Reunert

Empower. Innovate. Thrive.

GROUP AUDITED ANNUAL FINANCIAL STATEMENTS

2024

CONTENTS

DIRECTORS' RESPONSIBILITY FOR AND APPROVAL OF REUNERT LIMITED GROUP CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2024

The Reunert Limited Group consolidated financial statements for the year ended 30 September 2024 (herein after referred to as "financial statements"), comprise the consolidated:

- Statement of profit or loss;
- Statement of other comprehensive income;
- Statement of financial position;
- Statement of cash flows and notes thereto;
- Statement of changes in equity;
- Notes to the financial statements including the accounting policies;
- Segmental analysis;
- Principal subsidiaries, joint ventures, associates and special purpose entities – Annexure A; and
- Share ownership analysis – Annexure B.

These financial statements include amounts based on judgements and estimates made by management.

The annual financial statements presented are those of the Group. Reunert Limited's (referred to as the "Company" or "Reunert") standalone Company annual financial statements will be released separately and on a later date.

The Board of directors (the "Board") is responsible for the preparation, integrity and fair presentation of the annual financial statements, in conformity with:

- The requirements of IFRS® Accounting Standards (IFRS Accounting Standards); and its interpretations as adopted by the International Accounting Standards Board (IASB) in effect for the Group at 1 October 2023;
- The South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides (FRG), as issued by the Accounting Practices Committee;
- The Financial Reporting Pronouncements (FRP) as issued by the Financial Reporting Standards Council (FRG, FRP and IFRS Accounting Standards collectively referred to as the JSE Financial Reporting Requirements); and
- The requirements of the Companies Act of South Africa, No. 71 of 2008 (Companies Act).

To discharge this responsibility, the Board ensures, through the review of information supplied by management and the reports of the internal auditors, that the Group (comprising the Company, its subsidiaries, its joint ventures, and associates) has instituted and applied appropriate internal controls and has operated a control environment that:

- Ensures (within appropriate cost benefit parameters) the safeguarding of the Group's assets; and
- There is reasonable assurance as to the reliability of the Group's financial information.

The Board is also responsible for preparing the directors' report.

The Board, together with the Risk and Audit Committees, also ensures that the Group has instituted a risk management system which provides reasonable assurance that risks are:

- Identified;
- Assessed;
- Managed to acceptable levels; or
- Transferred, where appropriate.

The Board is not aware of any material breakdown in either internal controls or risk management practices that occurred during the year under review where the impact of which has not been remediated and which could therefore impact on the fair presentation of the annual financial statements.

The Board has positively concluded on the ability of the Group to continue as a going concern for the next twelve months.

The Group's external auditors, KPMG Inc., are responsible for reporting on whether the financial statements are fairly presented in accordance with IFRS Accounting Standards and the requirements of the Companies Act. They have issued an unmodified audit opinion in this regard which is set out on pages 3 to 5.

On the recommendation of the Audit Committee, the annual financial statements set out on pages 6 to 95 were approved by the Board and are signed on its behalf by:

Mohamed Husain	**Alan Dickson**	**Nick Thomson**
Chair	*Chief Executive Officer*	*Chief Financial Officer*

20 November 2024

CEO AND CFO RESPONSIBILITY STATEMENT

For the year ended 30 September 2024

In compliance with paragraph 3.84(k) of the JSE Limited Listings Requirements, each of the directors, whose names are stated below, after due, careful and proper consideration hereby confirm that:

(a) The annual financial statements set out on pages 6 to 95, fairly present in all material respects the financial position, financial performance and cash flows of the Reunert Group in terms of IFRS Accounting Standards;

(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 Reunert and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the Reunert Group;

(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.

Alan Dickson
Group CEO

Nick Thomson
Group CFO

20 November 2024

COMPANY SECRETARY'S CERTIFICATION

For the year ended 30 September 2024

In terms of section 88(2)(e) of the Companies Act, No.71 of 2008 (Companies Act), I, Karen Louw, duly authorised on behalf of the Group Company Secretary, Reunert Management Services (Pty) Ltd (registration number 1980/007949/07), certify that to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission for the financial year ended 30 September 2024, all such returns and notices as are required in terms of the aforesaid Act and that all such returns and notices are true, correct and up to date.

Karen Louw
on behalf of Reunert Management Services (Pty) Ltd

Group Company Secretary

20 November 2024

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Reunert Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Reunert Limited (the Group) set out on pages 14 to 94, which comprise the statement of financial position as at 30 September 2024, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the statement of cash flows, notes to the financial statements, including material accounting policy information, Segmental Analysis and Annexure A.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Reunert Limited as at 30 September 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards (IFRS Accounting Standards), JSE Financial Reporting Requirements 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 financial statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill Impairment

Refer to note 11, Goodwill of the consolidated financial statements.

As required by IAS 36, Impairment of Assets (IAS 36), management conducted an annual impairment assessment to test the recoverability of the carrying amount of goodwill for each cash generating unit.

Goodwill of R1 130 million was recognised in the consolidated statement of financial position. Total goodwill impairment of R53 million was recognised in the current year.

Management's impairment assessments of goodwill are performed using discounted cash flow models to determine the value-in-use ("VIU") of each cash generating unit ("CGU").

The assumptions with the most significant impact on the VIU calculations are:

- Revenue and earnings growth rates; and
- Pre-tax discount rates, which are derived from the weighted average cost of capital incorporating risk factors specific to the cash flow being assessed.

Given the complexity of significant judgments and estimates involved in the discounted cash flow models used to determine the VIU of the CGUs, this was considered a key audit matter.

Our team included senior experienced audit team members and our internal valuation specialists who understand the Group's business and industry.

We performed the following audit procedures, amongst others:

- Obtained an understanding of management's impairment assessment process, procedures and controls implemented;
- Tested the design, implementation and operating effectiveness of controls over the goodwill impairment assessment. These included controls designed and implemented to ensure the robustness of the key assumptions used in the impairment assessments;
- For selected CGU's, with the involvement of our internal valuation specialist we:
  - Evaluated whether the discounted cashflow models used by management to calculate the VIU comply with the requirements of IAS 36;
  - Evaluated the reasonableness of the revenue and earnings growth rates against historic performance, approved budgets, and expected future performance based on industry and entity-specific factors;
  - Assessed the reasonableness of the discount rates which are derived from the weighted average cost of capital incorporating risk factors specific to the cash flow, by independently calculating the rates and comparing the rates to those used by management;
  - Tested the mathematical accuracy of the underlying calculation formulas in the VIU model; and
  - Recalculated management's recorded impairments in line with IAS 36.
- Performed sensitivity analyses for each CGU on the growth rates and discount rates to evaluate the impact on the VIU and headroom; and
- Assessed the adequacy and completeness of the disclosure in the consolidated financial statements in accordance with the requirements of IAS 36.

OTHER MATTER

The consolidated financial statements of the Group as at and for the year ended 30 September 2023, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 21 November 2023.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Reunert Group Audited Annual Financial Statements for the year ended 30 September 2024", which includes the Directors' report, the Audit Committee report and the Company secretary's certification as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the document titled "Reunert Integrated Report 2024" which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon (but includes the sections marked as 'unaudited' in Annexure B).

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

In connection with our audit of the consolidated 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 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 financial statements in accordance with IFRS® Accounting Standards (IFRS Accounting Standards), JSE Financial Reporting Requirements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- 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 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 KPMG Inc. has been the auditor of Reunert Limited for 1 year.

KPMG Inc.

Per Coenie Basson
Chartered Accountant (SA)
Registered Auditor
Director

21 November 2024

85 Empire Road
Parktown
2193

AUDIT COMMITTEE REPORT

INTRODUCTION

The Audit Committee is an independent statutory committee recommended by the Board and appointed by the shareholders. The Board formally delegates such additional duties and responsibilities to the Audit Committee beyond the statutory and regulatory duties of the Audit Committee as set out in the Companies Act, the King IV Report on Corporate Governance for South Africa 2016 (King IV) and the JSE Limited Listings Requirements (JSE Listings Requirements), as it considers appropriate. These duties are summarised in the Audit Committee Terms of Reference which is reviewed annually by the Audit Committee and then formally approved by the Board.

The composition and effectiveness of the Audit Committee were also evaluated by the Nomination and Governance Committee as part of its annual review of the Board's Committees.

COMPOSITION AND ATTENDANCE OF MEETINGS

Members: LP Fourie (Chair), T Abdool-Samad, RJ Boëttger, S Martin and MT Matshoba-Ramuedzisi.

The Audit Committee comprises of independent non-executive directors all of whom are financially skilled and have extensive audit committee experience.

The Chair of the Board attended all meetings. The Chief Executive Officer, Chief Financial Officer, External Auditors, Head of Internal Audit, Head of Internal Financial Controls and Risk Management, and key financial executives attend Audit Committee meetings by request.

	Appointed to Committee	14 May 2024	22 August 2024	13 November 2024
LP Fourie	1 October 2019	✓	✓	✓
T Abdool-Samad	1 July 2014	✓	✓	✓
RJ Boëttger	1 January 2024	✓	✓	✓
S Martin	1 December 2013	✓	✓	✓
MT Matshoba-Ramuedzisi	1 April 2018	✓	✓	✓

STATUTORY DUTIES

In executing its statutory duties during the financial year and pursuant to the provisions of the Companies Act and the JSE Listings Requirements, the Audit Committee:

- Confirmed the appointment of both KPMG Inc. (KPMG) as the independent external auditors and Mr Basson as the designated audit partner for the 2024 financial year;
- Considered the information required in terms of the JSE Listings Requirements in assessing the suitability of both KPMG and the designated audit partner for appointment;
- Approved KPMG's engagement letter and their proposed audit fees. The approved fees were as follows:
  - Total fees for audit of financial statements were R32,2 million;
  - No non-audit services were approved during the financial year. The maximum cap for non-audit services in terms of the approved policy is 20% of the external audit fee;
- Approved the proposed audit and review fees for entities in the Group which are not audited or reviewed by KPMG, which were R1,3 million;
- Considered KPMG's audit plan for 2024;
- Evaluated a statement from KPMG confirming that its independence was not impaired;
- Reviewed and reconfirmed the Group's policy with regards to non-audit services that may be performed, which is:
  - The cost of non-audit services provided by the external auditors may not, other than in exceptional circumstances, exceed 20% of the external audit fee and the nature of such non-audit services should not impair the external auditor's independence;
- Considered the nature and extent of the other services prior to the engagements being approved and confirmed that in the Audit Committee's opinion, they would not impact on the external auditor's independence;
- Recommends to the shareholders, for consideration at the next AGM, the confirmation of the appointment of KPMG and the designated audit partner, as external auditors for the year ending 30 September 2025 and confirms that such appointment will be presented and included as a resolution at the next AGM pursuant to section 61(8) of the Companies Act;

- In making this recommendation:
  - Considered the information in terms of paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 of the JSE Listings Requirements for the assessment of the suitability of the reappointment of KPMG and the individual auditor;
  - Concluded that, based on the outcome of the most recent inspection by IRBA of KPMG, no matters were raised that negatively impacted the suitability of KPMG for appointment as external auditors;
  - Considered the legal or disciplinary proceedings and the summary of concluded legal or disciplinary actions and concluded on the suitability of KPMG for appointment as Reunert's external auditor; and
  - Considered KPMG's independence, scope of work to be performed and value for money based on fees proposed;
- Considered as required by paragraph 3.84(g)(i) of the JSE Listings Requirements and satisfied itself as to the appropriateness of the expertise and experience of the Chief Financial Officer.
- As required by paragraph 3.84(g)(ii) of the JSE Listings Requirements, considered and satisfied itself that the Group has appropriate financial reporting procedures and that those procedures are operating and that all entities included in the annual financial statements have been considered to ensure that it has access to all the financial information of the Group to enable the effective preparation of and reporting on the annual financial statements.

