2023

REUNERT

REUNERT LIMITED

Unaudited Condensed Consolidated Interim Financial Statements

and cash dividend declaration for the six months ended 31 March 2023

Contents

Group profile

Reunert comprises a diversified portfolio of businesses in the fields of Electrical Engineering, Information and Communication Technology (ICT), and Applied Electronics.

The Group was established in 1888, by Theodore Reunert and Otto Lenz, and has contributed to the South African economy in numerous ways. Reunert was listed on the JSE in 1948 and is included in the industrial goods and services (electronic and electrical equipment) sector of the JSE. Reunert's primary operations are in South Africa with permanent presences in Australia, Lesotho, Mauritius, the United States of America (USA) and Zambia.

Reunert accesses several export markets in Europe and Asia through distributors.

Reunert's Head Office is in Woodmead, Johannesburg, South Africa.

Commentary

Overview

Reunert is pleased to present its results for the six-month period ended 31 March 2023 (H1 FY: 2023), which reflect continued growth in the Group's financial performance compared to the prior comparative period. This growth resulted from the Electrical Engineering and Applied Electronics Segments delivering excellent operational performances on the back of improved demand for their products and services.

Group results

The Group's revenue increased by 21% to R6,2 billion from R5,1 billion achieved in the six-month period ended 31 March 2022 (H1 FY: 2022), primarily due to improved cable volumes in the Electrical Engineering Segment, and the growth in sales in the Applied Electronics Segment as demand for renewable energy products continued to increase and the delivery of the defence export order book accelerated.

The Group generated positive operating leverage from the improved throughput and operational efficiencies in the Applied Electronics and Electrical Engineering Segments. The ICT Segment delivered results in line with expectations and the guidance provided in the 2022 year end results. The Group's operating profit includes the benefit of a R44 million preliminary insurance pay-out for the business interruption caused by the COVID-19 pandemic. Accordingly, the Group's operating profit increased by 33% to R620 million (H1 FY: 2022: R465 million).

At 31 March 2023, all segments continued to have healthy order books and, while both international and local macro-economic conditions pose increased risk, the Group remains well positioned for the 2023 financial year.

Key earnings metrics

	Measurement criteria	Six months ended 31 March 2023	Six months ended 31 March 2022	% change	Year ended 30 September 2022
Revenue	Rm	**6 203**	5 114	21	11 129
Segment operating profit	Rm	**625**	449	39	1 140
Operating profit	Rm	**620**	465	33	1 231
Profit for the period	Rm	**422**	319	32	844
Earnings per share	Cents	**259**	196	32	520
Headline earnings per share	Cents	**267**	195	37	519
Interim/total cash dividend per share	Cents	**83**	75	11	299

Cash resources and liquidity

Higher sales in the last quarter of H1 FY: 2023 resulted in higher trade receivable balances. This, together with further investment into inventory as the Group prepares for the execution of the large export and other orders that will be delivered from the second half of the 2023 financial year (H2 FY: 2023) and into the 2024 financial year, led to the Group increasing its investment in working capital by a further R324 million (H1 FY: 2022: R312 million).

The ongoing cash generation capability of the Group, together with the headroom in its bank funding capacity, provides the financial resources for the Group's operational and strategic initiatives and dividend payments.

Segment review

Electrical Engineering

The Electrical Engineering Segment continued its recent growth trajectory with a strong performance in H1 FY: 2023 as segment revenue increased by 11% to R3,2 billion (H1 FY: 2022: R2,9 billion), while segment operating profit increased by 44% to R218 million (H1 FY: 2022: R151 million).

The Power Cable businesses increased production volumes, in part due to uninterrupted operations in South Africa in H1 FY: 2023, compared to the three-week, industry-wide, wage negotiation strike suffered in the prior comparative period, and in part due to improved demand. The improved business environment in Zambia led to new cable contracts being awarded and a resultant increase in production volumes. The ongoing lean six-sigma initiatives delivered further reductions in unit costs, as over-consumption was reduced, and the increased throughput improved factory cost recoveries. These operational gains were augmented by an improved product mix and delivered higher margins which underpinned the stronger Power Cable earnings.

The Circuit Breaker business increased its local market share, but its exports to the USA decreased due to a combination of delays in project execution from American customers and these customers de-stocking as their supply chains continue to recover. The Australian and European markets continued to grow, however, the volume of circuit breakers exported marginally declined compared to the prior financial year, due to developments in the US market. Importantly, margins improved for the business as the COVID-19 related supply chain cost pressures eased, the impact of the prior financial year’s price increases were realised and consequently, the business was able to achieve an equivalent financial performance to the prior comparative period.

The CBi: Energy line of the business achieved key milestones in the final certification of its product range and the successful launch of the energy management system. The Group continues to invest in CBi: Energy as the business drives towards the scaling of this new opportunity.

ICT

The ICT Segment delivered results in line with expectations as segment revenue increased by 11% to R1,4 billion (H1 FY: 2022: R1,3 billion) while segment operating profit increased by 4% to R318 million (H1 FY: 2022: R305 million). The increase in segment operating profit was adversely impacted by the sale of R250 million of Quince’s lease and loan receivables book and reduced minute volume at the Business Communications cluster, due to loadshedding, which offset an otherwise pleasing performance from the remainder of the ICT Segment companies.

In line with the Group’s strategic intent to redeploy funds invested in Quince into higher yielding assets, Quince sold R201 million of its lease and loan receivables book at the end of the 2022 financial year and a further R49 million in H1 FY: 2023. The funds realised were utilised to settle the purchase consideration for Etion Create, however, the reduced lease and loan receivables book resulted in a lower operating profit contribution from Quince in H1 FY: 2023.

The forward-looking assessment for Quince’s lease and loan receivables book, required by IFRS 9: Financial Instruments, incorporated the potential that South Africa’s credit environment will become more challenging due to the combination of expected lower growth, higher interest rates and high inflation. This necessitated an increase of R25 million (H1 FY: 2022: R9 million release) in the allowance for expected credit losses. Importantly, despite the forward-looking expectations of tightening credit conditions, actual credit impairments remained in line with historic levels and no material degradation in collection performance occurred in the period under review.

The Total Workspace Provider business, under the Nashua brand, benefited from its multiple brand strategy and an easing of the supply chain challenges experienced in the prior financial year. These improvements enabled the business to service robust demand from their key small and medium-sized enterprise customer base and product volumes sold improved compared to the prior comparative period. In addition, demand for complementary products and services, especially renewable energy solutions, accelerated and resulted in an improved period-on-period profit performance for the business.

The Business Communications cluster's growth continued to be negatively impacted by loadshedding, which results in a reduction in voice minutes due to customers' inability to make or receive calls. Importantly, there was no further degradation in the volume of voice minutes carried across the network, when compared to the second half of the 2022 financial year (H2 FY: 2022), despite much higher average loadshedding in H1 FY: 2023. This indicates stability for the business even with the increased uncertainty around the country's electricity supply. SkyWire had a positive performance in H1 FY: 2023 as demand for last mile connectivity solutions continued to grow.

The Solutions and Systems Integration cluster delivered a strong period-on-period growth in operating profit, reflecting the positive progress the business continues to make. The integration of the prior years’ acquisitions and continued execution of their strategy – to enable the digital transformation of their enterprise clients – yielded good operating profit and revenue growth. In addition, the cluster concluded the important acquisition of a cyber security capability to augment their solution offering. Cyber Security forms a critical component of digital transformation services and this capability will increase +OneX's client access into the future.

