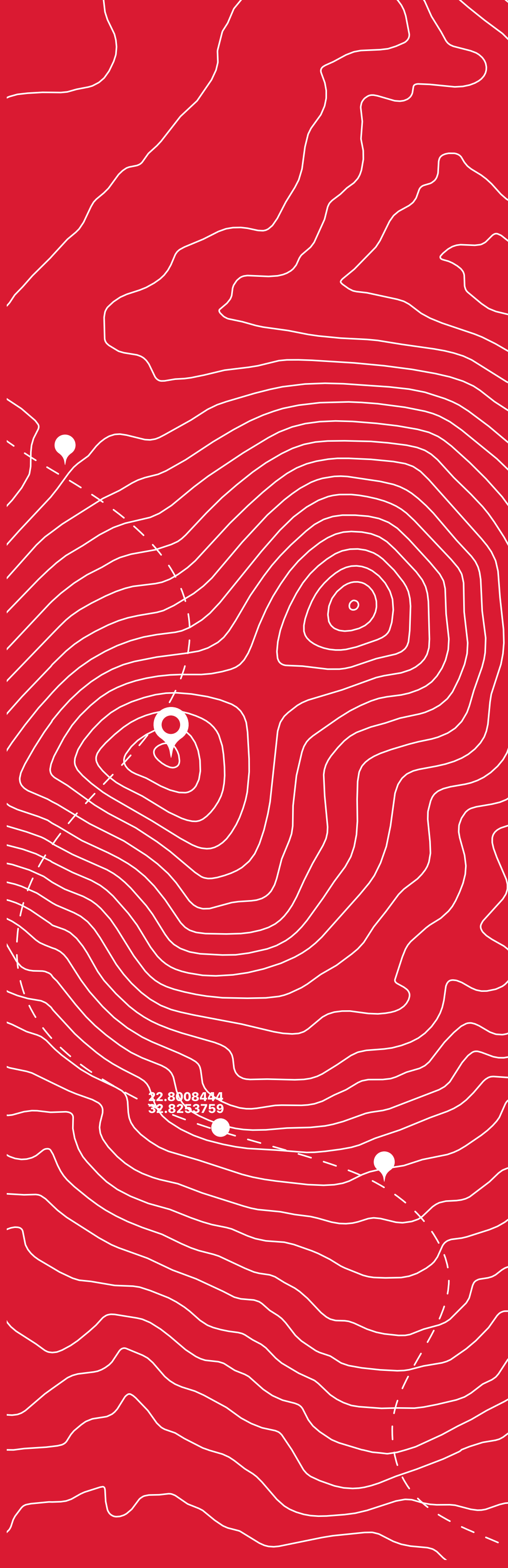


ZEDA

Connecting humanity

ANNUAL FINANCIAL STATEMENTS

2023

FOR THE YEAR ENDED 30 SEPTEMBER 2023

ZEDA
Connecting humanity

Zeda Limited
Incorporated in the Republic of South Africa
Registration number: 2022/493042/06
JSE share code: ZZD
ISIN: ZAE000315768
Zeda Limited ("**Zeda**" or the "**Company**" or the "**Group**")

Disclaimer

This statement contains forward-looking statements. All statements, other than statements of historical facts, including, among others, statements regarding our strategy, future financial position and plans, objectives, projected costs and anticipated cost savings and financing plans and projected levels of growth in the communications markets, are forward-looking statements. Forward-looking statements can be identified by terminology such as "may", "might", "should", "expect", "envisage", "intend", "plan", "project", "estimate", "anticipate", "believe", "hope", "can", "is designed to", or similar phrases. However, the absence of such words does not necessarily mean a statement is not forward-looking. Forward-looking statements involve several known and unknown risks, uncertainties and other factors that could cause our actual results and outcomes to be materially different from historical results or any future results expressed or implied by such forward-looking statements. Factors that could cause our actual results or outcomes to differ materially from our expectations include, but are not limited to, those risks identified in Zeda financial reports available at **www.zeda.co.za**

Zeda cautions readers not to place undue reliance on these forward-looking statements. All written and verbal forward-looking statements attributable to Zeda, or persons acting on behalf of Zeda, are qualified in their entirety by these cautionary statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of publication of this document so that they conform either to the actual results or to changes in our expectations.

Any forward-looking information disclosed in these annual results for the year ended 30 September 2023 ("results announcement") has not been reviewed, audited, or otherwise reported on by our independent external auditors.

Administration

Board of Directors
Lwazi Bam (Chairman)

Independent non-executive directors
Xoliswa Kakana
Yolanda Miya
Sibani Mngomezulu
Dr Ngao Motsei
Marna Roets
Donald Wilson

Executive directors
Ramasela Ganda
(Group Chief Executive Officer)
Thobeka Ntshiza
(Group Finance Director)

Company Secretary
William Radcliffe

JSE Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Auditors
SizweNtsalubaGobodo Grant Thornton Inc. (SNG Grant Thornton)

Investor Relations & Corporate Affairs
Babalwa George

CONTENTS

ABOUT ZEDA LIMITED

Zeda Limited ("**Zeda Limited**" or the "**Company**") and its subsidiaries (collectively "**Zeda Limited Group**" or the "**Group**") is a non-manufacturing integrated vehicle mobility solutions business, providing car rental, fleet management and leasing solutions in South Africa and 10 other countries in sub-Saharan Africa under the well-established, highly recognisable "Avis" and "Budget" global brands pursuant to a long-term licence secured from Avis Budget Group Inc ("**ABG Licence**").
The business of the Zeda Limited Group is structured around the following two integrated business segments:

Car Rental Business – being the Zeda Limited Group's business segment that trades under the brand names "Avis" and "Budget" and generates rental revenue from offering short-term car rentals to a broad range of customers (including local leisure travellers, international inbound travellers, corporates, commercial partnerships, public sector entities, monthly subscribers, and short-term insurance and original equipment manufacturer ("**OEM**") replacements) for periods ranging from one day up to (but less than) 12 months through an extensive network of directly-operated, agency-operated and sub-licensee operated branches across South Africa and other sub-Saharan African countries.

- **Leasing Business** – being the Zeda Limited Group's business segment that trades as "Avis Fleet" and generates leasing revenue from offering vehicle leasing solutions for periods of longer than 12 months to corporate customers, small, medium, and micro enterprises (SMMEs) and public sector entities (including national, provincial, and local government) across South Africa and six other sub-Saharan African countries, namely Botswana, Ghana, Lesotho, Mozambique, Namibia and Zambia.

The revenue streams offered by Zeda Limited's integrated vehicle-based mobility solutions offering (which includes the Car Rental Business and the Leasing Business collectively called "**the Business**") are complementary. The contracted nature of the Leasing Business provides annuity-type revenue complementing the revenue generated from the Car Rental Business, which has a discretionary component (i.e. rental from local or long-haul leisure customers) that is seasonal in nature and can be impacted by any imposed travel restrictions of the nature experienced in the Covid-19 pandemic. In addition, the Car Rental Business has an inherent complementing revenue stream from its customer segments which are contractual in nature (i.e. rentals pursuant to corporate, public sector, short-term insurance or OEM replacement customer contracts). In addition, the agility of the integrated operating model allows for flexibility to right-size its fleet by selling used cars that are de-fleeted from the fleet inventories of either the Car Rental Business or the Leasing Business, or procured as stock through the process of buy-ins and trade-ins ("**Car Sales**") through the Zeda Limited Group's Car Sales channel, trading as "Avis Car Sales" in the cyclical car rental industry, while providing upside in times of higher inflation.

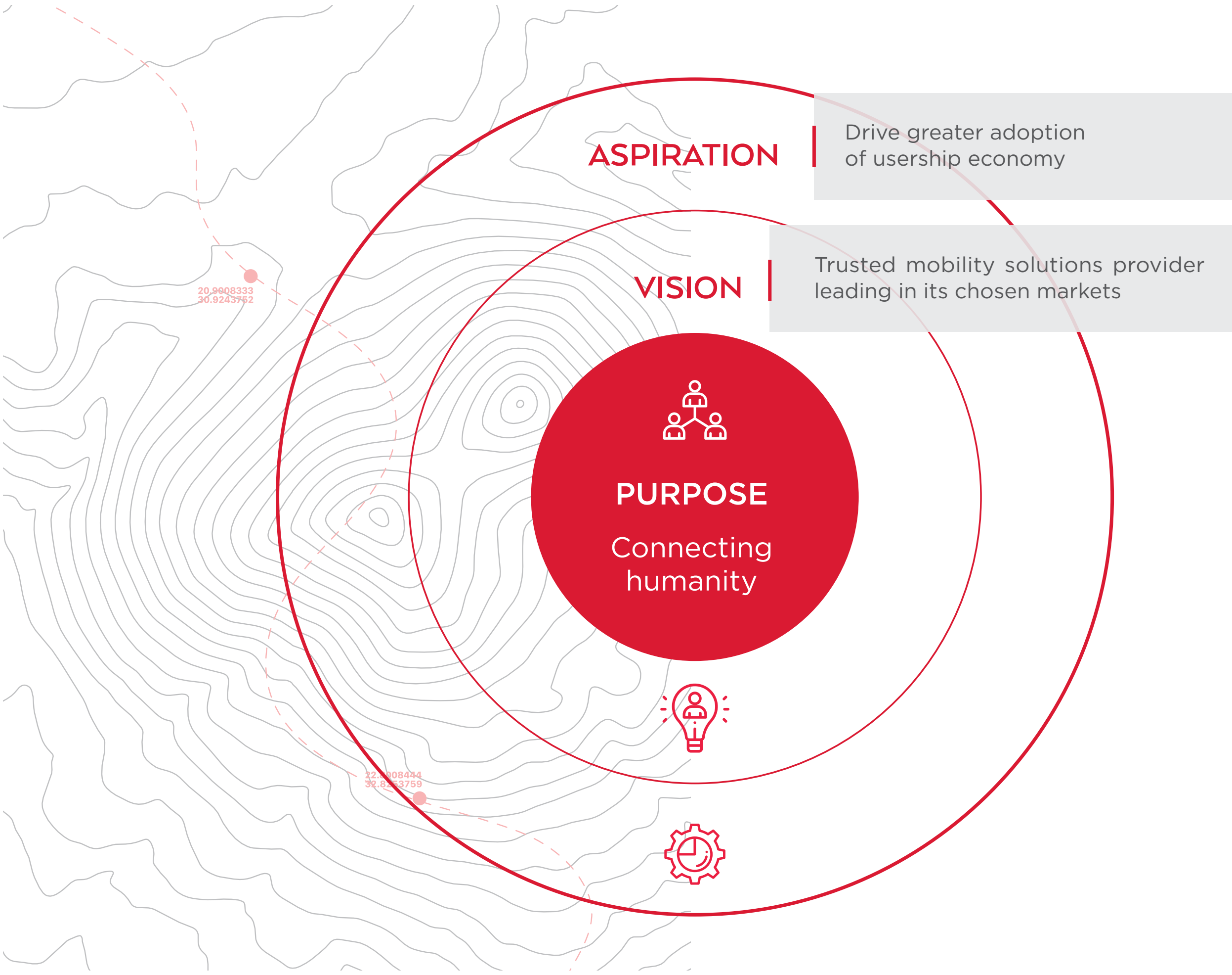
Unbundling and Listing

On 13 December 2022, the Zeda Limited Shares were listed on the Main Board of the JSE by introduction as a primary Listing ("**Listing**"). Zeda Limited now operates as a listed company in the "**Consumer Services**" sector and "**Rental and Leasing Services: Consumer"** subsector under the abbreviated name "**Zeda Limited**" and JSE share code "**ZZD**".

ABOUT ZEDA LIMITED

Zeda was established in 1967 as Zeda Car Rental and Tours Proprietary Limited. It has become Africa's largest and only integrated mobility solutions provider. Zeda's headquarters are in Johannesburg, South Africa, with operations throughout sub-Saharan Africa. Zeda operates the widely recognised Avis and Budget global brands under a long-term licence agreement with the Avis Budget Group.

OUR PURPOSE, VISION AND ASPIRATION



OUR MARKET

GEOGRAPHY

Current presence in southern Africa (Botswana, eSwatini, Lesotho, Mozambique, Namibia and Zambia) plus Ghana

Current sub-licensees: Angola, Malawi, Zimbabwe and Zambia only short-term rental

CUSTOMERS

A balanced portfolio consisting of:

Business to Business

Business to Consumer

OFFERING

Integrated mobility solutions

Vehicle rental

Leasing

Vehicle sales

HOW WE WIN IN CONNECTING HUMANITY

INTEGRATED MOBILITY BUSINESS

Avis Car Rental business

The Company operates in 76 Car rental branches and 28 Van Rental branches, in South Africa and 27 branches in Greater Africa, with over 20 000 average in fleet. The rent-a-car business operates under the brand names **Avis** and **Budget**, focusing exclusively on rentals that do not exceed 12 months.

Rental offering

Comprehensive offering

- Self-drive services
- Driven services
- Delivery and collection
- Waivers
- Telematics
- Car seats
- Avis Safe Drive
- Roadside assistance
- Vehicle recovery
- Bicycle racks
- Bulk fuel management
- Wi-Fi

Across a range of vehicle types

- Passenger vehicles
- Light delivery vehicles
- Luxury cars
- People carriers
- Medium commercial vehicles

With a diversified customer base

- Corporate travel
- Commercial partners: financial services
- Commercial partners: rewards
- Commercial partners: travel aggregators
- Commercial partners: hotel groups
- Inbound: leisure
- Local: leisure
- Inbound: business
- Insurance replacement
- Subscription
- Public sector
- Film

INTEGRATED MOBILITY BUSINESS continued

Avis Fleet

AVIS | FLEET

Avis Fleet was established in 1980 and has grown to be Africa's largest fleet management company, managing more than 240 000 vehicles. **Avis Fleet** provides a full spectrum of outsourced mobility solutions to individuals, private and public sector entities, including leasing, fleet management, maintenance and service plan solutions, fuel management, traffic fine management, accident management and vehicle telematics.

Avis Fleet provides customers with a full suite of funded and unfunded fleet-related services.

Leasing offering

Comprehensive offering

- Full maintenance lease
- Traffic fine management
- Operating lease
- Managed maintenance
- Telematics
- Service and maintenance plan
- Accident management
- Roadside assistance
- Intelligent fuel management
- Insurance
- Fuel card management

Across a range of vehicle types

- Passenger vehicles
- Motorcycles
- Light delivery vehicles
- Luxury cars
- People carriers
- Medium commercial vehicles
- Specialised vehicles
- Heavy and extra heavy commercial vehicles
- Modified vehicles

With a diversified customer base

- Mining
- Agriculture
- Healthcare
- Fast-moving consumer goods
- Construction
- Distillery
- Energy
- Education
- Public services
- Telecommunications
- Financial services
- Electronic technology
- Security

INTEGRATED MOBILITY BUSINESS continued

Avis Car Sales

AVIS | CAR SALES

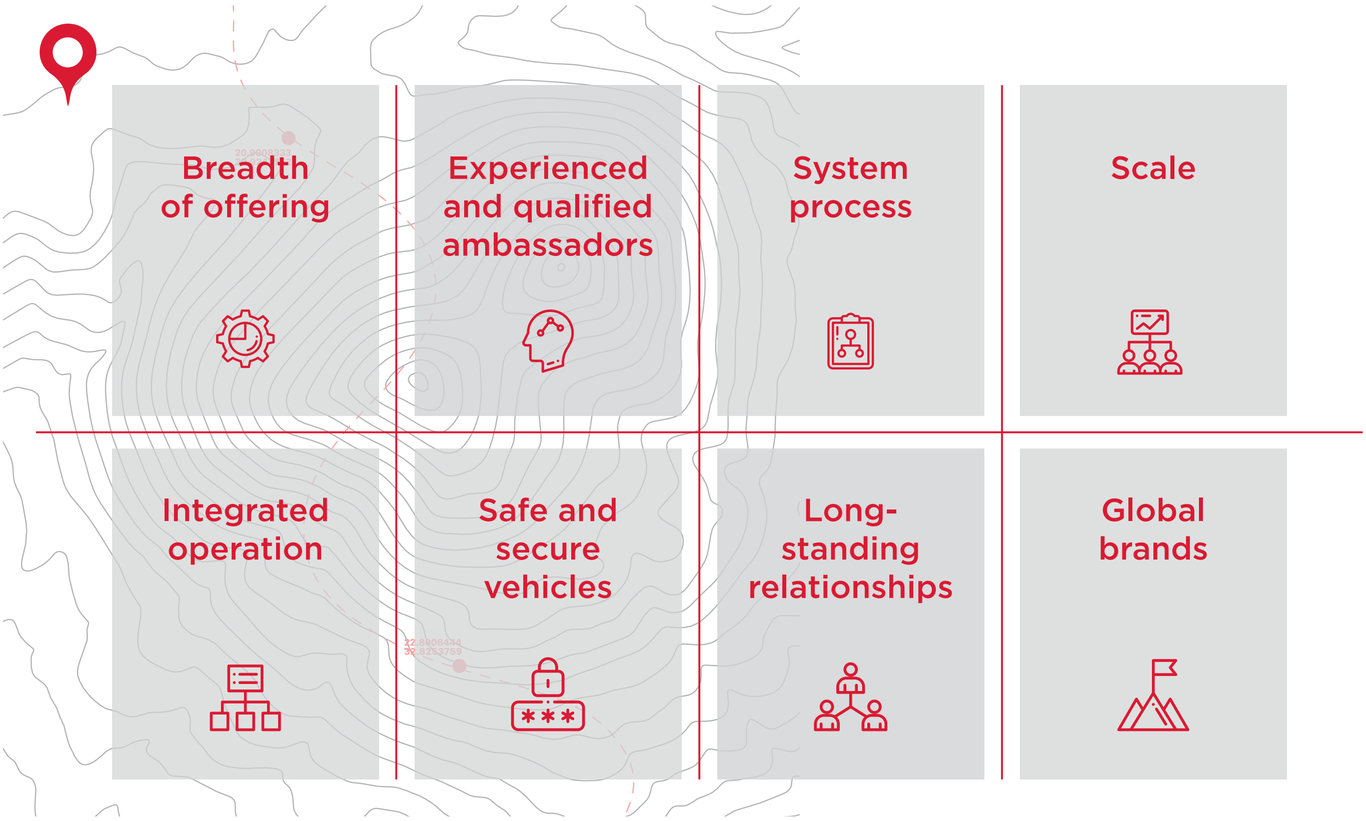
Avis Car Sales sells used cars from our rental and leasing businesses to retail customers and wholesalers. This is done through the 14 Avis Car Sales dealerships, wholesale outlets and our online channel, www.avisauction.co.za. Retail vehicles are advertised on the company's online sales portal and third-party websites. Wholesale stock is sold through our online auction trading platform or bulk deal offerings directly to the market. **Avis Car Sales** also deals with trade-ins and buy-ins, allowing for market competitiveness and an alternative car stock source.

Customer value proposition

Avis Car Sales offers additional value to customers:

Vehicle finance options
Warranties, service, and maintenance plans
Comprehensive insurance cover and debt protection
Anti-smash-and-grab window film, dent cover and tracking devices
Aftermarket accessories

Zeda's competitive advantage



REVIEW AND REPORTS

1

Ramasela Ganda

MESSAGE FROM THE GROUP CHIEF EXECUTIVE OFFICER (GCEO)

Zeda Limited's first year annual results as a listed company demonstrate solid execution of our strategy. This is reflected in our double-digit growth across our key financial performance indicators and sustained sector-leading returns to our shareholders. We reached key strategic milestones securing our first broad-based black economic empowerment ("BBBEE") credentials as a separate listed entity and an Employee Survey Score of Platinum. Zeda subsidiaries, Zeda Car Leasing (ZCL) and Zenith Car Rental (Zenith), both obtained BBBEE Level 1 status.

Zeda Limited obtained its first credit rating from Moody's securing an investment grade of A1.za on a national scale and Ba3 on a global scale.

We are pleased that we have settled the unbundling debt ahead of schedule.

GROUP FINANCIAL HIGHLIGHTS

Revenue up **12% to R9 145 million**

EBITDA up **18% to R3 321 million** with EBITDA margin maintained at **36%**

Operating profit up **23% to R1 552 million** with operating margin of **17%**

EPS and HEPS increased by **31%** and **17%** respectively

ROE of **36.7%**

ROIC of 18.7% above **WACC of 12.8%**

Zeda has delivered a stellar performance in its first year of trading as an independent listed entity, despite a challenging operating environment, with rising interest rates and a softening used car market. Notwithstanding the challenging environment, the group grew its revenue by **12% to R9 145 million** and earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by **18% to R3 321 million**. This was underpinned by the successful execution of our strategy across our businesses.

The Rental Business and the Leasing Business delivered **12%** and **13%** top-line growth, respectively. The rental business grew its fleet to allow for capturing the increased demand in the corporate sector and the inbound market. While the leasing business revenue growth was driven by a concerted effort to deliver on the strategy of growing the heavy commercial fleet and increasing penetration within Corporate and the Greater Africa businesses.

The Car Sales business recorded flat revenue and units sold year on year, reflecting a difficult trading environment. The used car industry was impacted by the increased availability of new cars and higher interest rates which affected the margins. The impact of the decline in the margins was mitigated by a change in the mix between trade and retail sales and the benefits of a diversified mix of products.

Strong growth in revenue and discipline in cost management resulted in sustained Group EBITDA margins and Group operating margins of **36%** and **17%**, respectively.

From a capital allocation perspective, the reinvestment of capital to the business has generated value for shareholders and delivered sector-leading returns. We delivered a return on invested capital (ROIC) of **18.7%**, above the Group weighted average cost of capital (WACC) of **12.8%**. We also saw an improved return on equity (ROE) of **36.7%** compared to the prior year of **32.7%**.

We settled the unbundling debt of **R1.55 billion** two months ahead of schedule to close the financial year with a net debt of **R4.8 billion** and sustained a healthy net debt to EBITDA ratio of 1.5x. Despite the expensive debt during the year and rising interest rates, the business reported double-digit growth in earnings per share (EPS) and headline earnings per share (HEPS) of **31%** and **17%**, respectively.

BUSINESS OVERVIEW

Car Rental business (Avis and Budget)

The execution of the diversification strategy aimed at balancing discretionary services (Inbound and Domestic travel) and contracted services (subscription, insurance business, public and corporate travel) continues to bear fruit. The contracted business contributed just under half of the revenue mix due to significant recovery in inbound business.

The rental business revenue grew by **12%** to **R6 656 million** supported by a surge in inbound travel and a strong growth in corporates. These segments recorded revenue growth of **98%** and **48%**, respectively.

The application of the fleet management principles and the ability to manage the entire value chain from acquisition to out-of-service fleet yielded positive results. The utilisation closed at **74%** even with the **17%** increase in the average rental fleet to more than **20 000** units.

Robust revenue growth and cost management resulted in a strong EBITDA growth of **17%** to **R1 854 million** and the EBITDA margin expanded from **27%** to **28%** compared to the prior year. Operating profit before capital items and operating margin were broadly maintained at **R885 million** and **13%**, respectively.

>20k
AVERAGE RENTAL FLEET

74%
AVERAGE UTILISATION RATE

Leasing Business (Avis Fleet)

The leasing business has seen increased activity in the financial year, supported by the South African corporate sector. One of the major contributors is the increasing road freight activity. We saw double-digit growth across our leasing products. The leasing business total revenue grew by **13%** to **R2 488 million**, attributable to an improved mix of heavy commercial vehicles and contributions from Corporate and the Greater Africa businesses.

The heavy commercial vehicle strategy has started to yield new growth opportunities in differentiated sectors, with this segment growing its units by **44%** compared to the prior year. This performance excludes the **337** units from the City of Johannesburg as a result of the end of the contract term.

EBITDA grew by **19% to R1 467 million**, with the EBITDA margin expanding from **56%** to **59%** compared to the prior year. The operating margin before capital items expanded from **21%** to **27%** due to an increased focus on obtaining cost efficiencies in the business. We expect the leasing business to continue to grow, underpinned by a healthy order book and a proactive approach to fleet management.