OTHER RESPONSIBILITIES

The Audit Committee has performed its duties and responsibilities as follows:

Integrated reporting, interim reporting and annual financial statements for the year ended 30 September 2024

- Guided the integrated reporting process, having regard to all factors and risks that may impact on the integrity of the Integrated Report;
- Positively assessed and recommended accordingly to the Board, the Group's ability to continue as a going concern for at least the next 12 months and accordingly confirmed that the interim and annual financial statements were appropriately prepared on the going concern basis;
- Reviewed the solvency and liquidity tests undertaken prior to relevant transactions and dividend declarations;
- Reviewed the interim financial statements and annual financial statements and other financial information made public, for recommendation to the Board, and satisfied itself that they fairly present the results of operations, changes in equity, cash flows and the financial position of the Group;
- Considered the accounting treatment for significant or unusual transactions and all material accounting judgements and estimates applied by management;
- Considered the appropriateness of the Group's accounting policies and any changes made thereto;
- Reviewed any significant legal and tax matters and considered any matters identified therein that could have a material impact on the annual financial statements;
- Considered and made recommendations to the Board on the proposal for interim and final dividends;
- Met separately with management, external audit and internal audit to assess reporting controls and matters pertaining to the annual financial statements; and
- Considered risk matters reported by the Risk Committee.

External audit

- Reviewed and evaluated KPMG's audit plan for the year ended 30 September 2024 and concluded it to be satisfactory;
- Considered the significant audit risks and other focus areas identified by KPMG;
- Considered KPMG's view on the appropriateness of accounting policies, accounting estimates and financial statement disclosures;
- Considered statutory matters reported to the committee;
- Noted the key audit matter set out in the independent external auditor's report, namely:
  - Impairment of goodwill; and
- Considered the summary of corrected and uncorrected misstatements.

The Audit Committee is satisfied that the key audit matter has been adequately addressed and appropriate disclosures have been made in the financial statements.

SIGNIFICANT ACCOUNTING MATTERS

The Audit Committee considered the impact of business, regulatory and macro-economic changes on the financial statements, focusing on the uncertainties created and the impact on estimates, judgements and related disclosures.

The Audit Committee concluded that both the impact of the above and its own areas of special focus had been appropriately addressed in the annual financial statements. The areas of special focus were:

- Impairment testing of goodwill and other non-financial asset balances at year-end;
- The measurement of Expected Credit Losses (ECL) as it relates to lease and loan receivables;
- The appropriateness of methodologies used and estimates, and judgements applied to the determination of fair values for financial assets and financial liabilities recognised at fair value through profit or loss and through other comprehensive income; and
- The review and consideration of the appropriateness of key estimates and judgements.

The Audit Committee deliberated on these matters based on information provided to the Committee by management and is satisfied that they have been appropriately addressed by external audit, including the use of specialists where considered necessary.

The Audit Committee considered the JSE's proactive monitoring report and confirmed with management and external audit that they had considered this report, the relevance of any matters raised to Reunert and the auditors confirmed the appropriateness of management's responses in their audit of the financial statements.

INTERNAL FINANCIAL REPORTING CONTROLS

Audit Committee review

The Committee considered and reviewed the effectiveness of the CEO/CFO certification process as required by paragraph 3.84(k) of the JSE Listings Requirements.

Deficiencies

During the financial year under review, the Committee was notified of a control deficiency relating to work-in-progress inventory at the Group's printed circuit board manufacturer. These controls are in the process of being remediated by the management of the subsidiary and the risk of misstatement of the financial statements had been addressed by the substantive procedures performed by management and the auditors. The external auditors included the existence of inventory work-in-progress as a significant audit risk in their audit approach.

The audit committee has considered management's corrective measures and the remedial plan.

Other non-significant internal financial reporting control deficiencies were reported to the Audit Committee during the year and have been remediated by management and/or are covered by compensating controls.

No other significant control deficiencies were reported to the Audit Committee during the year or at year-end, by management, external audit or internal audit, that would impact the fair presentation of the annual financial statements.

Internal audit

- Reviewed and approved the internal audit charter and the annual internal audit plan;
- Evaluated the independence, effectiveness and performance of the Head of Internal Audit and the internal audit function and found it to be satisfactory;
- Considered the reports of the internal auditors (including written assurances) on the Group's systems of internal control including financial and disclosure controls, financial risk management, information technology and maintenance of effective internal control systems and concluded that the Group has adequate financial reporting procedures to ensure the timely and accurate preparation of financial statements;
- Considered matters raised by internal audit and the adequacy of corrective action taken by management in response thereto; and
- Concluded that the internal audit plan was satisfactorily executed.

Combined assurance

The Group's combined assurance framework is set out in the Integrated Report.

The Committee considered the feedback from management on the results of combined assurance findings on financial matters and the findings of both external and internal audit and on the progress of remediation of control deficiencies.

The Committee reviewed the co-operation between the assurance providers and confirmed that it is appropriate.

LEGAL AND REGULATORY COMPLIANCE RELATING TO THE ANNUAL FINANCIAL STATEMENTS

- Reviewed legal matters that could have a material impact on the annual financial statements and none were identified;
- Considered reports provided by management, internal audit and KPMG regarding compliance with legal and regulatory requirements;
- Monitored the resolution of items received through the Group's independent, confidential whistle-blowing service; and
- Evaluated the feedback presented by the Company Secretary of the annual compliance certification undertaken by the managing director of each of the Group's business units.

SUSTAINABILITY INFORMATION

- Monitored the process of sustainability reporting; and
- Received the necessary assurance from internal audit and various third-party assurance providers that material disclosures are reliable and do not conflict with the financial information.

AUDIT COMMITTEE REPORT CONTINUED

FOCUS AREAS FOR 2025

- The Audit Committee will continue to provide specific oversight on the integration and maturity of the combined assurance model during the 2025 financial year.

CONCLUSION

The Audit Committee is satisfied that it has complied with all its statutory and other responsibilities and having had regard to all material risks and factors that may impact the integrity of the annual financial statements, following its review and having concluded on its findings the Audit Committee recommended the annual financial statements of Reunert Limited for the year ended 30 September 2024 for approval to the Board. The Board approved the annual financial statements.

On behalf of the Audit Committee

LP Fourie
Chair

Sandton

20 November 2024

DIRECTORS' REPORT

For the year ended 30 September 2024

The Board takes pleasure in presenting its report for the year ended 30 September 2024.

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised share capital of the Group remained unchanged during the year under review. The issued share capital was reduced from 184 969 196 to 182 665 316 shares on 30 September 2024 after exercising an equity forward hedge.

OVERVIEW OF FINANCIAL PERFORMANCE

The Group's revenue, operating profit, profit for the year, earnings per share and total cash dividend per share are:

Measure	Units	2024	2023	% change
Revenue	Rm	**14 446**	13 781	5
Operating profit	Rm	**1 531**	1 431	7
Profit for the year	Rm	**1 038**	959	8
Basic earnings per share	cents	**652**	578	13
Headline earnings per share	cents	**665**	602	10
Total cash dividend per share for the year	cents	**366**	332	10

LEADERSHIP REPORT

The Group delivered a solid year-on-year improvement in financial performance under challenging local market conditions with headline earnings per share growing by 10% to 665 cents per share (cps) (2023: 602 cps) and basic earnings per share by 13% to 652 cps (2023: 578 cps). Highlights for the year included the strong international growth in the Defence Cluster as it executed its record order book, increased Zambian power cable performance, the successful integration of IQbusiness into the ICT Segment and the strong resilience of the Group's businesses serving the South African market, which delivered good operational efficiencies and tight margin control. The lowlights were the battery storage business's performance, where commoditisation, over supply and reduced loadshedding all resulted in a significant decrease in the residential and small commercial (R&SC) battery storage market, and an operational issue impacting production and inventory at the Group's printed circuit board (PCB) manufacturer, which has been successfully addressed.

The Group accelerated the strategy execution in all three of its key growth areas, namely: digital integration in the ICT Segment, Renewable Energy and the expansion of our international income streams. The ICT Segment concluded the merger of +OneX and IQbusiness to create a leading Digital Integrator in the ICT market, which was operational from 1 October 2024. In Renewable Energy, the solar energy business constructed a record quantity of new megawatts (MW) and increased the solar assets under ownership (BOO) while the wheeling energy business was awarded its electricity wheeling trading license, paving the way for a new renewable energy revenue stream for the Group. Record non-South African revenues were delivered as the defence and electrical engineering initiatives yielded further successes.

The Group's continued good free cash flow generation enabled the final dividend to be increased by 11% (2023: 11%) which resulted in an increase of 10% (2023: 11%) to 366 cps (2023: 332 cps) in the total dividend for the year. The Group's quality of earnings, as measured by return on capital employed (ROCE), increased to 17,7% (2023: 17,4%) and total shareholder return for the year was 41% (2023: 47%). The repurchase and cancellation of 2,3 million shares under an equity hedge, together with the 2024 financial performance, continue to positively enhance shareholder value.

GROUP RESULTS

The increase in the Group's 2024 financial performance was driven by the excellent performance of the Electrical Engineering Segment with good performances by the ICT Segment and the Defence Cluster, offset by the adverse performances of the Group's battery storage and PCB businesses, as explained above. The Group's revenue increased by 5% to R14 446 million (2023: R13 781 million).

The Group increased operating profit by 7% to R1 531 million (2023: R1 431 million). The Group's operating profit was driven by the 5% increase in segment operating profit to R1 536 million (2023: R1 462 million), the final insurance payment for Covid-19 of R83 million (2023: R44 million) and an R82 million reduction in the impairment of financial assets to R9 million (2023: R91 million). The Group's operating profit was negatively impacted by the R57 million impairment of goodwill and intangible assets at the battery storage business following the change in market conditions described above, and the combined loss of R6 million (2023: R31 million gain) on fair value remeasurements and the sale of a subsidiary.

The Group's profit for the year increased by 8% to R1 038 million (2023: R959 million) assisted by the positive impact of the continued strong cash flow generation and working capital management that resulted in a reduced net interest expense of R49 million (2023: R120 million).

CASH RESOURCES AND LIQUIDITY

During the year under review the Group continued to generate significant levels of cash, generating R1 507 million (2023: R1 380 million) in operating cash flow before working capital investment and R1 323 million (2023: R 1 373 million) after injecting R184 million (2023: R7 million) into working capital. The Group generated R1 222 million (2023: R1 255 million) in free cash flow, after funding replacement capital expenditure of R101 million (2023: R118 million).

In the last quarter of 2024 multiple large customer deliveries, particularly to our export customers, resulted in an increase in trade receivables of R862 million, which was partially offset by a reduction in inventory of R160 million and an increase in payables of R518 million leading to an investment into working capital of R184 million in 2024 compared to the investment of R7 million in 2023.

The Group continued to expand and sustain its capacity by investing into both replacement and expansionary capital expenditure totalling R223 million (2023: R355 million). These investments were largely in the areas of property, plant and equipment and intangible assets. The year-on-year reduction in the investment is primarily due to the BOO assets being invested into by the Group's solar energy business no longer being "on balance sheet", as the expenditure is now in a joint venture, whereas in prior years it was consolidated.

The sustainable level of free cash flow, which resulted in the Group ending the year with net cash on hand of R1 832 million (2023: R1 171 million) together with the undrawn bank facilities totalling R1 800 million, provides the Group with considerable financial resources to reward the shareholders with the 10% increase in the total dividend for the year and meet the financial requirements of the Group's strategy whilst continuing to reinvest in the core assets of the Group.