The ICT Segment announced the acquisition of IQbusiness, an independent management and technology consulting firm. This acquisition is subject to the fulfilment of normal suspensive conditions for a transaction of this nature and approval by the competition authorities. IQbusiness has revenues in excess of R1 billion and has key competencies in the financial services, retail and telecommunications industries. The acquisition of IQbusiness, when concluded, will create an expanded service offering and improved technical capabilities for the ICT Segment in the Solutions and Systems Integration cluster.

Applied Electronics

The Applied Electronics Segment had a strong financial performance in H1 FY: 2023 resulting in segment revenue increasing by 49% to R1,6 billion (H1 FY: 2022: R1,1 billion) and segment operating profit increasing by 196% to R163 million (H1 FY: 2022: R55 million).

Defence

All the Defence businesses experienced strong performances on the back of the good order books secured in the 2022 financial year. The orders were appropriately executed, aided by a partial easing of the supply chain challenges previously experienced. Strong improvement in period-on-period performances were experienced by the Secure Communications, Logistics and Radar companies and the Fuze business again delivered a strong financial performance.

Etion Create was included in the segment's financial results for the first time and its integration into the segment progressed smoothly. Its management team executed on its extensive order book and delivered a financial performance well in excess of the investment case.

Importantly, the rate of orders received by the segment showed no signs of slowing in H1 FY: 2023 and the executable order book ensures the segment is, largely, at full capacity for H2 FY: 2023.

Renewable Energy

The demand for the Renewable Energy cluster’s products and services accelerated in H1 FY: 2023 as sustained loadshedding continued to plague the country. To ensure that these businesses grow sustainably, investment has been made to enhance human resource and business process requirements at both the battery business, Blue Nova Energy, and the solar business, Terra Firma Solutions. This investment has been made in preparation for further increased demand and resulted in higher costs in the businesses. Despite this investment, revenue and operating profit increased in H1 FY: 2023 and the overhead investment is expected to enable sustained and accelerated growth into the medium term.

Events after the reporting date

Shareholders are referred to note 14 for the detail disclosed regarding the events after the reporting date.

Prospects

Reunert is well positioned to deliver an improved full year financial performance for 2023. The financial performance for H2 FY: 2023 is, however, not expected to replicate the rate of growth experienced in H1 FY: 2023 due to the strong financial performance delivered in H2 FY: 2022.

The full year prospect is supported by the level of orders received in both the Electrical Engineering Segment, specifically the Power Cable businesses, and in the Applied Electronics Segment. These order books support the revenue and margin expectations and position the two segments to continue to perform strongly in H2 FY: 2023.

The ICT Segment is expected to deliver an improved year-on-year performance on the back of the accelerated growth of +OneX and stable growth from the Total Workspace Provider and Business Communications cluster.

The Group's cash flow remains a key focus area and is expected to support the execution of both the Group's operational and strategic initiatives and enable an increased return to shareholders.

Cash dividend

Despite the Group's increased investment into working capital in H1 FY: 2023 and the economic uncertainty, the Group's free cash flow generating capacity remains intact. Notice is hereby given that a gross interim cash dividend No. 194 of 83,0 cents per ordinary share (March 2022: 75,0 cents per ordinary share) has been declared by the board of directors (Board) for the six months ended 31 March 2023.

The dividend has been declared from retained earnings.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt from, or who do not qualify for, a reduced rate of withholding tax.

Accordingly, for those shareholders subject to withholding tax, the net dividend amounts to 66,4 cents per ordinary share (March 2022: 60,0 cents per ordinary share).

The issued share capital at the declaration date is 184 969 196 ordinary shares.

In compliance with the requirements of Strate Proprietary Limited and the Listings Requirements of the JSE Limited, the following dates are applicable:

Last date to trade (*cum* dividend)	Tuesday, 20 June 2023
First date of trading (*ex* dividend)	Wednesday, 21 June 2023
Record date	Friday, 23 June 2023
Payment date	Monday, 26 June 2023

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 21 June 2023 and Friday, 23 June 2023, both days inclusive.

On behalf of the Board

Mohamed Husain
Chair

Alan Dickson
Chief Executive Officer

Nick Thomson
Chief Financial Officer

Sandton, 23 May 2023

Condensed consolidated statement of profit or loss

for the six months ended 31 March 2023

Rm	Notes	Six months ended 31 March 2023 Unaudited	2022 Unaudited	% Change	Year ended 30 September 2022 Audited
Revenue	2	**6 203**	5 114	21	11 129
Operating expenses[1]		**(5 530)**	(4 657)	19	(9 903)
Operating profit before impairment of financial assets:		**673**	457	47	1 226
(Impairment)/reversal of impairment		**(53)**	8		5
Credit write-off	3, 6	**(4)**	(6)		(13)
Expected credit losses	3, 6	**(49)**	14		18
Operating profit	3	**620**	465	33	1 231
Interest and dividend income	4	**26**	20		32
Interest expense	5	**(74)**	(36)		(84)
Profit before tax		**572**	449	27	1 179
Tax		**(156)**	(118)	32	(293)
Profit after tax		**416**	331	26	886
Equity-accounted investees		**6**	(12)		(42)
Share of profit/(loss) net of tax		**6**	(8)		(39)
Impairment of investment		**–**	(4)		(3)
Profit for the period		**422**	319	32	844
Profit for the period attributable to:					
Non-controlling interests		**10**	3		17
Equity holders of Reunert		**412**	316		827
Earnings per share (cents)					
Basic	9	**259**	196	32	520
Diluted	9	**258**	195	32	517

[1] *Operating expenses are disclosed as a net amount for purposes of reconciling from revenue to operating profit before impairment of financial assets. The detail of this net amount has been disclosed in note 3, Operating profit, where items of income and expenditure are separately disclosed.*

Condensed consolidated statement of other comprehensive income

for the six months ended 31 March 2023

Rm	Six months ended 31 March **2023 Unaudited**	Six months ended 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Profit for the period	**422**	319	844
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to the statement of profit or loss	**(35)**	(13)	50
Translation differences of foreign businesses	**(35)**	(13)	50
Items that may not be reclassified subsequently to the statement of profit or loss	**–**	(4)	(48)
Fair value remeasurement of financial asset	**–**	(4)	(48)
Total comprehensive income	**387**	302	846
Total comprehensive income attributable to:			
Non-controlling interests	**1**	4	25
– Share of profit for the period	**10**	3	17
– Share of other comprehensive income	**(9)**	1	8
Equity holders of Reunert	**386**	298	821
– Share of profit for the period	**412**	316	827
– Share of other comprehensive income	**(26)**	(18)	(6)

