, as set out on pages 52 to 55 of this annual integrated report, be and is hereby endorsed by way of a non-binding vote."

The reason for and effect of ordinary resolution number 10 is that King IV™ recommends that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting. This enables shareholders to express their views on the implementation of a company's remuneration policy. Ordinary resolution 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

To the extent that 25% or more of the votes exercised in respect of this ordinary resolution number 10 are exercised against the resolution, the company will issue an invitation to those shareholders who voted against the resolution, to engage with the company.

C. To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

Note:

For any of the special resolutions numbers 1 to 5 to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

6. General authority to issue ordinary shares for cash

Special resolution number 1

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's memorandum of incorporation, the South African Companies Act and the Listings Requirements of the BSE and either the CTSE or JSE ("Listings Requirements"), as may be applicable to the company at the relevant time, provided that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- the equity securities must be issued to public shareholders and not to related parties;
- securities which are the subject of a general issue for cash may not exceed 15% of the company's listed equity securities as at the date of this notice of annual general meeting, being 461 432 502 ordinary shares;
- the maximum discount at which equity securities may be issued is 10% of the weighted average ruling price of such equity securities measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities;
- in the event that the securities issued, represent on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on BSE-News and either the CTSE News Portal or the Stock Exchange News Service (SENS), as may be applicable; and
- the authority shall be valid until the next annual general meeting of the company (provided it shall not extend beyond 15 months from the date of this resolution)."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to duly approved share incentive schemes), it is necessary for the board of the company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the memorandum of incorporation of the company. Accordingly, the reason for special resolution number 1 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the memorandum of incorporation of the company.

7. Remuneration of non-executive directors

Special resolution number 2

"Resolved, in terms of section 66(9) of the South African Companies Act, that the company be and is hereby authorised to remunerate its directors for their services as directors on the basis set out below, provided that this authority will be valid until the next annual general meeting of the company:

	Fee per annum
Board (directors)	R175 000
Board (chairman)	R200 000
Audit and risk committee	R25 000
Remuneration committee	R25 000
Social and ethics committee	R25 000

The previous year, fees were approved per board and committee meeting attended.

The reason for special resolution number 2 is for the company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the South African Companies Act.

The effect of special resolution number 2 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting of the company.

Notice of annual general meeting continued

8. Inter-company financial assistance

8.1 Special resolution number 3: Inter-company financial assistance

"Resolved, in terms of section 45(3)(a)(ii) of the South African Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the South African Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the South African Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 3 is to grant the directors of the company the authority, until the next annual general meeting of the company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is, *inter alia,* authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

8.2 Special resolution number 4: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company

"Resolved, in terms of section 44(3)(a)(ii) of the South African Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the South African Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the South African Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 4 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, *inter alia,* to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the South African Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolution numbers 3 and 4 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's memorandum of incorporation have been met.

Notice of annual general meeting continued

9. Share repurchases by the company and its subsidiaries

Special resolution number 5: Share buy-back by CA&S and its subsidiaries

"Resolved, as a special resolution, that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the South African Companies Act, the memorandum of incorporation of the company and the Listings Requirements, including, *inter alia,* that:

- the general repurchase of the shares may only be implemented through the open market and may not take place during a closed period unless the company has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the BSE and either the CTSE or JSE (as may be applicable to the company at the relevant time) in writing prior to the commencement of the prohibited period;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 80 million shares;
- a resolution has been passed by the board of directors approving the purchase, that the company has satisfied the solvency and liquidity test as defined in the South African Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the company and its subsidiaries ("the group");
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected; and
- the company may not effect a repurchase which will result in the company not complying with the CTSE minimum number and percentage of securities held by the public on the date of the repurchase, as contemplated in terms of paragraph 6.26 of the CTSE Listings Requirements.

To the extent that the company is listed on the JSE, it will comply with the following:

- the general repurchase of shares shall be implemented through the order book operated by the JSE trading system and done without any prior understanding and arrangement between the company and/or its relevant subsidiaries and the counter party.
- the company may not effect a repurchase during a prohibited period as defined in the JSE Listings Requirements unless there is a repurchase programme in place, which has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party as contemplated in paragraph 5.72(h) of the JSE Listings Requirements."

The reason for and effect of special resolution number 5 is to grant the directors a general authority in terms of its memorandum of incorporation and the CTSE or JSE Listings Requirements, as may be applicable to the company at the relevant time, for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 5. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2) (b)(i) of the South African Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a *pro rata* repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the South African Companies Act.

Notice of annual general meeting continued

Information relating to the special resolutions

1. The directors of the company or its subsidiaries will only utilise the general authority to repurchase shares of the company as set out in special resolution number 5 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the group would not be compromised as to the following:
   - the group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the AGM and for a period of 12 months after the repurchase;
   - the consolidated assets of the group will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of the group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the group;
   - the ordinary capital and reserves of the group after the repurchase will remain adequate for the purpose of the business of the group for a period of 12 months after the AGM and after the date of the share repurchase; and
   - the working capital available to the group after the repurchase will be sufficient for the group's requirements for a period of 12 months after the date of the notice of the AGM.

   General information in respect of major shareholders, material changes and the share capital of the company is contained in the integrated report of which this notice forms part, as well as the full set of annual financial statements, being available on CA&S' website at www.cas.group or which may be requested and obtained in person, at no charge, at the registered office of CA&S during office hours.