STRATEGY OVERVIEW

STRATEGIC PILLARS – HIGHLIGHTS

FIX	BBBEE Level 1 for subsidiaries	Portfolio review guardrails and targets set – Mozambique and Botswana turned around	Optimal usage of the Budget brand
OPTIMISE	Balance sheet optimisation – improved capital structure at 67:33 debt to equity	ESG strategy approved	Customer Service Index of 93% Employee Survey Score of Platinum
GROW	44% growth in heavy commercial units	Individual leasing (iLease) launched, a subscription product AVIS iLEASE	Corporatisation of some of the Van Rental territories

FIX

OPTIMISE

GROW

FIX – The fix strategic pillar seeks to implement strategies to ensure that the business performs at its potential. Key to our strategy is retaining our competitive BBBEE credentials. I am pleased to announce that Zeda Limited and its subsidiaries have secured their first BBBEE certificates as a standalone Group. For subsidiaries, BBBEE is a tool of trade and both businesses have secured a competitive **BBBEE Level 1** status.

From a portfolio review perspective, the guardrails were set to ensure that all our operations are profitable at a certain threshold and deliver acceptable returns. During the year, Mozambique and Botswana performance improved significantly, albeit remaining below the guardrails.

The next step is to monitor the portfolio review implementation to ensure that portfolios attain desired profitability and returns over the next two years.

From a dual brand perspective, we have devised plans to ensure optimal usage of the Budget brand.

OPTIMISE – The strategic pillar seeks to optimise the key enablers that support our strategy. One of the focus areas is balance sheet optimisation to achieve an optimal capital structure and diversify our funding. During the year, we have improved our capital structure from 71:29 to 67:33 debt to equity ratio and started attracting a diverse spectrum of financiers to fund our business.

GROW – The growth strategy is yielding positive results, both our rental and leasing businesses reported double-digit growth underpinned by growth in rental activity and heavy commercial strategy.

From a last mile perspective, we have extended our rental groups by corporatising some of the van rental operations. This segment is largely backed by corporates. This strategic move provides us with an opportunity to realise integrated mobility and participate in future higher residual values at the end of the cycle, as this is a high margin business.

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We remain committed to environment, social and governance (ESG) practices. Our approach is to adopt a people-centred approach in doing business, primarily focused on the safety and well-being of our employees and foster a zero-harm culture. We deliberately seek to make a positive, long-lasting difference in the communities in which we operate. We understand the adverse effect of climate change and water shortages and take meaningful actions to responsibly reduce our environmental footprint. We are governed by the highest standards and are overseen by an independent Board.

During the financial year, we achieved the following ESG results and impacted the environment and our communities positively.

ESG PERFORMANCE OUTLOOK STATEMENT

ENVIRONMENT

18% reduction in electricity consumption	**94%** increase in waste recycle	Revamp wash bays for water saving	First 10 EV trucks **16%** increase in hybrid vehicles

SOCIAL

Lost Time Injury Frequency Rate of **0.2**	**122** Youth Employment Service (“**YES**”) interns	**4 500** potholes per month with Discovery Insure	**R13.3 million** spend on Enterprise Supplier Development (ESD)

GOVERNANCE

ESG strategy in place to further embed ESG into our business	Strengthened Board by appointing two additional members	Developed a comprehensive ethics programme	South African Institute of Chartered Accountants (“**SAICA**”) accreditation to provide CA articles outside public practice

Environmental

Our efforts to reduce our environmental footprint have remained a focal point, particularly in the areas of water management. In the interest of reducing our water footprint, we refurbished wash bays in three major centres. In response to our ambition to decrease Scope 2 carbon emissions, we reduced our electricity consumption by **18%**. In supporting our customers to reduce carbon emissions, we grew our hybrid vehicles by **16%** and we delivered our **first batch** of EV trucks to a last-mile customer.

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE continued

Social

Our leadership and brand ambassadors have heeded the call to improve our safety culture and reduce our Lost Time Injury Frequency Rate (LTIFR). We improved our LTIFR from **0.55** to **0.18** and have maintained zero fatalities for the year. We also recently impacted 122 young people through the Youth Employment Services programme.

Our commitment to create an environment that supports diversity and inclusion ("**D&I**") is demonstrated through inclusion of this element as a leadership performance measure, as we hold each other accountable to transform our business. Exco black women representation is at **64%** ahead of the national EAP for black women which is sitting at **36%**, this is one of the testaments of Zeda's commitment to diversity. Our integrated talent and success planning efforts continue to bear fruit, with promotion and appointments used as levers to improve our D&I in line with our targets. At a Board level, black representation is at **78%** and black female representation at **56%**.

ESD spend is one of the key contributions Zeda pursues in its intention to positively impact the society. Our total spend with our ESD beneficiaries through the Siyakhula development vehicle has been over **R66.4 million**, with an additional funding of over **R19.1 million** through loans and grants to Siyakhula beneficiaries.

Governance

We have continued to strengthen our governance processes, the control environment and emphasis on capacitating our brand ambassadors (employees) with maintaining our desired ethical posture. During the year, the Board approved an ESG strategy to further embed ESG into our business. Our Board and subcommittees have maintained their oversight role in line with our governance framework and respective terms of reference. During the year, two additional Board members were appointed to augment the Board. We successfully developed and implemented a comprehensive ethics programme for Zeda to ensure that ethics continue to be upheld.

APPRECIATION

This year's achievements would not have been possible without Zeda's incredible ambassadors. I am blessed to work with a team of people who understand the strategy and value proposition. I want to appreciate our partners, our customers, OEMs, financiers and many more that have supported us on this journey in our first year of being unbundled and listed as a separate entity. I also thank Barloworld for giving Zeda the opportunity to restructure the business to unlock value for the shareholders.

Last but certainly not least, my appreciation goes to the Board of Zeda that tirelessly invested their time and effort in this journey and the chairman for his wisdom and guidance.

OUTLOOK STATEMENT

Our strategy remains unchanged, however we have refined it to sharpen our focus on growth to deliver returns for our stakeholders. Our strategy is underpinned by technology; we remain focused on automation and digitisation of our business. This will also allow us to innovate thereby driving greater adoption of the usership economy and responding to the ever-evolving needs of the customer and allow us to enhance the customer experience.

To this end, we extended our subscription model and launched a next level mobility leasing product (iLease)aimed at individuals, a long-term subscription product for individuals for a period of between 12-48 months. Subscription is one of our key growth areas, it diversifies and strengthens our mobility offerings. With our heavy commercial rental, we are well positioned to capture long-haul and last mile opportunities in the market, and we believe we will maintain the current growth trajectory.

As we pursue sustainable growth, we will focus on integrating the ESG strategy. We look forward to how our strategy paves a better way to a usership economy and contributes to value creation. We will continue to focus our operating model on customer centricity which is a key differentiator for Zeda.

Ramasela Ganda
Group Chief Executive Officer

Thobeka Ntshiza
Group Financial Director

FINANCIAL OVERVIEW

FOR THE YEAR ENDED 30 SEPTEMBER 2023

Zeda Limited ("Zeda") delivered a stellar financial performance recording double-digit growth across the key financial performance indicators. We achieved our capital allocation priorities by settling the legacy unbundling debt, reinvesting into our business for sustainability and allocating fresh capital for fleet growth. The reinvestment of capital into our business delivered sector-leading returns to shareholders. We secured our first credit rating from Moody's.

GROUP PERFORMANCE

Key financial indicators

R'million	2023	2022	%
Revenue	**9 145**	8 133	12.4
EBITDA	**3 321**	2 814	18.0
EBITDA margin (%)	**36**	35	4.9
Operating profit	**1 552**	1 264	22.8
Operating margin (%)	**17**	16	9.7
Basic earnings per share (cents)	**387**	296	30.8
Headline earnings per share (cents)	**381**	325	17.3
Dividend per share (cents)	**–**	611	
Net debt to EBITDA (x) – rolling 12 months	**1.5x**	1.5x	–
Return on equity (%)	**37**	33	12.2

An overall **12%** revenue growth has been achieved by the Group, despite the continuing tough trading environment of high interest rates and high inflationary climate. Group EBITDA increased by **18%** to **R3 321 million**. Operating profit grew by **23%** to **R1 552 million**. The Group sustained its EBITDA margin, achieving **36%** (September 2022: **35%**). The benefit of diversified revenue streams, our strategy of growing the heavy commercial fleet, Corporate and Greater Africa businesses, supported by our culture of cost-containment initiatives to improve efficiencies in our business processes continues to yield positive results. This has enabled the business to achieve **17%** operating margins, notwithstanding the impact of margin declines in used cars.

FINANCIAL POSITION

R'million	2023	2022
ASSETS		
Total non-current assets	**4 836**	4 198
Total current assets	**7 977**	6 363
Total assets	**12 813**	10 561
EQUITY AND LIABILITIES		
Equity attributable to equity holders	**2 355**	1 632
Non-controlling interest	**48**	42
Total equity	**2 403**	1 674
LIABILITIES		
Total non-current liabilities	**3 052**	3 039
Total current liabilities	**7 358**	5 848
Total liabilities	**10 410**	8 887
Total equity and liabilities	**12 813**	10 561
Return on equity	**36.7**	32.7
Return on invested capital	**18.7**	11.9

BALANCE SHEET MANAGEMENT

Our strategic objective is to manage our balance sheet to achieve an optimal capital structure.

The objective of the Group's debt management strategy is to ensure adequate funding to meet the requirements of Zeda, including fleet investments in the Leasing and Car Rental Businesses, driven by demand from the market, with suitable maturities, at the lowest possible cost of funding considering prevailing market conditions.

From a capital allocation perspective, we prioritised the settlement of the unbundling debt of **R1.55 billion** in line with the settlement agreement with the former shareholder. The unbundling debt attracted the highest interest rate for the Group at prime plus **1%.** This was fully settled in September 2023, two months ahead of schedule, to close the financial year with a net debt of **R4.8 billion**. Zeda was unbundled with capital structure at 71:29 debt to equity ratio. We've deployed strategies to manage our capital structure in the medium term. Which yielded a marked improvement in our capital structure to 67:33 net debt to equity to support our growth plan.

We are diversifying our funding to optimise our cost of funding. To this end, we have attracted a diverse spectrum of funders and have secured our first credit rating of A1.za from Moody's on a national scale and Ba3 on a global scale. Our effective stakeholder management, strong business fundamentals and sustained management performance have led to an improved confidence in Zeda.

Going forward, the Group will further maintain optimal gearing levels by increasingly funding its rental fleet using operating lease structures, which would increase the percentage of leased fleet and reduce the level of debt required when growing the fleet size of the Car Rental Business.

FREE CASH FLOW

R'million	**2023**	2022
Operating cash flows before working capital	**3 341**	2 901
Working capital movements	**3 507**	5 043
Net investment in rental fleet assets and finance lease receivable movement	**(6 518)**	(5 280)
Net tax paid	**(284)**	(250)
Net interest and foreign exchange losses	**(598)**	(376)
Cash generated from operations before dividends	**(552)**	2 038
Cash flow generated (utilised) in investing activities	**6**	2
Free cash flow before dividends	**(546)**	2 040
Dividends paid (including minorities)	**(4)**	(1 160)
Free cash (outflow)/inflow	**(550)**	880

CAPITAL ALLOCATION FRAMEWORK

Our capital allocation framework seeks to allocate capital to the business (reinvest in the business), manage our balance sheet and reward shareholders. As communicated in the Pre-Listing Statement, Zeda adopted a dividend policy payout ratio of 20-30% of net profit after tax from the 2024 financial year. For the dividend policy, please refer to page 127 of the PreListing Statement.

KEY PERFORMANCE INDICATORS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

FINANCIAL INDICATORS – FULL-YEAR TRENDS

(R'000)	FY2023 September 2023	FY2022 September 2022	FY2021 September 2021	FY2020 September 2020	FY2019 September 2019
Revenue	**9 145**	8 133	7 672	8 688	10 161
EBITDA	**3 321**	2 814	2 196	1 886	2 653
EBITDA margin	**36**	35	29	22	26
Operating profit	**1 552**	1 264	827	246	1 087
Operating profit margin	**17**	16	11	3	11

KEY PERFORMANCE INDICATORS continued

Board approval

These consolidated annual financial statements for the year ended 30 September 2023 were approved on 24 November 2023 by the Zeda Limited Board of Directors and published on 27 November 2023. The Directors have the power to amend and reissue the financial statements.

Directors' responsibility

The directors of the Company take full responsibility for the preparation of the consolidated annual financial statements for the year ended 30 September 2023.

Audit report

The consolidated annual financial statements for the year ended 30 September 2023 have been audited by our independent auditors, SizweNtsalubaGobodo Grant Thornton Inc.

Preparer and supervisor of the consolidated financial statements

These consolidated financial statements for the year ended 30 September 2023 were prepared by the Zeda Limited finance team under the supervision of the Group Finance Director, Thobeka Ntshiza CA(SA).

DIRECTORS' REPORT

The Board is pleased to present the consolidated and separate annual financial statements of Zeda Limited for the year ended 30 September 2023.

Compliance

The Board is satisfied that the Zeda Limited Group has complied with and operates in conformity with the provisions of the South African Companies Act ("**Companies Act**"), the Company's Memorandum of Incorporation ("**MOI**") and any other applicable laws relating to its incorporation.

Nature of business

The Zeda Limited Group is a non-manufacturing integrated vehicle mobility solutions business, providing car rental, fleet management and leasing solutions in South Africa and 10 other countries in sub-Saharan Africa. It is a services company with two primary areas of focus: car rental and leasing activities. Zeda Limited acquired a primary listing on the Main Board of the JSE on 13 December 2022.

Internal restructuring of the Zeda Limited Group before the Unbundling and Listing

In preparation for the Unbundling and Listing which was effective on 13 December 2022, the Zeda Limited Group underwent an internal restructuring ("**Restructuring**"). The Restructuring and the application of book value accounting for common control business combinations as detailed in note 1: Basis of preparation, Accounting framework, Comparative information and common control transactions had a significant impact on the reported results of the Zeda Limited Group for the years ended 30 September 2022 and 30 September 2021.

Financial results and review

The consolidated financial statements have been prepared as if the Zeda Limited Group had already existed before the start of the earliest period presented. The comparative information has, therefore, been presented as if the Restructuring had occurred on 1 October 2021.

R'million	2023	(Restated) 2022	% change
Revenue	**9 145**	8 133	12.4
Operating profit	**1 552**	1 264	22.8
Basic earnings per share (cents)	**387**	296	30.8
Headline earnings per share (cents)	**381**	325	17.3
Net cash derived from/(used in) financing activities	**1 091**	(661)	161

Revenue of R9.14 billion (FY2022: R8.13 billion) was up 12% from the prior year. Operating profit of the Group was up 23% to R1.55 billion (FY2022: R1.26 billion). Zeda Limited Group headline earnings per share of 381.0 cents was 56.3 cents above the Zeda Limited Group headline earnings per share of 324.7 cents in the prior year. Net cash inflow from financing activities was R1.09 billion compared to the outflow of R0.66 billion in the prior year.

DIRECTORS' REPORT continued

Share capital

The Company was incorporated on 17 May 2022 with an authorised share capital of 2,000,000,000 Zeda Limited Shares of no par value. No Zeda Limited Shares were issued on incorporation: 200 Zeda Limited Shares were subsequently issued to Barloworld. A further 189,641,687 Zeda Limited Shares were issued to Barloworld as the consideration for the investment in the Avis Southern Africa Proprietary Limited ("**Avis Southern Africa**") Group (collectively "**Avis Southern Africa Group**").

For the purposes of the consolidated financial statements, the share capital is presented as being in issue from the first period presented. Further details of the authorised and issued stated capital of the Zeda Limited Group and Company are provided in note 24 and note 10, respectively.

Major shareholders*

Beneficial shareholdings 5% or more

Shareholder Name	**Total shareholding**	% of issued capital
Zahid Tractor & Heavy Machinery Co. Limited	**35 966 284**	18.97%
Silchester International Investors, L.L.P.	**25 715 554**	13.56%
Total	**61 681 838**	32.53%

* *As per the Share Register from Strate Proprietary Limited, dated 17 November 2023.*

Borrowing powers

The Company's borrowing powers exercisable by the directors are unlimited. The MOI does not provide for the borrowing powers of the directors to be varied and any variation of such powers would accordingly require Zeda Limited ordinary shareholders (**"Zeda Limited Shareholders"**) to approve a special resolution amending the MOI.

DIRECTORS' REPORT continued

Capital expenditure and commitments

Details of the Zeda Limited Group's capital commitments on property, plant and equipment, motor vehicles as well as intangible assets are set out in note 37 of the accompanying Zeda Limited Group annual financial statements. Capital commitments will be financed by cash generated from operations and borrowing facilities.

Special resolutions

On 28 March 2023, Zeda in its capacity approved:

- a special resolution authorising the Company to approve non-executive directors' fees;
- a special resolution authorising the Company to provide financial assistance, as contemplated by sections 44 and/or 45 of the Companies Act;
- a special resolution granting the Company the general authority to acquire up to 5% of the Zeda Limited Shares.

Acquisitions and disposals

On and with effect from 30 September 2022 and as part of the Restructuring, all the issued shares in Avis Southern Africa, were sold by Barloworld to Zeda Limited (being a wholly-owned subsidiary of Barloworld at the time) at the fair market value thereof of R4,500,000,000.00 (four billion five hundred million Rand), which purchase consideration was settled by the Company issuing 189,641,687 additional Zeda Limited Shares to Barloworld as an "asset-for-share" transaction in accordance with section 42 of the South African Income Tax Act. The details of the Restructuring are set out in note 1: Basis of preparation A. Background.

Subsidiaries, associates and other investments

Details of interests in subsidiaries are disclosed in note 9 of the separate annual financial statements of the Company.

Details of interests in joint ventures are outlined in note 16 of the consolidated annual financial statements of the Zeda Limited Group. Refer to note 26 on non-controlling interest.

Going concern

The consolidated and separate annual financial statements of the Zeda Limited Group are prepared on the going concern basis.

The going concern assumption was approved by the Board on recommendation from the Audit and Risk Committee, after taking into consideration its available information about the profitability of the operations and the accessibility to financial resources for at least the next 12 months from 30 September 2023.

The Board has considered both near term and longer-term funding requirements and are comfortable that Zeda Limited will have sufficient liquidity and funding sources to continue operating in the foreseeable future.

Liquidity and solvency

The Board approved the solvency and liquidity tests based on the recommendation of the Audit and Risk Committee as required by the Companies Act and concluded that the Company complies.

Events after the reporting period

Events occurring after the reporting date, which are considered material to the consolidated and separate annual financial statements of the Zeda Limited Group, are detailed on note 43.

DIRECTORS' REPORT continued

Directors

The Company is governed by the Board, which is responsible for ensuring that the Company complies with all its statutory and regulatory obligations, as specified in the Companies Act, the MOI, and following the Listing and Unbundling, the JSE Listings Requirements and the South African Financial Markets Act. The Board has appointed several further Committees to assist the Board in discharging its duties, with the particulars of such Committees appearing below.

The composition of the Board, for the year under review and up to the date of this report, is as follows:

Directors	Position	Appointment date	Subcommittees as reconstituted on 22 September 2023				
Lwazi Bam (Chairman)	Independent non-executive	12 December 2022				NOM*	ITC*
Xoliswa Kakana	Independent non-executive	01 August 2023	ARC*	REM*		NOM	
Yolanda Miya	Independent non-executive	10 June 2022	ARC	REM		NOM	
Sibani Mngomezulu	Independent non-executive	10 June 2022		REM	SET*		ITC
Ngao Motsei	Independent non-executive	10 June 2022	ARC		SET	NOM	
Marna Roets	Independent non-executive	01 October 2023	ARC		SET		ITC
Donald Wilson	Independent non-executive	10 June 2022	ARC	REM			ITC
Ramasela Ganda (GCEO)	Executive	17 May 2022			SET		
Thobeka Ntshiza (GFD)	Executive	17 May 2022					

* *ARC: Audit and Risk Committee*
* *REM: Remuneration Committee*
* *SET: Social, Ethics and Transformation Committee*
* *NOM: Nomination Committee*
* *ITC: Investment and Transactions Committee*

During the year, the following Board changes occurred:

- Xoliswa Kakana was appointed independent non-executive on 01 August 2023.
- Marna Roets was appointed independent non-executive on 01 October 2023.

The remuneration paid to directors is disclosed in note 40: directors' remuneration to the consolidated annual financial statements of the Zeda Limited Group.

DIRECTORS' REPORT continued

Directors' and prescribed officers' interest in Zeda Limited Shares

As detailed in the remuneration report, Ramasela Ganda (Group Chief Executive Officer) and Thobeka Ntshiza (Group Finance Director) were granted retention awards. The shares are subject to a minimum shareholding policy, which requires certain executives to build up and hold a minimum number of shares ("**MSR**") policy set out in the remuneration report).

Interest of directors and prescribed officers of the Company in share capital

The aggregate beneficial holdings as at 30 September 2023 of the directors of the Company and their immediate families (none of which has a holding in excess of 1%) in the issued ordinary shares of the Company are detailed below. There has been no change in the beneficial holdings between the end of the financial year and the date of the approval of the annual financial statements for the 2023 financial year.

	2023			
Name	Direct beneficial	Indirect beneficial	Total	% of issued Zeda Limited ordinary share capital
Zeda Limited ordinary shares				
Lwazi Bam	–	–	–	–
Xoliswa Kakana	–	–	–	–
Yolanda Miya	–	–	–	–
Sibani Mngomezulu	1 000	–	1 000	**
Ngao Motsei	–	–	–	–
Marna Roets	–	–	–	–
Donald Wilson	119 997	–	119 997	0.06
Ramasela Ganda	76 474	382 673	459 147	0.24
Thobeka Ntshiza	56 620	191 336	247 956	0.13
Thlabi Ntlha	17 300	–	17 300	**
Litha Nkombisa	94 325	–	94 325	0.05
Total	**365 716**	**574 009**	**939 725**	**0.49**

** *Less than 0.01%*

	2022			
Name	Direct beneficial	Indirect beneficial	Total	% of issued Zeda Limited ordinary share capital
Zeda Limited ordinary shares				
Lwazi Bam	–	–	–	–
Yolanda Miya	–	–	–	–
Sibani Mngomezulu	1 000		1 000	**
Ngao Motsei	–	–	–	–
Donald Wilson	119 997	–	119 997	0.06
Ramasela Ganda	–	76 474	76 474	0.04
Thobeka Ntshiza	–	17 580	17 580	0.01
Total	120 997	94 054	215 051	0.11

** *Less than 0.01%*

Auditors

SNG Grant Thornton was appointed as external auditor of the Zeda Limited Group and will continue in office in accordance with section 94(7) of the Companies Act. At the forthcoming annual general meeting, shareholders will be requested to approve the appointment of SNG Grant Thornton as registered independent external auditors of Zeda Limited for the 2024 financial year and to confirm N Moodley as the lead designated independent external auditor.

Approval of the audited consolidated and separate annual financial statements

Based on the recommendation of the Audit and Risk Committee, the Board has approved the audited consolidated and separate annual financial statements of the Zeda Limited Group for the year ended 30 September 2023.

DIRECTORS' RESPONSIBILITY AND APPROVAL

The Board has the pleasure of presenting the consolidated and separate financial statements of the Zeda Limited Group and the Company for the year ended 30 September 2023.

The Board is responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the audited consolidated and separate annual financial statements of the Zeda Limited Group. The audited consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and adopted by the International Accounting Standards Board ("**IASB**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("**FRSC**"), the Companies Act and the JSE Listings Requirements.

The report by the Zeda Limited Group's Finance Director discussed the results of operations for the year and those matters which are material for an appreciation of the state of affairs and business of the Company and of the Zeda Limited Group.

The Board is also responsible for the oversight of the Zeda Limited Group's system of internal controls. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The systems are implemented and monitored by suitably trained employees with appropriate segregation of authority and duties. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the current year.

The Board has reviewed the appropriateness of the accounting policies and concluded that estimates and judgements are prudent. The Board is of the opinion that the financial statements fairly present in all material respects the state of affairs and business of the Zeda Limited Group and Company at 30 September 2023 and of the profit for the year to that date.

In addition, the Board has also reviewed the cash flow forecast for the year to 30 September 2024 and is satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

The Zeda Limited Group's independent external auditors, SizweNtsalubaGobodo Grant Thornton Inc., have audited the consolidated and separate annual financial statements for the year ended 30 September 2023, in conformity with International Standards on Auditing. Refer to their unmodified report.