Condensed consolidated statement of financial position

for the six months ended 31 March 2023

Rm	Notes	As at 31 March **2023 Unaudited**	As at 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Non-current assets				
Property, plant and equipment		**917**	843	888
Investment property		**25**	23	25
Right-of-use assets		**216**	137	130
Intangible assets		**558**	472	495
Goodwill	7	**991**	960	960
Investments in joint ventures and associates		**5**	37	9
Investment at fair value through profit or loss		**53**	51	53
Derivative financial asset	8	**–**	32	57
Lease receivables		**358**	391	370
Loan receivables		**1 159**	1 299	1 209
Other investments and loans		**209**	126	64
Deferred tax assets		**194**	142	151
		4 685	4 513	4 411
Current assets				
Tax receivable		**147**	118	107
Inventory		**2 541**	1 874	2 079
Lease receivables		**221**	260	236
Loan receivables		**513**	448	456
Trade and other receivables		**2 875**	2 374	2 674
Derivative financial assets[1]	8	**72**	16	12
Cash and cash equivalents		**1 006**	590	957
		7 375	5 680	6 521
Total assets		**12 060**	10 193	10 932
Equity and liabilities				
Capital and reserves				
Share capital		**389**	389	389
Share-based payment reserves		**217**	214	216
Empowerment shares		**(554)**	(276)	(554)
Treasury shares		**(169)**	(447)	(169)
Equity transactions		**(1)**	(1)	(20)
Other reserves[2]		**(195)**	(181)	(169)
Retained earnings		**7 412**	6 973	7 364
Equity attributable to equity holders of Reunert		**7 099**	6 671	7 057
Non-controlling interests		**129**	86	133
Total equity[3]		**7 228**	6 757	7 190

Rm	Notes	As at 31 March **2023 Unaudited**	2022 Unaudited	Year ended 30 September 2022 Audited
Non-current liabilities				
Deferred tax liabilities		**214**	173	200
Equity forward contract		**20**	42	28
Long-term loans		**301**	65	71
Lease liabilities[4]		**162**	100	77
Derivative financial liability	8	**–**	84	33
Contract liabilities		**4**	60	–
Share-based payment liability		**34**	–	7
Contingent consideration	11	**23**	33	25
		758	557	441
Current liabilities				
Equity forward contract		**16**	14	20
Current portion of long-term loans		**4**	40	7
Lease liabilities[4]		**92**	75	89
Derivative financial liabilities[1]	8	**22**	20	15
Provisions		**61**	86	62
Tax liabilities		**112**	29	41
Contract liabilities		**508**	248	260
Trade and other payables		**2 251**	1 809	2 209
Bank overdrafts and other short-term borrowings		**1 008**	558	598
		4 074	2 879	3 301
Total equity and liabilities		**12 060**	10 193	10 932

1 *Included in current derivative financial assets and current derivative financial liabilities are the Lumika put and call option derivatives and other forward exchange contracts, for details of the Lumika put and call option derivatives refer to note 8.*

2 *Other reserves consist of:*
- *Equity forward contract*
- *Foreign currency translation reserve*
- *Translation loss on net investment in foreign subsidiary*
- *Fair value reserves*

3 *Refer to the statement of changes in equity for the composition of all components of equity.*

4 *Lease liabilities comprise of property related contracts and rental of fibre and fixed telecommunications lines in the ICT Segment. The increase from the prior period relates mainly to new and renewed contracts and additional lease liabilities raised through the acquisition of Etion Create (Pty) Ltd (Etion).*

Condensed consolidated statement of cash flows

for the six months ended 31 March 2023

Rm	Notes	Six months ended 31 March 2023 Unaudited	Six months ended 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Cash flows from operating activities				
Cash generated from operations before working capital changes	A	**889**	607	1 328
Increase in net working capital		**(324)**	(312)	(334)
Cash generated from operations		**565**	295	994
Cash interest received	4	**20**	17	31
Dividends received	4	**2**	–	1
Cash interest paid	5	**(74)**	(36)	(81)
Tax paid		**(174)**	(99)	(234)
Net cash inflow from operating activities before dividends		**339**	177	711
Dividends paid (including to non-controlling interests in subsidiaries)		**(364)**	(333)	(454)
Net cash (outflow)/inflow from operating activities		**(25)**	(156)	257
Cash flows from investing activities				
Cash received from loan receivables		**353**	375	766
Cash invested in loan receivables		**(425)**	(323)	(793)
Proceeds from sale of loan receivables		**42**	–	162
Investments and loans granted		**(144)**	(36)	(31)
Dividends received from joint venture		**5**	2	4
Replacement of property, plant and equipment and intangible assets		**(41)**	(9)	(40)
Proceeds from disposal of property, plant and equipment and intangible assets		**11**	12	47
Expansion of property, plant and equipment and intangible assets		**(109)**	(74)	(192)
Acquisition of businesses		**(187)**	(16)	(16)
Contingent consideration settled		**(5)**	–	(9)
Proceeds from disposal of investment		**–**	29	29
Net cash outflow from investing activities		**(500)**	(40)	(73)

Rm	Notes	Six months ended 31 March **2023** **Unaudited**	2022 Unaudited	Year ended 30 September 2022 Audited
Cash flows from financing activities				
Shares acquired for equity settled Conditional Share Plan (CSP)		**(5)**	(6)	(6)
Proceeds from share subscription by non-controlling interests		**–**	–	11
Shares acquired from non-controlling interests		**(1)**	(10)	(21)
Repurchase of shares from BBBEE party		**–**	–	(10)
Put option liability settled		**–**	(24)	(24)
Long-term loans raised		**234**	24	31
Long-term loans settled		**(3)**	(1)	(3)
Contingent consideration settled		**–**	(2)	(2)
Equity forward contract liability settled		**(8)**	(8)	(15)
Lease liabilities settled		**(47)**	(38)	(84)
Net cash inflow/(outflow) from financing activities		**170**	(65)	(123)
Net (decrease)/increase in net cash and cash equivalents		**(355)**	(261)	61
Net cash and cash equivalents at the beginning of the period as reported in the statement of financial position		**359**	291	291
Net cash and cash equivalents at the end of the period before translation adjustments		**4**	30	352
Foreign exchange translation adjustments on:				
Cash and cash equivalents		**(22)**	(6)	21
Bank overdrafts and other short-term borrowings		**16**	8	(14)
Net cash and cash equivalents at the end of the period as reported in the statement of financial position		**(2)**	32	359
Made up of:				
Cash and cash equivalents		**1 006**	590	957
Bank overdrafts and other short-term borrowings		**(1 008)**	(558)	(598)
Bank overdrafts		**(50)**	(52)	(67)
Other short-term borrowings		**(958)**	(506)	(531)

Notes to the condensed consolidated statement of cash flows

for the six months ended 31 March 2023

Rm	Notes	Six months ended 31 March **2023 Unaudited**	 2022 Unaudited	Year ended 30 September 2022 Audited
A. Reconciliation of profit before tax to cash generated from operations before working capital changes				
Profit before tax		**572**	449	1 179
Adjusted for:				
Cash interest received	4	**(20)**	(17)	(31)
Dividend received	4	**(2)**	–	(1)
Cash interest paid	5	**74**	36	81
Unwinding of present value discount	4,5	**(4)**	(3)	3
Depreciation of property, plant and equipment and right-of-use assets		**115**	100	201
Amortisation of intangible assets		**46**	28	52
Profit on disposal of property, plant and equipment and intangible assets		**(2)**	(2)	(1)
Fair value remeasurements				
Gain on investment at fair value through profit or loss		**–**	(4)	(6)
Loss/(gain) on contingent consideration		**1**	(3)	(3)
(Gain)/loss on put option derivative asset		**(8)**	9	(16)
Gain on call option derivative liability		**(20)**	(8)	(59)
Gain on put option liability		**–**	(1)	(1)
Impairment of intangible assets		**17**	–	–
Expenses arising from share-based payment transactions		**–**	6	6
Share-based payment expense in respect of the Group's CSP		**15**	15	16
Share-based payment expense in respect of the Group's Retention scheme		**23**	–	–
Share-based payment expense in respect of the Group's cash settled employee share ownership plan		**4**	–	7
Net unrealised forex losses/(gains)		**20**	21	(31)
Lease modification		**(18)**	(20)	(48)
Impairment/(reversal of impairment) of financial assets				
Credit write-off		**4**	6	13
Expected credit losses		**49**	(14)	(18)
Provisions movements		**23**	5	(21)
Financial guarantee		**–**	5	4
Other non-cash movements		**–**	(1)	2
Cash generated from operations before working capital changes		**889**	607	1 328

