

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED RESULTS

For the year ended 31 March 2023



■ COMMENTARY AND RESULTS

OVERVIEW

Fuel price volatility precipitated by oil cartel dynamics and supply chain constraints induced by the military invasion of Ukraine, were the major challenges that the anchor subsidiary of the Frontier Transport Holdings (Frontier) group, Golden Arrow Bus Services (GABS), had to contend with during the past financial year. The Company's fuel cost increased significantly when compared to the previous year.

This was offset by the steady return of passengers, the implementation of rigorous interventions to curtail price gouging in the procurement of spares and supplies as well as an extraordinary effort to implement efficiencies, which underpinned the solid performance of the Frontier group over the reporting period.

However, it was the unequivocal endorsement by over 95% of its passengers, that has cemented GABS as the most reliable and trusted public transport service provider in metropolitan Cape Town. This was elucidated through the biennial, independently executed customer satisfaction survey by the Cape Peninsula University of Technology, which empirically vindicated the boost in passenger volumes to near pre-COVID levels.

Furthermore, while the burgeoning fuel price and inflationary consequences of constrained supply chains and unreliable energy provision proved challenging, it also elevated public transport as a sought-after mobility alternative for an increasingly cash-strapped populace.

In addition to the GABS performance, it was the turnaround performance of the luxury coach subsidiary ElJoSa Travel and Tours, which posted creditable results on the back of a booming tourist trade, unshackled from the restrictions imposed by the COVID lockdowns, that gave the Group's results a welcome boost.

Table Bay Area Rapid Transit and Sibanye Bus Services continued their rock-solid performances by exceeding budget targets through strict adherence to service level prescripts and implementing innovative measures to retain and expand their service offerings along the western seaboard corridors.

The performance of recent acquisitions, Frontier Tyres and Alpine Bus and Truck, reflected the nascent expectations of start-up entities which, with focused nurturing, are poised to consolidate their niches in the respective market sectors in which they operate.

Plans to expand the solar power footprint and the acquisition of additional electric buses have received Board endorsement and will be executed during the next financial year.

REVIEW OF RESULTS

The Group managed to increase revenue by 15.1% when compared to the prior comparative period. However, the effect of the rising fuel price and above inflationary original equipment manufacturers' price increases has seen operating expenses increase 18.9% over the same period. The net effect has resulted in EBITDA of R458.2 million (2.3% higher than the comparative prior period of R447.8 million).

Debt levels have decreased by R45 million since 31 March 2022 while the prime rate increased over the period, and the Group has seen savings of R3.4 million in its finance costs. The decrease in debt is predominantly due to the fleet replacement programme which was on hold over the preceding two financial years. This has resumed in this financial year as reflected in the Commitments note below.

The reinstatement of the N2 Express service contributed R7.2 million to the Group's profit from equity accounted investment for the period.

The Group reflected an attributable profit for the period of R277.5 million (6.2% higher than the comparative period of R261.2 million).

CHANGES IN DIRECTORATE

Mr Rob Nicoletta was appointed to the board as a non-executive director effective from 3 May 2022.

There were no other changes in directorate during the period under review.

■ COMMENTARY AND RESULTS (CONTINUED)

ORDINARY CASH DIVIDEND TO SHAREHOLDERS

The directors have approved and declared a final ordinary dividend of 35 cents (gross) per Frontier share for the year ended 31 March 2023 from income reserves (2022: 32 cents (gross)).

The salient dates for the payment of this dividend are as follows:

Announcement date	Thursday, 25 May 2023
Last day to trade cum dividend	Monday, 12 June 2023
Commence trading ex-dividend	Tuesday, 13 June 2023
Record date	Thursday, 15 June 2023
Payment date	Monday, 19 June 2023

Share certificates may not be dematerialised or rematerialised between Tuesday, 13 June 2023, and Thursday, 15 June 2023, both days inclusive.

In terms of legislation applicable to Dividends Tax ("DT") the following additional information is disclosed:

- The final ordinary dividend shall constitute a "dividend" as defined in the Income Tax Act, 58 of 1962.
- The local DT rate is 20%.
- The number of ordinary shares in issue at the date of the declaration is 290 595 797.
- The DT amounts to 7 cents per share for the final ordinary dividend.
- The net local dividend amount is 28.00000 cents per share for the final ordinary dividend for all shareholders who are not exempt from DT.
- Frontier's income tax reference number is 9754/276/16/1.