The financial statements were approved by the Board, issued on 27 November 2023 and were signed on its behalf by:

Ramasela Ganda
Group Chief Executive Officer
Authorised director
24 November 2023

Thobeka Ntshiza
Group Finance Director
Authorised director
24 November 2023

PREPARER OF FINANCIAL STATEMENTS

for the year ended 30 September 2023

These financial statements have been prepared by the Zeda Limited finance team under the supervision of Thobeka Ntshiza, Group Finance Director (GFD), CA(SA).

Thobeka Ntshiza
Group Finance Director
24 November 2023

CERTIFICATE BY COMPANY SECRETARY

To the Shareholders of Zeda Limited

In my capacity as the Company Secretary, I hereby certify that, to the best of my knowledge and belief, Zeda Limited has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public Company in terms of the Companies Act, 71 of 2008 (as amended).

Further, I certify that such returns and notices are true, correct and up to date.

Poloko Leotlela
Managing Director at William Radcliffe
Group Company Secretary
24 November 2023

GROUP CHIEF EXECUTIVE OFFICER AND GROUP FINANCE DIRECTOR'S RESPONSIBILITY STATEMENT

Each of the directors, whose names are stated below, hereby confirm that:

(a) the annual financial statements, fairly present in all material respects, financial performance and cash flows of Zeda Limited in terms of IFRS;
(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
(c) internal financial controls have been put in place to ensure that material information relating to Zeda Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Zeda Limited;
(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
(e) where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
(f) we are not aware of any fraud involving directors.

Ramasela Ganda
Group Chief Executive Officer
24 November 2023

Thobeka Ntshiza
Group Finance Director
24 November 2023

INDEPENDENT AUDITOR'S REPORT

SNG Grant Thornton

To the Shareholders of Zeda Limited
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Zeda Limited (the group and company) set out on pages 42 to 116, which comprise the consolidated and separate statements of financial position as at 30 September 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Zeda Limited and its subsidiaries as at 30 September 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. No key audit matters were identified in respect of the separate financial statements.

Identified Key Audit Matter	How we responded to the Key Audit Matter
Valuation of contract liabilities The Group is contractually obliged to provide the maintenance, service and tyres on its FML-type (Full Maintenance Lease) and maintenance and service on its MAU-type (Manufacturer Upfront) contracts over a future specified period. At 30 September 2023 the value of the liability is R774 million (2022: R847 million). The determination of the adequacy of the maintenance and warranty contract liabilities and the recognition of the related revenue in accordance with IFRS 15 – Revenue from Contracts with Customers is complex. There are various information technology (IT) systems which are used to manage the underlying transactions, including the capturing of new policies, authorisations of claims and terminations.	Our audit procedures included, among others: • Testing the design, implementation, and operating effectiveness of the following controls which management has in place over the valuation of the contract liabilities: – Capturing of new contracts. – The authorisation of the claims – Terminations of lapsed contracts. – The review of unearned fund monthly reconciliations

INDEPENDENT AUDITOR'S REPORT continued

SNG Grant Thornton

Identified Key Audit Matter	How we responded to the Key Audit Matter
Valuation of contract liabilities continued The liability values recognised are based on the sum of projected future premiums and projected future cost. This is the present value of future income less future outflow in the group, which are dependent upon forecasted burn rates derived from key assumptions about the future, including: • Cost of vehicle parts, consumables and labour • Future inflation • OEM risk profile • Discount rates; and • Contract duration and mileage Management has engaged specialists to assist with determining the adequacy of the liabilities for service, maintenance, and warranty contracts on a quarterly basis. Due to the complexity of the actuarial assumptions and the risk that the quantum of the liability and consequential revenue recognised is inappropriate, the valuation of the contract liabilities has been identified as a key audit matter. The disclosure related to the contract liabilities is disclosed in note 29 of the consolidated financial statements.	• Assessing and challenging the key assumptions that management made in valuing the contract liabilities with a focus on the adequacy of the fund (reserves) and appropriateness of the related revenue recognised. With the assistance of our actuarial specialists the procedures included: – Assessing the independence, objectivity, competence, and experience of management's specialists. – Assessing the appropriateness of the financial models utilised by management's specialists; – Testing the forecasted burn rates which are derived from key assumptions used in the financial models; and – Verifying the reasonableness of the ranges applied to sensitivities of the key assumptions. • Assessing the adequacy of the disclosures in the consolidated financial statements.
IFRS 2 share scheme Three types of awards were introduced in Zeda Group during the current year, namely, retention awards from the Pre-Listing Statement (PLS), replacement awards and a new forfeitable share scheme for the executive directors. **Retention Awards:** Barloworld and Zeda Limited were part of the same group of entities until Zeda Limited was unbundled by Barloworld (BW) on the 13th of December 2022 and listed on the JSE. Barloworld approved a bonus award of shares in Zeda to the Zeda CEO and CFO, resulting in a once-off equity-settled IFRS 2 charge of approximately R7,2 million. The awards were granted pre-unbundling and vested upon the unbundling on the 13th of December 2023. The shares are subject to a minimum shareholding policy which require certain executives to build-up and hold a minimum number of shares.	We involved our technical specialists to assess compliance of the management valuation and disclosure of the awards with the requirements of IFRS 2. Due to the share incentive scheme being new to the Group, an understanding of the letter of intent was obtained and conditions linked to the awards to ensure appropriate accounting of both Zeda Limited and subsidiaries' financial statements. The following procedures, among others, were performed to assess appropriateness of recognition and measurement of the transactions: • Obtained management calculation of the expense and agreed the following from the calculation to the contractual terms of the scheme; – Number of employees and executives granted options; – Number of options granted per employee and executive; – The official grant date of the share options; – Vesting period for the scheme; and – Required performance conditions attached to the options.

INDEPENDENT AUDITOR'S REPORT continued

SNG Grant Thornton

Identified Key Audit Matter	How we responded to the Key Audit Matter
IFRS 2 share scheme continued **Replacement Awards:** The employees of Zeda Group were originally under the Barloworld scheme. As a result of the unbundling, a portion of the Barloworld Forfeitable Share plan awards that Zeda Group employees held lapsed and were replaced with awards (replacement awards) made in Zeda shares. Zeda Group received the payment from Barloworld for the shares that lapsed / early vested as a result of the unbundling. The vesting of the shares is subject to specific performance conditions, Broad Based Black Economic Empowerment, Improved Employee Value Propositions rating and Improved Customer Experience. The shares vest annually over two years (vesting will therefore occur in 2023 and 2024). **Forfeitable Share Scheme:** During the 2023 year the Group introduced the Zeda forfeitable Share Plan Scheme. The scheme only applies to Group executives, including executive directors and prescribed officers, and is designed to align the long-term incentive scheme with the company's strategy. The vesting of the shares are subject to specific performance conditions: • Based on return on invested capital, headline earnings per share growth and net debt to EBITDA; and • Continued employment for a period of 3 years. The transactions were accounted for as equity-settled in terms of IFRS 2 and measured at the fair value of the equity instruments at the grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date. Due to first time adoption of the share incentive scheme and new judgements made by management in the current period, the appropriateness of the recognition and measurement of the IFRS 2 transactions have been identified as a key audit matter. The disclosure related to the share incentive scheme and share based payments is disclosed in note 42 of the consolidated financial statements.	• Recalculated the expense and assessed that the fair value had been appropriately spread over the stated vesting period. • Agreed that the fair value calculated was at the grant date. • Obtain written representation from management confirming that the assumptions used in measuring the expense are reasonable.

INDEPENDENT AUDITOR'S REPORT continued

SNG Grant Thornton

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Zeda Limited Group Financial Statements for the year ended 30 September 2023", which includes the Audit and Risk Committee Report, Directors' Reports, and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do 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 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, 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 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'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 or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements 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 based on 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 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.

INDEPENDENT AUDITOR'S REPORT continued

SNG Grant Thornton

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements continued

- 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 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 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.

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 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 SNG Grant Thornton has been the auditor of Zeda Limited for 2 years.

SizweNtsalubaGobodo Grant Thornton Inc.
Neridha Moodley
Director
Registered Auditor

25 November 2023
20 Morris Street East
Woodmead
2191

AUDIT AND RISK COMMITTEE

Introduction and mandate

The Board formed the Audit and Risk Committee ("**ARC**") on 27 June 2022.

ARC is primarily responsible for overseeing the Zeda Group's financial reporting processes, internal controls and risk management framework and the relationship with the external auditors, including assessing the auditor's expertise and independence.

ARC conducted its work following the mandate approved by the Board, which is reviewed and updated annually. Terms of reference were set up to ensure that the Committee performed its duties in line with King IV™, the Companies Act, and the JSE Listings Requirements for FY2023.

The Board believes that the members of the ARC collectively possess the knowledge and experience to consider the following matters:

I. Preparation and presentation of the consolidated and separate annual financial statements of Zeda Limited

II. Integrated reporting

III. Internal financial controls

IV. External and internal audit processes and governance

V. Information and technology governance

VI. Corporate governance processes within the Zeda Group as they relate to financial reporting

VII. Risk management

Roles and responsibilities

The Audit and Risk Committee is primarily responsible for overseeing Zeda Limited's financial reporting processes, internal controls, risk management framework and relationship with the external and internal auditors, including assessing the auditor's independence and objectivity.

Composition

The Committee consists of at least three independent non-executive directors elected annually at the AGM for one year. Xoliswa Kakana was appointed on 1 August 2023, and Marna Roets was appointed on 1 October 2023.

Name	Position
Donald Wilson (Chairman)	Independent non-executive director
Yolanda Miya	Independent non-executive director
Ngao Motsei	Independent non-executive director
Xoliswa Kakana	Independent non-executive director
Marna Roets	independent non-executive director

AUDIT AND RISK COMMITTEE continued

Meeting attendance

The Committee meets at least four times a year.

	Meetings attended (Pre-Unbundling)				
Meeting dates	Donald Wilson	Ngao Motsei	Yolanda Miya	Xoliswa Kakana	Marna Roets
4 November 2022	X	X	X	n/a	n/a
10 November 2022	X	X	X	n/a	n/a
16 November 2022	X	X	X	n/a	n/a
17 November 2022	X	X	X	n/a	n/a
22 November 2022	X	X	X	n/a	n/a
Total	5	5	5	5	5
Meeting dates	Meetings attended (Post-Unbundling)				
23 January 2023	X	X	X	n/a	n/a
16 February 2023	X	X	X	n/a	n/a
22 March 2023	X	X	X	n/a	n/a
22 May 2023	X	X	X	n/a	n/a
28 July 2023	X	X	X	n/a	n/a
13 September 2023	X	X	X	n/a	n/a
Total	**6**	**6**	**6**	–	–

The performance of the ARC will be reviewed annually as part of the effectiveness review of the Board.

External audit

The ARC, among other matters:

I. performed its responsibilities in assessing the suitability of the external auditors and designated individual auditors as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements by considering the relevant information according to paragraph 22.15(h) of the JSE Listings Requirements and have been provided with all decision letters/explanations issued by Independent Regulatory Board for Auditors (“**IRBA**”) and any summaries relating to monitoring procedures/deficiencies issued by the IRBA. In addition, the ARC reviewed the internal quality assurance program performed by SNG Grant Thornton;

II. is satisfied that Neridha Moodley, as the designated individual auditor, is appropriate and that SNG Grant Thornton are accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements;

AUDIT AND RISK COMMITTEE continued

III. considered and is satisfied with the independence and effectiveness of the external auditor. They have confirmed that the criteria for independence, as set out in the rules of the Independent Regulatory Board for Auditors and other relevant international bodies, have been followed;

IV. received confirmation from the external auditors that SNG Grant Thornton is independent of the Zeda Group and that its independence was not impaired;

V. will recommend that SNG-Grant Thornton and Neridha Moodley be appointed as the independent external auditor and designated auditor, respectively, of Zeda and its subsidiaries for FY2024. This complies with the Companies Act, the JSE Listings Requirements and other applicable legal and regulatory requirements;

VI. considered and confirmed the proposed external audit fees and approved the external audit engagement letter for FY2023;

VII. considered and confirmed compliance with the non-audit services policy;

VIII. considered any reported control weaknesses and management's response for the mitigation and improvement and assessed the impact of such weaknesses on the general control environment; and

IX. met separately with both management and external auditors.

Accounting practices and key audit matters

The ARC reviewed the accounting policies, including significant areas of judgement and estimation in the Group, and consolidated annual financial statements for FY2023 for compliance with the provisions of the Companies Act, IFRS and the JSE Listings Requirements.

The Committee considered all new standards applicable and interpretations and amendments to standards that are not yet adopted but are likely to affect the financial reporting in future years. The Audit and Risk Committee also reviewed the related disclosure in the annual financial statements.

The external auditors have confirmed the following key audit matters for 2023:

1. First-time implementation of IFRS2 for Zeda Group.
2. The valuation of contract liabilities for the maintenance fund which requires the actuarial assumptions and modelling.

Refer to the SNG Grant Thornton audit report for further details on key audit matters.

Information and technology governance

Information and technology governance is the responsibility of the Board, which delegated the oversight to the ARC.

In overseeing IT, the Committee reviewed and approved the IT security and governance frameworks and obtained feedback from the IT Steering Committee.

The IT Steering Committee was appointed in 2023 and focused on establishing the following for the Group:

(i) IT governance framework and charter

(ii) IT security framework

(iii) Various relevant IT policies

(iv) Ensure that the Zeda IT medium-term roadmap sustains and enables the Company strategy and objectives.

AUDIT AND RISK COMMITTEE continued

Internal audit

The internal audit function is outsourced to KPMG. The Audit and Risk Committee reviewed and approved the internal audit charter.

The scope of internal audit work encompasses examining and evaluating the adequacy and effectiveness of the Zeda internal financial controls system. Internal audit is required to assess and to provide assurance to the ARC of the effectiveness of the internal financial controls, risk management and governance processes. The ARC approved the appointment of the internal auditors, the internal audit plan for FY2024, and the internal audit fees. The Committee furthermore considered the outcome of all reviews conducted during 2023 and is satisfied with the management commitments to address noted findings.

The internal audit partner, Ashley Smith, reports functionally to the Audit and Risk Committee Chairman and administratively to the GFD. The Audit and Risk Committee is satisfied that the internal audit partner and his team have the appropriate qualifications, expertise and experience to fulfil their duties.

Combined assurance

The ARC approved Zeda's combined assurance framework, having satisfied itself that it meets best practice as recommended by the Institute of Internal Auditors as well as the King IV™ requirements. Based on the Group risk analysis, the Committee approved the FY2023 combined assurance model and considered the work of the internal and external auditors as the third-line assurance providers. The Committee has also considered management reports in respective areas as first and second-line assurers.

Preparing the Zeda combined assurance model is the responsibility of the Audit and Risk Committee, which is tasked with establishing a coordinated approach to all assurance activities. The Audit and Risk Committee will review the plans and work outputs of the external and internal auditors and other assurance providers to conclude on their adequacy to address all significant business risks.

Expertise and experience of the Group Finance Director and the finance function

The ARC:

(i) reviewed the performance and confirmed the suitability and expertise of the GFD, Thobeka Ntshiza; and

(ii) considered and is satisfied with the appropriateness of the expertise, diversity, and adequacy of resources of the Group's financial function and the effectiveness of the senior members of management responsible for the financial function.

Adequacy and functioning of the internal controls

The ARC noted various reports the internal and external auditors presented. Based on these reports, the Committee is satisfied that the control environment is stable and that there were no material matters which would have resulted in a misstatement of the audited consolidated and separate annual financial statements. ARC is satisfied that the internal financial controls are adequate for preparing the audited Company and consolidated annual financial statements.

The ARC noted findings reported to the Committee and management's proposed remedial actions to address any shortcomings in the control environment. The Committee is satisfied that these actions will improve the control environment.

For FY2023, internal audit confirmed that, in their opinion, the operations had a system of internal controls that were adequate to enable the preparation of financial information compliant with International Financial Reporting Standards and in the manner required by the Companies Act. ARC confirmed that it has no reason to believe there were any material breakdowns in the design and operating effectiveness of the system of internal controls during the year.

ARC received assurance from the internal audit, which confirmed that the internal financial controls for reporting were assessed and found to be adequate to support the responsibility statement by the GCEO and the GFD, as required by paragraph 3.84(k) of the JSE Listings Requirements relating to the responsibility statement.

Risk management

The ARC approved the enterprise risk management framework and the risk management plan for FY2023. The Committee also noted the regulatory compliance risk framework and the regulatory universe as approved by the Social, Ethics and Transformation Committee. Exco presented the strategic risk profile for FY2024 for the Committee's consideration and progress on implementing key mitigations to the strategic risk. The Committee is satisfied that all key risks were considered in the risk profile and adequately updated throughout the year. The Committee recommended that the Board approve the risk-bearing capacity for the financial year. It also reviewed the insurance programme including the uninsurable risks as presented by management.

The Committee will continue to actively monitor, evaluate, and seek assurance that the key risk items that could impact the Company operations and the audited Company and consolidated financial statements are adequately addressed by the appropriateness and adoption of:

I. policies and procedures;

II. delegation of authority framework;

III. information and technology and related governance;

IV. legal and regulatory compliance; and

V. insurance risk.

AUDIT AND RISK COMMITTEE continued

Financial reporting

Regarding financial reporting, ARC discharged its responsibilities as contained in the mandate, including but not limited to:

I. Reviewed the working capital pack prepared by management to support the Board's going concern statement at reporting dates and the solvency and liquidity tests required in terms of the Companies Act and the JSE Requirements. The Audit and Risk Committee confirmed and recommended to the Board that the going concern basis of preparation is appropriate for the consolidated and separate financial statements of Zeda Limited.

II. Reviewed the working capital pack prepared by management to support the Board's going concern statement at reporting dates and the solvency and liquidity tests required in terms of the Companies Act and the JSE Listings Requirements for distributions.

III. Reviewed the appropriateness of the accounting policies, financial controls, records, and financial reporting processes.

IV. Considered all the new IFRS standards applicable and interpretations and amendments to standards that are not yet adopted but are likely to affect the financial reporting in future years. The Committee noted that IFRS 17 will have a material impact on the Company and consolidated annual financial statements.

V. Reviewed and recommended to the Board for approval:

   a. the Zeda Limited Company and consolidated financial statements for FY2023;

   b. SENS Short-form Announcement; and

   c. the Zeda Limited summarised financial statements for FY2023.

Donald Wilson
Chairman: Audit and Risk Committee
For and on behalf of the Zeda Limited Audit and Risk Committee

CONSOLIDATED FINANCIAL STATEMENTS

2

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 30 September 2023

R'000	Note	2023	(Restated) 2022
Revenue	4	**9 144 637**	8 133 228*
Cost of sales		**(5 020 150)**	(4 592 048)*
Gross profit		**4 124 487**	3 541 180
Other operating income	5	**130 246**	116 910
Impairment of receivables	22	**(22 085)**	(32 776)
Administrative and other operating expenses	6	**(2 681 383)**	(2 268 087)
Foreign exchange losses	9	**(14 293)**	(39 056)
Operating profit before capital items		**1 536 972**	1 318 171
Capital items	10	**14 931**	(54 380)
Operating profit	6	**1 551 903**	1 263 791
Finance income	7	**29 758**	6 047
Finance costs	8	**(652 135)**	(389 044)
Share of joint venture profit after tax	16	**10 208**	931
Profit before taxation		**939 734**	881 725
Taxation	11	**(197 654)**	(311 837)
Profit for the year		**742 080**	569 888
Attributable to:			
Equity owners of Zeda Limited		**731 883**	561 416
Non-controlling interest		**10 197**	8 472
		742 080	569 888
Earnings per share			
Basic earnings per share (cents)	12	**387.24**	296.0
Diluted basic earnings per share (cents)	12	**387.24**	296.0

* *Refer to note 3 for details of restatement.*

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 30 September 2023

R'000	Note	2023	2022
Profit for the year		**742 080**	569 888
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation difference		**14 343**	43 333
Total comprehensive income for the year		**756 423**	613 221
Total comprehensive income attributable to:			
Equity owners of Zeda Limited		**746 226**	604 749
Non-controlling interest		**10 197**	8 472
		756 423	613 221

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2023

R'000	Note	2023	2022
ASSETS			
Non-current assets			
Property plant and equipment	13	4 206 244	3 624 656
Right of use assets	14	289 947	295 834
Intangible assets	15	25 623	25 100
Investment and loans in joint ventures	16	18 308	8 100
Deferred tax asset	17	58 438	117 842
Finance lease receivable	18	231 620	125 896
Investments	41	5 881	463
Share appreciation rights receivable	19	–	9
Total non-current assets		**4 836 061**	4 197 900
Current assets			
Rental vehicles	20	4 986 764	3 812 005
Finance lease receivable	18	124 059	76 766
Inventories	21	544 532	471 039
Trade and other receivables	22	1 292 317	1 498 707
Income tax receivable		186 870	197 804
Cash and cash equivalents	23	842 331	306 526
Total current assets		**7 976 873**	6 362 847
Total assets		**12 812 934**	10 560 747
Invested Equity			
Stated capital	24	4 464 105	4 500 000
Merger reserve	25	(4 474 011)	(4 474 011)
Retained earnings		2 278 235	1 546 352
Foreign currency translation reserve	25	49 459	35 116
Other reserves	25	37 187	24 027
Interest of shareholders of Zeda Limited		2 354 975	1 631 484
Non-controlling interest	26	48 444	42 188
Equity		**2 403 419**	1 673 671
LIABILITIES			
Non-current liabilities			
Long-term interest-bearing borrowings	27	1 941 511	1 908 131
Lease liability	28	432 920	434 790
Contract liabilities	29	459 837	500 457
Deferred tax liability	17	217 596	174 427
Provisions and other accruals	30	–	21 019
Total non-current liabilities		**3 051 864**	3 038 824
Current liabilities			
Bank overdraft	31	356 634	240 202
Short-term interest-bearing borrowings	31	1 098 774	1 437 648*
Lease liability	28	72 029	88 280
Floorplans from suppliers	32	2 271 300	874 299*
Trade and other payables	33	3 092 788	2 503 422*
Contract liabilities	29	314 842	346 679
Provisions and other accruals	30	138 423	144 463
Income tax payable		12 861	213 258
Total current liabilities		7 357 651	5 848 251
Total liabilities		10 409 515	8 887 075
Equity and liabilities		**12 812 934**	10 560 746

* *Refer to note 3 for details of reclassification.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2023

R'000	Stated capital	Merger reserve*	Retained earnings	Foreign currency translation reserve	Other reserves	Equity attributable to equity holders	Non-controlling interest	Total equity
Balance at 30 September 2021	4 500 000	(4 474 011)	2 142 364	(8 217)	24 890	2 185 026	35 849	2 220 875
Total comprehensive income for the year	–	–	561 416	43 333	–	604 749	8 472	613 221
Profit for the year	–	–	561 416	–	–	561 416	8 472	569 888
Foreign currency translation difference	–	–	–	43 333	–	43 333	–	43 333
Transactions with shareholders recorded directly in equity	–	–	–	–	–	–	–	–
Dividends declared	–	–	(1 157 428)	–	–	(1 157 428)	(2 133)	(1 159 561)
Other movement	–	–	–	–	(863)	(863)	–	(863)
Balance at 30 September 2022	4 500 000	(4 474 011)	1 546 352	35 116	24 027	1 631 484	42 188	1 673 672
Total comprehensive income for the year	**–**	**–**	**731 883**	**14 343**	**–**	**746 226**	**10 197**	**756 423**
Profit for the year	**–**	**–**	**731 883**	**–**	**–**	**731 883**	**10 197**	**742 080**
Foreign currency translation difference	**–**	**–**	**–**	**14 343**	**–**	**14 343**	**–**	**14 343**
Transactions with shareholders recorded directly in equity					**–**	**–**	**–**	**–**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**(3 941)**	**(3 941)**
IFRS 2 equity settled	**–**	**–**	**–**	**–**	**13 043**	**13 043**	**–**	**13 043**
Elimination of treasury shares	**(35 895)**	**–**	**–**	**–**	**–**	**(35 895)**	**–**	**(35 895)**
Other movement	**–**	**–**	**–**	**–**	**117**	**117**	**–**	**117**
Balance at 30 September 2023	**4 464 105**	**(4 474 011)**	**2 278 235**	**49 459**	**37 187**	**2 354 975**	**48 444**	**2 403 419**

* *In terms of the book value accounting as detailed in the basis of preparation the difference between the acquiree's share capital and the cost of investment is represented as a merger reserve directly in equity in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2023

R'000	Note	2023	(Restated) 2022
Cash generated from/(used in) operations	34	**330 592**	2 663 679
Interest paid on interest bearing borrowings and lease liability	36	**(629 778)**	(389 044)
Realised foreign exchange losses		**2 082**	7 288*
Interest received	7	**29 758**	6 047
Taxation paid	35	**(283 744)**	(250 393)
Dividends paid including non controlling interest		**(3 941)**	(1 159 561)
Cash (utilised)/retained from operating activities		**(555 031)**	878 016
Cash flows from investing activities			
Acquisition of property, plant and equipment excluding leasing vehicles		**(11 886)**	(9 748)
Disposal of property, plant and equipment excluding leasing vehicles		**18 855**	12 829
Acquisition of investment in cell captive		**–**	(50)
Acquisition of Intangible assets	15	**(2 080)**	(1 513)
Net cash from investing activities		**4 889**	1 518
Cash flow from financing activities			
Share scheme purchases		**(37 428)**	(6 932)
Repayment of long term interest-bearing borrowings	36	**(2 103 079)**	(3 144 974)
Long term interest bearing loan raised	36	**1 639 220**	1 914 332
Floorplans raised from suppliers	36	**1 718 545**	874 299*
Repayment of floorplans from suppliers	36	**(340 962)**	(176 959)*
Increase/(decrease) in bank overdraft	36	**113 493**	(80 886)
Increase in short-term interest bearing borrowings	36	**439 427**	22 421*
Decrease short-term interest bearing borrowings	36	**(281 062)**	–
Repayment of lease liability	36	**(57 381)**	(61 922)
Net cash derived from/(used in) financing activities		**1 090 773**	(660 621)
Movement in cash balances			
Net increase/(decrease) in cash and equivalents		**540 631**	218 913
Cash and cash equivalents at beginning of year		**306 526**	82 973
Effect of exchange rate		**(4 826)**	4 640
Cash and cash equivalents at end of year	23	**842 331**	306 526

* *Refer to note 3 for details of the reclassification and restatement.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

Segmental information

Operating segments

The Executive Committee, as chief operating decision maker, has determined the operating segments based on the information it uses to allocate resources and assess segmental performance.