Condensed consolidated statement of changes in equity

for the six months ended 31 March 2023

Rm	Six months ended 31 March **2023 Unaudited**	 2022 Unaudited	Year ended 30 September 2022 Audited
Share capital	**389**	389	389
Share-based payment reserves	**217**	214	216
Balance at the beginning of the period	**216**	219	219
In respect of CSP[1]	**21**	15	17
Shares acquired to settle CSP	**(5)**	(6)	(6)
Expenses arising from share-based payment transactions	**–**	(3)	(3)
Transfer to retained earnings	**(15)**	(11)	(11)
Equity transactions	**(1)**	(1)	(20)
Balance at the beginning of the period	**(20)**	(72)	(72)
Shares acquired from non-controlling interests	**(1)**	3	(10)
Subscription for shares by non-controlling interests	**–**	(1)	(7)
Transfer to retained earnings	**20**	69	69
Empowerment shares[2]	**(554)**	(276)	(554)
Balance at the beginning of the period	**(554)**	(276)	(276)
Transfer from treasury shares	**–**	–	(278)
Treasury shares[3]	**(169)**	(447)	(169)
Balance at the beginning of the period	**(169)**	(447)	(447)
Transfer to empowerment shares	**–**	–	278
Equity forward contract[4]	**(75)**	(75)	(75)
Foreign currency translation reserves	**29**	(1)	55
Balance at the beginning of the period	**55**	13	13
Other comprehensive income	**(26)**	(14)	42
Translation loss on net investment in foreign subsidiary	**(109)**	(109)	(109)
Fair value reserves	**(40)**	4	(40)
Balance at the beginning of the period	**(40)**	8	8
Other comprehensive income	**–**	(4)	(48)

1 *The R21 million (March 2022: R15 million, September 2022: R17 million) comprises of a R15 million charge (March 2022: R15 million charge, September 2022: R16 million charge) in the statement of profit or loss and R6 million (March 2022: Rnil, September 2022: R1 million) related to deferred tax charged through equity.*

2 *This is the cost of Reunert Limited shares held by Bargenel Investments (Pty) Ltd (Bargenel) (the Group's empowerment vehicle).*
The underlying structure is controlled by Reunert Limited and is therefore consolidated.

3 *Ordinary Reunert shares bought back in the open market and held by a subsidiary: 1 483 748 shares (March 2022: 7 032 824, September 2022: 1 483 748 shares). No shares were bought back during the current financial period. (In the prior financial year, 5 549 076 shares were transferred to Bargenel in order to establish the employee share ownership plan as approved by the shareholders at the February 2022 AGM).*

4 *At the end of the 2020 financial year, the Group, on behalf of the CSP, entered into a forward contract to acquire 2 346 930 ordinary Reunert shares from an independent third party, for purposes of hedging the Group's potential future obligation to deliver Reunert ordinary shares to CSP participants.*

Condensed consolidated statement of changes in equity (continued)

for the six months ended 31 March 2023

Rm	Six months ended 31 March 2023 Unaudited	 2022 Unaudited	Year ended 30 September 2022 Audited
Retained earnings	**7 412**	6 973	7 364
Balance at the beginning of the period	**7 364**	7 045	7 045
Profit for the period attributable to equity holders of Reunert	**412**	316	827
Cash dividends paid	**(359)**	(330)	(450)
Transfer from other reserves	**(5)**	(58)	(58)
Equity attributable to equity holders of Reunert	**7 099**	6 671	7 057
Non-controlling interests	**129**	86	133
Balance at the beginning of the period	**133**	87	87
Profit for the period	**10**	3	17
Other comprehensive income	**(9)**	1	8
Cash dividends paid	**(5)**	(3)	(4)
Subscription for shares by non-controlling interests	**–**	1	36
Shares acquired from non-controlling interests	**–**	(3)	(11)
Total equity at the end of the period	**7 228**	6 757	7 190

Notes

for the six months ended 31 March 2023

1. Basis of preparation

These unaudited condensed consolidated interim financial statements (condensed financial statements) have been prepared in accordance with and containing the information required by the:

> Requirements of IAS 34: Interim Financial Reporting
> Framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS) in effect for the Group at 1 October 2022
> South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, as issued by the Accounting Practices Committee
> Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council
> Listings Requirements of the JSE Limited; and
> Requirements of the Companies Act, No. 71 of 2008, of South Africa (Companies Act)

The condensed financial statements were compiled under the supervision of NA Thomson CA(SA), the Group's Chief Financial Officer and authorised for issue on 23 May 2023 by the Board of Directors.

The Group's accounting policies applied for the period ended 31 March 2023 are consistent with those applied in the prior year's audited consolidated Annual Financial Statements. These accounting policies comply with IFRS.

These condensed financial statements have not been audited or reviewed by the Group's external auditors.

2. Revenue

Rm	Six months ended 31 March **2023 Unaudited**	2022 Unaudited	Year ended 30 September 2022 Audited
Revenue from contracts with customers:			
Category of revenue			
Products	**4 960**	4 018	9 262
Services	**1 057**	920	1 504
	6 017	4 938	10 766
Timing of revenue recognition:			
Revenue recognised at a point in time	**5 266**	4 258	9 333
Revenue recognised over time	**751**	680	1 433
Total revenue from contracts with customers	**6 017**	4 938	10 766
Other revenue:			
Interest received on lease and loan receivables	**169**	162	332
Rental revenue	**17**	14	31
Total	**6 203**	5 114	11 129

Refer to the segmental analysis, for a disaggregation of the total revenue into the revenue contribution by each segment.

Notes (continued)

for the six months ended 31 March 2023

3. Operating profit

Rm	Six months ended 31 March 2023 Unaudited	Six months ended 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Operating profit is arrived at as follows:			
Revenue	**6 203**	5 114	11 129
Items included in operating profit			
Changes in inventory	**(3 867)**	(3 224)	(7 147)
Employee costs	**(1 153)**	(999)	(2 061)
Salaries and wages	**(1 015)**	(880)	(1 816)
Pension and provident fund contributions[1]	**(55)**	(63)	(126)
Other staff costs[2]	**(41)**	(41)	(96)
Employee related share-based payment expense[3]	**(42)**	(15)	(23)
Fair value remeasurements	**27**	7	85
Gain on investment at fair value through profit or loss	**–**	4	6
(Loss)/gain on contingent consideration	**(1)**	3	3
Gain/(loss) on put option derivative asset	**8**	(9)	16
Gain on call option derivative liability	**20**	8	59
Gain on put option liability	**–**	1	1
Auditors remuneration	**(17)**	(14)	(29)
Audit fees	**(16)**	(14)	(28)
Other fees	**(1)**	–	(1)
(Impairment)/reversal of impairment of financial assets	**(53)**	8	5
Credit write-off	**(4)**	(6)	(13)
Expected credit losses	**(49)**	14	18
Net forex (losses)/gains	**(78)**	(21)	63
Net realised forex (losses)/gains[4]	**(58)**	–	32
Net unrealised forex (losses)/gains[4]	**(20)**	(21)	31