STRATEGY

2024 delivered an acceleration in the Group's three key strategic growth initiatives, namely the:

i. expansion of our ICT Segment focusing on the growing digital integration market;

ii. investment into renewable energy; and

iii. growth of our international revenues, specifically focusing on the Defence Cluster of the Applied Electronics Segment and the Electrical Engineering Segment.

ICT

The Segment's activities in 2024 focused upon the execution of the merger of +OneX and IQbusiness, which was completed by the 2024 financial year-end and the new entity was operational from 1 October 2024.

By merging the two businesses, the complementary nature of their value offerings, customer base and skills leads to the creation of a market leading Digital Integrator. The new entity, which is consolidated under a single, revitalised brand of IQbusiness, trading as "iqx", is positioned to continue the rapid growth enjoyed by +OneX since its formation and accelerate ICT Segment earnings in a market where the growth associated with digital integration in enterprise clients is anticipated to accelerate.

RENEWABLE ENERGY

The South African market conditions for the liberalisation of the generation and transmission of electricity continued to accelerate. In 2024 the enabling legislation, the updated Electricity Regulation Act (ERA), was signed into law. The ERA enables the acceleration of access by private power producers to the electricity generation market and establishes an open market platform that allows traders to wheel and trade electricity directly. These factors underpin the country's objective of connecting 18GW of new renewable energy by 2030 and a further 26GW of renewable energy by 2040, reflecting long-term growth in the solar renewable energy market in South Africa.

The Group owns solar, storage and wheeling assets that access several verticals in the renewable energy value chain. Our solar energy business continues to benefit from the growing market for integrated solar and storage solutions as businesses seek cost efficiency and energy security.

The Group's wheeling energy business secured an electricity trading license on 29 October 2024. This is one of only six awarded in the country to date and enables the company to conclude Power Purchase Agreements (PPA's) between independent power producers (IPP's) and corporate customers to wheel electricity over the Eskom transmission infrastructure. This will create a new revenue stream for the Group once electricity from these IPP's is generated in about 18 months.

The ERA also enables the unbundling of the transmission grid from Eskom, and the creation of an independent Transmission System Operator (TSO), which will drive the expansion of South Africa's transmission grid. This multi-billion Rand expansion includes 14 000km of new transmission lines, which will benefit the Group's power cable manufacturing capability, and for which the initial bids have already been submitted.

INTERNATIONALISATION

The Group's internationalisation strategy delivered a record performance in 2024. The Group's non-South African revenues grew by 21% to R4 889 million (2023: R4 028 million). Strong defence revenues, an excellent power cable performance in Zambia and a return of circuit breaker export volumes all contributed to this performance.

To continue these trends the Group expanded its Middle East presence with the opening of a new office in the Kingdom of Saudi Arabia. New order receipts in 2024 from the Middle East continued to make significant steps in establishing a long-term presence in this growing market.

The Electrical Engineering Segment strengthened their USA market capabilities in 2024 and received accreditation for a range of new circuit breakers that opens the large North American residential market and positions the segment for an acceleration in this geography.

The Group's execution of the strategic growth initiatives are accelerating and are expected to continue to deliver enhanced profitability.

SEGMENTAL REVIEW

ELECTRICAL ENGINEERING SEGMENT

The segment delivered an excellent financial performance as both the circuit breaker and power cable businesses delivered strong growth. These performances increased segment revenue by 7% to R7 682 million (2023: R7 159 million) while segment operating profit increased by 20% to R665 million (2023: R552 million).

The power cable businesses delivered an excellent increase in financial performance. The Zambian business increased volumes, improved margins, realised operational efficiencies and delivered the majority of the improvement in operating profit. In South Africa, on the back of continued weak infrastructure investment, the South African power cable business secured steady volumes, but suffered from reduced high voltage power cable contracts as projects were delayed by the key municipal and provincial customers. The lean manufacturing programmes delivered good operational savings and this assisted in delivering a, largely, stable year-on-year financial performance, despite the reduction in high voltage power cable volumes.

The business environment in Zambia remains conducive to increased investment and both the expected receipt of new long-term supply contracts from ZESCO and the investment into the country's copper mining production create volume demand and position the business well for continued performance. In South Africa, the government's commitment to significant investment into infrastructure will yield a positive power cable volume increase, but the timing of these developments is likely to be more aligned towards the end of 2025.

The circuit breaker business's volumes were stable in South Africa while export volumes increased in the second half of the year (H2 FY: 2024), specifically into the key USA market. A much-improved year-on-year performance at the USA subsidiary, tight cost control and good margin management all contributed to the improvement in financial performance at the business.

The circuit breaker export order book is positive and together with the approval of a new product range for the USA residential market, which is currently not served, position the business well for growth.

ICT

The successful integration of IQbusiness (acquired in July 2023) into the segment, contributed strongly to revenue growth as the segment revenue increased by 27% to R3 897 million (2023: R3 064 million). The challenges at Transnet's ports negatively impacted the Total Workspace Provider Cluster, which was the primary reason for the segment operating profit only increasing by 7% to R706 million (2023: R660 million) despite the positive revenue growth.

The Total Workspace Provider Cluster had their supply chain interrupted in H1 FY: 2024 by challenges at the ports, which resulted in the inability to supply the product necessary to meet their customer requirements. This led to a loss of approximately three months of operating profit. Importantly, the performance in H2 FY: 2024 returned to normal and delivered a financial performance aligned to prior years when uninterrupted supply was experienced.

The Business Communication Cluster's performance weakened in 2024 as fixed-line voice minutes declined in H1 FY: 2024. Minutes stabilised as loadshedding largely disappeared. The cluster's last mile broadband connectivity business had another strong year as demand continued to strengthen and its technology provides an increasingly compelling commercial and quality offering to traditional broadband connectivity solutions.

In the Rental-Based Finance Cluster, despite the weak economic growth and high interest rate environment experienced in South Africa, the collection of rentals remained stable as the business improved its credit control structures and enhanced the management of its customer base. This resulted in actual bad debts being well within normal limits at less than 0,5% of the present value of the rental book. While the rental book decreased slightly to R2 385 million (2023: R2 493 million) on the back of the reduced Total Workspace Provider sales, the cluster delivered pleasing growth in operating profit.

The Solutions and System Integration (S&SI) Cluster grew strongly as IQbusiness was successfully integrated into the segment and +OneX delivered another strong double-digit growth in financial performance. The merged iqbusiness will serve as the segment's single, client-focused digital integration business. It has over 1 500 team members and provides consumer insights, IT consulting, technology and managed services to the growing ICT market in South Africa and abroad.

The South African macro-economic environment is expected to improve in 2025 as GDP increases, interest rates decrease, investment into digital integration solutions accelerate and business confidence improves. These conditions all support the ICT Segment's businesses and steady growth is anticipated.

APPLIED ELECTRONICS

The Applied Electronics Segment's revenue decreased by 10% to R3 192 million (2023: R3 559 million), with segment operating profit decreasing by 16% to R361 million (2023: R432 million). The Defence Cluster delivered a solid financial performance, but the Renewable Energy Cluster's revenue and operating profit contribution decreased. This was caused by the change of status of the solar energy business, Terra Firma Solutions, from being a subsidiary to being 50% held through a joint venture, resulting in only 50% of their results being included in the segment revenue compared to 100% in 2023 as well as the collapse of the R&SC battery storage market, which resulted in an approximate halving of revenue over the comparative year and the business incurring a large operating loss.

Renewable Energy

The solar energy business had a strong performance with a record build of new plants. Importantly, the business's increased focus on deal management and execution yielded positive results as margins on engineering, procurement and construction projects improved. A reduction in loadshedding and investment into the Operations and Maintenance (O&M) program also improved the margins on the BOO assets owned by the business and this further enhanced its margins. There was a propensity for customers to build solar assets on their own balance sheet in 2024 and, while the key strategy to increase BOO assets continued, it did so at a rate slower than anticipated. The total BOO assets under ownership, in construction and near financial close increased to 78MW (2023: 57MW), an increase of 37% over the prior year.

Unfortunately, the well-publicised commoditisation, over stocking and reduction in demand in the R&SC battery storage market severely impacted the battery storage business. The business has been restructured and positioned for larger battery storage solutions and despite solid sales in the year, the uptake remains slower than desired and was insufficient to prevent a significant loss at the business. These circumstances resulted in the impairment of its goodwill and intangible assets.

Defence Cluster

The Defence Cluster performed well. The businesses executed the healthy order books successfully and very positive financial performances were achieved at the fuze, radar and logistics businesses. These achievements were made possible through excellent operational performances that yielded high customer satisfaction and improved recoveries, an improvement in margins, that were enhanced by a stable and a slightly weaker Rand: US Dollar exchange rate, and a strong focus on cost management.

The fuze business performed very well, as it executed its strong order book. The capital expansion investment into the fuze factory was completed and yielded increased production in the year. Importantly, the increased production capacity is fully committed for 2025 with orders already booked for delivery in 2026. These orders are well spread geographically and the business continued to expand its global footprint in an environment where global demand is expected to exceed supply for the foreseeable future.

The radar business delivered another strong year of mining sales which were augmented by record export defence revenues. The defence revenues were delivered into the new markets opened in 2023. The business's defence order book is full for 2025 and the prospects for mining position the business well for another strong performance.

The Secure Communications Cluster had a solid year as the communications business's export volumes rebounded and solid local sales were delivered. Etion Create continued its strong performance in both its key defence and mining markets. Additional investment has been allocated to expand the product offering in the business's defence navigation suite which offers further opportunities in the export market. Unfortunately, a production fault at the PCB manufacturer resulted in the temporary loss of an export customer. The costs associated with the rectification of the problem and the resolution of the associated stock losses dampened the cluster's performance and negatively impacted the segment.

Importantly, the Defence Cluster's order book increased to R2 706 million at the financial year-end (2023: R2 688 million) despite the strong sales during 2024. The segment enters 2025 with a good order coverage across the businesses and the cluster is expected to exceed the 2024 financial performance.

PROSPECTS

Reunert is encouraged by the political developments in South Africa since the elections in May. We believe loadshedding will remain at manageable levels and are confident that, should the government enable increased private participation in the economy, an uplift in key economic indicators will follow.

Reunert has delivered strong financial performances in a low growth environment on the back of good business models, strong operational performances and the Group's strategic growth initiatives. An improvement in South African GDP, GDFI and business confidence will support Reunert's growth and result in positive operating leverage, however, we remain cautious on the extent and timing of the expected rate of improvement in these indices.

Reunert is well positioned to deliver a growth in year-on-year financial performance in 2025. The first half of the financial year is expected to remain challenging as similar market conditions as 2024 exist, and the phasing of the Group's defence export contracts, high voltage orders and the expected increase in infrastructure expenditure bias the Group's growth towards the second half.

GOING CONCERN

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

CASH DIVIDEND

The directors have declared a final cash dividend of 276,0 cents per ordinary share (2023: 249,0 cents per ordinary share) for the year ended 30 September 2024, before the deduction of dividend withholding tax. The dividend has been declared from retained earnings.

This brings the total dividend declared for the year to 366,0 cents per ordinary share (2023: 332,0 cents per ordinary share) before dividend withholding tax.

DIRECTORATE

During the year under review Ms Sarita Martin announced her intention to retire from the Board effective from 30 November 2024 after serving as an independent non-executive director for ten years. The Board records its sincere appreciation for her significant contribution made to the Board over her ten-year tenure and wishes her the best for her future endeavours.

The Group Chief Financial Officer, Nick Thomson will reach the Group's retirement age in 2025 and will be retiring during this year. The transition process is well planned and substantial progress has been made in the process to identify and appoint his successor. A formal announcement regarding his successor's appointment as the new Group Chief Financial Officer will be made when appropriate. Nick will work with his successor to ensure that there is a seamless handover of responsibilities.