Segments are analysed by operating activities. No operating segments have been aggregated in arriving at the reportable segments of the Business as presented in the Segmental information.

The activities of the Zeda Limited (the **"Company"**) and its direct and indirect subsidiaries (**"Zeda Limited Group"**) operating segments are described below:

- Car Rental Business:

  The business of providing car rental solutions to a broad range of customers for periods ranging from one day up to 12 months, carried on by the Zeda Limited Group through its network of directly-operated, agency-operated and sub-licensee-operated branches (as applicable), in South Africa and other countries in sub-Saharan Africa (including Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, eSwatini, Zambia and Zimbabwe) under the "Avis" and "Budget" brands, and includes, as the context requires, the revenue generated from de-fleeting cars through Car Sales.

- Leasing Business:

  The business of providing long-term fleet leasing solutions for periods of longer than 12 months to corporate and public sector (i.e. national and local government) customers carried on by the Group in South Africa and other countries in sub-Saharan Africa (including Botswana, Ghana, Lesotho, Mozambique, Namibia and Zambia) under the "Avis" brand, and includes, as the context requires, the revenue generated from de-fleeting vehicles through Car Sales.

	2023							
R'000	Revenue	EBITDA	Depreciation amortisation, capital items and impairments*	Operating profit	Net finance costs	Share of joint venture profit after tax	Income tax expense	Profit after tax
Leasing	2 488 460	1 466 781	(799 888)	667 095	(159 719)	10 208	(157 027)	350 359
Car rental	6 656 177	1 853 877	(969 302)	884 808	(462 657)	–	(40 627)	381 524
	9 144 637	3 320 659	(1 769 190)	1 551 903	(622 376)	10 208	(197 654)	731 883

R'000	Operating profit margin* %	Staff costs	Operating lease costs	Capital items	Restructuring costs
Leasing	27%	(269 071)	(5 048)	–	–
Car rental	13%	(473 838)	(121 816)	14 931	–
	17%	(742 909)	(126 864)	14 931	–

* *Operating profit margin is determined by dividing "operating profit before capital items" by revenue.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

Segmental information continued

Operating segments continued

R'000	External revenue	Inter-group companies	Total revenue
Leasing	**2 488 460**	**–**	**2 488 460**
Car rental	**6 656 177**	**–**	**6 656 177**
	9 144 637	**–**	**9 144 637**

R'000	Depreciation	Amortisation	Impairments	Total
Leasing	**(799 282)**	**–**	**–**	**(799 282)**
Car rental	**(982 879)**	**(1 556)**	**–**	**(984 435)**
	(1 782 161)	**(1 556)**	**–**	**(1 783 717)**

	2022							
R'000	Revenue	EBITDA	Depreciation amortisation and impairments*	Operating profit	Net finance costs	Share of joint venture profit after tax	Income tax expense	Profit after tax
Leasing	2 198 911	1 233 792	(830 698)	403 094	(173 200)	931	(83 842)	146 983
Car rental	5 934 317	1 580 032	(719 335)	860 697	(209 797)	–	(227 995)	422 905
	8 133 228	2 813 824	(1 550 033)	1 263 791	(382 997)	931	(311 837)	569 888

* *Impairments are included in capital items.*

R'000	Operating profit margin* %	Staff costs	Operating lease costs	Capital items	Restructuring costs
Leasing	21%	197 662	17 994	54 254	128
Car rental	15%	426 257	104 295	126	658
	16%	623 919	122 289	54 380	786

* *Operating profit margin is determined by dividing operating profit before capital items by revenue.*

R'000	External revenue	Inter-group companies	Total revenue
Leasing	2 100 308	98 603	2 198 911
Car rental	5 930 265	4 052	5 934 317
	8 030 573	102 655	8 133 228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

Segmental information continued

Operating segments continued

R'000	Depreciation	Amortisation	Impairments	Total
Leasing	776 449	–	54 249	830 698
Car rental	717 610	1 599	126	719 335
	1 494 059	1 599	54 375	1 550 033

Segmental information continued	Leasing		Car rental		Adjustments		Total	
R'000	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Property, plant, and equipment	**4 103 152**	3 512 209	**103 092**	111 836	**–**	611	**4 206 244**	3 624 656
Right of use assets	**5 815**	9 791	**284 132**	286 043	**–**	–	**289 947**	295 834
Intangible assets	**–**	–	**25 623**	25 100	**–**	–	**25 623**	25 100
Investment in joint venture	**18 308**	8 100	**–**	–	**–**	–	**18 308**	8 100
Investment in associates and other investments	**5 881**	463	**–**	–	**–**	–	**5 881**	463
Finance lease receivable	**355 679**	202 662	**–**	–	**–**	–	**355 679**	202 662
Rental vehicles	**–**	–	**4 986 764**	3 812 005	**–**	–	**4 986 764**	3 812 005
Inventories	**42 322**	22 799	**502 210**	448 240	**–**	–	**544 532**	471 039
Trade and other receivables	**493 547**	474 674	**798 770**	1 034 062	**–**	(10 029)	**1 292 317**	1 498 707
Operating assets	**5 024 704**	4 230 698	**6 700 592**	5 717 286	**–**	(9 418)	**11 725 495**	9 938 566

	Leasing		Car rental		Adjustments		Total	
R'000	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Lease liability	**8 752**	26 247	**496 197**	496 823	**–**	–	**504 949**	523 070
Contract liabilities	**774 679**	847 136	**–**	–	**–**	–	**774 679**	847 136
Provisions	**138 423**	165 482	**–**	–	**–**	–	**138 423**	165 482
Trade and other payables	**929 010**	675 583	**2 163 778**	2 503 422	**–**	6 614	**3 092 788**	2 503 422
Operating liabilities	**1 850 864**	1 714 448	**2 659 975**	3 000 245	**–**	6 614	**4 510 839**	4 039 110
Net operating assets	**3 123 840**	2 516 250	**4 040 616**	2 717 041	**–**	(2 804)	**7 214 456**	5 899 456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

1. Basis of preparation

A. Accounting framework

Background

Restructuring and formation of the Zeda Limited Group

As announced in the Barloworld Limited SENS announcement dated 14 November 2022, the Board of Directors of Barloworld Limited approved the separation of the Zeda Limited Group from the Barloworld Group through the proposed distribution of 189,641,787 Zeda Limited ordinary shares ("Zeda Limited Shares") held by Barloworld and comprising 100% of the issued Zeda Limited Shares of the Company to Barloworld ordinary shareholders in the ratio of 1 Zeda Limited Share for every 1 Barloworld ordinary share ("Unbundling") and the primary Listing by introduction of the Zeda Limited Shares ("Listing") on the JSE Limited ("JSE").

The Unbundling and Listing of Zeda Limited was completed on 13 December 2022.

These consolidated financial statements of the Zeda Limited Group, comprising the consolidated statement of financial position as at 30 September 2023, and the consolidated statements of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 September 2023, and a summary of significant accounting policies and the notes thereto, have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") and the Companies Act. They are also prepared in accordance with the interpretations adopted by the IASB, the South African Institute of Chartered Accountants' Financial Reporting Guides and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

Comparative information and common control transactions

The Zeda Limited Group applies book value accounting for common control business combinations, which are business combinations between entities or businesses which are ultimately controlled by the same party or parties both before and after the combination. Under book value accounting, the net assets of the combining entities or businesses use the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over fair value of the consideration transferred at the time of the common control combination. The difference between the acquiree's share capital and the cost of investment is represented as a merger reserve directly in equity in the consolidated statement of financial position.

The consolidated financial statements have been prepared as if the Zeda Limited Group had already existed before the start of the earliest period presented. Costs incurred in relation to the common control combination are recognised as an expense in the year in which they are incurred.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 24 November 2023.

The financial statements have been prepared on the historical cost basis except as described otherwise in the notes.

The presentation currency of the Group is South African Rand ("R"), which is also the functional currency of the Company. Figures have been rounded to the nearest thousand ("R'000"), unless otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

1. Basis of preparation continued

B. Underlying concepts

The financial statements are prepared on the going concern basis. The going concern assumption was assessed by the Board and management as appropriate after taking into consideration its available information about the future, the profitability of the operations and the accessibility to financial resources for at least the next 12 months from the end of the last reporting date.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are off-set, and the net amount reported only when a legally enforceable right to set off the amounts exists, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current vs non-current

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2023 continued

2. Accounting policies

Adoption of IFRS 17 Insurance contracts

The Group holds an investment in preference shares in a cell captive arrangement. The shares are recognised as an investment, and they are carried at fair value through profit or loss (refer to note 41). IFRS 17 was introduced to replace IFRS 4, an interim standard that permitted entities to use a variety of accounting practices in accounting for its insurance contracts, and also, for its investments held in cell captives.

The Group will apply IFRS 17 to the investment in its cell captive arrangements for the 2024 financial year. The Group offers life and non-life insurance products to its customers through contractual cell captive arrangements with registered insurance companies (the cell captive insurers). These contracts transfer certain risks and rewards associated with the insurance activities to the Group. In terms of IFRS 17, the cell captive arrangements are considered to have transferred significant insurance risk to the Group due to the contractual requirement imposed on the Group to maintain the capital requirements of the cell and the settlement of existing liabilities. The cell captive arrangements create an in-substance reinsurance contract relationship between the Group and the cell insurers, with the Group acting as an in-substance reinsurer to the cell captive arrangements.

IFRS 17 requires that the measurement of a group of contracts includes all the future cash flows within the boundary of each contract within the arrangements. It further defines the ‘coverage period’ as the period during which the Group provides coverage and which is covered by the premiums within the contract boundary. Notwithstanding the inclusion of IFRS 17 transition disclosure requirements, the change in accounting policies to reflect the requirements of IFRS 17, and inclusion of judgements in the financial statements when deemed appropriate, the implementation of IFRS 17 will also impact the statement of profit and loss and statement of financial position.

The adoption of IFRS 17 requires the entity to separately disclose revenue from its insurance activity, and related insurance expense in the Statement of Profit or Loss. Similarly, we are required to present in separate captions the assets and liabilities arising under insurance contracts issued and reinsurance contracts held in the Statement of Financial Position. The Group is working closely with the cell captive insurers, the Group’s actuaries and external service providers to finalise the transition results and the quantitative impact on the audited consolidated financial statements is still currently being assessed.

Accounting policies involving significant estimates and judgements by management

Preparing financial information in conformity with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates.

Accounting policies which have been identified as involving particularly complex or subjective judgements or assessments are as follows:

Expected credit losses

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost which include trade and other receivables and finance lease receivables. The recoverability of a financial asset is determined from the date it is recognised with a loss allowance recognised for expected losses determined at initial recognition. The Group initially measures the loss allowance at an amount equal to the 12-month expected losses. However, the Group measures the loss allowance at an amount equal to the lifetime expected losses if credit risk on the financial asset has increased significantly since initial recognition.

The Group calculates the allowance for credit losses based on the expected credit loss (“ECL”) model to assess whether financial assets measured at amortised cost and finance lease receivables collectively referred to as receivables (for impairment purposes only) are impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Expected credit losses continued

The Group has rebutted the presumption that credit risk has significantly increased when financial assets are more than 30 days past due. Credit risk is considered to have significantly increased when supportable forward-looking information such as inflation and gross domestic product forecasts, the counterparty's reputation and estimated financial position and the market conditions in which the counterparty operates, indicate that the financial asset would not be recoverable as contracted. In determining the ECL, receivables are Grouped based on similar risks, the industry in which the customer operates, the regulatory environment, the size of the receivable and the historical payment history of the customer. ECLs are calculated using the historic loss ratio adjusted for forward-looking information. In instances where there was no evidence of historical write-offs, management's judgement is applied to assess for potential credit losses.

For financial assets where the Group determines that recoverability is unlikely, such that the credit quality has significantly deteriorated and the assets are credit impaired, a lifetime ECL is recognised, and interest income only accrues on the net amount (gross carrying amount less credit impairment). Default is considered to have occurred when a customer does not meet their contractual payment obligations. The Group considered this a sound basis as, in management's view, financial assets are credit impaired when the Group has not received contractual cash flows as contracted, efforts to recover the asset have not been successful and the customer's ability to pay is questionable. Where the Group determines there are no prospects of a customer meeting its contractual repayments, the related receivable is written off, and this occurs when the customer is handed over to legal for collection.

The Group recognises a loss allowance using a simplified approach as a lifetime ECL on:

- finance lease receivables as an accounting policy choice
- trade and other receivables

The Group reassesses the lifetime ECLs at each reporting period and recognises any changes as an impairment gain or loss.

Property, plant and equipment

The residual value of lease vehicles determines the lease income and recoverability on resale at the end of the lease term. Residual values are constantly reviewed for accuracy based on the status of the used car market, current and historical value of vehicles sold and the specific application of the vehicle.

An asset's useful life is defined in terms of its expected utility to the Group. It is the period of time over which the Group expects to use it. Property, plant and equipment that have a finite useful life are depreciated to their residual values. Because it is an estimate, management is required to review the basis of depreciation, useful life and residual value at each annual reporting date as a minimum.

Management considers all of the below factors when determining or reviewing the useful life of an item of property, plant and equipment:

- Expected use of the asset
- Expected wear and tear
- Technical obsolescence arising from changes or improvements in technology
- Commercial obsolescence arising from a change in market demand for the product or service output of the asset

Inventory

Comparison of the carrying value of vehicles to their market value requires judgement in terms of net realisable value of the vehicles recognised in inventory. The market value is determined based on management's knowledge of the industry and reference to published market information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Contract liability and maintenance fund provision

The contract liability is treated in terms of IFRS 15. The subjectivity relates to the future expected costs to be incurred, the number of vehicles contracted, and the risk profile taken by the OEM (which impacts Zeda Limited risk) that underpins the adequacy of the liability to be recorded. In order to recognise the contract liability on a basis commensurate with the risk profile of each leased motor vehicle, actuarial valuations are performed periodically throughout the year. The valuations take into account each individual vehicle's actual maintenance costs and income, and a projection of expected future costs and income streams The key assumptions used in this calculation are determined by management in conjunction with the internal and external actuaries, and are updated for changes in actual experience and economic indicators.

In order to estimate the split of contract liability between long and short-term portions, management considered the average life of the relevant lease vehicles.

Revenue recognition

The percentage of completion method is applied to recognise revenue on long-term maintenance and repair contracts ("MARC") as performance obligations are satisfied over time. Management exercises judgement in calculating the contract liabilities and contract assets which are based on the anticipated cost of repairs over the life cycle of the motor vehicles, applied to the total expected future revenue arising from MARC.

The significant assumptions made to determine the stage of completion of contracts include:

- costs incurred to date to fulfil the performance obligations for MARC contracts;
- estimated costs to be incurred in fulfilling the performance obligations for MARC contracts;
- contract duration and mileage;
- contract expiry date;
- parts price and labour inflation; and
- projected income stream.

Share-based payments

Share incentive schemes – Equity settled

The Group operates an equity-settled share based payment arrangement in which certain employees of the Group participate in. The fair value of the equity-settled instruments is measured by reference to the fair value of the equity instrument granted. Fair value is based on market prices of the equity-settled instruments granted, if available, taking into account the terms and conditions upon which those equity-settled instruments were granted. Non-market vesting conditions are not taken into account when estimating the fair value of the equity-settled instruments at grant date. Market conditions are taken into account in determining the fair value at grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Impairment of non-financial assets

Determining whether non-financial assets, excluding inventories and deferred tax assets, are impaired requires an estimation of the recoverable amount of the individual assets. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the individual asset and a suitable discount rate in order to calculate the present value. The recoverable amount is calculated as the higher of value in use or fair value less cost to dispose.

The management of the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, which is fair value less costs to sell in the case of used vehicles and value in use in the case of right of use assets and intangibles.

For the Group's assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairments related to goodwill are not reversed.

Intangible assets

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate pre-tax discount rate, is compared to the carrying amount and, if lower, the assets are impaired to the present value.

Cash flows, which are utilised in these assessments, are extracted from formal five-year business plans which are updated annually. The Group utilises a discounted cash flow valuation model to determine asset values supplemented, where appropriate, by other valuation techniques.

Deferred tax assets

Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Five-year business plans are prepared annually and approved by the management of the Group and its major operating entities. These plans include estimates and assumptions regarding economic growth, interest rates, inflation, and competitive forces. The plans contain profit forecasts and cash flows, and these are utilised in the assessment of the recoverability of deferred tax assets. Management also exercises judgement in assessing the likelihood that business plans will be achieved and that the deferred tax assets are recoverable. In certain circumstances further corroborative evidence is used, such as tax planning opportunities within the control of management, to support the recovery of the tax asset.

Lease term

The following factors were considered in determining whether it is reasonably certain the options will be exercised, thus whether there is an economic incentive to exercise:

- The strategic objectives of the Group and annual business plans that observe a five-year cycle
- Whether the terms and conditions of the current lease are more favourable than the current market conditions
- The proximity of the leased premises to core customers and other business hubs
- Specifics for the premises/assets leased and any leasehold improvements, such as workshops or office building, undertaken by the Group which are optimised to business needs
- Costs relating to the termination of the lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Lease term continued

- The availability of similar/alternative assets in the market suitable to the business needs
- All relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option

Uncertain tax positions

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the management of the Group believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value in accordance with the Group Tax Risk policy, which weights multiple potential scenarios. The management of the Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

Other accounting policies

Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees. The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of the obligation can be made.

Deferred taxation assets and liabilities

Deferred taxation is recognised using the financial liability method for all temporary differences, unless specifically exempt.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and such tax laws) that have been enacted or substantively enacted by the end of the reporting period.

A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects immediately neither taxable income nor accounting profit.

Deferred taxation arising on investments in subsidiaries, associates and joint ventures is recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

The Group has companies where deferred taxes are recognised for temporary differences that arise when an entity's taxable profit or loss (and thus the tax basis of its non-monetary assets and liabilities) are measured in a currency different to its functional currency. Changes in the exchange rate result in a deferred tax asset or liability which is charged to other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Foreign currencies

Functional and presentation currency

The South African Rand (R) is the functional currency for the Group's operations in South Africa.

The functional currencies of foreign operations include the Botswana Pula, Namibian Dollar, Ghanaian Cedi, Mozambican Metical, Swazi Lilangeni, Lesotho Loti and Zambian Kwacha.

Transactions and balances

Transactions in foreign currencies are accounted for at rates of exchange ruling on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Unrealised translation differences on such monetary assets and liabilities are recognised in profit or loss in the year in which they occur. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign operations

The results and financial position of all the entities within the Group that have a functional currency different from the Group presentation currency are translated into the presentation currency. Assets and liabilities of foreign operations are translated at rates of exchange ruling at the reporting date. Income and expenditure of foreign operations are translated at the rate of exchange at the transaction date or the average rate of exchange for the reporting period. Gains or losses arising on the translation of foreign operations are recognised in other comprehensive income and presented as foreign currency translation reserves in equity. Where the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to non-controlling interests. On consolidation, exchange differences arising from the translation of a monetary item that forms part of a reporting entity's net investment in foreign operations, including the borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and presented as a foreign currency translation reserve in equity. When a foreign operation is sold or partly sold resulting in a loss of control, the share of the related cumulative gains and losses, including taxes, previously recognised in the foreign currency translation reserve is reclassified to profit or loss on disposal as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative foreign currency translation reserve is reallocated to non-controlling interests.

Basis of consolidation

The consolidated financial statements include the results and financial position of Zeda Limited, its subsidiaries and joint ventures. Subsidiaries are entities which the Group has power over and in respect of which it is exposed, or has rights, to variable returns from its involvement with these entities and has the ability to affect those returns through its power over those entities. The results of any subsidiaries acquired or disposed of during the year are included from the date control was obtained and up to the date control ceased to exist. Total comprehensive income of the subsidiary is attributed to owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a negative balance.

All intragroup transactions and balances are eliminated on consolidation. Unrealised profits that arise between group entities are also eliminated.

All changes in the parent's ownership interests that do not result in the loss of control are accounted for within equity. The carrying amount of the Group's interest and the interest of the non-controlling shareholders is adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/received are recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Basis of consolidation continued

When an entity loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost and also derecognises the carrying amount of any non-controlling interests in the former subsidiary at that date. It recognises the fair value of any consideration received on the loss of control and recognises any of the investment retained in the former subsidiary at its fair value at the date when control is lost. Any resulting differences are reflected as a gain or loss in profit or loss attributable to the Group.

Merger accounting for common control combinations

Merger accounting is used by the Group for common control transactions, which are transactions between entities that are ultimately controlled by the same party or parties. This method treats the merged entities as if they had been merged throughout the current and comparative accounting periods.

The net assets of the combining entities or businesses use the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination, to the extent of the continuation of the controlling party's interest. The excess of the acquiree's share capital and share premium over the cost of investment is represented as a reserve in equity in the consolidated statement of financial position.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that are to be accounted for by using merger accounting are recognised in profit or loss in the year in which they are incurred.

The Group holds 50% of the shares in the venture Daysun Proprietary Limited and has joint control. Additionally, the Group holds 100% of the shares in Avis Southern Africa Proprietary Limited which has controlling interests in the following companies:

Group controlling interest	% Holding
Zenith Proprietary Limited	100%
Zeda Car Leasing Proprietary Limited	100%
Vuswa Fleet Services Proprietary Limited	60%
Phakisaworld Fleet Solutions Proprietary Limited	100%
Zeda Namibia Car Rental Proprietary Limited	75%
Zeda Namibia Proprietary Limited	75%
Amalgamated Fleet Services Ghana Limited	90%
Dreamworks Technologies Proprietary Limited	100%
Car Rental Holdings Proprietary Limited	100%
Car Rental Botswana Proprietary Limited	100%
Fleet Services Botswana Proprietary Limited	100%
Fleet Services Ghana Limited	100%
Seahlolo Transport Services Proprietary Limited	100%
Barloworld Auto Proprietary Limited*	100%
Tanzuk Limited*	100%
Mozambique Car Rental Limitada	100%
Zeda Fleet Services Zambia Limited	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Merger accounting for common control combinations continued

Group controlling interest	% Holding
Zeda Swaziland Proprietary Limited	100%
Fleet Accident: Management Proprietary Limited*	100%
Chartered Auto Rental Services Proprietary Limited*	100%
Barloworld Motor Proprietary Limited	100%
Zeda Lesotho Proprietary Limited*	100%
Masterdrive Proprietary Limited*	100%
The Car Mall Proprietary Limited	100%

* *Dormant entities.*

** *The percentage holding has not changed from prior year.*

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less accumulated impairment losses in the Company's separate financial statements.