3. Operating profit (continued)

Rm	Six months ended 31 March 2023 Unaudited	Six months ended 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Other income	**26**	30	74
Insurance income[5]	**44**	–	–
Lease modification	**18**	20	48
Profit on disposal of property, plant and equipment and intangible assets	**2**	2	1
Interest incurred to finance the lease and loan receivables	**(1)**	(8)	(9)
Operating lease charges	**(14)**	(14)	(29)
Research and development expenditure	**(49)**	(70)	(137)
Financial guarantee	**–**	(5)	(4)
Other operating expenses	**(290)**	(227)	(499)
EBITDA[6]	**798**	599	1 490
The following additional disclosable items have been included in arriving at operating profit:			
Depreciation and amortisation	**(161)**	(128)	(253)
Impairment of intangible assets	**(17)**	–	–
Expenses arising from share-based payment transactions[7]	**–**	(6)	(6)
Operating profit as per the statement of profit or loss	**620**	465	1 231

1 *Payments to defined contribution retirement plans are charged as an expense as they fall due.*

2 *Includes staff training, staff welfare, skills development levy, commissions and incentives and other staff related costs.*

3 *The following items are included in the employee related share-based payment expense:*
- *a charge of R4 million (March 2022: Rnil, September 2022: R7 million) relating to the employee share ownership plan. This is classified as a cash-settled share-based payment with the equivalent amount included in liabilities.*
- *a charge of R23 million (March 2022: Rnil, September 2022: Rnil) relating to Group's Retention scheme. This is classified as a cash-settled share-based payment with the equivalent amount included in liabilities.*
- *a charge of R15 million (March 2022: R15 million, September 2022: R16 million) relating to the CSP share scheme.*

4 *Transactions denominated in a foreign currency are initially recognised at the ruling rates of exchange at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated to the exchange rates prevailing at that date. Exchange differences on monetary items are recognised in the statement of profit or loss in the period in which they arise. Derivative instruments are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The resulting gains or losses are recognised in the statement of profit or loss.*

5 *Proceeds arising from the Group's COVID-19 claim in terms of an interim agreement of loss.*

6 *Earnings before net interest, tax, depreciation and amortisation (EBITDA), impairment of intangible assets and expenses arising from share-based payment transactions. EBITDA includes interest income received on lease and loan receivables in the ICT Segment.*

7 *In the prior financial year the minority interests' shares in Bargenel were repurchased for a total consideration of R9,6 million. Of this, R3,3 million was charged to equity and R6,3 million was included as a charge to profit or loss.*

Notes (continued)

for the six months ended 31 March 2023

4. Interest and dividend income

Rm	Six months ended 31 March 2023 Unaudited	Six months ended 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Dividend income	**2**	–	1
Unwinding of present value discount	**4**	3	–
Interest earned on financial assets analysed by category of asset:			
Bank deposits	**15**	12	19
Other assets	**5**	5	12
Interest and dividend income as per the statement of profit or loss	**26**	20	32
Interest earned on finance lease and loan receivables included in revenue	**169**	162	332
Total interest and dividend income	**195**	182	364

5. Interest expense

Rm	2023 Unaudited	2022 Unaudited	2022 Audited
Loans, bank overdrafts and other short-term borrowings	**(64)**	(29)	(66)
Lease liabilities	**(10)**	(7)	(15)
Interest expense as per the statement of cash flows	**(74)**	(36)	(81)
Unwinding of present value discount	**–**	–	(3)
Interest expense as per the statement of profit or loss	**(74)**	(36)	(84)
Interest incurred to finance the lease and loan receivables (included in Group operating expenses as this relates to the Group's finance business)	**(1)**	(8)	(9)
Total interest expense	**(75)**	(44)	(93)

6. Impairment of financial assets

Rm	2023 Unaudited	2022 Unaudited	2022 Audited
Credit write-off	**4**	6	13
Expected credit losses (ECL)	**49**	(14)	(18)
	53	(8)	(5)

6. Impairment of financial assets (continued)

Analysis of movement in the ECL

Rm 31 March 2023	Carrying amount as at the beginning of the period	Raised during the period through the statement of profit or loss	Utilised	Foreign exchange movement	Carrying amount as at the end of the period
Lease and loan receivables	**101**	**25**	**(2)**	**–**	**124**
Trade and other receivables	**165**	**24**	**–**	**(12)**	**177**
Credit write-off for trade and other receivables		**4**			
Impairment of financial assets per the statement of profit or loss		**53**			

Rm 31 March 2022	Carrying amount as at the beginning of the period	(Released)/ raised during the period through the statement of profit or loss	Utilised	Foreign exchange movement	Carrying amount as at the end of the period
Lease and loan receivables	152	(9)	(4)	–	139
Trade and other receivables	167	(5)	(1)	(6)	155
Credit write-off for trade and other receivables		6			
Reversal of impairment of financial assets per the statement of profit or loss		(8)			
30 September 2022					
Lease and loan receivables	152	(11)	(40)	–	101
Trade and other receivables	167	(7)	(6)	11	165
Credit write-off for trade and other receivables		13			
Reversal of impairment of financial assets per the statement of profit or loss		(5)			

Notes (continued)

for the six months ended 31 March 2023

6. Impairment of financial assets (continued)

Lease and loan receivables

The Group applies IFRS 9: Financial Instruments' general approach to measuring the ECL required in respect of lease and loan receivables.

This is calculated by applying a historical loss ratio to the lease and loan receivables at each reporting date. The loss ratio for the lease and loan receivables is calculated according to the ageing/payment profile, as at the reporting date, by applying historic write-offs to the profile of the population as at that date.

The resulting ECL is then adjusted for forward-looking information to determine the final ECL required at the reporting date.

In assessing whether the credit risk of a lease and loan receivable has increased significantly since initial recognition, the Group compares the risk of a default (when the amount owing by a customer is unlikely to be settled with the initial indicator being the amount is past due by 90 days) occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition. In making this assessment, the Group considers quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In assessing the stage categorisation, receivables that include balances which are 30 days overdue are classified as stage 2 and receivables that include balances that are 90 days overdue are classified as stage 3.

Key assumptions

The Group has used the following key assumptions in estimating the ECL as at 31 March 2023:

	Six months ended 31 March		Year ended 30 September
	2023 Unaudited	2022 Unaudited	2022 Audited
Probability of default (PD)	**6,2%**	5,5%	3,6%
Loss given default (LGD)	**65,8%**	63,0%	63,2%
Exposure at default (EAD)	**Exposure of receivables at 31 March 2023**	Exposure of receivables at 31 March 2022	Exposure of receivables at 30 September 2022

The forward-looking information was derived from a detailed assessment of the lease and loan receivables. This assessment used Experian's (a South African credit bureau) quarterly risk report identifying industry sectors showing a trend of increasing distress. This exercise determined the industry classification of each rental customer and which industries were considered to be likely to experience future adverse credit risk.

6. Impairment of financial assets (continued)

The LGD rate used was obtained from the quoted recovery rate of the World Bank for South African debt of 34%. This remains the best independent and credible information available to estimate the expected LGD and results in an LGD of 65,8%.