INTEREST OF DIRECTORS

At the reporting date, fully paid ordinary Reunert shares were held directly by the directors as indicated in the table below:

	Direct beneficial	
Number of shares	**2024**	2023
AE Dickson	**90 384**	52 938
M Moodley	**55 541**	55 541
NA Thomson	**115 680**	94 133
TNM Eboka	**2 500**	–
	264 105	202 612

No ordinary Reunert shares are indirectly held by directors and/or their associates, both at the reporting date and in the prior financial year.

Subsequent to year-end, AE Dickson, M Moodley and NA Thomson's direct interests increased by 400 816, 124 836 and 230 625 Reunert shares, respectively, as a result of the partial vesting of units allocated in September 2020 in accordance with the performance plan of the Conditional Share Plan 2020.

The directors have no financial interest in contracts entered into by the Group during the financial year. For further information on directors' share options, refer to note 24, Directors' and prescribed officers' remuneration and interests, of the annual financial statements.

SUBSEQUENT EVENTS

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

IQbusiness and +OneX merger

+OneX and IQbusiness merged on 1 October 2024 to form "iqx", a client-focused, digital integration business with over 1 500 team members offering consumer insights, IT consulting, technology and managed services to a broad spectrum of local and international customers.

There were no financial consequences arising from the merger.

Cash Dividend

The directors have declared a final cash dividend of 276,0 cents per ordinary share for the year ended 30 September 2024.

This brings the total dividend declared for the year to 366,0 cents per ordinary share.

APPRECIATION

Our businesses serving South African customers continued to face many challenges in 2024. Despite the complex operating environments, we have delivered a pleasing set of results that are reflective of the commitment and resilience of our employees across the Group. We thank them for their efforts and look forward to their continued commitment. Our customers remain the vital lifeblood of our businesses and we thank them for their valued business and commit to continue to add value to them in the years ahead. We also thank suppliers and other stakeholders for their support throughout the past year.

STATEMENT OF PROFIT OR LOSS

for the year ended 30 September 2024

Rm	Notes	2024	2023
Revenue	1	**14 446**	13 781
Operating expenses[1]		**(12 906)**	(12 259)
Operating profit before impairment of financial assets		**1 540**	1 522
(Impairment)/reversal of impairment		**(9)**	(91)
Credit write-off		**(30)**	(21)
Expected credit losses	12, 13	**21**	(70)
Operating profit	2	**1 531**	1 431
Interest and dividend income	3	**109**	51
Interest expense	4	**(180)**	(171)
Profit before tax and equity-accounted investee		**1 460**	1 311
Tax	5	**(422)**	(359)
Profit after tax, before equity-accounted investee		**1 038**	952
Share of after tax profit from equity-accounted investee	25	**–**	7
Profit for the year		**1 038**	959
Profit for the year attributable to:			
Non-controlling interests		**1**	40
Equity holders of Reunert		**1 037**	919
Earnings per share (cents)			
Basic	6	**652**	578
Diluted	6	**610**	571

[1] *Operating expenses are disclosed as a net amount to reconcile revenue to operating profit before impairment of financial assets. The items of income and expenditure making up the net amount are separately disclosed in note 2, Operating profit.*

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2024

Rm	Notes	2024	2023
Profit for the year		**1 038**	959
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to the statement of profit or loss		**(62)**	(26)
Translation differences arising from foreign businesses		**(63)**	(25)
Fair value remeasurement of financial asset		**–**	(1)
Translation loss on net investment		**1**	–
Total comprehensive income		**976**	933
Total comprehensive income attributable to:			
Non-controlling interests		**(12)**	32
Share of profit for the year		**1**	40
Share of other comprehensive income		**(13)**	(8)
Equity holders of Reunert		**988**	901
Share of profit for the year		**1 037**	919
Share of other comprehensive income		**(49)**	(18)

STATEMENT OF FINANCIAL POSITION

as at 30 September 2024

Rm	Notes	2024	2023
Assets			
Non-current assets			
Property, plant and equipment	9	**808**	795
Investment property	9	**15**	16
Right-of-use assets	9	**258**	263
Intangible assets	10	**819**	887
Goodwill	11	**1 130**	1 186
Investment in joint venture	25	**189**	–
Investment at fair value through profit or loss	27	**54**	54
Derivative financial asset	27	**–**	6
Lease receivables	12	**336**	408
Loan receivables	12	**1 274**	1 280
Other investments and loans		**40**	38
Loan to joint venture	26	**–**	139
Deferred tax assets	14	**275**	202
		5 198	5 274
Current assets			
Tax receivables		**139**	98
Inventory	15	**2 000**	2 238
Lease receivables	12	**195**	222
Loan receivables	12	**470**	452
Trade and other receivables	13	**3 630**	3 034
Derivative financial assets	27	**63**	16
Cash and cash equivalents	16	**1 832**	1 298
		8 329	7 358
Total assets		**13 527**	12 632
Equity and liabilities			
Capital and reserves			
Share capital	17	**315**	389
Share-based payment reserves	17	**317**	233
Empowerment shares	17	**(554)**	(554)
Treasury shares	17	**(169)**	(169)
Equity transactions	30	**(19)**	(19)
Other reserves[1]		**(140)**	(165)
Retained earnings		**8 208**	7 741
Equity attributable to equity holders of Reunert		**7 958**	7 456
Non-controlling interests		**142**	174
Total equity[2]		**8 100**	7 630

Rm	Notes	2024	2023
Non-current liabilities			
Deferred tax liabilities	14	**257**	272
Equity forward contract	27	**–**	6
Borrowings	18	**1 296**	1 146
Lease liabilities	18	**206**	200
Put option liability	27	**–**	23
Contract liabilities	21	**6**	6
Share-based payment liabilities	19	**68**	54
Contingent considerations	21	**25**	32
		1 858	1 739
Current liabilities			
Equity forward contract	27	**6**	22
Put option liability	27	**31**	–
Lease liabilities	18	**116**	129
Derivative financial liabilities	27	**18**	7
Provisions	20	**68**	74
Tax liabilities		**84**	51
Contract liabilities	21	**532**	392
Share-based payment liabilities	19	**54**	–
Trade and other payables	21	**2 660**	2 461
Other short-term borrowings	16	**–**	127
		3 569	3 263
Total equity and liabilities		**13 527**	12 632

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

[2] *Refer to the statement of changes in equity for the composition of all components of equity.*

STATEMENT OF CASH FLOWS

for the year ended 30 September 2024

Rm	Notes	2024	2023
Cash flows from operating activities			
Cash generated from operations before working capital changes	A	**2 050**	1 892
Increase in net working capital	B	**(184)**	(7)
Cash generated from operations		**1 866**	1 885
Interest received	3	**96**	47
Dividends received	3	**13**	4
Interest paid	4	**(179)**	(169)
Tax paid	C	**(473)**	(394)
Net cash inflow from operating activities before dividends		**1 323**	1 373
Dividends paid (including to non-controlling interests in subsidiaries)	D	**(552)**	(505)
Net cash inflow from operating activities		**771**	868
Cash flows from investing activities			
Cash received from loan receivables	12	**769**	660
Cash invested in loan receivables	12	**(663)**	(815)
Proceeds from sale of loan receivables	12	**–**	42
Investments and loans granted		**(4)**	(154)
Investments and loans repaid		**19**	21
Dividends received from joint ventures	25	**–**	5
Cash invested in joint venture	25	**(50)**	–
Replacement of property, plant and equipment and intangible assets	9, 10	**(101)**	(118)
Expansion of property, plant and equipment and intangible assets	9, 10	**(122)**	(237)
Proceeds from disposal of property, plant and equipment and intangible assets		**11**	32
Acquisition of businesses	28	**–**	(656)
Contingent considerations settled on acquisition of businesses	21	**(17)**	(14)
Proceeds/(cash outflow) from disposal of subsidiary	29	**138**	(28)
Net cash outflow from investing activities		**(20)**	(1 262)

Rm	Notes	2024	2023
Cash flows from financing activities			
Shares acquired for equity settled Conditional Share Plan (CSP)	17	**(25)**	(4)
Shares acquired from non-controlling interests	30	**(27)**	(10)
Put option liability settled	27	**–**	(31)
Borrowings raised	18	**550**	2 028
Borrowings settled	18	**(400)**	(652)
Equity forward contract liability settled		**(15)**	(15)
Lease liabilities settled	18	**(106)**	(97)
Net cash (outflow)/inflow from financing activities		**(23)**	1 219
Net increase in net cash and cash equivalents		**728**	825
Net cash and cash equivalents at the beginning of the year as reported in the statement of financial position		**1 171**	359
Net cash and cash equivalents at the end of the year before translation adjustments		**1 899**	1 184
Foreign exchange translation adjustments on:			
Cash and cash equivalents		**(67)**	(21)
Other short-term borrowings		**–**	8
Net cash and cash equivalents at the end of the year as reported in the statement of financial position		**1 832**	1 171
Made up of:			
Cash and cash equivalents	16	**1 832**	1 298
Other short-term borrowings	16	**–**	(127)

NOTES TO THE STATEMENT OF CASH FLOWS

for the year ended 30 September 2024

Rm	Notes	2024	2023
A. Reconciliation of profit before tax to cash generated from operations before working capital changes			
Profit before tax		**1 460**	1 311
Adjusted for:			
Interest received	3	**(96)**	(47)
Dividend received	3	**(13)**	(4)
Interest expense	4	**179**	169
Unwinding of present value discount on equity forward contract	4	**1**	2
Depreciation of property, plant and equipment and right-of-use assets	2, 9	**232**	228
Amortisation of intangible assets	2, 10	**115**	97
Profit on disposal of property, plant and equipment and intangible assets	2	**(1)**	(5)
Fair value remeasurements			
Gain on investment at fair value through profit or loss	2	**(2)**	(1)
Loss on contingent considerations	2, 21	**8**	3
Gain on put option derivative asset	2, 27	**–**	(25)
Gain on call option derivative liability	2, 27	**–**	(33)
Loss on put option liability	2, 27	**8**	–
Gain on reclassification from other comprehensive income	2	**–**	(8)
(Profit)/loss on disposal of subsidiary	2, 29	**(8)**	33
Impairment of intangible assets	2, 10	**4**	9
Impairment of goodwill	2, 11	**53**	–
Share-based payment expense in respect of the Group's CSP	2	**56**	24
Share-based payment expense in respect of the Group's Retention Scheme	2	**25**	29
Share-based payment expense in respect of the Group's cash settled Employee Share Ownership Plan	2	**46**	21
Net unrealised forex gains	2	**(26)**	–
Lease modification	2	**(36)**	(47)

Rm	Notes	2024	2023
A. Reconciliation of profit before tax to cash generated from operations before working capital changes continued			
Impairment/(reversal of impairment) of financial assets			
Credit write-off	2	**30**	21
Expected credit losses	2, 12, 13	**(21)**	70
Provisions movements		**47**	54
Other non-cash movements		**(11)**	(9)
Cash generated from operations before working capital changes		**2 050**	1 892
B. Working capital changes			
Inventory		**160**	(223)
Trade and other receivables and derivative financial assets		**(862)**	(165)
Trade and other payables, contract liabilities and derivative financial liabilities		**518**	381
Increase in net working capital		**(184)**	(7)
C. Reconciliation of tax paid to the amounts disclosed in the statement of profit or loss as follows:			
Net amounts outstanding as at 1 October		**47**	66
Tax per the statement of profit or loss	5	**(422)**	(359)
Tax deduction in terms of CSP – benefit through retained earnings		**4**	–
Acquisition of businesses	28	**–**	3
Less: deferred tax included in the statement of profit or loss	5, 14	**(51)**	(57)
Exchange rate difference		**4**	–
Net amounts outstanding as at 30 September		**(55)**	(47)
Cash amounts paid		**(473)**	(394)
D. Reconciliation of dividends paid to the amounts disclosed in the statement of changes in equity as follows:			
Dividends paid per the statement of changes in equity		**(540)**	(489)
Dividends paid to non-controlling interests		**(12)**	(16)
Cash amounts paid		**(552)**	(505)