Stated capital

Ordinary shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity.

Operating segments

The Executive Committee, as chief operating decision maker, has determined the operating segments based on the information it uses to allocate resources and assess segmental performance.

Segments are analysed by operating activities. No operating segments have been aggregated in arriving at the reportable segments of the Group as presented in the Segmental information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Revenue

The following steps are applied to recognise revenue in terms of IFRS 15 Revenue from Contracts with Customers:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue from the following major sources:

- Rentals received
- Sale of used vehicles
- Commissions
- Value added services

Rentals received

Rentals received is revenue recognised on leasing of vehicles which is categorised into three categories, namely rental income earned on contracts outside the scope of IFRS 16, full maintenance lease and manufacture upfront payment.

Rental income earned on contracts outside the scope of IFRS 16 Leases

Rental income from operating leases (net of any incentives given to the lessees) is recognised on straight-line basis over the lease term. Leases outside the scope of IFRS 16 relates to rentals for contracts where the lease asset is not identifiable.

Full maintenance lease

Full maintenance lease is a product whereby the Group provides a vehicle for use by a customer, and negates their risk by using a number of processes to achieve this.

Throughout the contract period the Group remains the title holder of the vehicle and the customer will be the owner. The Group assumes all risk involved with the operating of the vehicle including maintenance and residual risk for the period of the contract, with a single monthly instalment paid by the customer.

The customer pays a monthly instalment to the Group, which includes an administration fee, interest in respect of capital outlay, as well as a maintenance amount, as defined in the signed full maintenance contract.

As the maintenance services are performed after a specified period, a portion of the monthly rental is deferred and recognised as revenue, when the maintenance services are performed (revenue is recognised over time).

Manufacture upfront payment

There are four manufacture upfront payment product options that the Group currently manages, namely:

- standard original equipment manufacturer ("OEM") service plan: A service plan that comes standard with a new vehicle, which is the plan on a vehicle that is included in the purchase price of a vehicle;
- standard original equipment manufacturer ("OEM") maintenance plan is a maintenance plan that comes standard with a new vehicle, which is the plan on a vehicle that is included in the purchase price of a vehicle;
- added on service plan; and
- added on maintenance plan.

Revenue is recognised over time when the maintenance services are carried and the performance obligation has been satisfied.

2. Accounting policies continued

Other accounting policies continued

Revenue continued

Sale of used vehicles

Performance obligations from the sale of vehicles are satisfied at a point in time. The point of delivery is where the selling price has been agreed with the purchaser and control over the goods is transferred to the purchaser and therefore the performance obligation is satisfied.

Commissions

Commissions are earned through a dealer incentive commission. This occurs when customers finance their vehicles through certain banks and a referral commission is earned.

Value added services

Value added services comprises added on service plans and added on maintenance plans.

Added on service plans are service plans that are added on to a vehicle, either when the vehicle is new, or when it is used. Added on maintenance plans are maintenance plans that are added on to a vehicle, either when the vehicle is new, or when it is used.

The Group will bear the costs for those service and maintenance items as the Group will be responsible to maintain the vehicle of the end-user customer from a services perspective or maintenance perspective based on agreed parameters.

As the service or maintenance is provided to the customers based on the agreed parameters throughout the contract, the revenue is recognised in line with the cost incurred by the Group on services and maintenance of those vehicles.

Projection of the expected difference between the maintenance fund provided upfront per vehicle and the actual expenses incurred on a particular vehicle are determined by the actuaries during the quarterly actuarial valuations.

Revenue is recognised when the maintenance services are carried and the performance obligation has been satisfied (revenue is recognised over the period of the maintenance or service agreement).

The Group provides maintenance contracts as part of a full maintenance vehicle lease solution. Contract liabilities represent income received in terms of maintenance contracts to customers which will be recognised on a systematic basis over the life of the contract. Contract liability is split into a non-current and current portion in terms of management's best estimate of the expected maintenance expenditure to be incurred.

Finance costs

Interest on financial liabilities measured at amortised cost is calculated using the effective interest rate method.

Finance income

Interest income is accrued on a time basis on financial assets measured at amortised costs using the effective interest method.

Taxation

Current taxation

The tax payable is based on taxable income for the year. Taxable income differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Taxation continued

Deferred taxation

Deferred taxation is provided using the financial liability method, for all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, at the tax rates enacted or substantively enacted at period end. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Business combinations

Business combinations, in which all of the combining entities or businesses are ultimately controlled by the same party both before and after the combination and control is not transitory, are accounted for as common control transactions. Common control transactions are accounted for on the book value or carry over basis.

In terms of the book value basis:

- the Group will recognise assets acquired and liabilities assumed using the historical book (carrying) amounts assumed in the financial statements of the entities transferred;
- other comprehensive income ("OCI") reserves previously recognised by the entities transferred are also transferred to the Group;
- any difference between the consideration paid (value of the shares issued) and the capital of the acquiree is recognised in equity. This adjustment can either be recognised in a separate account, for example a 'merger' or common control reserve or as an adjustment to retained earnings.

Non-controlling interests in companies included in the Group are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation are measured at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the equity holders and to the non-controlling interests. Total comprehensive income of the business entities is attributed to the parent entities and to the non-controlling interests even if this results in the non-controlling interests having a debit balance.

Merger accounting is used by the Group for common control transactions. This method treats the merged entities as if they had been merged throughout the current and comparative accounting periods.

Property, plant and equipment

Items of property, plant and equipment are initially stated at cost which includes all costs that are directly attributable to the purchase and to bringing the assets to their initial working condition for their intended use. Subsequently property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Motor vehicles leased out in terms of lease agreements are depreciated on a straight-line basis to the anticipated residual value over the term of the lease. Property, plant and equipment with the exception of leasing vehicles are depreciated over its useful life taking into account residual values, where appropriate.

The actual lives and usage of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives and usage, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Property, plant and equipment continued

The following methods and rates were used during the year to depreciate property, plant and equipment to estimated residual values:

Freehold and leasehold buildings	Straight line	50 years
Vehicles	Straight line	5 to 10 years
Leasing vehicles	Straight line	5 to 10 years
Plant, equipment, computers and furniture	Straight line	3 to 5 years

Freehold and leasehold land is not depreciated.

Leasing vehicles

Vehicles for leasing which are leased to customers for periods ranging from 12 to 60 months are accounted for as part of property, plant and equipment. Once a vehicle is no longer utilised as part of the leasing fleet, it is transferred to inventory. This accounting treatment is applied where it is in the ordinary course of the Group's activities to routinely sell vehicles which have reached the end of their useful lives or the end of the related contracts. The transfer of such vehicles to inventories is done at the vehicle's carrying amount. The proceeds from the sale of such vehicles are recognised as revenue and carrying amount as cost of sales.

Gains and losses on disposal of other items of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Intangible assets

Intangible assets are initially recognised at cost. Intangible assets are not revalued.

Computer software

Costs that are directly associated with identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. All other expenditure associated with developing or maintaining computer software programs is recognised as an expense when incurred. Computer software and development costs recognised as assets are amortised using the straight-line method over their useful lives once the computer software has been brought into use.

The carrying amount of computer software and development costs is reviewed annually and adjusted for impairment when there are indications of impairment.

Intangible asset useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The useful life of computer software is considered to be 7 years from when it is brought into use.

Capitalised licence fee

Expenditure associated with the right to conduct business activities under a recognised brand is capitalised and recognised as an expense over the period that the right to conduct business endures.

The licensee agreement covered the period up to 2035.

Brand development cost

Brand development costs, which include marketing-related intangible assets are capitalised only when and if it results in an asset that can be identified, it is probable that the asset will generate future economic benefits and the development cost can be reliably measured. Otherwise the development cost is recognised in profit or loss. The brand development costs have an indefinite useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Interest in joint ventures

The Group has an investment in a joint venture in which it holds 50% equity interests. This investment is not controlled because the Group does not have the power to direct the relevant activities, but rather through unanimous consent. Furthermore, there are no other arrangements granting the Group this power over the relevant activities or, which are decided through majority vote of the Board.

The joint venture is measured using the equity method of accounting, applying the Group's accounting policies, from the acquisition date to the disposal date. The most recent audited annual financial statements of the joint venture are used, which are within three months of the Year-end of the Group. Adjustments are made to the joint venture's financial results for material transactions and events in the intervening period.

When the Group's share of losses or reversal of unrealised gains equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Rental vehicles

Vehicles held for rental purposes are held for a period of up to 12 months and are generally transferred to inventory at their calculated residual values. The depreciation of rental vehicles is reassessed yearly based on the residual values. The Group classifies rental vehicles as current assets since they are held for rental for a period of less than 12 months in terms of the novated licence agreements with Avis Budget Group and are then subsequently sold in the ordinary course of business. The transfer of such assets to inventories is done at the assets' carrying amount. The proceeds from the sale of such assets are recognised as revenue and carrying amount as cost of sales.

The Group classifies rental vehicles as current assets when they are held for rental for a period less than 12 months and then subsequently held for sale. These assets are primarily realised through sale after being rented to customers for less than a period of 12 months.

Inventories

Inventories consist of the following:

- Used vehicles
- Consumables – tracking units
- Other inventory including spare parts
- Work in progress or specialised inventory

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the net selling price in the ordinary course of business less selling expenses.

Specific identification basis is used to arrive at the cost (carrying amount) of motor vehicles as the items are not interchangeable. The first in, first out method is used to arrive at the cost of consumables and other inventory. Work progress includes the cost of spares, consumables and allocation of labour and overhead costs.

Allowance for net realisable value of inventory is assessed at every reporting date taking into account the ageing and the current market demand for such items

Rental vehicles and leasing vehicles that become available for sale after being removed from rental vehicles and leasing vehicles are transferred to inventories at their carrying amount. Sale proceeds from such rental assets are recognised as revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Provisions and other accruals

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The provision is recognised at the best estimate of the consideration required to settle the obligations at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of time value of money is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current assessments of the time value of money and the risk specific to the liability. The unwinding of the discount in subsequent financial periods is recognised as an expense in profit or loss under finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset when it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Maintenance cost: A provision is raised for the estimation of maintenance and repair costs. Assumptions include the estimation of maintenance and repair costs over the life cycle of the assets concerned. The timing of these cash flows is an element of judgment.

Included in other provisions

Leave pay: Employee entitlements to annual leave are recognised when these accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Licence fees: Licence fees are collected on a monthly basis from the customer for the duration of the lease. These fees are recorded in a provision for licence account and payments for the annual renewal of the vehicle licence are recorded against the provision. At the end of the contract any over or under recovery is recognised in profit or loss.

Financial assets and financial liabilities (financial instruments)

The Group's financial instruments comprise:

Financial assets

- Trade and other receivables
- Cash and cash equivalents
- Finance lease receivables
- Investments

Financial liabilities

- Bank overdrafts
- Short-term loans
- Floorplans from suppliers
- Trade and other payables
- Long-term loans

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Financial assets and financial liabilities (financial instruments) continued

Classification of financial assets

Financial assets are classified in their entirety based on how their performance is managed and evaluated (business model), and the characteristics of their contractual cash flows. The Group measures financial assets initially at fair value plus transaction costs, for instruments measured at amortised cost, and subsequently at amortised cost. The Group's principal financial assets are trade and other receivables, finance lease receivables and cash and cash equivalents.

Financial assets at amortised cost are classified and subsequently measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets or a financial liability or, where appropriate, a shorter period. Interest is recognised on an effective interest basis for debt instruments.

Trade and other receivables are initially recognised when the business becomes party to a contract and are subsequently measured at amortised cost less expected credit loss.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, short-term money market instruments and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost. Foreign cash balances are translated using the exchange rate at the reporting date. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Finance lease receivables: The accounting policy for finance lease receivables is included in the accounting policy for leasing.

Derecognition of financial assets

The Group derecognises financial asset only when contractual rights to the asset's cash flows have expired or the asset has been transferred to a third party (along with the risks and rewards of ownership). If the risks and rewards of ownership have not passed, the Group still recognises the entire financial asset and treat any consideration received as a liability.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition. All financial liabilities are initially recognised at fair value net of directly attributable transaction costs, in the case of instruments measured at amortised cost and subsequently measured at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Financial liabilities and equity instruments issued by the Group continued

Classification as debt or equity continued

Liabilities at amortised cost are stated at amortised cost using the effective interest rate method. Amortised cost is calculated considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Amortisation costs are recognised in finance costs in profit or loss in accordance with the Group's policy on borrowing costs.

All financial liabilities are classified and measured at amortised cost unless they meet the criteria for classification at fair value through profit or loss. The Group has the following financial liabilities which are all measured at amortised cost:

- Long-term loans
- Floorplans from suppliers
- Trade and other payables
- Short-term loans
- Bank overdraft

The interest rates as per the agreements/contracts equal the effective interest rate of these financial liabilities.

Financial liabilities are stated at their carrying amount, which is considered to approximate fair value because of the short-term duration or market-related interest rates.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire, or when they are converted to equity.

Post-employment benefit obligations

It is the policy of the Group to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end, the Group's permanent employees are usually required to be members of either a pension or provident fund, depending on their preference and local legal requirements.

Payments to defined contribution plans are recognised as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Leasing

The Group applied the exception for short-term leases (lease term of less than 12 months) and leases of low value (R85 000) assets. The adoption of the new standard had the most impact on the Group's property operating leases that were capitalised on 1 October 2019 for the first time. The lessor accounting has remained primarily the same and therefore there was no financial impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Leasing continued

The following practical expedients were applied by the Group on IFRS 16:

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term was not amended.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate was not applied.
- Lease components were separated from non-lease components and accounted for each separately.

In terms of IFRS 16 Leases the Group assesses whether a contract is or contains a lease, at inception of the contract.

- In the capacity of a lessor

  Leasing vehicles leased to customers for periods ranging from 12 to 60 months are classified as finance leases. Rental income from shorter term fleet management solutions and short-term vehicle rentals (rental income from operating leases, net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

- In the capacity of a lessee

  A right-of-use asset is initially measured at cost, comprising the initial measurement of the lease liability, adjusted for any lease payments made at, or before the commencement date, plus any initial direct costs incurred and less any lease incentives received. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (R85 000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

  Right-of-use assets are carried at their cost less any accumulated depreciation and any impairment losses.

Lease term

The lease term is the non-cancellable period of the lease plus any optional renewal period less any optional early terminations where it is reasonably certain that the options will be exercised. The lease term was determined considering these options, where applicable, and involves judgement to determine whether the options will be exercised on a lease-by-lease basis.

Lease payments are allocated between finance costs and the capital repayments, using the effective interest method.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Right of use assets are depreciated over the shorter of the lease term or their useful lives using the following methods and rates:

Land and buildings (Properties)	Straight line	20 to 50 years
Plant, equipment, computers and furniture	Straight line	5 years
License and software	Straight line	13 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

2. Accounting policies continued

Other accounting policies continued

Contract liabilities

A contract liability to incur contractual costs of service, maintenance, and warranty work to be carried out in the future and the unearned margin to be recognised over the life of the plans is recognised. Actuarial experts are used to determine the inputs required to establish the adequacy of the liability and the resulting revenue to be recognised and the final liability. This valuation takes into account the future usage; maintenance, tyres and service costs of each vehicle projected based on the estimated future usage; and the experience adjusted maintenance tables. Funds for which there are insufficient claims history are recognised in profit or loss to the extent of the claims cost incurred without any profits being attributed.

At the end of the plan, any remaining profits are recognised in profit or loss.

Group classification of cash flow activities

For the purposes of the cash flow statement, the following are classified as operating activities due to the nature of the operations they relate to:

- Investment in rental vehicles
- Investment in leasing vehicles
- Disposal of rental vehicles
- Disposal of leasing vehicles

Non IFRS measures

EBITDA

EBITDA refers to earnings before interest, taxation, depreciation, amortisation, and impairment of property, plant and equipment, intangible assets and rental vehicles.

Capital items

Capital items refer to expenses/income that are unrelated to the Group's core operations and fall outside the normal course of business. Items of income/expense included in capital items are consistent with items that are 'out of' (excluded from) headline earnings per share ("HEPS") in accordance with the JSE Listings Requirements and guidance published by the South African Institute of Chartered Accountants relating to HEPS.

3. Restatements, reclassifications, and prior period errors

During the current year management identified the following matters that were incorrectly or inappropriately accounted for or presented in the prior period. A brief explanation of each matter is provided below, following which an analysis is included of the financial impact of the effected financial statement line items.

3.1 Restatement of revenue and cost of sales

Revenue and cost of sales for the prior year have been reduced by R47.3 million following the identification of a transaction involving the sale of vehicles that did not meet the revenue recognition criteria as set out in IFRS 15 Revenue. The transaction relates to the usage of vehicles by employees, such vehicles remain under the control of the group for the duration of usage. No profit margin was earned on the transactions recorded in error and therefore there was no impact on gross profit. The employee benefit was accounted for appropriately in the previous reporting periods.

Impact of restatement for 2022

Extracts of statement of profit or loss for the year ended 30 September 2022

	As previously reported	Restatement	**Restated 30 September 2022**
Revenue	8 180 508	(47 280)	**8 133 228**
Cost of sales	(4 639 328)	47 280	**(4 592 048)**
Gross profit	3 541 180	–	**3 541 180**

3.2 Reclassification of goodwill to intangible assets

R16.8 million previously presented as goodwill was reclassified to intangible assets. The balance relates to marketing and complementary brand development assets which more appropriately reflects an intangible asset when agencies are acquired. Whilst the balance is considered immaterial, reclassifying the balances aligns to the group's accounting policies adopted.

Impact of reclassification for 2022

Extracts from statement of financial position at 30 September 2022

	As previously reported	Restatement	**Restated 30 September 2022**
Non-current assets			
Goodwill	16 789	(16 789)	**–**
Intangible assets	8 311	16 789	**25 100**
	25 100	**–**	**25 100**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

3.3 Reclassification of amounts included in floorplans from suppliers and short term loans to trade and other payables

R111.8 million included in Floorplans from suppliers and R51.9 million included in short term loans have been reclassified to trade payables as the facilities will be settled within the operating cycle and the amounts form part of the business working capital to finance used cars. This reclassification will also result in a reclassification on the statement of cashflows.

Impact of reclassification for 2022

Extracts from statement of financial position at 30 September 2022

	As previously reported	Restatement	Restated 30 September 2022
Current liabilities			
Short term interest bearing borrowings	1 489 502	(51 854)	**1 437 648**
Floorplans from suppliers	986 130	(111 831)	**874 299**
Trade and other payables	2 339 737	163 685	**2 503 422**
	4 815 369	**-**	**4 815 369**

3.4 Restatement of unrealised foreign exchange losses in the cash flow statement

R16.2 million was reclassified from unrealised to realised foreign exchange losses to correct an error in the classification of foreign exchange losses in the prior year identified, note 9 was represented to correctly reflect the realised and unrealised portions of foreign currency losses. The short-term interest-bearing borrowings are exposed to foreign currency variability, and in the previous reporting period, the unrealised portion was incorrectly included in the cash flows from financing activities. The cash flows from financing activities were corrected to reflect only cash flows incurred. R46.3 million was removed from these cash flows in the prior year.

3.5 Representation of increases and decreases in floorplans from suppliers in the cash flow statement

In addition to the reclassification of cash flows set out in 3.3 above, the increase in floorplans from suppliers disclosed as R697.0 million in the prior year has now been disaggregated and disclosed as floorplans from suppliers raised of R874.0 million and repayment of floorplans from suppliers of R177.0 million.

Impact of restatement and reclassification for 2022

Extracts of statement of cashflows for the year ended 30 September 2022

	As previously reported	Restatement	Restated 30 September 2022
Cash generated from operations	2 499 994	163 685	**2 663 679**
Realised foreign exchange losses	(39 056)	46 344	**7 288**
Cash retained from operating activities	667 987	210 029	**878 016**
Cash flows from financing activities			
Increase in floorplans from suppliers	809 171	65 128	**874 299**
Repayment of floorplans from suppliers	–	(176 959)	**(176 959)**
Increase in short term interest bearing borrowings	120 619	(98 198)	**22 421**
Net cash used in financing activities	(450 592)	(210 029)	**(660 621)**
Net increase in cash and cash equivalents	219 913	–	**218 913**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

4. Revenue

R'000	Note	2023	(Restated) 2022
Revenue recognised in terms of IFRS 15:		**6 976 988**	6 281 076
Recognised at a point of time			
Sale of rental vehicles (recognised at a point in time)		**3 453 343**	3 538 773*
Recognised over time			
Rendering of service		**71 616**	60 833
Rentals (outside the scope of IFRS 16)**		**3 402 866**	2 642 293
Commissions		**49 163**	39 177
Revenue recognised in terms of IFRS 16: (recognised over time)		**2 167 649**	1 852 152
Leasing income		**1 918 317**	1 730 577
Rental income		**249 332**	121 575
		9 144 637	8 133 228

Contract liabilities

Contract liabilities relates to the Group's obligation to incur contractual costs of service, maintenance, and warranty work to be carried out in the future and the unearned margin to be recognised over the life of the contract.