Categorisation of stages

Rm	Carrying amount before ECL	Expected credit losses Stage 1	Stage 2	Stage 3	Net carrying amount after ECL
31 March 2023	**2 375**	**(21)**	**(33)**	**(70)**	**2 251**
Lease receivables	**599**	**(6)**	**(7)**	**(7)**	**579**
Loan receivables	**1 776**	**(15)**	**(26)**	**(63)**	**1 672**
31 March 2022	2 537	(17)	(24)	(98)	2 398
Lease receivables	672	(3)	(7)	(11)	651
Loan receivables	1 865	(14)	(17)	(87)	1 747
30 September 2022	2 372	(20)	(24)	(57)	2 271
Lease receivables	625	(6)	(6)	(7)	606
Loan receivables	1 747	(14)	(18)	(50)	1 665

Trade and other receivables

The Group has consistently applied IFRS 9 Financial Instruments' simplified approach to measuring the ECL for trade receivables which uses a lifetime expected loss model. ECLs are calculated by using a provision matrix and applying a loss ratio to the age analysis of trade receivables and contract assets of each entity in the Group. These have been aggregated into groupings that represent, to a large degree, major risk types and how the Group manages its receivables and contract assets. This also illustrates the spread of credit risk at each reporting date.

The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the receivables population. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations.

Notes (continued)

for the six months ended 31 March 2023

7. Goodwill

Impairment of goodwill and cash generating units

The Group considered and evaluated whether there were any indicators of impairment for its cash generating units (CGU's) at 31 March 2023.

Both internal and external factors, including local and global economic conditions (predominantly the impact of lower expected growth, higher inflation and higher interest rates), were considered to determine whether there were any indicators of impairment.

Sensitivities

In accordance with IAS 36: Impairment of Assets, management conducted a sensitivity analysis on CGU's where there were indicators of impairment. This sensitivity included the potential impact of a 5% reduction in forecast revenue on the cash flow forecasts without factoring in any management actions required from the decrease in revenue. As a result of this sensitivity analysis, an impairment of R69 million would be required for Reutech Communications if the current year revenue forecast is not met by 5% i.e. a 95% achievement.

A 1% increase in pre-tax discount rates would result in an impairment of goodwill in Reutech Communications of R35 million.

	Six months ended 31 March		
Rm	**2023 Unaudited**	2022 Unaudited	Year ended 30 September 2022 Audited
Carrying amount at the beginning of the period	**960**	934	934
Acquisition of businesses	**31**	26	26
Carrying amount at the end of the period	**991**	960	960

8. Put and call option derivative financial asset and liability

Rm	Six months ended 31 March 2023 Unaudited	Six months ended 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Put option derivative financial asset[1]	**65**	32	57
Call option derivative financial liability[1]	**13**	84	33
Net carrying amount at the end of the period	**52**	(52)	24
Reconciliation of the carrying amount			
Net carrying amount at the beginning of the period	**24**	(51)	(51)
Fair value remeasurement	**28**	(1)	75
Gain/(loss) on put option derivative asset	**8**	(9)	16
Gain on call option derivative liability	**20**	8	59
Net carrying amount at the end of the period	**52**	(52)	24

[1] *In the current financial period, the put and the call option will be realised within 12 months of the period ended 31 March 2023 and therefore has been reclassified to current derivative financial assets and current derivative financial liabilities, respectively, on the statement of financial position.*

In 2021, the Group sold an effective 25% interest in Terra Firma Solutions (Pty) Ltd (TFS) (the Group's Solar PV business) to Lumika Renewables (Pty) Ltd (Lumika) (the Group's renewable energy joint venture with AP Moller Capital through AIF I Africa C&I Renewable Energy LLP (AIF I)) and concluded a put and a call option for the sale of its residual 72,2% interest in TFS (the residual interest increased by a further 7,2% from the prior financial year due to the Group acquiring the remaining non-controlling interests in TFS). The put option is exercisable from 1 April 2023 until 30 June 2023 and the call option is exercisable from 1 July 2023 until 30 September 2023, however, the effective date of the transaction will be 1 October 2023.

In terms of these arrangements, the Group has the right to put its remaining interest in TFS to Lumika in exchange for a strike price in US dollars (US$) and Lumika has the right to call the remaining interest in TFS from the Group at the same price. The put and call options have both been recognised at March 2023 as a current derivative asset and liability respectively at their fair values through profit or loss. The put and call are considered to be derivatives as, although they are for a fixed number of shares, they are for a variable Rand consideration as the consideration is priced in US$.

Notes (continued)

for the six months ended 31 March 2023

8. Put and call option derivative financial asset and liability (continued)

Valuation technique

The equity value of TFS was determined as at the reporting date. This equity value, the strike price in US dollars and other inputs (see below) were then input into a Black Scholes valuation model to determine the value of the put and the call.

The following significant unobservable inputs were used in the determination of the value of the put and the call and the resulting fair value gain:

> US$13,3 million strike price translated to Rand at 31 March 2023 using a forward exchange rate of 18,73 (March 2022: 15,35, September 2022: 18,65)
> Average revenue growth rate 10,5% (March 2022: 16,0%, September 2022: 10,0%)
> Post-tax discount rate 14,5% (March 2022: 15,5%, September 2022: 14,8%)

The put and call options are both considered to be a level 3 instrument in the fair value hierarchy.

Sensitivities

The following details the Group's sensitivity to a change in the strike price, average revenue growth rate, and post-tax discount rate against the current derivatives.

If the forward exchange rate had been 10% higher or lower and all other variables remained constant, the Group's profit after tax for the period ended 31 March 2023 would increase/decrease by R25 million respectively (March 2022: R19 million increase and R18 million decrease respectively, September 2022: increase/decrease R24 million respectively). If the average revenue growth rate had been 5% higher or lower and all other variables remained constant, the Group's profit after tax for the period ended 31 March 2023 would decrease by R96 million and increase by R98 million respectively (March 2022: R34 million decrease and R36 million increase respectively, September 2022: R65 million decrease and R69 million increase respectively). If the post-tax discount rate had been 1% higher or lower and all other variables remained constant, the Group's profit after tax for the period ended 31 March 2023 would increase by R42 million and decrease by R53 million respectively (March 2022: R27 million increase and R29 million decrease respectively, September 2022: R36 million increase and R40 million decrease respectively).

9. Number of shares used to calculate earnings per share

Rm	Six months ended 31 March **2023** **Unaudited**	 2022 Unaudited	Year ended 30 September 2022 Audited
Weighted average number of shares in issue, net of empowerment and treasury shares[1], for basic earnings and headline earnings per share (millions of shares)	**159**[2]	161[2]	159[2]
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	**1**	1	1
Weighted average number of shares for diluted basic and diluted headline earnings per share (millions of shares)	**160**	162	160
Profit attributable to equity holders of Reunert (earnings used to determine earnings per ordinary share and diluted earnings per share)	**412**	316	827

1 *The empowerment shares relate to Reunert Limited shares held by Bargenel. The treasury shares relate to shares held by the Group's treasury company Julopro (Pty) Ltd. These entities are consolidated by the Group.*

2 *The Group has elected to treat the shares under the equity forward contract as issued shares, not treasury shares, for purposes of calculating the earnings per share. This amounts to 2 346 930 shares (March and September 2022: 2 346 930).*

Notes (continued)

for the six months ended 31 March 2023

10. Headline earnings

Rm	Six months ended 31 March 2023 Unaudited	Six months ended 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Profit attributable to equity holders of Reunert	**412**	316	827
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:			
Impairment of intangible assets (after a tax charge of R3 million and NCI portion of Rnil)	**14**	–	–
Profit on disposal of property, plant and equipment and intangible assets (after a tax charge of Rnil and NCI portion of Rnil)	**(2)**	(2)	(1)
Headline earnings	**424**	314	826
Headline earnings per share (cents)	**267**	195	519
Diluted headline earnings per share (cents)	**265**	194	516

11. Contingent consideration

Rm	Six months ended 31 March 2023 Unaudited	Six months ended 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Carrying amount at the beginning of the period	**42**	28	28
Raised on acquisitions at fair value	**7**	28	28
Fair value remeasurement	**1**	(3)	(3)
Settlement	**(5)**	(2)	(11)
Carrying amount at the end of the period	**45**	51	42
Less: current portion (included in trade and other payables)	**22**	18	17
Non-current portion	**23**	33	25

12. Acquisition of business

2023

1. Etion Create (Pty) Ltd (Etion Create)

With effect from 1 October 2022, the Group acquired 100% of the issued share capital of Etion Create from Etion Limited for a purchase consideration of R202 million.