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2024

Rm	Notes	2024	2023
Share capital		**315**	389
Balance as at 1 October		**389**	389
Transfer from equity forward contract[1]	17	**(74)**	–
Share-based payment reserves		**317**	233
Balance as at 1 October		**233**	216
Share-based payment expense in respect of the Group's CSP[2]	17	**94**	36
Shares acquired to settle CSP	17	**(25)**	(4)
Transfer to retained earnings	17	**15**	(15)
Empowerment shares[3]		**(554)**	(554)
Treasury shares[4]		**(169)**	(169)
Equity transactions		**(19)**	(19)
Balance as at 1 October		**(19)**	(20)
Shares acquired from non-controlling interests	30	**(19)**	(19)
Transfer to retained earnings		**19**	20
Equity forward contract		**(1)**	(75)
Balance as at 1 October		**(75)**	(75)
Transfer to share capital[1]	17	**74**	–
Put option reserve		**(18)**	(18)
Balance as at 1 October		**(18)**	–
Put option raised	27	**–**	(37)
Shares acquired from non-controlling interests	30	**–**	19
Foreign currency translation reserves		**(13)**	37
Balance as at 1 October		**37**	55
Other comprehensive income		**(50)**	(17)
Reclassification to the statement of profit or loss		**–**	(1)
Translation loss on net investment in foreign subsidiary		**(108)**	(109)
Balance as at 1 October		**(109)**	(109)
Other comprehensive income		**1**	–

Rm	Notes	2024	2023
Fair value reserves		**–**	–
Balance as at 1 October		**–**	(40)
Other comprehensive income		**–**	(1)
Reclassification to the statement of profit or loss		**–**	(7)
Transfer to retained earnings		**–**	48
Retained earnings		**8 208**	7 741
Balance as at 1 October		**7 741**	7 364
Profit for the period attributable to equity holders of Reunert		**1 037**	919
Cash dividends paid	7	**(540)**	(489)
Tax deduction in terms of CSP		**4**	–
Transfer from other reserves		**(34)**	(53)
Equity attributable to equity holders of Reunert		**7 958**	7 456
Non-controlling interests		**142**	174
Balance as at 1 October		**174**	133
Profit for the period		**1**	40
Other comprehensive income		**(13)**	(8)
Cash dividends paid		**(12)**	(16)
Acquisition of businesses	28	**–**	92
Disposal of subsidiary	29	**–**	(51)
Shares acquired from non-controlling interests	30	**(8)**	(16)
Total equity as at 30 September		**8 100**	7 630

1 *On 30 September 2024, the Group received the first tranche of shares from the equity forward contract (2 303 880 of the 2 346 930) taken out in 2020 for a total consideration of R74 million. The 2 303 880 shares repurchased were simultaneously cancelled, delisted and reverted to the authorised unissued share capital of Reunert. The remaining 43 050 relating to the retention plan will be received in the 2025 financial year. The Group will either cancel these shares in the 2025 financial year or utilise them to settle the CSP's obligation to participants.*

2 *The amount in the statement of changes in equity of R94 million (2023: R36 million) consists of a R56 million charge (2023: R24 million charge) in the statement of profit or loss and R38 million (2023: R12 million) related to deferred tax charged through equity.*

3 *This is the cost of Reunert Limited shares held by Bargenel Investments (Pty) Ltd (Bargenel), the Group's primary empowerment vehicle. The underlying structure is considered to be controlled by Reunert Limited for accounting purposes and is thus consolidated.*

4 *No ordinary Reunert shares were bought back in the open market and held by a subsidiary during the current financial year. 1 483 748 shares are held by the Group's treasury company.*

BASIS OF PREPARATION

The Reunert Limited Group consolidated financial statements for the year ended 30 September 2024 have been prepared in accordance with:

- IFRS® Accounting Standards (IFRS Accounting Standards);
- SAICA Financial Reporting Guides (FRG), as issued by the Accounting Practices Committee;
- The Financial Reporting Pronouncements (FRP) as issued by the Financial Reporting Standards Council (FRG, FRP and IFRS Accounting Standards collectively referred to as the JSE Financial Reporting Requirements); and
- The requirements of the Companies Act of South Africa, No. 71 of 2008 (Companies Act).

In line with the presentation and disclosure guidelines to IAS 1 – Presentation of Financial Statements, the accounting policies only include those policies which are material to the understanding and interpretation of the financial statements. Accounting policies have been included as part of the notes to the financial statements, where this facilitates the users' understanding of those matters being presented in the note.

The financial statements have been prepared on the going concern and the historical cost bases, except where otherwise indicated in the relevant accounting policy. Examples where historical cost has not been applied include:

- Certain financial instruments including derivatives and non-derivatives measured at fair value through profit or loss (FVTPL);
- Cash settled share-based payments; and
- Business combinations.

The accounting policies, including those incorporated in the notes to the financial statements have been consistently applied, in all material respects, with those applied in the previous year.

The Group's business interests are diverse, with its various subsidiaries providing a broad range of products and services to a wide set of markets and customers. The Group's businesses are organised into the following three segments: Electrical Engineering (EE), Information Communication Technologies (ICT) and Applied Electronics (AE). The Other Segment comprises the Group's corporate and treasury functions and property portfolio. The majority of the Group's operations are physically located in South Africa, with other operations in Australia, India, Lesotho, Mauritius, United States of America (USA) and Zambia.

The financial statements were compiled under the supervision of NA Thomson CA (SA) Chief Financial Officer.

FUNCTIONAL AND PRESENTATION CURRENCY

The Group's presentation currency is the South African Rand (ZAR) (R). All amounts, unless otherwise stated, are stated in millions of Rand (Rm). The following exchange rates were used when preparing these financial statements:

	USD1	ZMW1	AUD1
2024			
Year-end rate:	**R17,23**	**R0,65**	**R11,93**
Annual average rate:	**R18,53**	**R0,74**	**R12,21**
2023			
Year-end rate:	R18,83	R0,90	R12,17
Annual average rate:	R18,17	R0,97	R12,09

JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to incorporate the use of estimates. These estimates are used to determine the carrying amounts of certain assets, liabilities, income and expenses and are derived using appropriate measurement techniques, inputs and assumptions. These often require management to use judgements; some of which are significant to the carrying amounts of the related assets and liabilities.

These estimates, assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The significant judgements and estimates applied are disclosed in note 11, Goodwill and note 12, Lease and loan receivables. Other judgements are included in the relevant notes to the annual financial statements.

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has applied for the first time certain standards and amendments, which are effective for annual periods beginning after 01 January 2023.

New pronouncement	Effective date*	Impact on the Group
IFRS 17 Insurance Contracts: The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including financial guarantees. It also provides requirements for presentation and disclosure items to enhance comparability between entities. The standard will replace IFRS 4: Insurance Contracts and adopts a comprehensive model which is more useful and consistent for insurers.	01 January 2023	The Group adopted IFRS 17 in the current financial year, details have been disclosed in note 23, Contingencies and guarantees.
Definition of Accounting Estimates – Amendments to IAS 8: The amendments clarify how to distinguish changes in accounting policies from changes in accounting estimates by replacing the definition of accounting estimates. The requirements for recognising the effect of change in accounting remain unchanged.	01 January 2023	No impact on the Group.
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2: The amendments require disclosure of material accounting policy information rather than significant accounting policies. Additional guidance is also given with examples of when accounting policy information is likely to be material.	01 January 2023	The Group disclosures made in the 2024 annual financial statements meets the requirements of this amendment.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12: The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.	01 January 2023	No impact on the Group.
Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 Operating Segments) – Agenda Paper 2 ***Material items of income and expense*** The IFRS Interpretations Committee observed that, in applying paragraph 23(f) of IFRS 8 by disclosing, for each reportable segment, material items of income and expense disclosed in accordance with paragraph 97 of IAS 1, an entity: • applies paragraph 7 of IAS 1 and assesses whether information about an item of income and expense is material in the context of its financial statements taken as a whole; • applies the requirements in paragraphs 30–31 of IAS 1 in considering how to aggregate information in its financial statements; • considers the nature or magnitude of information – in other words, qualitative or quantitative factors – or both, in assessing whether information about an item of income and expense is material; and • considers circumstances including, but not limited to, those in paragraph 98 of IAS 1.	01 January 2023	The Group has made the necessary disclosure in note 2, Operating profit.

* *Effective for annual reporting periods beginning on or after the effective date, which is the Group's 2024 financial year.*

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards have been issued but not yet effective for the year ended 30 September 2024. These standards have not been early adopted by the Group.

New pronouncement	Effective date*	Impact on the Group
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1: The Board issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement; • That a right to defer settlement must exist at the end of the reporting period; • That classification is unaffected by the likelihood that an entity will exercise its deferral right; • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; and • Required disclosures.	01 January 2024	No impact on the Group.
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16: The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain/loss that relates to the right-of-use it retains.	01 January 2024	No impact on the Group.
Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.	01 January 2024	Certain subsidiaries within the Group do have supplier finance arrangements, accordingly, the required disclosure in this regard has been made in note 21, Trade and other payables, contingent considerations and contract liabilities.
Lack of Exchangeability – Amendment to IAS 21 The amendments provide guidance to specify when a currency is exchangeable and how to determine the spot exchange rate when it is not. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.	01 January 2025	No impact on the Group

* *Effective for annual reporting periods beginning on or after the effective date.*

New pronouncement	Effective date*	Impact on the Group
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 The amendments: • Clarify that a financial liability is derecognised on the 'settlement date', i.e. when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met • Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features • Clarifies the treatment of non-recourse assets and contractually linked instruments • Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.	01 January 2026	The Group is assessing the impact of these amendments.
IFRS 18 – Presentation and Disclosure in Financial Statements IFRS 18 replaces IAS 1 – Presentation in Financial Statements. • Statement of profit or loss: all income and expenses should be classified into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, an entity should present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. • Main business activities: An entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which requires judgement. • Management-defined performance measures: IFRS 18 defines a management-defined performance measure (MPM) as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. Disclosure of all of an entity's MPMs should be within a single note and several disclosures need to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS Accounting Standards. • Location of information, aggregation and disaggregation: IFRS 18 introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. Aggregation and disaggregation of information is to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements. • Consequential amendments to other accounting standards: Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest has also largely been removed. IAS 33 Earnings per Share is amended to include additional requirements that permit entities to disclose additional amounts per share, only if the numerator used in the calculation meets specified criteria. Some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMs.	01 January 2027	The Group is assessing the impact of these amendments.

* *Effective for annual reporting periods beginning on or after the effective date.*

New pronouncement	Effective date*	Impact on the Group
IFRS 19 – Subsidiaries without Public Accountability: Disclosures The standard allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS Accounting Standards. An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS Accounting Standards compliance statement. **Eligible entities** An entity may elect to apply IFRS 19 if at the end of the reporting period: • It is a subsidiary as defined in IFRS 10 Consolidated Financial Statements; • It does not have public accountability; and • It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS Accounting Standards.	01 January 2027	No impact on the Group.

* *Effective for annual reporting periods beginning on or after the effective date.*

1. REVENUE

Revenue from contracts with customers

Revenue from contracts with customers is derived from both the sale of products and rendering of services.

PRODUCTS AND SERVICES

Revenue recognised at a point in time

Revenue meeting this classification is derived from:

- The sale of, *inter alia*, power cables, electrical distribution, protection and control equipment, batteries, digital multi-function printers, radars, fuzes, communication products and navigation equipment; and
- The provision of ICT consulting and managed services.