Amounts recognised in revenue	**71 616**	60 833
The transaction price allocated to partially unsatisfied performance obligations at 30 September are as set out below:		
Within one year	**314 842**	346 679
Two to five years	**459 837**	500 457
Amounts to be recognised over time	**774 679**	847 136

* *Refer to note 3 for details of the restatement.*

** *Included in this amount is licensing fees amounting to R49mil (2022: R31mil)*

5. Other operating income

Sundry income*	**130 246**	116 910
	130 246	116 910

* *Sundry income comprises purchase-related income, rental car recoveries, administration fees and rental income received for buildings that have been subleased.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

6. Operating profit

R'000	2023	2022
Operating expenses excluding capital gains	**(2 681 383)**	(2 268 087)
Operating expenses excluding capital items include the following		
Employee expenses		
IFRS 2 charges	**(13 052)**	(13 964)
IFRS 2-equity settled	**(13 043)**	(7 518)
IFRS 2-B-BEE	**(9)**	(6 445)
Staff costs	**(742 909)**	(623 919)
Contributions to retirement and medical funds	**(95 140)**	(88 019)
Depreciation, amortisation, impairments and write-offs of non-financial assets		
Depreciation	**(75 027)**	(72 802)
Buildings	**(4 775)**	(5 243)
Plant, equipment, computer and furniture	**(12 944)**	(12 321)
Vehicles	**(202)**	(223)
Right of use assets	**(57 106)**	(55 015)
Amortisation on intangible assets	**(1 556)**	(1 599)
Computer software	**(710)**	(752)
Trademarks and other	**(847)**	(847)
Other expenses		
Net loss on rental and leasing vehicles*	**(87 709)**	(96 510)
Operating lease charges	**(126 864)**	(122 289)
Audit fee	**(17 238)**	(15 432)
Fees for other services	**(103 411)**	(54 784)
Management fees	**–**	(14 044)
Corporate social investment spend	**(21 290)**	(7 441)
Restructuring costs	**–**	(786)
Motor vehicle expense	**(539 579)**	(298 566)
Sales and advertising	**(206 795)**	(202 111)
Other office expenses	**(110 683)**	(145 119)
Rental expenses	**(130 042)**	(108 599)
License fees	**(169 310)**	(133 627)
Other operating expenses**	**(240 778)**	(270 498)
Total adminstation and and other operating expenses	**(2 681 383)**	(2 268 087)
Number of employees at year end	**2 008**	1 660

* *The net loss arises when there are vehicles stolen, hijackings and vehicles written off whilst they are moving within the cycle.*

** *Other operating expenses mainly includes bad debt written off, other employee related costs and repairs and maintenance costs.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

7. Finance income

R'000	**2023**	2022
Interest received		
Deposits	**26 358**	2 212
Banks	**2 579**	3 438
SARS	**775**	397
Other	**46**	–
	29 758	6 047

8. Finance costs

R'000	**2023**	2022
Interest paid		
Long-term borrowings	**217 320**	322 828
Lease liability	**46 589**	49 892
Floorplans from suppliers	**202 550**	2 443
Overdraft and short-term loans	**185 676**	13 881
	652 135	389 044

9. Foreign exchange losses

R'000	**2023**	(Restated) 2022
Unrealised	**(16 375)**	(46 344)
Realised	**2 082**	7 288*
	(14 293)	(39 056)

* *R16.2 mil was reclassified from unrealised to realised foreign exchange losses to correct an error in classification.*

10. Capital items

R'000	**2023**	2022
Impairment of intangible assets	**–**	54 249
Impairment of investment in associate	**–**	126
(Profit)/Loss on disposal of plant and equipment excluding rental assets	**(14 931)**	5
	(14 931)	54 380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

11. Taxation

R'000	2023	2022
South African normal taxation		
Current taxation		
Current year	(120 417)	(288 627)
Prior year	57 596	(24 525)
	(62 821)	(313 152)
Deferred taxation		
Current year	(100 600)	4 119
Prior year	12 832	26 242
Attributable to change in rate of income tax	–	3 692
	(87 768)	34 053
Withholding tax	(2 927)	(4 290)
Foreign normal taxation		
Current taxation		
Current year	(29 760)	(28 198)
Prior year	–	27
	(29 760)	(28 171)
Deferred taxation		
Current year	(14 288)	(914)
Prior year	485	637
	(13 803)	(277)
Withholding tax	(575)	–
Total taxation charge	**(197 654)**	(311 837)

Zeda Limited operates in several countries in Africa and accordingly is subject to and pays annual income taxes under the various tax regimes in the countries in which it operates. The Group has historically filed and continues to file all required income tax returns and to pay the taxes reasonably determined to be due. In some countries tax authorities are yet to complete their assessment for previous years. The tax rules and regulations in many countries are highly complex and subject to interpretation. From time to time the Group is subject to review of its historic income tax filings, and in connection with such reviews, disputes can arise with the tax authorities over the interpretation or application of certain rules in respect of the Group's business conducted within the country involved. Significant judgement is involved in determining the worldwide provisions for income taxes due to the complexity of the legislation. There are some transactions and calculations for which the ultimate tax determination is uncertain.

Reconciliation of the effective tax rate to the statutory tax rate:

R'000	2023	2022
Effective tax rate	21.3%	35.4%
Reversal of prior year over provision	7.4%	0.3%
Impairment of intangible assets	–	(1.7)%
Non-deductible expenses**	(1.3)%	(3.5)%
IFRS 2 share-based payment adjustments	(0.1)%	(0.1)%
Dividends received	(0.1)%	–
Foreign rate differential	0.1%	(1.3)%
Rate change adjustment*	–	(0.4)%
Changes in tax losses not accounted for in deferred tax	0.1%	(0.1)%
Incentive allowances	–	0.1%
Withholding tax	(0.4)%	(0.5)%
Statutory tax rate	**27.0%**	28.0%

* *The rate change adjustment is mainly attributable to the impact on deferred tax balances of the change in the South African corporate tax rate from 28% to 27% which, despite only applying to the Group with effect from 1 October 2022, has been substantively enacted.*

** *Non-deductible expenses relate largely to fines and penalties, expenses not in the production of income. Depreciation not allowed, repairs of a capital nature and non-deductible foreign exchange losses.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

12. Earnings and headline earnings per share

Basic earnings per share is derived by dividing profit or loss attributable to the equity holders of Zeda Limited for the period by the weighted average number of ordinary shares in issue during the financial year, net of treasury shares. Appropriate adjustments are made in calculating diluted and headline earnings per share.

Headline earnings has been calculated and disclosed in accordance with the JSE Listings Requirements, and in terms of circular 1/2023 issued by SAICA. Disclosure of headline earnings is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa that is more closely aligned to the operating activities of the entity. The items excluded from the calculation of headline earnings meet the definition of separately identifiable remeasurements as defined in circular 1/2023. The table below reconciles the profit for the financial year to headline earnings:

R'000	2023	2022
Reconciliation of headline earnings/(loss)		
Profit attributable to the shareholders	731 883	561 416
Adjusted for:		
Impairment of intangible assets	–	54 249
Impairment of investment in associate	–	126
(Profit)/loss on disposal of property, plant and equipment	(14 931)	5
Tax effects of above items:		
Profit on disposal of property, plant and equipment excluding leasing vehicles	3 265	(1)
Headline earnings	**720 217**	615 795

	2023 Number of shares	2022 Number of shares
Weighted average number of ordinary shares in issue (000)	189 000	189 642
Issued shares at the beginning and end of the reporting period (000)	189 642	189 642
Weighted number of treasury shares held by group entities (000)	(642)	–
Diluted weighted average number of ordinary shares (000)	189 000	189 642

	2023 cents	2022 cents
Earnings per share		
Basic	387.24	296.00
Diluted	387.24	296.00
Headline earnings per share		
Basic	381.07	324.70
Diluted	381.07	324.70

The weighted average number of ordinary shares in issue and diluted weighted average number of shares in issue are the same as there are no dilutive instruments in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

13. Property, plant and equipment

R'000	**2023** Cost	**2023** Accumulated depreciation and impairment	**2023** Carrying amount	2022 Cost	2022 Accumulated depreciation and impairment	2022 Carrying amount
Freehold and leasehold land	**110 175**	**(37 058)**	**73 117**	110 504	(36 683)	73 821
Freehold and leasehold buildings	**144 764**	**(128 557)**	**16 207**	147 210	(123 690)	23 520
Plant, equipment, computers and furniture	**150 616**	**(133 894)**	**16 722**	142 125	(124 152)	17 973
Vehicles	**4 273**	**(4 247)**	**26**	4 273	(4 045)	228
Leasing vehicles	**5 782 303**	**(1 682 131)**	**4 100 172**	5 154 766	(1 645 652)	3 509 114
	6 192 131	**(1 985 887)**	**4 206 244**	5 558 878	(1 934 222)	3 624 656

Movement in the carrying amount of property, plant and equipment during the year:

R'000	**2023** Freehold and leasehold land	**Freehold and leasehold buildings**	**Plant, equipment, computers and furniture**	**Vehicles**	**Leasing vehicles**	**Total**
At the beginning of the year	**73 821**	**23 520**	**17 973**	**228**	**3 509 114**	**3 624 656**
Additions	**–**	**76**	**11 810**	**–**	**1 992 823**	**2 004 709**
Disposals	**(1 073)**	**(2 713)**	**(138)**	**–**	**(56 458)**	**(60 382)**
Transfers to inventory**	**–**	**–**	**–**	**–**	**(561 523)**	**(561 523)**
Depreciation	**–**	**(4 775)**	**(12 944)**	**(202)**	**(795 891)**	**(813 812)**
Translation difference	**369**	**99**	**21**		**12 107**	**12 596**
At the end of the year	**73 117**	**16 207**	**16 722**	**26**	**4 100 172**	**4 206 244**

R'000	2022 Freehold and leasehold land	Freehold and leasehold buildings	Plant, equipment, computers and furniture	Vehicles	Leasing vehicles	Total
At the beginning of the year	76 802	35 811	21 693	451	3 461 668	3 596 425
Additions	–	–	9 748	–	1 561 728	1 571 476
Disposals	(4 235)	(8 404)	(194)	–	(54 093)	(66 926)
Transfers to inventory**	–	–		–	(721 587)	(721 587)
Depreciation	–	(5 243)	(12 321)	(223)	(773 274)	(791 061)
Translation difference	1 254	1 356	(953)	–	34 672	36 329
At the end of the year	73 821	23 520	17 973	228	3 509 114	3 624 656

** *In the normal course of business reclassifications within leasing assets relates to assets that are recognised as property, plant and equipment and reclassified to inventory for resale.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

14. Right-of-use assets

R'000	2023 Cost	2023 Accumulated depreciation, amortisation and Impairment	2023 Carrying amount	2022 Cost	2022 Accumulated depreciation, amortisation and Impairment	2022 Carrying amount
Properties	**451 224**	**(191 361)**	**259 863**	448 224	(152 390)	295 834
Plant,equipment,computers and furniture	**32 543**	**(2 459)**	**30 084**	-	-	-
	483 767	**(193 820)**	**289 947**	448 224	(152 390)	295 834

R'000	2023 Properties	2023 Plant, equipment, computers and furniture	2023 Licence and software	2023 Total
At the beginning of the year	**295 835**	**–**	**–**	**295 835**
Additions	**19 824**	**16 149**	**16 394**	**52 367**
Disposals	**(1 427)**	**–**	**–**	**(1 427)**
Depreciation and amortisation	**(54 647)**	**(1 362)**	**(1 097)**	**(57 106)**
Translation difference	**278**	**–**	**–**	**278**
At the end of the year	**259 863**	**14 787**	**15 297**	**289 947**

R'000	2022 Properties	2022 Plant, equipment, computers and furniture	2022 Licence and software	2022 Total
At the beginning of the year	331 017	–	–	331 017
Additions	27 459	–	–	27 459
Disposals	(8 667)	–	–	(8 667)
Depreciation	(55 015)	–	–	(55 015)
Translation difference	1 040	–	–	1 040
At the end of the year	295 835	–	–	295 835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

15. Intangible assets

R'000	2023 Cost	2023 Accumulated depreciation and impairment	2023 Carrying amount	2022 Cost	2022 Accumulated depreciation and impairment	2022 Carrying amount
Computer software	93 110	(90 891)	2 219	92 213	(90 180)	2 033
Trademark and others	13 910	(8 478)	5 432	13 910	(7 632)	6 278
Brand development	28 796	(10 824)	17 972	27 613	(10 824)	16 789
	135 816	**(110 193)**	**25 623**	133 736	(108 636)	25 100

Movement in intangible assets during the year:

R"000	2023			
	Computer software	**Trademark and others**	**Brand Development**	**Total**
At the begining of the year	**2 033**	**6 278**	**16 789***	**25 100**
Additions	**897**	**–**	**1 183**	**2 080**
Amortisation	**(710)**	**(847)**	**–**	**(1 557)**
Impairment	**–**	**–**	**–**	**–**
At the end of the year	**2 220**	**5 431**	**17 972**	**25 623**

R'000	2022			
	Computer software	Trademark and others	Brand Development	Total
At the begining of the year	55 521	7 125	16 789	79 435
Additions	1 513	–	–	1 513
Amortisation	(752)	(847)	–	(1 599)
Impairment	(54 249)	–	–	(54 249)
At the end of the year	2 033	6 278	16 789	25 100

* *Refer to note 3 for details of the reclassification*

Intangible assets that are material to the Group consist of software, trademarks and brand development. The useful life of computer software is considered to be 7 years from when it is brought into use.

Brand development costs are capitalised only when and if it results in an asset that can be identified, it is probable that the asset will generate future economic benefits and the development cost can be reliably measured. The brand development costs have an indefinite useful life. These costs include agencies that have been bought out.

Where assets have become technologically obsolete or can no longer contribute towards the Group revenue generating capacity, the assets are written off or impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2023 continued

16. Investments in joint venture

R'000	2023	2022
Daysun Proprietary Limited: Investment in ordinary shares (50% held)	50%	50%
Investment		
At the beginning of the year	8 100	7 169
Share of profit for the year	10 208	931
At the end of the year	**18 308**	**8 100**
Statement of financial position		
Non-current assets	9 352	6 111
Current assets	205 521	122 927
Non-current liabilities	(102 268)	(65 462)
Current liabilities	(75 988)	(47 375)
Net assets (100%)	36 617	16 201
Group's share of net assets (50%)	18 308	8 100
Income statement		
Revenue	42 592	12 068
Operating profit	16 211	(900)
Net interest received	11 756	3 803
Income tax expense	(7 551)	(1 040)
Profit and total comprehensive income (100%)	20 416	1 862
Group's share of profit and total comprehensive income	**10 208**	**931**

Daysun Proprietary Limited is a joint venture that derives its income from rendering administrative services for maintenance contracts in South Africa.

There are no restrictions on the ability of the joint venture to transfer funds in the Group in the form of cash dividends or to repay amounts owing to the Group.

The Group has no commitments arising from its involvement with the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

17. Deferred taxation

R'000	2023	2022
Movement of deferred taxation		
At the beginning of the year		
– Deferred taxation assets	117 842	26 243
– Deferred taxation liabilities	(174 427)	(113 033)
Net deferred tax liability at the beginning of the year	(56 585)	(86 790)
Recognised in statement of profit or loss	(101 571)	33 776
– Current movements	(114 888)	3 205
– Prior year charge	13 317	26 879
– Attributable to change of rate in income tax	–	3 692
Translation differences	(1 002)	(3 571)
Net deferred tax liability at the end of the year	(159 158)	(56 585)
– Deferred taxation assets	58 438	117 842
– Deferred taxation liabilities	(217 596)	(174 427)
Analysis of deferred taxation by type of temporary difference		
Deferred taxation assets		
Property, plant and equipment	(123 832)	(97 142)
Finance lease receivable	–	114
Right of use assets	44 932	44 598
Receivables	5 513	6 683
Prepayments	(708)	(1 941)
Other current assets	10 941	–
Lease liabilities	11 766	13 270
Provisions and other non-current assets	93 021	84 584
Short term loans	35	(864)
Trade creditors	–	107
Provisions and other current assets	1 286	1 330
Tax losses	15 465	67 024
Other	19	78
	58 438	117 841
Deferred taxation liabilities		
Property, plant and equipment	(232 282)	(230 797)
Financial assets	(95 378)	(54 228)
Right of use assets	(2 597)	(175 784)
Receivables	19 081	79 050
Prepayments	(292)	(436)
Other current assets	101	970
Long term loans	(461)	(461)
Lease liabilities	3 604	180 338
Provisions and other short-term payables	12 746	(37 719)
Short term loans	93	125
Provisions and other current assets	66 982	60 213
Tax losses	10 807	5 172
Other	–	(869)
	(217 596)	(174 427)
Tax losses available for set off against future taxable income	117 470	320 809
Tax losses accounted for in deferred tax	(63 625)	(269 691)
Tax losses not accounted for in deferred tax	**53 845**	51 119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

17. Deferred taxation continued

Zeda Ltd recognises a deferred tax asset in respect of the temporary differences between the carrying amounts of assets and liabilities for accounting purposes and tax base for taxation purposes.

The following transactions gave rise to a deferred tax asset in Zeda Ltd:

The prior year assessed loss, which has been fully utilised in the current financial year; The IFRS 16 right of use of an asset together with the lease liability movement; Provisions for doubtful debt and other provisions which have an unconditional liability to settle at the end of the financial year; and the IFRS 2 share scheme.

Based on the 5 year forecast plan, Zeda Ltd is expected to be profitable in the future, therefore the deferred tax asset will be utilised to offset future profits.

Deferred taxation is calculated at 27% in South Africa and the respective tax rate applicable in the other african countries.

18. Finance lease receivable

R'000	2023	2022
Amounts receivable under finance leases		
Advances for instalment sales, leases, rentals and loans	440 832	243 016
Unearned finance charges	(85 153)	(40 355)
Total long and short-term finance lease receivables	**355 679**	202 662
Current portion of finance lease receivable	124 059	76 766
Non-current portion of finance lease receivable	231 620	125 896
Total long and short-term finance lease receivables	**355 679**	202 662
Finance lease receivables are recoverable as follows:		
Present value		
Year one	124 059	76 766
Year two	104 480	63 520
Year three	67 571	31 791
Year four	46 948	21 766
Year five	11 401	8 323
More than five years	1 221	497
	355 679	202 662
Minimum lease payments		
Year one	132 001	80 852
Year two	117 893	67 907
Year three	98 459	49 494
Year four	70 384	30 948
Year five	19 800	12 956
More than five years	2 295	859
	440 832	243 016
Less: Unearned finance income	(85 153)	(40 355)
	355 679	202 662
Unguaranteed residual values of assets leased under finance leases	25 716	44 889

Long-term vehicle fleet is leased to customers for periods ranging from 18 to 60 months. The average lease term is 45 months (FY2022: 63 months) and the majority of these leases are at interest rates linked to the South African prime rate. The Group remains the title holder of the vehicles under finance lease and there are instances where surety or guarantees are held as collateral. Investment income earned on the net investment in the leases amounts to R4.2 million (FY2022: R4.8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

19. Share appreciation rights receivable

R'000	2023	2022
Forfeitable share plan		
At the beginning of the year	9	7 041
Current year charge for equity compensation in terms of IFRS 2	(9)	(13 964)
Share schemes cash payments	–	6 932
At the end the year	–	9

20. Rental vehicles

	2023			2022		
R'000	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
Rental fleet	5 505 786	(519 022)	4 986 764	3 987 537	(175 532)	3 812 005

R'000	2023	2022
At the beginning of the year	3 812 005	2 818 473
Additions	4 428 988	3 773 869
Disposals	(91 421)	(98 098)
Depreciation	(911 244)	(647 982)
Transfers to inventory*	(2 252 285)	(2 034 895)
Translation difference	721	638
At the end of the year	4 986 764	3 812 005

* *Transfers to inventory relates to rental fleet reclassified to inventory for resale.*

Security

Rental fleet consists mainly of short-term rental vehicles.

For additional information relating to rental fleet vehicles encumbered as security for "Floorplans from suppliers" refer to note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

21. Inventories

R'000	2023	2022
Used vehicles	529 356	451 518
Work in progress	5 727	5 727
Consumable stores	3 425	3 554
Other inventory*	16 364	18 698
Total	554 872	479 498
Inventory provisions	(10 340)	(8 459)
Inventories	544 532	471 039
Inventory stated at net realisable value	544 532	471 039
Inventory charged to cost of sales	2 682 788	2 612 774
The value of inventories has been determined on the following basis:		
first in, first out	21 820	11 994
Specific identification	505 480	439 222
Weighted average	17 232	19 823
	544 532	471 039

* *Other inventory comprises mainly of fuel, uniforms, car seats and other promotional items.*

Security

For additional information relating to used vehicle inventories encumbered as security for "Floorplans from suppliers" refer to note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

22. Trade and other receivables

R'000	2023	2022
Trade receivables	1 496 251	1 451 689
Expected credit losses	(398 207)	(442 891)
Net trade and other receivables	1 098 044	1 008 798
Other financial assets		
Other short-term receivables*	170 649	466 148
	1 268 693	1 474 946
Non-financial assets classified as other receivables		
Prepayments	23 624	23 761
	1 292 317	1 498 707
Movement in the allowance for expected credit loss is as follows:		
At the beginning of the year	(442 891)	(542 457)
Increase in allowance for expected credit loss	(31 882)	(80 886)
Allowance reversed to profit or loss	9 797	48 110
Unrecoverable credit losses written off	68 835	141 000
Translation difference	(2 066)	(8 658)
At the end of the year	(398 207)	(442 891)

* *Other short-term receivables include VAT, sundry debtors and deposits.*

The following table details the risk profile of trade receivables based on the Group's provision matrix.

R'000	2023 Cross carrying amount	2023 Lifetime expected credit losses	2023 Effective impairment
Annual credit losses written off			
At 30 September 2023 (Audited)			
Fully performing	748 860	(1 791)	0%
Up to 90 days past due	221 628	(6 952)	3%
91 days to 180 days past due	118 810	(60 853)	51%
181 days to 270 days past due	25 645	(19 105)	75%
Greater than 271 days past due	381 309	(309 506)	81%
	1 496 252	(398 207)	27%

At 30 September 2022 (Audited)	2022 Cross carrying amount	2022 Lifetime expected credit losses	2022 Effective impairment
Fully performing	760 521	(9 045)	1%
Up to 90 days past due	193 032	(16 468)	9%
91 days to 180 days past due	90 597	(58 796)	65%
181 days to 270 days past due	39 820	(34 943)	88%
Greater than 271 days past due	367 720	(323 640)	88%
	1 451 690	(442 891)	31%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

23. Cash and cash equivalents

R'000	2023	2022
Cash on hand	1 775	1 233
Cash in bank	840 556	305 293
Total cash and cash equivalents	842 331	306 526
Restricted cash held in terms of the ABSA loan facility*	210 312	147 502
Unrestricted cash	632 019	159 024
	842 331	306 526

* *Zeda Car Leasing Proprietary Limited ("ZCL") received a loan from ABSA bank of R1.8 billion (refer note 27). The terms of the loan agreement state that ZCL must ensure that, at all times, an amount equal to interest payable by ZCL for a period of four months is deposited and maintained in the Security Deposit Account (owned by ZCL) and must ensure that, at all times, an amount equal to 5% of the loan is deposited and maintained in the Maintenance Account (owned by ZCL).*

These requirements also prevent the deposit accounts from being used for any purpose other than providing the lender (ABSA) with a right of set-off to secure repayment of the loan should ZCL default on scheduled payments.

The funds have been placed in an investment account to optimise interest income and ZCL has access to the interest earned monthly.

Credit quality of cash and cash equivalents

It is Company policy to deposit cash with major banks and financial institutions with strong credit ratings. The calculated expected credit loss on cash and cash equivalents is immaterial and thus not accounted for.

24. Share capital

R'000	2023	2022
Authorised*		
2,000,000,000 ordinary shares of no par value		
189,641,787 ordinary shares of no par value	4 500 000	4 500 000
3 165 929 Treasury shares held by group entities	(35 895)	–
	4 464 105	4 500 000

Rights and restrictions related to share capital

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company.

R'000	2023	2022
Reconciliation of treasury shares:		
Balance at beginning of year	–	–
Acquisition of shares for employess share-based scheme	35 985	–
Balance at end of year	35 895	–

Treasury shares

Zenith Car Rental Proprietary Limited holds treasury shares which will be utilised by the Group to facilitate the share incentive scheme. The average purchase price of the shares is R11.82.

The above mentioned entity is consolidated by the Group and the shares held by this entity are accounted for as treasury shares and eliminated against the Group's share capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

25. Reserves

R'000	2023	2022
Merger reserve In terms of the book value accounting as detailed in the basis of preparation, the difference between the acquiree's share capital and the cost of investment is presented as a merger reserve directly in equity.	**(4 474 011)**	(4 474 011)
Foreign currency reserve The foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign subsidiaries.	**49 459**	35 116
Other reserves		
Legal reserve*	**24 124**	24 027
IFRS 2 Equity Settled	**13 043**	–
Total	**37 187**	24 027

* *The legal reserve comprises a reserve created in terms of legislation in Mozambique.*

26. Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has non-controlling interest.