Etion Create is an original design manufacturer designing products for the industrial, defence and the rail sectors. The company has a significant local and Middle East market presence with opportunities in South East Asia.

The acquisition will unlock synergies with other Applied Electronic business units, specifically due to Etion Create's enhanced design and manufacturing capabilities. Etion Create will also increase the breadth of the segment's product portfolio and improve access to key export markets.

Rm	2023 Unaudited
Cash paid	202
Net cash acquired on acquisition	(27)
Total purchase consideration	175
Represented by:	
Property, plant and equipment	40
Goodwill	18
Intangible assets	79
Inventory	99
Trade and other receivables	123
Long-term loans	(4)
Lease liabilities	(32)
Deferred tax liabilities	(13)
Tax liability	(13)
Contract liabilities	(63)
Trade and other payables	(59)
Net assets acquired (fair value at acquisition date)	175
Revenue since acquisition	262
Profit after tax since acquisition	32

Notes (continued)

for the six months ended 31 March 2023

12. Acquisition of business (continued)

2. Other acquisitions

Rm	2023 Unaudited
Cash paid	12
Contingent consideration	7
Total purchase consideration	**19**
Represented by:	
Goodwill	13
Intangible assets	8
Deferred tax liabilities	(2)
Net assets acquired (fair value at acquisition date)	**19**
Revenue since acquisition – effective 1 October 2022	22
Loss after tax since acquisition – effective 1 October 2022	(1)

The table above relates to the acquisition of EUC Africa (Pty) Ltd and CBi Apollo Africa (Pty) Ltd.

The amounts disclosed under 12.1 and 12.2 represent the provisional identifiable net assets and liabilities relating to the acquisitions in the current financial period. These values will be adjusted (if required) on finalisation of the purchase accounting before 30 September 2023.

13. Litigation

There is no material litigation against the Group.

14. Events after reporting date

Subsequent to the reporting date, the following transactions have taken place:

IQ Business

On 8 March 2023 Reunert ICT Holdings (Pty) Ltd concluded a sale and purchase agreement for 74,2% of IQ Business Proprietary Limited (IQbusiness), subject to the fulfilment or waiver of certain suspensive conditions.

The purchase consideration for 74,2% of IQbusiness will be calculated based on the enterprise value of IQbusiness of R740 million (on a cash-free, debt-free basis), adjusted for certain net debt, minority interest, contingent consideration obligations relating to historic IQbusiness acquisitions, net working capital and other adjustments as at the effective date. The purchase consideration is subject to a cap of R550 million.

14. Events after reporting date (continued)

IQ Business (continued)

The suspensive conditions include, among others, approval of the relevant competition authorities in terms of the Competition Act, No. 89 of 1998.

Following the implementation of the acquisition, IQbusiness will form part of the Solutions and Systems Integration cluster of Reunert ICT. The combination of IQbusiness and Reunert ICT aligns with Reunert's strategic intent to create capabilities in business optimisation, systems integration and solutions with a focus on digital business transformation through data science, cloud adoption, artificial intelligence, cyber security and the internet of things. This will enable Reunert ICT to deliver end to end technology solutions to its clients across key verticals through improved routes-to-market utilising direct and channel marketing partnerships.

+OneX Acquisition

During March 2023, +OneX Solutions entered into a sale of business agreement with Multi-Media Computers (Pty) Ltd (MMC) to acquire 100% of the business and related assets.

The acquisition of MMC strengthens +OneX's ability to offer its clients cybersecurity and compliance-as-a-service solutions as part of its comprehensive cloud and digital transformation portfolio.

MMC has a team of Microsoft specialists that assist companies of all sizes in defending and protecting their data and people from the continual threat of cyberattacks. The company also offers data privacy and compliance services to allow companies to evaluate and monitor their alignment with regulatory requirements.

15. Going concern

The directors assessed that the Group has sufficient expected cash flows and resources to continue as a going concern for at least the next 12 months from the date of the approval of these annual financial statements.

Condensed segmental analysis

for the six months ended 31 March 2023

	Six months ended 31 March 2023 Unaudited				
Rm	**Total**	**EE**	**ICT**	**AE**	**Other**
Revenue[1]					
Segment revenue	6 209	3 162	1 401	1 639	7
Adjusted for revenue from equity-accounted investees	(6)	–	–	(3)	(3)
Revenue	6 203	3 162	1 401	1 636	4
Revenue as reported in the statement of profit or loss	6 203				
Segment revenue – % of total	100	51	23	26	–
Segment revenue – % change over prior year		11	11	49	75
Analysis of revenue					
Category of revenue					
Products	4 960	3 029	748	1 183	–
Services	1 057	133	484	440	–
	6 017	3 162	1 232	1 623	–
Timing of revenue recognition					
Revenue recognised at a point in time	5 266	3 113	914	1 239	–
Revenue recognised over time	751	49	318	384	–
	6 017	3 162	1 232	1 623	–
Other revenue					
Interest recognised on lease and loan receivables	169	–	169	–	–
Rental revenue	17	–	–	13	4
Total revenue	6 203	3 162	1 401	1 636	4
Revenue by geography					
South Africa	4 398	2 125	1 339	930	4
Rest of Africa (excluding South Africa)	954	773	44	137	–
Asia	331	17	–	314	–
Australia	125	113	–	12	–
Europe	263	64	18	181	–
America	132	70	–	62	–
Total revenue	6 203	3 162	1 401	1 636	4

[1] *Inter-segment revenue has been eliminated, however, it is immaterial and has not been separately disclosed.*

Six months ended 31 March 2022 Unaudited					% change in total	Year ended 30 September 2022 Audited				
Total	EE	ICT	AE	Other		Total	EE	ICT	AE	Other
5 215	2 854	1 260	1 097	4	19	11 237	6 266	2 599	2 361	11
(101)	(94)	–	(4)	(3)		(108)	(94)	–	(7)	(7)
5 114	2 760	1 260	1 093	1		11 129	6 172	2 599	2 354	4
5 114					21	11 129				
100	55	24	21	–		100	56	23	21	–
4 018	2 711	723	584	–		9 262	6 026	1 478	1 758	–
920	49	375	496	–		1 504	146	789	569	–
4 938	2 760	1 098	1 080	–		10 766	6 172	2 267	2 327	–
4 258	2 739	834	685	–		9 333	6 135	1 612	1 586	–
680	21	264	395	–		1 433	37	655	741	–
4 938	2 760	1 098	1 080	–		10 766	6 172	2 267	2 327	–
162	–	162	–	–		332	–	332	–	–
14	–	–	13	1		31	–	–	27	4
5 114	2 760	1 260	1 093	1		11 129	6 172	2 599	2 354	4
3 501	1 656	1 213	631	1		7 810	4 011	2 451	1 344	4
900	816	47	37	–		1 814	1 584	99	131	–
317	26	–	291	–		650	51	–	599	–
113	101	–	12	–		241	204	–	37	–
149	61	–	88	–		385	129	48	208	–
134	100	–	34	–		229	193	1	35	–
5 114	2 760	1 260	1 093	1		11 129	6 172	2 599	2 354	4