Revenue recognised over time

Revenue meeting this classification includes service revenue such as print and document solutions, communication products and ICT services and engineering contracts, and solution services. When the Group enters into a contract with a customer, the goods and services deliverable under the contract are identified as distinct separate performance obligations.

Revenue is recognised when the Group satisfies the performance obligation for the related product or service for the customer. This recognition can be:

- Over time for products, mainly in the AE Segment, where the Group's performance obligation results in an asset for a customer without an alternative use and the Group has an enforceable right to payment for the performance completed to date;
- Over time for services, mainly relating to print solutions, consulting, digital solutions, managed and cloud services in the ICT Segment when the customer simultaneously receives and consumes the benefits provided by the Group's performance. Print solutions revenue is recognised based on volumes consumed by the customer as this best represents the obligations provided to the customer in terms of the contract.

Where the requirements for revenue to be satisfied over time are not met, the Group recognises revenue at a point in time when the customer obtains control of a product or service. For product sales, control is generally transferred at the point when the Group transfers ownership to the customer.

JUDGEMENTS APPLIED IN THE RECOGNITION AND MEASUREMENT OF REVENUE FROM CONTRACTS WITH CUSTOMERS

For certain contracts with customers, revenue is recognised over time by assessing whether the Group has an enforceable right to payment from the customer for the performance completed to date and the Group's actions do not create an asset with an alternative use. Various judgements are applied in arriving at the revenue recognised for goods and services delivered over time. The most significant of these relate to the estimation of total costs, which assist in determining the inputs used towards completion of a performance obligation and the measure of progress for revenue recognised over time. This assessment is done at inception of the contract using a cost plus reasonable margin approach. In determining this assessment and estimate, reference is made to the contract terms, agreed payment milestones, estimated future costs likely to be incurred and the history of profitability for past and similar contracts. The judgements and resulting estimates applied in determining each input is made by regular analysis of detailed contract accounts and involvement of contract managers with knowledge of both its contracts and the industry. This method of revenue recognition and measurement is primarily applicable when there are defence contracts and turnkey solutions. Revenue raised on this basis gives rise to a contract asset until such stage as the customer is invoiced.

Certain contracts with customers allow customers discounts if contractual thresholds in those contracts are achieved. Judgement is required in determining whether and to what extent these discounts will be utilised and revenue recognised is adjusted accordingly. Consideration is given to the customer payment and settlement history, the extent of credit granted and the economic circumstances of the customers industry and geographic location.

Contract assets and liabilities

Contract assets and liabilities result from agreements entered into with customers that contain either products and services as deliverables. When revenue recognised in respect of a customer contract exceeds the amounts received or receivable from a customer in terms of milestone or progress payment, a contract asset is recognised. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised.

A financing component may exist in a contract for which contract assets or liabilities are recognised. If the contract exceeds 12 months, the customer obligation is considered to include a financing component. If a significant financing component is provided to the customer, the transaction price is reduced and interest revenue is recognised over the customer's payment period using an interest rate reflecting the relevant customer's credit risk. Typically however, the timing of receipt of payment is generally less than 12 months after the satisfaction of the performance obligation.

1. REVENUE CONTINUED

Contract assets and liabilities continued

All contract assets are subject to an impairment test under IFRS 9 – Financial Instruments (IFRS 9).

Under certain service contracts, the Group receives consideration from customers for installation services delivered at the inception of the contract. No separate performance obligation exists for the installation services provided at inception and accordingly, the consideration received is recognised as a contract liability and recognised in revenue over the period of the service contract. For example, where customers enter into a service contract for the provision of connectivity and pay for the equipment installed to provide the connectivity up front.

Assets and liabilities related to contracts with customers have been recognised and disclosed in note 13, Trade and other receivables and note 21, Trade and other payables, contingent considerations and contract liabilities.

Other revenue

INTEREST RECEIVED ON LEASE AND LOAN RECEIVABLES

The Group recognises interest earned on lease and loan receivables using the implicit interest rate of the lease. The accounting policy for the interest earned on lease and loan receivables is included in note 12, Lease and loan receivables.

RENTAL REVENUE

Rental revenue from operating leases is recognised on a straight-line basis over the lease term.

Revenue by segment

EE SEGMENT

Entities generate revenue through various contractual arrangements, the majority of which are from the sale of products, as set out below:

Revenue source	Application
Sale of products: • Energy, power and telecommunication product sales are from the design, manufacture and sale of a comprehensive range of electrical conductors, power cables and accessories, low voltage electrical distribution, protection and control equipment.	The sale of energy, power and telecommunication products is considered as one performance obligation and accounted for as a product sale. Revenue is recognised when the products are delivered to the customer. The Group considers itself the principal in these sales and recognises revenue on the gross basis. Revenue on the sale of these goods is measured at the effective selling price of the items sold net of value-added tax (VAT) after subtracting discounts and rebates granted to customers. For contracts that permit returns, or contain terms granting rebates or discounts, revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur as a result of such items.
Service revenue: • The provision of turnkey installation, testing and maintenance of medium and high-voltage cable systems.	The delivery of a turnkey solution is considered a single performance obligation. The input cost incurred method is used to assess the performance obligation which is met over time. The project completion is measured using the current cost incurred compared to the total estimated cost per the contract. Revenue is recognised over time based on the input cost incurred method. The Group considers itself the principal in these sales and recognises revenue on the gross basis. The Group determines the transaction price to which it expects to be entitled in return for providing the promised performance obligation to the customer based on the committed contractual amounts, net of VAT, discounts, rebates, allowance for customer returns, and items of a similar nature. For contracts that permit returns, or contain terms granting rebates or discounts, revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur as a result of such items.

1. REVENUE CONTINUED

Revenue by segment continued

ICT SEGMENT

Entities generate revenue through various contractual arrangements, which include the sale of products and rendering of services, as set out below:

Revenue source	Application
Sale of products: • The sale of office equipment, communication equipment, automation products, managed print software and solutions, production printing devices, routers, PBX equipment, switches and handsets.	The sale of these products is considered one performance obligation and accounted for as a product sale. Revenue is recognised when the products are delivered to the customer. The Group considers itself the principal in these sales and recognises revenue on the gross basis. Revenue on the sale of these goods is measured at the effective selling price of the items sold after subtracting VAT, discounts and rebates granted to customers. For contracts that permit returns, or contain terms granting rebates or discounts, revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur as a result of such items.
Service revenue: • The provision of ICT services which include cloud-based virtual private branch exchange (VBX) offerings, hosted call recording, and business internet access products.	The sale of these services is considered one performance obligation and is accounted for as revenue when the service is rendered to the customer. Revenue is recognised when the services are performed. The Group considers itself the principal in these services and recognises revenue on the gross basis.
• The sale of communication equipment and software including the design, implementation and support of converged networking, communications and security solutions.	The sale of these services is not considered to be one performance obligation and are accounted for when the performance obligations in the contract are met. Obligations would typically include delivery of equipment/software, installation of equipment/software and maintenance services. Maintenance services are satisfied over the period of the contract and revenue is recognised based on the input costs incurred method. Revenue is recognised as follows: a. Installation • Installation is recognised at a point in time (relating to product sales) when the related equipment has been installed and commissioned at the customer premises; or • Over time where the equipment is installed in order to render a service to the customer. b. Maintenance services • Maintenance services are satisfied over the period of the contract and based on costs incurred in order for revenue to be recognised. The Group considers itself the principal in these sales and recognises revenue on the gross basis. The transaction price is allocated between the identified performance obligations according to the relative standalone selling prices of the performance obligations and revenue is measured at the effective selling price of the items sold or services rendered after subtracting VAT, discounts and rebates granted to customers.

1. REVENUE CONTINUED

Revenue by segment continued

ICT SEGMENT continued

Revenue source	Application
Service revenue continued:	
• The provision of wireless, fixed and satellite connectivity solutions which include wireless, fibre satellite and LTE connectivity solutions.	Judgement is applied to assess if the revenue from the goods sold is separately identifiable in terms of the contract and its performance obligations. If the obligations are not separately identifiable, revenue is recognised over time on a straight-line basis. If the obligations are separately identifiable the sale of the products is recognised on the date of delivery and the service recognised over time. Revenue on the over time method is recognised on a straight-line basis as the customer simultaneously receives and consumes the benefits provided by the Group. The Group considers itself the principal in these sales and recognises revenue on the gross basis. The Group determines the transaction price to which it expects to be entitled in return for providing the promised performance obligation to the customer based on the committed contractual amounts, net of VAT, discounts, rebates, allowance for customer returns, and items of a similar nature. For contracts that permit returns, or contain terms granting rebates or discounts, revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur as a result of such items.
• The provision of consulting, digital solutions, managed and cloud services.	The sale of these services is considered one performance obligation and is accounted for as revenue when the service is rendered to the customer. For certain revenue contracts, revenue is recognised over time based on the actual service provided as a proportion of the total services to be provided. This is determined based on the actual consulting hours spent relative to the total expected consulting hours. For fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceeds the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced. The Group considers itself the principal in these sales and recognises revenue on the gross basis. The Group determines the transaction price to which it expects to be entitled in return for providing the promised performance obligation to the customer based on the committed contractual amounts, net of VAT, discounts, rebates, allowance for customer returns, and items of a similar nature.

1. REVENUE CONTINUED

Revenue by segment continued

AE SEGMENT

Entities generate its revenue through various contractual arrangements, which include the sale of products and rendering of services, as set out below:

Revenue source	Application
Sale of products:	
• The sale of military and commercial products which include technology solutions for fuze requirements, radar solutions, secure/tactical communications, robotic development and production, precision electronic production, embedded boards and modules, cyber security products, remote weapon systems, logistical integration and support and energy storage.	The sale of military and commercial products is considered one performance obligation and accounted for as a product sale. Revenue is recognised when the products are delivered to the customer. Control is transferred at point of delivery or per the incoterms as indicated in the contract. The Group considers itself the principal in these sales and recognises revenue on the gross basis. Revenue on the sale of these goods is measured at the effective selling price of the items sold after subtracting VAT, discounts and rebates granted to customers.
Service revenue:	
• The sale of military and defence solutions including remote controlled stabilised weapon platforms and the development and manufacturing of search and tracking radar systems, subsystems for local and export markets and onboard, trackside and monitoring solutions for rail sector operations. • Design solutions including product development and integration, system engineering, electronic board design, system integration and software development.	The solutions provided are considered a single performance obligation, the input cost incurred method is used to assess the performance obligation met over time. The project completion is measured using the current cost incurred compared to the total estimated cost per the contract. This estimate is initially based on a proposal provided to the client and the final contract. Revenue is recognised over time based on the input cost incurred method. The Group considers itself the principal in these sales and recognises revenue on the gross basis. The Group determines the transaction price to which it expects to be entitled in return for providing the promised performance obligation to the customer based on the committed contractual amounts, net of VAT, discounts, rebates, allowance for customer returns, and items of a similar nature. For contracts that permit returns, or contain terms granting rebates or discounts or any penalties, revenue is recognised only to the extent that it is highly probable that a significant reversal of revenue will not occur as a result of such items.
• The provision of turnkey electronic manufacturing services delivering start-to-end solutions for the manufacturing of electronic boards, products and sub-systems as well as prototype assembly.	The delivery of a turnkey solution is considered a single performance obligation. Revenue is recognised at a point in time when the customer is invoiced and the final delivery has taken place. The Group considers itself the principal in these sales and recognises revenue on the gross basis. The transaction price is determined by reference to the contract and the nature of the installations. The full transaction price net of VAT per the contract is allocated to the performance obligation.