R'000	Zeda Car Rental Namibia Proprietary Limited	Zeda Namibia Proprietary Limited	Vuswa Fleet Services Proprietary Limited	Other	Total
30 September 2023					
Non-controlling percentage	25%	25%	40%	–	–
Non-current assets	12 577	329 524	135	–	–
Current assets	239 757	60 347	2 295	–	–
Non-current liabilities	(176 898)	24 073	18 294	–	–
Current liabilities	(46 371)	(272 730)	(6 039)	–	–
Net assets	**29 065**	**141 214**	**14 685**	**–**	**–**
Net assets attributable to non-controlling interest	(7 266)	(35 304)	(5 874)	–	(48 444)
Revenue	(170 195)	(173 836)	(1 061)	–	(345 092)
(Profit) for the year	(12 566)	(25 942)	(1 426)	–	(39 933)
Other comprehensive income	–	–	–	–	–
Total comprehensive (income)/loss	**(12 566)**	**(25 942)**	**(1 426)**	**–**	**(39 933)**
(Profit)/Loss allocated to non-controlling interest	(3 141)	(6 486)	(570)	–	(10 197)
Cash flows from operating activities	(85 222)	(2 036)	(4 871)	–	(92 129)
Cash flows from investment activities	(257)	–	–	–	(257)
Cash flows from financing activities	104 234	11 660	4 871	–	120 765
Net increase/(decrease) in cash and cash equivalents	**18 755**	**9 624**	**–**	**–**	**28 379**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

26. Non-controlling interest continued

R'000	Zeda Car Rental Namibia Proprietary Limited	Zeda Namibia Proprietary Limited	Vuswa Fleet Services Proprietary Limited	Other	Total
30 September 2022					
Non-controlling percentage	25%	25%	40%		
Non-current assets	20 795	309 269	439	–	
Current assets	127 840	47 983	2 334	–	–
Non-current liabilities	(73 489)	42 305	22 901	–	–
Current liabilities	(54 758)	(273 659)	(12 416)	–	–
Net assets	20 388	125 898	13 259	–	–
Net assets attributable to non-controlling interest	(5 097)	(31 475)	(5 304)	(312)	(42 188)
Revenue	(135 767)	(157 545)	(1 462)	–	(294 774)
(Profit) for the year	(7 777)	(23 754)	(1 474)	–	(33 005)
Other comprehensive income	–	–	–	–	–
Total comprehensive (income)/loss	(7 777)	(23 754)	(1 474)	–	(33 005)
(Profit)/Loss allocated to non-controlling interest	(1 944)	(5 939)	(590)		(8 472)
Cash flows from operating activities	13 067	19 663	(3 032)	–	29 698
Cash flows from investment activities	(66)	(16)	–	–	(82)
Cash flows from financing activities	(5 348)	(28 404)	3 032	–	(30 719)
Net increase/(decrease) in cash and cash equivalents	7 654	(8 758)	–	–	(1 104)

Amalgamated Fleet Services Ghana Limited, which has a 10% non-controlling interest is dormant with no trading assets and liabilities.

27. Long-term interest-bearing borrowings

R'000	2023	2022
ABSA/Nedbank syndicated loan The ABSA/Nedbank syndicated loan bears interest at the three-month JIBAR linked rate (2022: three-month JIBAR linked rate) and is repayable from 2023 to 2026. It is secured by a special notarial bond over vehicles in ZCL and the cession of the ZCL shares held by Avis Southern Africa Proprietary Limited.	**1 576 902**	1 583 599
Daimler Truck Financial Services Proprietary Limited The loan bears interest at a prime linked rate and is repayable by 31 December 2023.	**–**	24 532
Barloworld Limited The loan was fully repaid in the current year (2022: Prime linked)	**–**	300 000
Sanlam The loan bears interest at the three-month JIBAR linked rate and is repayable by 30 September 2026.	**364 609**	–
	1 941 511	1 908 131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

28. Lease liability

R'000	Note	2023	2022
At the beginning of the year		523 070	563 530
Liability arising on a new leases entered into during the year		54 322	27 460
Repayments of lease obligation (cash flow excluding interest component)		(57 381)	(61 922)
Translation adjustment		2 662	1 238
Liability adjustments upon entering into modifications of lease items during the year		(17 724)	(7 236)
At the end of the year		504 949	523 070
Payable within one year included in current liabilities		(72 029)	(88 280)
Long-term portion of lease liabilities		432 920	434 790
Lease liability is made up of the following assets classes:			
Land and buildings		471 673	523 070
Plant, equipment, computer and furniture		33 276	–
		504 949	523 070
The undiscounted maturity analysis of lease liabilities is as follows:			
Within one year		112 027	95 963
Between two to five years		398 308	379 308
Five years and beyond		151 076	246 083
		661 411	721 354

The Group entered into lease agreements for the lease of properties.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using its assessed incremental borrowing rate.

The Company has elected not to recognise a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low-value assets.

Payments under these leases are expensed on a straight-line basis.

In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. The properties are often embedded with renewal options which are factored into the calculation of lease liabilities and right of use assets. Upon renewal an addendum is added to the original lease agreeement.

For more information on the Company's liquidity risk and interest rate risk management, refer to note 41.

	Note	2023	2022
Short-term and low-value asset lease payments		33 854	51 985
Variable lease payments and repayment of lease obligation		93 010	70 304
Lease payment for the year including short-term leases	6	**126 864**	122 289

29. Contract liabilities

R'000	2023	2022
Current portion	314 842	346 679
Non-current portion	459 837	500 457
	774 679	847 136
Movement in contract liabilities during the year		
At the beginning of the year	847 136	775 195
New contracts	642 476	561 541
Amounts recognised in revenue	(12 888)	(11 277)
Amounts used*	(590 938)	(354 758)
Unwinding of discount on present value amounts	(111 733)	(125 325)
Translation differences	905	1 760
Other movements	(279)	-
At the end of the year	**774 679**	847 136

* *Amounts used refers to expenditure on the services, maintenance and warranty plans that are sold to customers.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

29. Contract liabilities continued

Contract liabilities comprise contractual costs of service, maintenance, and warranty work to be carried out in the future.

Refer to note 4 for the transaction price allocated for partially satisfied/unsatisfied performance obligations.

30. Provisions and other accruals

R'000	2023	2022
Provision for maintenance cost		
At the beginning of the year	35 032	39 599
Additional provision recognised	–	1 239
Utilised during the year	(35 032)	(5 467)
Amounts released to income	–	(339)
At the end of the year	–	35 032
Provision for retirement benefits		
At the beginning of the year	925	895
Additional provision recognised	92	66
Utilised during the year	–	(36)
At the end of the year	1 017	925
Other provisions and accruals		
At the beginning of the year	129 524	97 317
Additional provision recognised	43 413	72 013
Utilised during the year	(27 008)	(29 937)
Amounts released to income	(8 724)	(10 663)
Translation movements	201	795
At the end of the year	137 406	129 525
Balance at the end of the year	138 423	165 482
Disclosed as		
Non-current	–	21 019
Current	138 423	144 463
	138 423	165 482
Provision to be utilised as follows:		
Within one year	138 423	144 463
Between two and five years	–	21 019
More than five years	–	–
	138 423	165 482

Maintenance costs

This relates to the estimation of maintenance and repair costs. Assumptions include the estimation of maintenance and repair costs over the life cycle of the assets concerned. The timing of these cash flows is an element of judgment.

Other provisions and accruals

Provisions is mainly driven by licensing fees. Other accruals include various small amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

31. Bank overdraft and short-term interest-bearing borrowings

R'000	2023	2022
Bank overdrafts	**356 634**	240 202
Short-term interest bearing borrowings	**354 264**	195 899*
Rand Merchant Bank-bearing interest at three-month LIBOR linked rate and is repayable on demand	**188 387**	195 899
Standard Bank Limited Courtesy Plan-bearing interest at prime-linked rate	**165 877**	–
Current portion of long-term interest-bearing borrowings	**744 510**	1 241 749
Barloworld Limited	**–**	935 548
ABSA Group Limited	**542 481**	290 635
Daimler Truck Financial Services Proprietary Limited	**20 362**	15 566
Sanlam	**181 667**	–
	1 098 774	1 437 648

Refer to note 3 for details of reclassification.

32. Floorplans from suppliers

R'000	2023	2022
Standard Bank Limited, interest at a prime-linked rate	**744 647**	874 299*
Volkswagen Financial Services Rental Floorplan facility interest at prime-linked rate	**620 158**	–
Wesbank Franchise Floorplan facility interest prime-linked rate	**508 517**	–
Toyota Financial Services Franchise Floorplan facility interest at prime-linked rate	**336 189**	–
Mercedez Benz Financial Services Master Credit Agreement interest at prime-linked rate	**61 789**	–
	2 271 300	874 299

* *Refer to note 3 for details of reclassification.*

Floorplans from suppliers consist of interest-bearing facilities provided by the finance provider. The floorplans are secured by the vehicles that have been purchased using these facilities and are included under the rental fleet and inventories (refer to notes 20 and 21).

These terms and conditions are stated in the term sheets which require the Wholesale finance fleet saver facility to be used to fund the acquisition of new motor vehicles and the Wholesale finance facility is used to fund the acquisition of used vehicles not older than 10 years.

The facilities have variable interest rates linked to prime.

Refer to note 41 – Liquidity risk for further details on liquidity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

33. Trade and other payables

R'000	2023	2022
Trade payables	2 326 955	1 746 257*
Trade accruals	530 460	512 597
Payroll expenses	174 137	132 519
Audit fees	6 964	5 765
	3 038 516	2 397 138
Non-financial liabilities		
Leave pay	43 476	36 747
VAT payable	3 321	62 184
Other business taxes	7 475	7 353
	3 092 788	2 503 422

* *Refer to note 3 for details of reclassification.*

Included in trade payables is a Standard bank floor plan facility of R129mil million, prime linked (2022: R51.8 million, prime linked) and the ABSA floor plan facility of R140 million (2022 : R111 million Standard Bank Wholesale facility, prime linked). This will be settled within the operating cycle and forms part of the business working capital to finance vehicles.

34. Cash generated by operations

R'000	2023	2022
Profit before taxation	939 734	881 725
Operating cash flows adjustments for:		
Amortisation	1 557	1 599
Depreciation of property, plant and equipment	813 812	791 061
Depreciation of rental vehicles	911 244	647 982
Depreciation of right of use assets	57 106	55 015
Interest received	(29 758)	(6 047)
Foreign exchange losses	14 293	39 056
Interest paid on interest-bearing borrowings	605 546	339 152
Interest paid on lease liability	46 589	49 892
Loss on rental and leasing vehicles	87 709	96 510
(Profit)/Loss on disposal of property, plant and equipment (excluding rental and leasing vehicles)	(14 931)	5
Impairment of intangible assets	–	54 249
Impairment of investment in associate	–	126
(Gain)/loss on modification of leases	(17 724)	9 904
(Decrease)/increase in provisions	(27 059)	27 671
Share of joint venture profit after tax	(10 208)	(931)
Decrease in provision for expected credit losses	(44 684)	(99 565)
Revaluation of investments	(5 418)	(413)
IFRS 2 charge	13 043	13 964
Operating cash flows before movements in working capital	3 340 851	2 900 956
Working capital movements		
Decrease in inventories	2 740 315	2 592 122
Decrease in trade and other receivables	251 074	2 025 524
(Decrease)/increase in contract liabilities	(72 457)	70 180
Increase in trade and other payables	589 366	355 226
Cash generated from operations before investment in leasing and car rental operations	6 849 149	7 944 008
Investment in leasing vehicles	(1 992 823)	(1 561 728)
Proceeds on disposal of leasing vehicles	56 271	55 681
Investment in rental vehicles	(4 428 988)	(3 773 869)
Increase in finance lease receivable	(153 017)	(413)
Cash generated from operations	330 592	2 663 679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

35. Taxation paid

R'000	**2023**	2022
Net income tax (payable) receivable at beginning of the year	**(13 625)**	79 808
Charged to profit or loss during the year	**(96 110)**	(345 210)
Net income tax (receivable) payable at end of the year	**(174 009)**	13 625
Translation difference	**–**	1 384
	(283 744)	(250 393)

36. Cash flow from financing activities

R'000	At beginning of year	Advanced during the year	Repaid during the year	Interest charged	Interest paid	Other	At end of year
At 30 September 2023 (Audited)							
Long-term interest bearing borrowings	**3 149 880**	**1 639 220**	**(2 103 079)**	**217 320**	**(217 320)**	**–**	**2 686 021**
Lease liability	**523 070**	**54 322**	**(57 381)**	**46 589**	**(46 589)**	**(15 062)***	**504 949**
Bank overdraft	**240 202**	**113 493**	**–**	**185 676**	**(182 737)**	**–**	**356 634**
Short-term loans	**195 899**	**439 427**	**(281 062)**	**–**	**–**	**–**	**354 264**
Floorplans from suppliers	**874 299**	**1 718 545**	**(340 962)**	**202 550**	**(183 132)**	**–**	**2 271 300**
	4 983 350	**3 965 007**	**2 782 484**	**652 135**	**(629 778)**	**(15 062)**	**6 173 168**
At 30 September 2022 (Audited)							
Long-term interest-bearing borrowings	4 380 522	1 914 332	(3 144 974)	322 828	(322 828)	–	3 149 880
Lease liability	563 530	27 460	(61 922)	49 892	(49 892)	(5 998)	523 070
Bank overdraft	321 088	–	(80 886)	13 881	(13 881)	–	240 202
Short-term loans	173 478	22 421	–	–	–		195 899
Floorplans from suppliers	176 959	874 299	(176 959)	2 443	(2 443)	–	874 299
	5 615 577	2 838 512	(3 464 741)	389 044	(389 044)	(5 998)	4 983 350

* *Other is mainly driven by the lease modification.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

37. Commitments

R'000	2023	2022
Contracted capital commitments		
Motor vehicles	473 333	954 617
Property, plant and equipment	–	1 840
Software development	–	12 774
	473 333	969 231

Capital commitments will be financed by cash generated from operations and borrowing facilities.

38. Contingent liabilities

At September 2023, there exists a contingent liability of R13 316 624 due to the Minister of Finance Namibia relating to bonds for VAT on imports.

Zenith Car Rental Proprietary Limited purchases vehicles which are registered in South Africa. The vehicles are temporarily imported to Zeda Car Rental Namibia Proprietary Limited, Namibia's Rental Business unit. As this is not a permanent import, there is a relaxation of the import VAT due in Namibia. This relaxation is only applicable provided that the vehicles do not remain in Namibia for a period exceeding six months.

A contingent liability is raised in the event that the vehicles are situated in Namibia for a period exceeding six months.

39. Retirement funds

The Group contributes for post-retirement benefits to the Alexander Forbes Fund which is governed by the Pension Funds Act. Membership to the Provident fund is compulsory for all full-time permanent employees. This Provident Fund is a defined contribution fund and is designed to provide lump sum benefits to members on retirement and not a guaranteed pension. Members' share of the Provident Fund is dependent upon performance of the fund. There were 2 232 (2022: 2 588) employee members of the fund.

R'000	2023	2022
Amounts contributed	72 323	66 654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

40. Related party transactions and balances

Director's remuneration:

The Group remuneration philosophy and basis for determining performance bonuses is set out in the remuneration report. Other benefits determined below include share purchase trust loans, expatriate benefits, retention payments, redundancy and termination payments and any other non-pensionable allowances or fringe benefits.

The director's remuneration for the year ended 30 September was as follows:

Directors and prescribed officers

	2023							
R'000	Salary	Retirement and medical contributions	Car benefit	Other benefits	Short-term Incentive	Long-term Incentive	Directors fees	Total
Executive directors								
Ramasela Ganda	5 592	1 053	132	73	3 888	2 923	–	13 662
Thobeka Ntshiza	3 802	703	120	113	2 193	1 185	–	8 116
Prescribed officers								
Thlabi Ntlha	1 963	381	228	514	1 567	462	–	5 114
Litha Nkombisa	3 150	600	315	19	2 952	1 527	–	8 564
Non-executive directors								
Lwazi Bam (chairman)	–	–	–	–	–	–	866	866
Xoliswa Kakana	–	–	–	–	–	–	88	88
Yolanda Miya	–	–	–	–	–	–	993	993
Sibani Mngomezulu	–	–	–	–	–	–	1 065	1 065
Ngao Motsei	–	–	–	–	–	–	831	831
Marna Roets	–	–	–	–	–	–	–	–
Donald Wilson	–	–	–	–	–	–	964	964
Total	**14 507**	**2 737**	**795**	**719**	**10 600**	**6 097**	**4 807**	**40 263**

	2022							
R'000	Salary	Retirement and medical contributions	Car benefit	Other benefits	Short-term Incentive	Long-term Incentive	Directors fees	Total
Executive directors								
Ramasela Ganda	3 364	639	169	349	3 297	2 696		10 514
Thobeka Ntshiza	2 491	461	151	13	2 493	991		6 600
Non-executive directors								
Lwazi Bam (chairman)	–	–	–	–	–	–		–
Yolanda Miya	–	–	–	–	–	–		–
Sibani Mngomezulu	–	–	–	–	–	–		–
Ngao Motsei	–	–	–	–	–	–		–
Donald Wilson	–	–	–	–	–	–		–
Total	**5 855**	**1 100**	**319**	**363**	**5 790**	**3 687**		**17 114**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

41. Financial instruments

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, finance lease receivables, bank and other borrowings, trade and other payables, floorplans from suppliers and lease liabilities. These financial instruments arise directly from the Group's operations. The Group is exposed to financial liabilities subject to fair value measurements and adjustments. The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity risk and currency risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group finances its operations from a mixture of long-term and short-term borrowings.

41.1 Categories of financial instruments

The following summarises the valuation methods and assumptions used in estimating the fair values of financial instruments reflected in the table below.

Financial assets at amortised cost

The carrying amount of financial assets at amortised cost with a remaining life of less than 12 months reasonably approximates its fair value due to the short-term period to maturity.

Financial liabilities at amortised cost

The carrying amount of financial liabilities with a maturity of less than 12 months reasonably approximates its fair value due to their short-term period to maturity. For longer maturities fair value is calculated based on the present value of future principal and interest cash flow.

All financial instruments are accounted for at amortised cost except for investments which are stated at fair value.

The following table shows the carrying values of financial assets and financial liabilities.

	2023					
R'000	Amortised cost	Finance lease receivables	Fair value	Total financial assets	Non-financial assets	Total amount
Assets						
Trade and other receivables	1 268 693	–	–	1 268 693	23 624	1 292 317
Finance lease receivables	–	355 679	–	355 679	–	355 679
Cash and cash equivalents	842 331	–	–	842 331	–	842 331
Other Investments	–	–	5 881	5 881	–	5 881
Total assets	**2 111 024**	**355 679**	**5 881**	**2 472 584**	**23 624**	**2 496 208**

	2023				
R'000	Amortised cost	At fair value	Total financial liabilities	Non-financial liabilities	Total amount
Liabilities					
Long-term loans	1 941 511	–	1 941 511	–	1 941 511
Floorplans from suppliers	2 271 300	–	2 271 300	–	2 271 300
Trade and other payables	3 038 516	–	3 038 516	54 272	3 092 788
Lease liability	504 949	–	504 949	–	504 949
Short-term loans	1 098 774	–	1 098 774	–	1 098 774
Bank Overdraft	356 634	–	356 634	–	356 634
	9 211 684	**–**	**9 211 684**	**54 272**	**9 265 956**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

41. Financial instruments continued

41.1 Categories of financial instruments continued

R'000	Amortised cost	Finance lease receivables	Fair value	Total financial assets	Non-financial assets	Total amount
	2022					
Assets						
Trade and other receivables	1 474 956	–	–	1 474 956	23 751	1 498 707
Finance lease receivables	–	202 662	–	202 662	–	202 662
Cash and cash equivalents	306 526	–	–	306 526	–	306 526
Other Investments	–	–	463	463	–	463
	1 781 482	202 662	463	1 984 607	23 751	2 008 358

R'000	Amortised cost	At fair value	Total financial liabilities	Non-financial liabilities	Total amount
	2022				
Liabilities					
Long-term interest-bearing borrowings	1 908 131	–	1 908 131	–	1 908 131
Lease liabilities	523 070	–	523 070	–	523 070
Floorplans from suppliers	874 299	–	874 299	–	874 299
Trade and other payables	2 397 138	–	2 397 138	106 284	2 503 422
Short-term interest-bearing borrowings	1 437 648	–	1 437 648	–	1 437 648
Bank overdrafts	240 202	–	240 202	–	240 202
Total liabilities	7 380 488	–	7 380 488	106 284	7 486 772

41.2 Fair value of financial instruments

41.2.1 Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair value of financial instruments is equal to the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date or in its absence the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of financial assets and liabilities that are traded in active markets are based on quoted dealer price quotations.

For financial assets and liabilities not traded in an active market, a valuation technique is applied to derive the fair value which takes into account quoted prices for similar assets and liabilities in active markets making use of observable inputs to the valuation techniques.

Type of financial instrument – Group	**Fair value at 30 September 2023 R'000**	**Valuation technique**	**Significant inputs**
Share investment in cell captive	**5 881**	Net asset value	The net asset value of the cell captive which is determined by the cash receipts received and the cash disbursed from claims which are processed and paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

41. Financial instruments continued

41.2 Fair value of financial instruments continued

41.2.2 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value which are grouped into levels 1 to 3 with the different levels defined as follows:

- Level 1: Fair value measurements are derived from quoted prices in active markets for identical assets.
- Level 2: Fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly or indirectly
- Level 3: Fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on unobservable market data.

Group	**2023**			
R'000	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
Investment in cell captive			**5 881**	**5 881**
The movement in financial assets measured at fair value included in level 3 is as follows				
At the beginning of the year			**463**	**463**
Revaluation to fair value			**5 418**	**5 418**
At the end of the year			**5 881**	**5 881**

Group	2022			
R'000	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in cell captive			463	463
The movement in financial assets measured at fair value included in level 3 is as follows				
At beginning of year			–	–
Acquisition of investment			50	50
Revaluation to fair value			413	413
At the end of the year			463	463

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

41. Financial instruments continued

41.3 Credit risk

Credit risk is the risk that a counterparty will not honour its contractual commitments when these are due per contractual agreements. The Group's exposure to credit risk is from its operating activities including deposits with banks, finance lease receivables and trade and other receivables.

The carrying amount of the financial assets represents the Business's maximum exposure to credit risk without taking into consideration any collateral provided. Each of the Group's operating segments has credit terms appropriate for their industry. The average credit period ranges between 30 to 90 days. The measures used to minimise credit risk is managed by a monthly review of trade receivables ageing and stringent background checks and credit limits for customers, continuous review of credit limits as well as legal action against defaulting customers. The average credit period on these sales is 30 days however extended credit terms may be negotiated during the account application process. No single customer represents more than 10% of the Business's total revenue for the years ended 30 September 2023, 30 September 2022 and 30 September 2021.

No credit guarantee insurance is held against the carrying amount of trade and other receivables within the Group therefore expected credit losses are considered across all operating debtors.

Any credit risk arising from cash deposits is deemed to be insignificant on the basis that all relevant counterparties are investment grade financial institutions.

Since the outbreak of Covid-19, businesses have been negatively impacted by the cash flow generating ability of many companies which increased credit risk in parts and service sales, which are considered riskier and adequate expected credit losses were raised. Due to the short-term nature of the credit terms given, the expected credit loss allowance can be assessed upfront and on an ongoing basis with little change arising from changes in general economic circumstances.

The following forward-looking information was utilised to estimate the expected credit loss:

- The geography and industry in which the customer operates. Sales to entities based in other African countries outside of South Africa as well as sales related to parts and services are considered riskier.
- Period overdue and time taken to settle underlying receivables. The older accounts are considered a higher risk.
- Past default experiences of the operating segments, examples include the Financial Services operations which have a very low default experience.

There has been no material change in the estimation techniques applied in determining the ECLs from the prior year. The gross receivables, disclosed below, are inclusive of VAT applicable to various jurisdictions and the allowance for credit losses excludes VAT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

41. Financial instruments continued

41.3 Credit risk continued

The following table details the risk profile of trade receivables of the Car Leasing and Car Rental segments based on the Group's provision matrix.

R'000	2023 Gross carrying amount of trade receivables	2023 Lifetime expected credit loss	%
Car leasing			
Fully performing	**330 234**	**(1 128)**	**0%**
Up to 90 days past due	**27 812**	**(2 026)**	**7%**
91 days to 180 days past due	**14 663**	**(5 406)**	**37%**
181 days to 270 days past due	**9 567**	**(6 497)**	**68%**
greater than 271 days past due	**181 684**	**(136 932)**	**75%**
Total Losses age analysis	**563 960**	**(151 988)**	**27%**
Car rental			
Fully performing	**418 626**	**(663)**	**0%**
Up to 90 days past due	**193 816**	**(4 926)**	**3%**
91 days to 180 days past due	**104 147**	**(55 447)**	**53%**
181 days to 270 days past due	**16 078**	**(12 608)**	**78%**
greater than 271 days past due	**199 624**	**(172 574)**	**86%**
Total Losses age analysis	**932 291**	**(246 219)**	**26%**
Total	**1 496 251**	**(398 207)**	**27%**

R'000	2022 Gross carrying amount of trade receivables	2022 Lifetime expected credit loss	%
Car leasing			
Fully performing	352 232	(8 558)	2%
Up to 90 days past due	36 864	(10 680)	29%
91 days to 180 days past due	21 549	(15 083)	70%
181 days to 270 days past due	17 092	(16 296)	95%
greater than 271 days past due	152 082	(139 585)	92%
Total Losses age analysis	579 819	(190 203)	33%
Car rental			
Fully performing	408 289	(487)	0%
Up to 90 days past due	156 168	(5 788)	4%
91 days to 180 days past due	69 048	(43 712)	63%
181 days to 270 days past due	22 728	(18 647)	82%
greater than 271 days past due	215 637	(184 054)	85%
Total Losses age analysis	871 870	(252 688)	29%
Total	1 451 689	(442 891)	31%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

41. Financial instruments continued

41.4 Market risk continued

Capital risk management

Management meets on an on-going basis to review the capital structure based on the cost of capital and the risks associated with each class of capital, to analyse currency and interest rate exposure and to re-evaluate treasury management strategies in the context of most recent economic conditions and forecasts. The Group has targeted gearing ratios for each major business segment. The Group's various treasury operations provide the Group with access to local money markets and provide the Group entities with the benefit of bulk financing and depositing.

i) Currency risk

The Group is headquartered in South Africa, with offshore operations in sub-Saharan Africa (including, Zambia, Mozambique and Lesotho). The Group seeks to mitigate foreign currency exposures by borrowing, where cost effective, in the same currencies as the currencies of the main operating units.