Condensed segmental analysis (continued)

for the six months ended 31 March 2023

Rm	Note	Six months ended 31 March 2023 Unaudited Total	EE	ICT	AE	Other
Operating profit						
Segment operating profit/(loss)[1]		625	218	318	163	(74)
Adjusted for operating (profit)/loss from equity-accounted investees		(8)	–	–	(5)	(3)
Profit on disposal of property, plant and equipment and intangible assets	3	2	2	–	–	–
Impairment of intangible assets	3	(17)	–	–	(17)	–
Insurance income	3	44	–	–	–	44
Fair value remeasurements						
Gain on investment at fair value through profit or loss	3	–	–	–	–	–
(Loss)/gain on contingent consideration	3	(1)	–	(1)	–	–
Gain/(loss) on put option derivative asset	3	8	–	–	8	–
Gain on call option derivative liability	3	20	–	–	20	–
Gain on put option liability	3	–	–	–	–	–
Financial guarantee	3	–	–	–	–	–
Expenses arising from share-based payment transactions	3	–	–	–	–	–
Operating profit/(loss) before impairment of financial assets		673	220	317	169	(33)
(Impairment)/reversal of impairment of financial assets						
Credit write-off	3	(4)	(1)	(3)	–	–
Expected credit losses	3	(49)	(1)	(27)	(15)	(6)
Operating profit/(loss)		620	218	287	154	(39)
Operating profit as reported in the statement of profit or loss		620				
Segment operating profit/(loss) – % of total		100	35	51	26	(12)
Segment operating profit/(loss) – % change over prior year			44	4	196	19

[1] *The net interest charged on Group funding provided to the Group's in-house finance operation has been eliminated in line with IFRS 10 – Consolidated Financial Statements. The interest eliminated amounted to R94 million (March 2022: R60 million, September 2022: R137 million). Should this operation be externally funded, this would result in a reduction of ICT's operating profit by the quantum of the external interest paid.*

	Six months ended 31 March 2022 Unaudited					% change in total	Year ended 30 September 2022 Audited				
	Total	EE	ICT	AE	Other		Total	EE	ICT	AE	Other
	449	151	305	55	(62)	39	1 140	436	644	164	(104)
	10	11	–	2	(3)		10	11	–	5	(6)
	2	–	–	2	–		1	–	–	1	–
	–	–	–	–	–		–	–	–	–	–
	–	–	–	–	–		–	–	–	–	–
	4	4	–	–	–		6	6	–	–	–
	3	–	–	3	–		3	–	–	3	–
	(9)	–	–	(9)	–		16	–	–	16	–
	8	–	–	8	–		59	–	–	59	–
	1	–	–	1	–		1	–	–	1	–
	(5)	–	–	–	(5)		(4)	–	–	–	(4)
	(6)	–	–	–	(6)		(6)	–	–	–	(6)
	457	166	305	62	(76)		1 226	453	644	249	(120)
	(6)	(1)	(5)	–	–		(13)	(3)	(9)	(1)	–
	14	9	7	1	(3)		18	24	9	(12)	(3)
	465	174	307	63	(79)		1 231	474	644	236	(123)
	465					33	1 231				
	100	34	68	12	(14)		100	39	56	14	(9)

Condensed segmental analysis (continued)

for the six months ended 31 March 2023

Rm	Six months ended 31 March				Year ended 30 September	
	2023 Unaudited	**% of total**	2022 Unaudited	% of total	2022 Audited	% of total
Total assets						
EE	**3 155**	**26**	2 718	27	2 893	26
ICT	**4 311**	**36**	4 371	43	4 277	39
AE	**3 908**	**32**	2 807	27	3 284	31
Other	**686**	**6**	297	3	478	4
Total assets as reported in the statement of financial position[1]	**12 060**	**100**	10 193	100	10 932	100
Total liabilities						
EE	**1 554**	**32**	1 259	36	1 362	36
ICT	**785**	**16**	661	19	769	21
AE	**1 446**	**30**	842	25	991	26
Other	**1 047**	**22**	674	20	620	17
Total liabilities as reported in the statement of financial position[1]	**4 832**	**100**	3 436	100	3 742	100

[1] *Intercompany receivables, payables and loans have been eliminated in line with the consolidation principles of IFRS.*

Additional information

Rm (unless otherwise stated)	Six months ended 31 March 2023 Unaudited	Six months ended 31 March 2022 Unaudited	Year ended 30 September 2022 Audited
Net number of ordinary shares in issue (million)	**159**	159	159
Number of ordinary shares in issue (million)	**185**	185	185
Less: Empowerment shares (million)	**(25)**	(19)	(25)
Less: Treasury shares (million)	**(1)**	(7)	(1)
Capital expenditure	**150**	83	232
– expansion	**109**	74	192
– replacement	**41**	9	40
Capital commitments in respect of property, plant and equipment	**73**	35	91
– contracted	**51**	21	17
– authorised not yet contracted	**22**	14	74
Total cash dividend per share for the period (cents)	**83**	75	299
Current ratio (:1)	**1,8**	2,0	2,0
Quick ratio (:1)[1]	**1,2**	1,3	1,3
Dividend yield (%)[2]	**5,1**	6,3	6,9
Return on capital employed (%)	**15,5**	12,7	16,1

[1] *Calculated as current assets excluding inventory divided by current liabilities.*

[2] *Calculated as the total dividend (2023 interim 83 cents per share and 2022 final 224 cents per share) (March 2022: 2022 interim 75 cents per share and 2021 final 207 cents per share) (September 2022: interim 75 cents per share and final 224 cents per share) divided by a Reunert share price of 6 040 cents (March 2022: 4 498 cents, September 2022: 4 330 cents), being the closing market price on 31 March 2023.*

Administration

REUNERT LIMITED

Incorporated in the Republic of South Africa
Reg. No 1913/004355/06
Ordinary share code: RLO ISIN code: ZAE000057428
(Reunert, the Group or the Company)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
and cash dividend declaration for the six months ended 31 March 2023

Directors: MJ Husain (Chair)*, T Abdool-Samad*, AE Dickson (Chief Executive Officer), LP Fourie (Chair of the Audit Committee)*, JP Hulley*, TNM Eboka*, RJ Boettger*, S Martin*, Dr MT Matshoba-Ramuedzisi*, M Moodley, NA Thomson (Chief Financial Officer)
** Independent non-executive*

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Marshalltown, 2107

Sponsor

One Capital Sponsor Services Proprietary Limited

Registered Auditors

Deloitte & Touche

Secretary's certification

In terms of section 88(2)(e) of the Companies Act, I, Karen Louw, duly authorised on behalf of the Group Company Secretary, Reunert Management Services (Pty) Ltd (Registration number 1980/007949/07) certify that, to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission for the financial period ended 31 March 2023 all such returns and notices as are required in terms of the aforesaid Companies Act and that all such returns and notices are true and correct.

Karen Louw
for Reunert Management Services (Pty) Ltd
Group Company Secretary

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