Judgement applied to the appropriate disaggregation of revenue disclosed for the Group

The Group determines that the categories of revenue provided to and used in presentations to the Board meets the objective of the disaggregation disclosure requirement in paragraph 114 of IFRS 15 – Revenue from Contracts with Customers (IFRS 15). The following table illustrates the disaggregation disclosure by primary geographical market, products and services and timing of revenue recognition, including a reconciliation of how the disaggregated revenue ties in with the EE, ICT and AE Segments, in accordance with paragraph 115 of IFRS 15.

1. REVENUE CONTINUED

Analysis of revenue

Rm	Segment EE	ICT	AE	Other	Total
2024					
Revenue from contracts with customers					
Category of revenue					
Products	7 415	1 478	2 569	–	11 462
Services	267	2 024	243	–	2 534
	7 682	3 502	2 812	–	13 996
Timing of revenue recognition					
Revenue recognised at a point in time	7 553	1 611	2 226	–	11 390
Revenue recognised over time	129	1 891	586	–	2 606
	7 682	3 502	2 812	–	13 996
Total revenue from contracts with customers	7 682	3 502	2 812	–	13 996
Other revenue					
Interest recognised on lease and loan receivables	–	395	–	–	395
Rental revenue	–	–	45	10	55
Total revenue	7 682	3 897	2 857	10	14 446
Revenue by geography					
South Africa	4 790	3 649	1 108	10	9 557
Rest of Africa (excluding South Africa)	2 318	128	65	–	2 511
Asia	32	2	892	–	926
Australia	196	9	45	–	250
Europe	100	100	588	–	788
America	246	9	159	–	414
Total revenue	7 682	3 897	2 857	10	14 446
Revenue to be recognised on remaining performance obligations in respect of open contracts					
In the next 12 months					3 298
More than 12 months					471

Rm	Segment EE	ICT	AE	Other	Total
2023					
Revenue from contracts with customers					
Category of revenue					
Products	6 878	1 399	2 763	–	11 040
Services	281	1 306	757	–	2 344
	7 159	2 705	3 520	–	13 384
Timing of revenue recognition					
Revenue recognised at a point in time	7 032	1 871	2 297	–	11 200
Revenue recognised over time	127	834	1 223	–	2 184
	7 159	2 705	3 520	–	13 384
Total revenue from contracts with customers	7 159	2 705	3 520	–	13 384
Other revenue					
Interest recognised on lease and loan receivables	–	359	–	–	359
Rental revenue	–	–	31	7	38
Total revenue	7 159	3 064	3 551	7	13 781
Revenue by geography					
South Africa	4 917	2 916	1 913	7	9 753
Rest of Africa (excluding South Africa)	1 728	109	246	–	2 083
Asia	35	2	728	–	765
Australia	233	–	28	–	261
Europe	96	36	549	–	681
America	150	1	87	–	238
Total revenue	7 159	3 064	3 551	7	13 781
Revenue to be recognised on remaining performance obligations in respect of open contracts					
In the next 12 months					2 753
More than 12 months					276

2. OPERATING PROFIT

Rm	EE	ICT	AE	Other	Total
2024					
Operating profit is arrived at as follows:					
Revenue	7 682	3 897	2 857	10	14 446
Items included in operating profit					
Changes in inventory	(5 818)	(1 239)	(1 268)	–	(8 325)
Employee costs	(823)	(1 535)	(740)	(178)	(3 276)
Salaries and wages	(710)	(1 443)	(687)	(100)	(2 940)
Medical aid and retirement fund contributions	(78)	(28)	(14)	(3)	(123)
Other staff costs	(21)	(50)	(14)	(1)	(86)
Share-based payment expense in respect of the Group's CSP	(10)	(9)	(14)	(23)	(56)
Share-based payment expense in respect of the Group's Retention Scheme	(4)	(5)	(11)	(5)	(25)
Share-based payment expense in respect of the Group's cash settled Employee Share Ownership Plan[1]	–	–	–	(46)	(46)
Fair value remeasurements	–	(16)	–	2	(14)
Gain on investment at fair value through profit or loss	–	–	–	2	2
Loss on contingent considerations	–	(8)	–	–	(8)
Loss on put option liability	–	(8)	–	–	(8)
Auditors' remuneration	(7)	(15)	(9)	(8)	(39)
Audit fees	(7)	(14)	(7)	(8)	(36)
Other fees	–	(1)	(2)	–	(3)
(Impairment)/reversal of impairment of financial assets	5	(11)	(3)	–	(9)
Credit write-off	(1)	(28)	(1)	–	(30)
Expected credit losses	6	17	(2)	–	21
Net forex (losses)/gains	(38)	(7)	49	(1)	3
Net realised forex (losses)/gains	(27)	(7)	11	–	(23)
Net unrealised forex (losses)/gains	(11)	–	38	(1)	26
Other income	6	60	6	11	83
Insurance income[2]	–	–	–	83	83
Lease modification	–	35	1	–	36
Profit on disposal of property, plant and equipment and intangible assets	–	1	–	–	1
Profit on disposal of subsidiary	–	8	–	–	8
Interest incurred to finance the lease and loan receivables	–	(40)	–	–	(40)
Operating lease charges	(6)	(19)	(3)	–	(28)
Research and development	(6)	–	(235)	–	(241)
Impairment of intangible assets	–	–	(4)	–	(4)
Impairment of goodwill	–	–	(53)	–	(53)
Gross other operating expenses	(269)	(246)	(215)	(23)	(753)
EBITDA[3]	726	873	383	(104)	1 878
The following additional disclosable items have been included in arriving at operating profit:					
Depreciation and amortisation	(56)	(185)	(99)	(7)	(347)
Operating profit as per the statement of profit or loss	670	688	284	(111)	1 531

1 *The liability relating to the Group's cash settled Employee Share Ownership Plan will be settled by the Reunert Employee Share Ownership Trust which is in the Other Segment.*
2 *Proceeds arising from the Group's COVID-19 claim.*
3 *Earnings before net interest, tax, depreciation and amortisation (EBITDA). EBITDA includes interest income received on lease and loan receivables in the ICT Segment.*

Following the IFRS Interpretations Committee's final agenda decision on operating segments regarding the disclosure of material items of income and expenses in terms of IFRS 8.23(f) and IAS 1.97 during the financial year, the Group updated its disclosure of items included in operating profit per segment. The prior year information was updated to align to the current year disclosures.

2. OPERATING PROFIT CONTINUED

Rm	EE	ICT	AE	Other	Total
2023					
Operating profit is arrived at as follows:					
Revenue	7 159	3 064	3 551	7	13 781
Items included in operating profit					
Changes in inventory	(5 525)	(1 190)	(1 817)	–	(8 532)
Employee costs	(782)	(897)	(817)	(150)	(2 646)
Salaries and wages	(674)	(813)	(769)	(107)	(2 363)
Medical aid and retirement fund contributions	(75)	(30)	(15)	(2)	(122)
Staff costs	(24)	(44)	(17)	(2)	(87)
Share-based payment expense in respect of the Group's CSP	(3)	(4)	(6)	(11)	(24)
Share-based payment expense in respect of the Group's Retention Scheme	(6)	(6)	(10)	(7)	(29)
Share-based payment expense in respect of the Group's cash settled Employee Share Ownership Plan	–	–	–	(21)	(21)
Fair value remeasurements	1	(3)	58	–	56
Gain on investment at fair value through profit or loss	1	–	–	–	1
Loss on contingent considerations	–	(3)	–	–	(3)
Gain on put option derivative asset	–	–	25	–	25
Gain on call option derivative liability	–	–	33	–	33
Auditors' remuneration	(7)	(11)	(9)	(8)	(35)
Audit fees	(7)	(10)	(7)	(8)	(32)
Other fees	–	(1)	(2)	–	(3)
(Impairment)/reversal of impairment of financial assets	1	(74)	(17)	(1)	(91)
Credit write-off	(11)	(8)	(1)	(1)	(21)
Expected credit losses	12	(66)	(16)	–	(70)
Net forex losses	(34)	(8)	(1)	–	(43)
Net realised forex losses	(27)	(10)	(6)	–	(43)
Net unrealised forex (losses)/gains	(7)	2	5	–	–

Rm	EE	ICT	AE	Other	Total
Other income	7	35	17	9	68
Insurance income	–	–	–	44	44
Gain on reclassification from other comprehensive income			8		8
Lease modification	1	46	–	–	47
Profit on disposal of property, plant and equipment and intangible assets	1	1	3	–	5
Loss on disposal of subsidiary	–	–	(33)	–	(33)
Interest incurred to finance the lease and loan receivables	–	(15)	–	–	(15)
Operating lease charges	(7)	(16)	(5)	(1)	(29)
Research and development	(9)	–	(147)	–	(156)
Impairment of intangible assets	–	–	(9)	–	(9)
Gross other operating expenses	(194)	(209)	(227)	(34)	(664)
EBITDA[1]	612	723	555	(134)	1 756
The following additional disclosable items have been included in arriving at operating profit:					
Depreciation and amortisation	(56)	(139)	(121)	(9)	(325)
Operating profit as per the statement of profit or loss	556	584	434	(143)	1 431

[1] *Earnings before net interest, tax, depreciation and amortisation (EBITDA). EBITDA includes interest income received on lease and loan receivables in the ICT Segment.*

Following the IFRS Interpretations Committee's final agenda decision on operating segments regarding the disclosure of material items of income and expenses in terms of IFRS 8.23(f) and IAS 1.97 during the financial year, the Group updated its disclosure of items included in operating profit per segment. The prior year information was updated to align to the current year disclosures.

3. INTEREST AND DIVIDEND INCOME

Dividends are recognised in the statement of profit or loss when the right to receive payment has been established.

Interest on investments and loan receivables is calculated using the effective interest method.

Rm	2024	2023
Dividend income	**13**	4
Interest earned on financial assets:		
Bank deposits	**67**	33
Other assets	**29**	14
Interest and dividend income as per the statement of profit or loss	**109**	51
Interest earned on lease and loan receivables included in revenue[1]	**395**	359
Total interest and dividend income	**504**	410

[1] *The accounting policy for the interest earned on lease and loan receivables is included in note 12, Lease and loan receivables.*

4. INTEREST EXPENSE

Interest expense is recognised using the effective interest method.

Rm	2024	2023
Borrowings and bank overdrafts	**145**	145
Lease liabilities	**34**	24
Interest expense as per the statement of cash flows	**179**	169
Unwinding of present value discount on equity forward contract	**1**	2
Interest expense as per the statement of profit or loss	**180**	171
Interest incurred to finance the lease and loan receivables (included in operating expenses as this relates to the Group's finance business)	**40**	15
Total interest expense	**220**	186

5. TAX

Current tax comprises both the current tax payable on the taxable income for the year and the allowance for deferred tax, using the tax rates enacted at the reporting date together with any adjustment to tax payable in respect of previous years.