In terms of DT legislation, any DT amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant (collectively "regulated intermediary") on behalf of shareholders. All shareholders should declare their status to their regulated intermediary as they may qualify for a reduced DT rate or exemption.

For and on behalf of the board of directors



FE Meyer
Chief Executive Officer

25 May 2023



ML Wilkin
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	Reviewed 2023 R'000	Audited 2022 R'000
ASSETS			
<i>Non-current assets</i>		1 613 690	1 626 129
Property, plant and equipment	1	1 577 512	1 588 298
Right-of-use assets	2	4 828	5 671
Goodwill		23 940	23 940
Intangible assets		59	59
Investment in associate		5 982	1 743
Loan to associate		—	5 882
Deferred taxation		1 369	536
<i>Current assets</i>		796 606	699 181
Inventories		32 484	36 015
Trade and other receivables		80 692	75 977
Taxation		4 809	8 949
Cash and cash equivalents		678 621	578 240
Total assets		2 410 296	2 325 310
EQUITY AND LIABILITIES			
<i>Equity</i>		1 542 770	1 413 853
Equity attributable to equity holders of the parent		1 546 627	1 426 504
Non-controlling interest		(3 857)	(12 651)
<i>Non-current liabilities</i>		444 301	491 967
Instalment sale obligations		80 460	121 640
Borrowings		1 636	2 619
Lease liabilities	2	2 399	1 857
Post-employment medical benefit liability		62 265	66 550
Deferred taxation		297 541	299 301
<i>Current liabilities</i>		423 225	419 490
Instalment sale obligations		96 504	92 219
Borrowings		1 008	8 145
Trade and other payables		223 648	227 208
Taxation		9 491	38
Provisions		92 574	91 880
Total equity and liabilities		2 410 296	2 325 310

■ CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	Reviewed 2023 R'000	Audited 2022 R'000
Revenue	3	2 393 841	2 080 002
Other income		18 973	11 989
Operating expenses		(1 954 566)	(1 644 193)
Operating profit (EBITDA)		458 248	447 798
Depreciation and amortisation		(99 787)	(92 028)
Investment income		35 583	15 975
Profit from equity accounted investment		7 239	1 364
Finance costs		(16 469)	(19 880)
Profit before taxation		384 814	353 229
Taxation		(107 355)	(96 452)
Profit for the year		277 459	256 777
Profit attributable to:			
Equity holders of the parent		277 489	261 199
Non-controlling interest		(30)	(4 422)
		277 459	256 777
Earning per share (cents)			
Basic		95.55	90.07
Diluted		94.89	89.52

■ CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Reviewed 2023 R'000	Audited 2022 R'000
Profit for the year	277 459	256 777
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains on defined benefit plans	7 990	5 473
Taxation relating to actuarial gains on defined benefit plans	(2 157)	(1 478)
Total comprehensive income for the year	283 292	260 772
Total comprehensive income attributable to:		
Equity holders of the parent	283 322	265 194
Non-controlling interest	(30)	(4 422)
	283 292	260 772

RECONCILIATION OF HEADLINE EARNINGS

For the year ended 31 March 2023

Reconciliation of headline earnings	Reviewed 2023 R'000		Audited 2022 R'000	
	Gross	Net	Gross	Net
Earnings attributable to equity holders of the parent		277 489		261 199
Profit on disposal of plant and equipment	(1 244)	(908)	(5 495)	(3 956)
Impairment of plant and equipment	7 946	5 801	5 006	3 604
Impairment of goodwill	—	—	4 247	4 247
Insurance claim for capital assets	(4 645)	(3 391)	(2 683)	(1 932)
Headline earnings		278 991		263 162
Earnings per share (cents)				
Basic		95.55		90.07
Diluted		94.89		89.52
Headline earnings per share (cents)				
Basic		96.07		90.75
Diluted		95.40		90.19
Weighted average number of shares in issue ('000)				
Basic		290 414		290 000
Diluted		292 432		291 775
Actual number of shares in issue ('000)		290 596		290 000

In terms of the Frontier Group Employee Option Scheme, 595 797 shares were issued during the current financial year (2022: nil).

■ CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Reviewed 2023 R'000	Audited 2022 R'000
Balance at the beginning of the year	1 413 853	1 284 243
Total comprehensive income	283 292	260 772
Equity settled share-based payments	2 356	2 238
Dividends	(156 731)	(133 400)
Balance at the end of the year	1 542 770	1 413 853

■ CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	Reviewed 2023 R'000	Audited 2022 R'000
Cash flows from operating activities		229 201	247 453
Cash generated from operations		468 335	483 010
Investment income		32 583	15 975
Finance cost		(16 469)	(19 880)
Taxation paid		(98 517)	(98 252)
Dividends paid		(156 731)	(133 400)
Cash flows from investing activities		(9 496)	(12 959)
Dividends received		3 000	–
Business combinations		–	(6 500)
Loan to associate repaid/(advanced)		5 882	(5 882)
Acquisition of property, plant and equipment	4	(32 066)	(12 402)
Proceeds from insurance claims for capital assets		253	–
Proceeds from sale of plant and equipment		13 435	11 825
Cash flows from financing activities		(119 324)	(154 035)
Funding repaid	4	(116 949)	(152 836)
Principal paid on lease liabilities		(2 375)	(1 199)
Increase in cash and cash equivalents		100 381	80 459
Cash and cash equivalents			
At the beginning of the year		578 240	497 781
At the end of the year		678 621	578 240

NOTES TO THE REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The reviewed provisional condensed consolidated results for year ended 31 March 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34 – Interim Financial Reporting, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, No. 71 of 2008 (as amended) and the Listings Requirements of the JSE Limited.

The accounting policies applied by the Group in preparation of these reviewed provisional condensed consolidated financial statements are consistent with those applied by the Group in its consolidated annual financial statements for the year ended 31 March 2022. Details of the standards applied are provided in the annual financial statements. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 1/2021 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

These reviewed provisional condensed consolidated financial statements were prepared under the supervision of the chief financial officer, Mr. Mark Wilkin CA(SA).

OPERATING SEGMENTS

The directors have considered the implications of IFRS 8: Operating segments and are of the opinion that the operations of the Group materially constitute one operating segment, being the provision of passenger transport services within South Africa. Resource allocation and operational management is performed on an aggregate basis. Performance is measured based on profit or loss before tax as shown in internal management reports that are reviewed by the chief operating decision maker, who is the Group's chief executive officer.

REVIEW OF THE INDEPENDENT AUDITOR

The provisional condensed consolidated financial statements for the year ended 31 March 2023 have been reviewed by BDO South Africa Incorporated, who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all the information contained in the financial results. Any reference to future financial performance included in this announcement has not been reviewed nor reported on. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

1. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment is summarised as follows:

	Carrying Value at 31 March 2022 R'000	Additions R'000	Depreciation R'000	Disposals R'000	Impairments R'000	Carrying Value at 31 March 2023 R'000
Buses	1 175 795	82 483	(83 303)	(11 988)	(7 596)	1 155 391
Computer hardware, fare collection and radio equipment	48 611	954	(6 308)	–	(350)	42 907
Land and buildings and leasehold improvements	349 498	6 811	(214)	–	–	356 095
Motor vehicles	8 788	8 161	(3 092)	(203)	–	13 654
Plant and machinery	4 952	5 381	(1 456)	–	–	8 877
Furniture and fixtures	654	210	(276)	–	–	588
Total	1 588 298	104 000	(94 649)	(12 191)	(7 946)	1 577 512

The Group acquired 30 commuter buses totaling R73.9 million, 1 electric bus totaling R4.5 million and 4 charter coaches for the value of R4.1 million (2022: acquired 5 commuter buses totaling R12.7 million).

The impairment of buses with a net book value of R7.6 million (2022: R4.7 million) relates to the destruction of 11 Golden Arrow buses (2022: the destruction of 7 Golden Arrow buses), of which R4.6 million is receivable from insurance proceeds (2022: R2.5 million).