Currency risk arises on intergroup transactions between the sub-Saharan Africa operations and the resulting balances owing to or by Group entities. The Group does not hedge these exposures.

Sensitivity analyses
A 1% change in any of the functional currencies of the operating units in sub-Saharan African would not have a material impact on equity or profit or loss.

ii) Interest rate risk

Interest rate risk arises when the absolute level of interest rates on the Group's interest-bearing borrowings are subject to fluctuations. The interest rate characteristics of new borrowings and the refinancing of existing borrowings are structured according to expected movements in interest rates. There has been no change in the current year to this approach.

The Group's interest-bearing borrowings arise from the purchase of rental vehicles and leasing vehicles and, together with its leases to customers, is linked to the prime interest rate and consequently there is limited exposure to fluctuations in interest rates. The interest-bearing financial assets and liabilities are as follows:

R'000	**2023**	2022
Financial assets		
Finance lease receivable	**355 679**	202 662
Cash and cash equivalents	**842 331**	306 526
Total financial assets linked to variable interest rate	**1 198 010**	509 188
Financial liabilities		
Long-term interest-bearing borrowings	**(1 941 511)**	(1 908 131)
Floorplans from suppliers	**(2 271 300)**	(874 299)
Bank overdraft	**(356 634)**	(240 202)
Short-term interest-bearing borrowings	**(1 098 744)**	(1 437 648)
Total financial liabilities linked to variable interest rate	**(5 668 219)**	(4 460 280)
Net interest-bearing financial liabilities	**(4 470 289)**	(3 951 092)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

41. Financial instruments continued

41.4 Market risk continued

Capital risk management continued

ii) Interest rate risk continued

The interest rate profile of interest-bearing financial liabilities is as follows:

R'000	Currency	Year of redemption/ repayment	Interest rate (%)	2023	2022
Liabilities in foreign currencies					
Short-term loan	GHC	Revolving	Prime linked	**85 716**	97 950
Bank overdraft	NAD	Revolving	Prime linked	**240 000**	240 202
Short-term loan	ZK	Revolving	Prime linked	**102 671**	97 949
Bank overdraft	BWP	Revolving	Prime linked	**50 619**	-
Total bank overdraft and short term loans				**479 006**	436 101
Liabilities in South African Rand					
Long-term loans				**2 665 659**	3 149 880
ABSA/Nedbank Syndicated Long-Term Loan		Revolving	3 Month Jibar linked	**2 119 383**	1 874 234
Sanlam Limited Long-Term loan		Revolving	3 Month Jibar linked	**546 276**	-
Daimler Truck Financial Service Proprietary Limited		Revolving	Prime linked	**–**	40 098
Barloworld		Revolving	Prime linked	**–**	1 235 548
Bank overdrafts and short term loans		Revolving	Prime linked	**66 015**	-
Daimler Truck Financial Service Proprietary Limited		Revolving	Prime linked	**20 362**	-
Standard Bank Limited Courtesy Plan		Revolving	Prime linked	**165 877**	
Floorplan from suppliers				**2 271 300**	874 299
Toyota Financial Services		Revolving	Prime linked	**336 189**	-
Standard Bank Wholesale Fleet Saver		Revolving	Prime linked	**744 647**	874 299
Standard Bank Wholesale Finance facility		Revolving	Prime linked	**–**	-
Wesbank		Revolving	Prime linked	**508 517**	-
Volkswagen Financial Services		Revolving	Prime linked	**620 158**	-
Mercedes Benz Financial Services Master Credit Agreement		Revolving	Prime linked	**61 789**	-
Total South African Rand interest bearing borrowings				**5 189 213**	4 024 179
Total South African Rand and foreign currency liabilities					
Interest bearing borrowings				**5 668 219**	4 460 280
Facilities included in trade and other payabels					
Standand bank wholesale facility				**–**	111 831
ABSA Group Limited floor plan				**140 833**	-
Standard bank Limited				**131 665**	-
Total Group interest bearing borrowings				**5 940 717**	4 623 965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

41. Financial instruments continued

41.4 Market risk continued

Interest rate sensitivity analysis continued

	2023	2022
Total interest bearing liabilities		
South Africa – Floating interest rates	**5 189 213**	4 076 033
Rest of Africa – Floating interest rates	**479 006**	436 101
	5 668 219	4 512 134

Interest rate sensitivity analysis

An interest rate sensitivity analysis is based on the increase or decrease of 1% (100 basis points) in the South African market interest rates. The analysis assumes that other variables remain constant.

R'000	**2023**	2022
Impact of a 1% change in South African prime interest rates Charge to profit or loss and equity	**37 881**	29 347
Impact of a 1% change in non-South African prime interest rates Charge to profit or loss and equity	**3 592**	3 270

iii) Liquidity risk

Liquidity risk arises when the Group cannot meet its contractual cash outflows as they fall due and payable. The Group manages liquidity risk by monitoring forecast cash flows, maintaining a balance between long-term and short-term debt and ensuring that adequate unutilised borrowing facilities are maintained.

Maturity profile of financial liabilities

The maturity profile of the financial liabilities is summarised as follows (based on contractual undiscounted cash flows):

	Repayable during the year ending 30 September 2023				
R'000	**Carrying amount**	**Contractual outflows**	**Within one year**	**Two to five years**	**Greater than five years**
Long-term interest-bearing borrowings (including current portion)	**2 686 012**	**2 874 408**	**932 897**	**1 941 511**	**–**
Floorplans from suppliers	**2 271 300**	**2 271 300**	**1 240 946**	**1 030 354**	**–**
Trade and other payables	**3 038 516**	**3 038 516**	**3 038 516**	**–**	**–**
Lease liabilities	**504 949**	**661 411**	**112 027**	**398 308**	**151 076**
Bank overdraft	**356 634**	**356 634**	**356 634**	**–**	**–**
Short-term interest-bearing borrowings	**1 098 774**	**1 098 774**	**1 098 774**	**–**	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

41. Financial instruments continued

41.4 Market risk continued

Interest rate sensitivity analysis continued

iii) Liquidity risk continued

	Repayable during the year ending 30 September 2022				
R'000	Carrying amount	Contractual outflows	Within one year	Two to five years	Greater than five years
Long-term interest-bearing borrowings (including current portion)	3 149 880	3 421 260	1 354 058	2 067 210	–
Floorplans from suppliers	874 299	1 074 881	1 074 881	–	–
Trade and other payables	2 397 138	2 397 138	2 397 138	–	–
Lease liabilities	523 070	721 354	95 963	379 308	246 083
Bank overdraft	240 202	240 202	240 202	–	–
Short-term interest-bearing borrowings	195 899	195 899	195 899	–	–

The Group has the following banking facilities available:

R'000		**2023 Facility**	2022 Facility	**2023 Utilised**	(Restated) 2022 Utilised	**2023 Unutilised**	2022 Unutilised
Absa Group Limited	Term loan	**2 718 471**	1 874 234	**2 119 383**	1 874 234	**599 088**	–
Rand Merchant Bank	Working capital facility	**257 293**	359 448	**188 387**	195 899	**68 906**	163 549
Standard bank Limited	Wholesale finance facility	**–**	120 000	**–**	111 831	**–**	8 169
Standard Bank Limited	Car scheme facility	**131 665**	51 854	**131 665**	51 854	**–**	–
Standard Bank Limited	Term loan	**445 000**	–	**165 877**	–	**279 123**	–
Sanlam	Term loan	**545 000**	–	**546 276**	–	**–**	–
Daimler Truck Financial Services	Revolving credit facility	**100 000**	40 098	**20 362**	40 098	**79 638**	–
Various	Overdraft	**650 000**	417 531	**356 634**	240 202	**293 366**	177 329
Other banking facilities							
First National Bank	Fuel car facility	**323 000**	290 000	**–**	278 000	–	12 000
Floor plan facility							
Standard Bank Wholesale Fleet Saver		**1 000 000**	880 000	**744 647**	874 299	255 353	5 701
Toyota Financial Services Franchise Floorplan		**500 000**	300 000	**336 189**	–	163 811	300 000
Volkswagen Financial Services Rental Floorplan		**670 000**	670 000	**620 158**	–	49 842	670 000
Wesbank Franchise Floorplan		**580 000**	580 000	**508 517**	–	71 483	580 000
Mercedez Benz Financial Services		**350 000**	–	**61 789**	–	288 211	–
ABSA Group Limited		**200 000**	–	**140 833**	–	59 167	–
		8 470 429	5 583 165	**5 940 717**	3 666 417	**2 208 988**	1 916 748

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

42. Share incentive schemes and share-based payments

42.1 Financial effect of share-based payment transactions

R'000	Note	2023	2022
Income statement effect			
Compensation expense arising from equity and cash-settled forfeitable share plan	6	13 043	7 518
Share-based payment expense included in operating profit		13 043	7 518
Taxation benefit on forfeitable share plan (FSP)		(3 521)	(2 105)
Net share-based payment expense after taxation		**9 522**	5 413

As at 30 September 2023, the group has the following FSP:

42.1.1 Replacement awards

Barloworld operated a long term incentive plan under which a number of Zeda employees were entitled to prior to the unbundling and separate listing of Zeda. These awards were in the form of forfeitable share plan. In terms of the rules of the previously existing Barloworld FSP, all Barloworld shares vested pro rata ("no fault termination" rules applied) to Zeda employees following the unbundling of Zeda.

The proportionate unvested units under the Barloworld FSP on date of unbundling were replaced with Zeda shares to the equivalent value, under the Zeda 2023 Forfeitable Share Plan. The vesting of the shares is subject to specific performance conditions, Broad Based Black Economic Empowerment, Improved Employee Value Propositions rating and Improved Customer Experience. The shares vest annually over two years (vesting will therefore occur in 2023 and 2024). On resignation the employee will forfeit any unvested shares, on death or retirement only a portion of the shares will vest based on the number of days worked over the total vesting period subject to the performance condition being met. The scheme is settled in shares and therefore equity-settled.

Fair value estimates

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date.

Date of grant:	29 May 23
Number of shares granted	789 325
Share price at grant date (R)	9.7
Estimated fair value at grant date (R)	**7 656 453**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

42. Share incentive schemes and share-based payments continued

42.1.2 Zeda Long-term Incentive Plan

During the 2023 year the Group introduced the Zeda Long-term Forfeitable Share Plan Scheme.

The objective of the scheme is to attract, retain, motivate and reward executives, senior employees and key talent who are able to influence the performance of the Zeda Group, on a basis which aligns their interests with those of the Group and the Zeda Shareholders. The vesting of the shares are subject to specific performance conditions:

- Based on return on invested capital, headline earnings per share growth and net debt to EBITDA and
- Continued employment for a period of 3 years.

On resignation the employee will forfeit any unvested shares. On death or retirement only a portion of the shares will vest based on the number of days worked over the total vesting period subject to the performance condition being met. The scheme is settled in shares and therefore equity-settled.

Fair value estimates

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date.

Date of grant:	**29 May 23**
Number of shares granted	**1 802 595**
Share price at grant date (R)	**9.7**
Estimated fair value at grant date (R)	**17 485 172**

42.1.3 Retention awards

In order to ensure alignment between Zeda's executives and Zeda's shareholder interests post the unbundling, Barloworld approved a bonus award of shares in Zeda to the Zeda CEO and CFO (the "retention awards"), resulting in a one-off equity-settled IFRS 2 charge of approximately R7,2 million. The awards were granted pre-Unbundling and vested upon the Unbundling on the 13th of December 2023. The shares are subject to a minimum shareholding policy which require certain executives to build-up and hold a minimum number of shares. The scheme is settled in shares and therefore equity-settled.

Fair value estimates

In terms of IFRS 2, the transaction is measured at fair value of the equity instruments at the grant date. The fair value of the equity-settled shares subject to non-market conditions is the closing share price at grant date.

Date of grant:	**13 Dec 22**
Number of shares granted	**574 009**
Share price at grant date (R)	**16.7**
Estimated fair value at grant date (R)	**9 585 950**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

43. Subsequent events

Growth Fund

A Zeda Group entity entered into a syndicated term loan agreement with ABSA Bank Limited and Nedbank Limited in November 2023 for the leasing business in South Africa.

The Lenders have made available an amortising 5-year term loan Facility in a maximum amount of ZAR2,000,000,000 (two billion South African Rand), (JIBAR-linked rate) for an availability period of 12 months from the effective date. All amounts outstanding on account of the Facility are required to be settled on or before the date falling five years after the effective date.

The Facility will be applied towards the financing of the replacement and growth of the Fleet for the leasing business in South Africa. The Facility will positively support the growth of the leasing business by ensuring sufficient funding carrying capacity.

44. Going concern

The financial statements are prepared on the going concern basis. The going concern assumption was assessed by management and the directors as appropriate after taking into consideration its available information about the future, the profitability of the operations and the accessibility to financial resources for at least the next 12 months from the end of the last reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2023 continued

45. Changes in accounting policies

The following new and amended standards are expected to have no or minimal impact on presentation, recognition and measurement in future years:

	Effective date*
IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	Effective date to be annouced
Amendments to IAS 1 – Classification of liabilities as current vs. non-current	01 Jan 23
Amendments to IAS 1 – Presentation of financial statements and IFRS practice statement 2 – Making materiality judgements – Disclosure of accounting policies	01 Jan 23
Amendments to IFRS 4 – Extension of Temporary Exemption from applying IFRS 9	01 Jan 23
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	01 Jan 23
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of accounting estimates	01 Jan 23
Amendments to IAS 12 Income Taxes – Deferred tax related to assets and liabilities arising from a single transaction	01 Jan 23
New IFRS 17- offers guidance on accounting for insurance contracts under IFRS Accounting Standards. It aims to increase transperancy and reduce diversity in the accounting for contracts	01 Jan 23
Amendment of IFRS 16 – Leases-Seller (lessee) to account for variable lease payments that arise in a sale and leaseback transaction. Seller-lessess are required to reassess and potentially restate sale and lease back transactions entered into since the implementation of IFRS 16 in 2019	01 Jan 24
IFRS 7 Financial instruments and IAS 7 Statement of Cash Flows – Disclosures Supplier Finance Arrangements. The amendment supplements existing disclosure requirements by requiring a company to disclose specific information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the company's liabilities and cash flows and the company's exposure to liquidity risk	01 Jan 24

* *Effective for annual periods beginning on or after this date.*

COMPANY FINANCIAL STATEMENTS

3

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 September 2023

R'000	Note	2023	2022
Revenue		–	
Operating costs	6	(12 432)	(72)
Loss on financial instrument	7	(744)	–
Loss before taxation		(13 176)	(72)
Taxation		3 557	–
Loss for the year		(9 619)	(72)
Total comprehensive income for the year		**(9 619)**	(72)

COMPANY STATEMENT OF FINANCIAL POSITION

for the year ended 30 September 2023

R'000	Note	2023	2022
Assets			
Investment in subsidiaries	9	**4 500 000**	4 500 000
Non-current assets		**4 500 000**	4 500 000
Deffered tax asset		**3 557**	–
Cash and cash equivalents	8	**339**	–
Current assets		**3 896**	–
Total assets		**4 503 896**	4 500 000
Equity and Liabilities			
Equity			
Stated capital	10	**4 500 000**	4 500 000
Accumulated loss		**(9 691)**	(72)
Total equity		**4 490 309**	4 499 928
Liabilities			
Intercompany trade and other payables	11	**5 105**	–
Other liabilities	11	**6 888**	72
Trade and other payables	12	**1 594**	–
Total current liabilities		**13 587**	72
Total liabilities		**13 587**	72
Total equity and libilities		**4 503 896**	4 500 000

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2023

R'000	Note	(Accumulated loss)	Stated capital	Total equity
Transactions with shareholders recognised directly in equity				
Arising on incorporation on 17 May 2022	10	–	4 500 000	4 500 000
Total comprehensive income for the year				
Loss for the year		(72)	–	(72)
Balance at 30 September 2022		**(72)**	**4 500 000**	**4 499 928**
Total comprehensive income for the year				
Loss for the year		(9 619)	–	(9 619)
Balance at 30 September 2022		**(9 691)**	**4 500 000**	**4 490 309**

COMPANY STATEMENT OF CASH FLOWS
for the year ended 30 September 2023

R'000	2023	2022
Loss before taxation	**(13 176)**	(72)
Loss on financial instruments	**744**	–
Cash utilised from operations before working capital movements	**(12 432)**	(72)
Increase in Intercompany payables	**5 105**	–
Increase in trade and other payables	**850**	
Cash generated from operations	**(6 477)**	(72)
Cash outflow from investing activities		
Acquisitions of subsidiaries	**–**	(4 500 000)
Net cash from investing activities	**–**	(4 500 000)
Cash inflow from financing activities		
Increase in other liabilities	**6 816**	72
Proceeds from issue of share capital	**–**	4 500 000
Net cash derived from financing activities	**6 816**	4 500 072
Net increase in cash and cash equivalents	**339**	–
Cash and cash equivalent at the beginging of the year	**–**	–
Cash and cash equivalents at the end of the year	**339**	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Reporting entity

The Company is registered and incorporated in South Africa. The registered address and head office of the Company is 2 Sysie Road, Croydon, Gauteng, 1601.

2. Accounting framework

The accounting policies of the Company are the same as those of the Group, where applicable (refer to the consolidated annual financial statements accounting policies). The policies detailed below are those specifically applicable to the Company.

Accounting policies for which no choice is permitted in terms of International Financial Reporting Standards have been included only if management and directors concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item.

3. Underlying concepts

The financial statements are prepared on the going concern basis. Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. Functional and presentation currency

The Financial Statements are presented in South African Rand, which is the Company's functional and reporting currency. All amounts have been rounded to the nearest thousand unless otherwise stated.

5. Significant accounting policies:

Stated capital
Ordinary shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Investments in subsidiaries
Investments in subsidiaries are recognised at cost less accumulated impairment losses in the companies separate financial statements.

Investment income
Dividend income earned from the investing activities is recognised when the Company establishes the right to receive the dividend and is classified under other income. Interest income and expenses are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Taxation

The tax expense includes the current tax and deferred tax charge recognised in the statement of comprehensive income. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

6. Operating costs

R'000	2023	2022
Audit fees	3 792	–
JSE Fees	1 317	72
Directors fees	4 809	–
Advisory fees	1 861	–
Other	653	–
Net expenses	**12 432**	72

7. Financial instruments

R'000	2023	2022
Loss on financial instruments	744	–

This relates to long-term loan guarantees. At initial recognition a financial guarantee is measured at fair value. A discount rate was applied taking time value of money, risk premium and own credit risk. The loss will amortise over the length of the guarantee period. Refer to note 13 for guarantees.

8. Cash and cash equivalents

R'000	2023	2022
Cash in bank	339	–

9. Investment in subsidiary

R'000	% 2023	% 2022	2023	2022
Avis Southern Africa Proprietary Limited	**100**	100	**4 500 000**	4 500 000

Refer to the accounting policy on Consolidation in the consolidated annual financial statements for details of principal subsidiary companies.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

10. Share capital

R'000	2023	2022
Authorised 2,000,000,000 ordinary shares of par value		
Issued 189,641,787 Ordinary shares of no par value	4 500 000	4 500 000
	4 500 000	4 500 000

11. Related party transactions and balances

R'000	2023	2022
Other liabilities	6 888	–
Zeda Car Leasing Proprietary Limited	5 900	–
Zenith Car Rental Proprietary Limited	988	–
Intercompany trade and other payables		
Zenith Car Rental Proprietary Limited	5 105	–

Director's remuneration:

The directors' fees for the year ended 30 September paid were as follows:

R'000	2023	2022
Non-executive	Total	
Lwazi Bam (chairman)	866	–
Xoliswa Kakana	88	–
Yolanda Miya	993	–
Sibani Mngomezulu	1065	–
Ngao Motsei	831	–
Marna Roets	–	–
Donald Wilson	964	–
Total	4 809	–

12. Trade and other payables

R'000	2023	2022
Audit fees	850	–
Other	744	–
	1 594	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

13. Guarantees

R'000	2023	2022
Guarantees		
Nedbank Limited	50 000	–
Standard Bank Group Limited	164 213	–
	214 213	–

The guarantees are for the overdraft and short-term interest-bearing borrowings that are in Zenith Proprietary Limited.

14. Going concern

The financial statements are prepared on the going concern basis. The going concern assumption was assessed by management and directors as appropriate after taking into consideration its available information about the future, the profitability of the operations and the accessibility to financial resources for at least, the next 12 months from the end of the last reporting date.

15. Subsequent events

The directors are not aware of any matter or circumstance arising subsequent to the statement of financial position date up to the date of this report, which will require adjustment to or disclosure in these financial statements.

ZEDA LIMITED SHAREHOLDERS

4

SHAREHOLDER INFORMATION*

Beneficial shareholdings 5% or more

Shareholder Name	Total shareholding	% of issued capital
Zahid Tractor & Heavy Machinery Co. Limited	35 966 284	18,97%
Silchester International Investors, L.L.P.	25 715 554	13,56%
Total	**61 681 838**	32,53%

Geographic split of beneficial shareholders

Region	Total shareholding	% of issued capital
South Africa	103 406 630	54,53%
United Kingdom	70 617 798	37,24%
United States	9 314 827	4,91%
Rest of the world	6 302 532	3,32%
Total	**189 641 787**	100%

Registered shareholder spread

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 - 1 000 shares	7 057	78,21%	1 387 531	0,73%
1 001 - 10 000 shares	1 517	16,81%	5 453 242	2,88%
10 001 - 100 000 shares	337	3,73%	10 266 559	5,41%
100 001 - 1 000 000 shares	85	0,94%	29 924 166	15,78%
1 000 001 shares and above	27	0,30%	142 610 289	75,20%
Total	**9 023**	100,00%	**189 641 787**	100,00%

* *As per the Share Register from Strate Proprietary Limited, dated 17th November 2023.*

Public holding and non-public holding

Shareholder type	% of issued capital
Public	98,1%
Non public	1,9%
Total	100%

NOTES

CORPORATE INFORMATION

Directors

Independent non-executive directors
Lwazi Bam (Chairman)*
Xoliswa Kakana
Yolanda Miya
Sibani Mngomezulu
Ngao Motsei
Marna Roets
Donald Wilson

Executive directors
Ramasela Ganda (Group Chief Executive Officer)
Thobeka Ntshiza (Group Finance Director)

Company's Registered Office

2 Sysie Road
Croydon, 1691
Johannesburg
South Africa
(PO Box 221, Isando, 1600)

Company Secretary

Rilapax Proprietary Limited t/a William Radcliffe
(Registration number: 2013/068456/07)

Financial Reporting Consultant to Zeda Limited

KPMG Services Proprietary Limited
(Registration number: 1999/012876/07)
KPMG Crescent
85 Empire Road
Parktown, 2193
South Africa
(Private Bag 9, Parkview, 2122)

South African Legal Advisor to the Company

DLA Piper South Africa (RF) Incorporated
Registration number: 2016/119399/21
6th Floor
61 Katherine Street
Sandton, 2196
Private Bag X17, Benmore, 2010

Sponsor to Zeda Limited

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(Registration number: 1951/000009/06)
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Transfer Secretaries

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South Africa
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* *Appointed as Chairman on 14 December 2022.*

ZEDA

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