2. The directors, whose names appear on page 41 and 42 of the integrated report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by the Listings Requirements.

3. Special resolutions numbers 1, 3, 4 and 5 are renewals of resolutions taken at the previous annual general meeting held on 21 June 2021.

Notice of annual general meeting continued

Voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretary of the company ("the share register") for purposes of being entitled to receive this notice is 22 April 2022.

2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at the AGM is 17 June 2022, with the last day to trade being 13 June 2022.

3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's license to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretary for guidance.

4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM. Shareholders should complete their proxy forms and lodge their forms of proxy using the following methods:

   Shares listed on the BSE:

   - delivered to Grant Thornton Botswana at Acumen Park, Plot 50370, Fairgrounds, Gaborone, Botswana;
   - email to Aparna.vijay@bw.gt.com; and
   - post to PO Box 1157, Gaborone, Botswana.

   Shares listed on the CTSE or JSE:

   - email to admin@ctseregistry.co.za.

5. Forms of proxy should be received by no later than 12h00 on Tuesday, 21 June 2022, provided that any form of proxy not received by this time may still be handed to the chairman of the AGM at any time up to the commencement of the annual general meeting.

6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their central securities depository participant ("CSDP" or "CSDB") or broker to provide them with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between such shareholders and the CSDP, CSDB or broker.

7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the board

Ms Bernadien Naude
Company secretary

29 April 2022
Centurion

Form of proxy

CA Sales Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 2011/143100/06)
Botswana registration number: BW00001085331
Share code: CAS
ISIN: ZAE400000036
("CA&S" or "the company")

Form of proxy – for use by certificated and own-name dematerialised shareholders only

For use at the annual general meeting of ordinary shareholders of the company to be held at 12h00 at the offices of CA Sales and Distribution, 2nd Floor, Boardroom, Portion 867, Commerce Park, Gaborone, Botswana, on 23 June 2022 ("the AGM").

I/We (full name in print)

of (address)

being the registered holder of ordinary shares hereby appoint:

1. or failing him/her,

2. or failing him/her,

3. the chairman of the AGM,

as my proxy to vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions and special resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

	Number of shares		
	In favour	Against	Abstain
1. Ordinary resolution number 1: To re-elect Mr B Patel as director			
2. Ordinary resolution number 2: To re-elect Mr F Britz as director			
3. Ordinary resolution number 3: To re-elect Ms S Moakofi as director			
4. Ordinary resolution number 4: To re-elect Mr L Cronje as a member of the audit and risk committee			
5. Ordinary resolution number 5: To re-elect Mr B Patel as a member of the audit and risk committee			
6. Ordinary resolution number 6: To re-elect Mr E Masilela as a member of the audit and risk committee			
7. Ordinary resolution number 7: To re-elect Mr B Marole as a member of the audit and risk committee			
8. Ordinary resolution number 8: To re-appoint PricewaterhouseCoopers Inc. as the auditor			
9. Ordinary resolution number 9: Non-binding endorsement of CA&S' remuneration policy			
10. Ordinary resolution number 10: Non-binding advisory vote on CA&S' implementation report of the remuneration policy			
11. Special resolution number 1: General authority to issue ordinary shares for cash			
12. Special resolution number 2: Remuneration of non-executive directors			
13. Special resolution number 3: Inter-company financial assistance			
14. Special resolution number 4: Financial assistance for acquisition of shares in a related or inter-related company			
15. Special resolution number 5: Share buy-back by CA&S and its subsidiaries			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided should you wish to vote all of your shares.

Signed at on this day of 2022.

Signature(s)

Assisted by (where applicable) (state capacity and full name)

Each CA&S shareholder is entitled to appoint one or more proxy/(ies) (who need not be a shareholder(s) of the company) to attend, speak and vote in his/her stead at the AGM.

Notes to the form of proxy

1. A CA&S shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A CA&S shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretary of the company:

   Shares listed on BSE

   Grant Thornton
   Botswana, Acumen Park Plot 50370, Fairground, Gaborone
   (PO Box 1157, Gaborone, Botswana)
   email: Aparna.vijay@bw.gt.com

   Shares listed on CTSE or JSE

   Cape Town Stock Exchange Registry
   email: admin@ctseregistry.co.za

   by not later than 12h00 on 21 June 2022, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM at any time up to the commencement of the annual general meeting.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory/(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretary or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

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
Centurion, 0157
South Africa

Corporate Advisor and CTSE Issuer Agent
PSG Capital (Pty) Ltd
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
South Africa
(PO Box 7403, Stellenbosch, 7599)

and at

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

Company Secretary
Bernadien Naude CA(SA) (appointed 5 April 2022)
Frans Reichert CA(SA) (resigned 5 April 2022)
1st Floor, Building C
Westend Office Park
254 Hall Street
Centurion, 0157
South Africa

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

Auditor and Reporting Accountants
PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City
Jukskei, 2090
South Africa

Majority Shareholder
PSG Alpha Investments (Pty) Ltd
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch
7600
South Africa

Principal Banker
First National Bank Limited

Website: www.cas.group

Transfer Secretaries (BSE)
Grant Thornton Botswana
Acumen Park, Plot 50370,
Fairgrounds Office Park
Gaborone, Botswana

Transfer Secretaries (CTSE or JSE)
Cape Town Stock Exchange Registry Services
Cape Town Stock Exchange
5th Floor, 68 Albert Road
Woodstock, Cape Town
South Africa