NOTES TO THE REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. LEASES

Movement in the carrying value of right-of-use assets and lease liabilities are as follows:

	Reviewed 2023 R'000	Audited 2022 R'000
Reconciliation of right-of-use assets		
Carrying value at the beginning of the year	5 671	25 295
Additions	4 296	2 681
Remeasurement of lease	–	(22 166)
Depreciation	(5 139)	(139)
Carrying value as at 31 March	4 828	5 671
Reconciliation of lease liabilities		
Carrying value at the beginning of the year	3 193	23 877
Finance costs	410	2 121
Lease payments	(2 786)	(3 320)
Additions	4 296	2 681
Remeasurement of lease	–	(22 166)
Carrying value as at 31 March	5 113	3 193
Of which:		
Current (included in Trade and other payables)	2 714	1 336
Non-current	2 399	1 857
	5 113	3 193

3. REVENUE

Group revenue for the year is made up as follows:

	Reviewed 2023 R'000	Audited 2022 R'000
Revenue from bus services		
<i>Revenue recognised over time</i>		
Operational contract carrying revenue risk	1 127 813	1 132 644
Operational contract with no revenue risk	160 378	140 787
Sale of multi-journey tickets	578 305	441 793
<i>Revenue recognised at a point in time</i>		
Sale of single journey tickets	353 827	293 603
Charter hire services	101 128	32 638
Total revenue from bus services	2 321 451	2 041 465
Revenue from goods sold		
<i>Revenue recognised at a point in time</i>		
Sale of vehicles	7 627	20 158
Sale of spares, tyres and retreads	35 107	8 073
	42 734	28 231
Revenue from automotive repair services		
<i>Revenue recognised at a point in time</i>		
Bus and vehicle repair and maintenance	7 365	1 199
Tyre repairs and related services	4 531	289
	11 896	1 488
Other revenue		
<i>Revenue recognised over time</i>	1 868	2 748
<i>Revenue recognised at a point in time</i>	15 892	6 070
	17 760	8 818
Total revenue	2 393 841	2 080 002

NOTES TO THE REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. BORROWINGS ARISING FROM FINANCING ACTIVITIES

Movements in the carrying value of borrowings are as follows:

	Reviewed 2023 R'000	Audited 2022 R'000
Carrying value at the beginning of the year	224 623	364 695
Cash-flows:		
Debt repayments	(116 949)	(152 836)
Interest paid	(15 972)	(18 229)
Non-cash:		
Raising of instalment sale obligations	71 934	12 764
Interest capitalised	15 972	18 229
	179 608	224 623

R71.9 million (2022: R12.8 million) of debt raised in the period relate to instalment sale agreements used to finance bus acquisitions, and therefore has not been included in the cash flow statement as a cash flow amount.

5. COMMITMENTS

	Reviewed 2023 R'000	Audited 2022 R'000
Capital expenditure		
Property, plant and equipment authorised but not yet contracted	310 500	162 267
Property, plant and equipment authorised and contracted to be expended	113 238	22 686

It is intended that this expenditure will be funded from bank finance and operating cash flows.

The Board approved the reinstatement of the fleet replacement programme to commence during FY2023 and has authorised the acquisition of 67 commuter buses, 40 of these buses will be delivered during FY2024. At year end the Board also approved the acquisition of 62 electric buses.

6. RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's 2022 annual financial statements took place for the year ended 31 March 2023 and will be disclosed in the Group's annual financial statements for the year ended 31 March 2023.

7. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that would require any adjustments to these provisional annual financial statements.

CORPORATE INFORMATION

DIRECTORS

Executive directors

FE Meyer (chief executive officer)

ML Wilkin (chief financial officer)

Non-executive directors

Y Shaik (chairperson)

TG Govender

JR Nicoletta (appointed 3 May 2022)

Independent non-executive directors

L Govender (lead independent director)

NB Jappie

RD Watson

FRONTIER TRANSPORT HOLDINGS LIMITED

("Frontier" or "the Company" or "the Group")

Incorporated in the Republic of South Africa

Registration number: 2015/250356/06

JSE share code: FTH

ISIN: ZAE000300505

Registered office

103 Bofors Circle, Epping Industria, 7460

(PO Box 115, Cape Town, 8000)

COMPANY SECRETARY

HCI Managerial Services Proprietary Limited

Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005

(PO Box 5251, Cape Town, 8000)

AUDITORS

BDO South Africa Incorporated

6th Floor, 123 Hertzog Boulevard, Foreshore, Cape Town, 8001

(PO Box 3883, Cape Town, 8000)

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

(Private Bag X9000, Saxonwold, 2132)

SPONSOR

Investec Bank Limited

100 Grayston Drive, Sandown, Sandton, 2196

(PO Box 785700, Sandton, 2146)

WEBSITE ADDRESS

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