Rm	Notes	2024	2023
South African current tax:			
Current year		**442**	389
Prior year		**(3)**	10
South African deferred tax:			
Current year	14	**(47)**	(56)
Prior year	14	**4**	1
		396	344
Foreign tax:			
Current		**34**	17
Deferred	14	**(3)**	(2)
Rate change	14	**(5)**	–
Tax charge per the statement of profit or loss		**422**	359

5. TAX CONTINUED

	2024 %	2023 %
Tax rate reconciliation		
South African normal tax rate	**27,0**	27,0
Movement in rate of tax due to:		
Dividend income	**(0,2)**	(0,1)
Non-taxable income		
Fair value remeasurement gain on option contracts	**–**	(1,2)
Gain on disposal of subsidiary	**(0,1)**	–
Other non-taxable income and special deductions[1]	**(1,0)**	(0,8)
Gain on reclassification from other comprehensive income	**–**	(0,2)
Research and development allowance	**(0,8)**	(0,6)
Disallowable expenses		
Share-based payment expense transactions	**–**	0,2
Loss on disposal of subsidiary	**–**	0,7
Fair value remeasurement loss on put option liability	**0,2**	–
Fair value remeasurement loss on contingent considerations	**0,1**	–
Impairment of goodwill	**1,0**	–
Consulting fees	**0,1**	0,2
Other disallowable expenses[2]	**0,3**	0,7
Effect of foreign tax rates[3]	**(1,7)**	(0,3)
Effect of rate change	**0,3**	–
Deferred tax asset not recognised in loss-making subsidiaries	**2,7**	1,0
Prior year tax	**1,0**	0,8
Effective rate of tax	**28,9**	27,4

[1] *Includes recoupment of allowances, tax limitation on interest and learnership allowances.*
[2] *Includes disallowable expenses such as donations and non-operating expenses.*
[3] *The South African tax rate is used to adjust for the effect of tax in other jurisdictions.*

For the current financial year, the tax losses made by the subsidiaries of the Group amount to R298 million (2023: R272 million). These tax losses are available to be offset against future taxable income. Of the R298 million tax losses, R3 million relates to foreign subsidiaries. R154 million of the R298 million has been raised as a deferred tax asset in the current financial year.

Refer to note 14, Deferred tax assets and liabilities for the determination of whether deferred tax assets are recognised.

Judgement is applied in determining whether deferred tax assets are recognised on tax losses. Deferred tax assets are recognised only if there is convincing evidence that there will be sufficient taxable profits in future years to recover the assets. The Group has concluded that the deferred tax assets recognised on tax losses will be recoverable using the estimated future taxable income based on the approved business plans and budgets of the various entities.

The cumulative capital gains tax losses made by subsidiaries of the Group amounted to R317 million (2023: 281 million) which can be offset against future capital gains. However, as the timing of any such offset is uncertain, no deferred tax asset has been recognised.

6. NUMBER OF SHARES AND EARNINGS USED TO CALCULATE EARNINGS PER ORDINARY SHARE (EPS)

Rm	2024	2023
Weighted average number of ordinary shares in issue, net of empowerment and treasury shares[1], for basic earnings and headline earnings per share (millions of shares)	**159**	159
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	**11**	2
Weighted average number of ordinary shares for diluted basic and diluted headline earnings per share (millions of shares)	**170**	161
Profit for the year attributable to equity holders of Reunert (earnings used to determine earnings per ordinary share and diluted earnings per share)	**1 037**	919

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

On 30 September 2024, the Group received the first tranche of shares from the equity forward contract (2 303 880 of the 2 346 930) taken out in 2020 for a total consideration of R74 million. The 2 303 880 shares repurchased were simultaneously cancelled, delisted and reverted to the authorised unissued share capital of Reunert. The remaining 43 050 relating to the retention plan will be received in the 2025 financial year. The Group will either cancel these shares in the 2025 financial year or utilise them to settle the CSP's obligation to participants. The cancellation of these shares was adjusted for in the dilutive effect of unexercised shares, but not in the number of shares used for EPS as they were only received on the last day of the 2024 financial year.

7. DIVIDENDS

Rm	2024	2023
Ordinary dividends paid:		
– Final 2023 – 249 cents per ordinary share (2022: 224 cents per ordinary share)	**461**	414
– Interim 2024 – 90 cents per ordinary share (2023: 83 cents per ordinary share)	**166**	154
– Attributable to Reunert shares held by a special purpose entity	**(82)**	(74)
– Attributable to Reunert shares held by a subsidiary	**(5)**	(5)
	540	489
Ordinary dividends declared:		
– Final 2024 – 276 cents per ordinary share (2023: 249 cents per ordinary share)	**504**	461
– Attributable to Reunert shares held by a special purpose entity	**(66)**	(60)
– Attributable to Reunert shares held by a subsidiary	**(4)**	(4)
	434	397

8. HEADLINE EARNINGS PER SHARE

Rm	Notes	2024	2023
Profit attributable to equity holders of Reunert		**1 037**	919
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:			
Impairment of non-financial assets		**29**	9
Goodwill	2, 11	**53**	–
Intangible assets	2, 10	**4**	9
Tax effect		**(1)**	–
Non-controlling interest		**(27)**	–
(Profit)/loss on disposal of subsidiary		**(8)**	33
Net profit on disposal of non-financial assets		**(1)**	(4)
Property, plant and equipment and intangible assets	2	**(1)**	(5)
Tax effect		**–**	1
Headline earnings		**1 057**	957
Headline earnings per share (cents)	6	**665**	602
Diluted headline earnings per share (cents)	6	**622**	594

Headline earnings have been determined in terms of Circular 1/2023 Headline Earnings issued by The South African Institute of Chartered Accountants.

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY

The Group's portfolio of property, plant and equipment includes furniture, computer equipment, vehicles, freehold and leasehold owner-occupied land and buildings, plant and equipment (herein referred to as property, plant and equipment) and investment properties. Furniture and computer equipment are included in the plant and equipment, vehicles column in the table below.

Property, plant and equipment includes both owned property and right-of-use assets for properties leased by the Group.

The Group holds various property assets which are held to earn external rental income and for capital appreciation which have been classified as investment property. Those properties held for use by the Group in the supply of goods, services or for administration purposes are classified as owner-occupied properties.

All property, plant and equipment, including investment property, is initially recognised at cost. Cost represents the purchase price plus the incidental costs to prepare these assets for their intended use. They are subsequently measured at cost less accumulated depreciation and impairment. Land is not depreciated and is stated at cost less accumulated impairment losses.

Subsequent expenditure relating to an item of property, plant and equipment and investment property is capitalised when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other subsequent expenditure (repairs and maintenance) is recognised as an expense when it is incurred.

The Group's EE and AE Segments are highly capital intensive where parts or components of property, plant and equipment require replacement at regular intervals. The carrying amount of an item of property, plant and equipment includes the cost of replacing the part when that cost is incurred, if it is probable that future economic benefits will flow to the Group and the cost can be reliably measured. The carrying amounts of the parts replaced are derecognised on capitalisation of the cost of the replacement part. Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately where it has an estimated useful life that differs from that of the item as a whole.

Current capital projects under construction and not yet available for use in the AE Segment and EE Segment are classified as work in progress assets.

Work in progress is carried at cost and is not depreciated. Depreciation commences once the assets are available for use as intended by management.

Depreciation of all depreciable assets commences when the assets are ready for their intended use.

Depreciation is calculated on a straight-line basis over the estimated useful lives which represents the expected pattern of consumption of the future benefits of property, plant and equipment and investment property in order to reduce the cost of the asset to its estimated residual value. The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use in relation to non-financial assets is further explained in note 11, Goodwill.

Property, plant and equipment and investment property are derecognised on disposal or when no future economic benefit is expected from the continued use of the asset and the profit or loss on disposal is recognised in the statement of profit or loss.

Right-of-use assets

The Group assesses whether a contract is or contains a lease, at inception of the related contract. Where the Group has a lease, 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 in respect of low value assets (such as computer tablets and personal computers, and small items of office furniture and telephones), with a monetary threshold below R100 000 per lease. For short-term and low value 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.

For most contracts there is limited judgement needed to determine whether an agreement contains a lease; however, where the Group has contracts for the use of fibre and other fixed telecommunications lines, judgement has been applied to determine whether the Group controls the line and therefore has a lease.

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY CONTINUED

Right-of-use assets continued

The right-of-use assets are initially measured at:

- the present value of the future lease payments at the commencement date, discounted at the Group's incremental borrowing rate; and
- any initial direct costs incurred.

Right-of-use assets are recognised at the date at which the leased asset is available for use by the Group.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis if ownership does not pass.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for remeasurements of the lease liability.

Right-of-use assets are assessed for impairment according to the impairment requirements of IAS 36 – Impairment of Assets (IAS 36), which requires that right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Lease modifications are defined as a change in the scope of a lease or the consideration for a lease, that was not part of the original terms and conditions of the lease. The Group differentiates between scenarios resulting in the remeasurement of existing lease assets and lease liabilities that are not lease modifications (for example, a change in lease term resulting from the exercise of an option to extend the lease when that option was not included in the original lease term) and those resulting in a lease modification (for example, a change in the lease term resulting from changes to the terms and conditions of the original lease). These lease modifications are mainly in the ICT Segment in relation to leases of multi functional printers (MFPs).

The Group further distinguishes between those lease modifications that, in substance, represent the creation of a new lease that is separate from the original lease and those that, in substance, represent a change in the scope of, or the consideration paid for, the existing lease.

A lease modification is accounted for as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration paid for the lease increases by an amount commensurate with the stand alone price for the increase in scope.

For lease modifications that do not result in a separate lease, the existing lease liability is remeasured using a discount rate determined at the effective date of the modification.

If the modification decreases the scope of a lease, the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, and a corresponding gain or loss is recognised in the statement of profit or loss.

For all other lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY CONTINUED

Rm	Owner-occupied freehold land and buildings	Owner-occupied leasehold buildings	Plant and equipment, vehicles	Capital work in progress	Total property, plant and equipment	Investment property
2024						
Cost	215	77	1 786	70	2 148	16
Accumulated depreciation and impairments	68	20	1 265	–	1 353	–
Net carrying amount as at 1 October 2023	147	57	521	70	795	16
Items disclosed in the statement of cash flows						
Additions – Expansion	–	–	81	1	82	–
Additions – Replacement	12	1	57	18	88	–
Depreciation	(6)	(5)	(116)	–	(127)	–
Disposals – Cost	(4)	(2)	(69)	(4)	(79)	–
Disposals – Accumulated depreciation	3	2	65	–	70	–
Disposal of subsidiary – Cost	–	–	(5)	–	(5)	–
Disposal of subsidiary – Accumulated depreciation	–	–	4	–	4	–
Transfers						
Transfer from/(to) intangibles	–	–	5	(6)	(1)	–
Transfer from/(to) inventory	–	–	5	(4)	1	–
Transfer between categories	–	–	35	(34)	1	(1)
Exchange rate difference	–	(15)	(1)	(5)	(21)	–
Cost	223	50	1 862	36	2 171	15
Accumulated depreciation and impairments	71	12	1 280	–	1 363	–
Net carrying amount as at 30 September 2024	152	38	582	36	808	15

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY CONTINUED

Rm	Owner-occupied freehold land and buildings	Owner-occupied leasehold buildings	Plant and equipment, vehicles	Capital work in progress	Total property, plant and equipment	Investment property
2023						
Cost	216	83	1 829	61	2 189	25
Accumulated depreciation and impairments	61	13	1 227	–	1 301	–
Net carrying amount as at 1 October 2022	155	70	602	61	888	25
Impact on the statement of cash flows						
Acquisition of businesses	–	3	16	–	19	–
Additions – Expansion	2	1	126	59	188	–
Additions – Replacement	3	1	66	45	115	–
Depreciation	(8)	(4)	(121)	–	(133)	–
Disposals – Cost	(15)	–	(79)	–	(94)	–
Disposals – Accumulated depreciation	1	–	68	–	69	–
Disposal of subsidiary – Cost	–	–	(249)	(54)	(303)	–
Disposal of subsidiary – Accumulated depreciation	–	–	32	–	32	–
Transfers						
Transfer from inventory	–	–	22	–	22	–
Transfer between categories	9	–	38	(38)	9	(9)
Exchange rate difference	–	(14)	–	(3)	(17)	–
Cost	215	77	1 786	70	2 148	16
Accumulated depreciation and impairments	68	20	1 265	–	1 353	–
Net carrying amount as at 30 September 2023	147	57	521	70	795	16

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY CONTINUED

Summary of right-of-use assets

Rm	2024	2023
Cost	**556**	328
Accumulated depreciation and impairments	**293**	198
Net carrying amount as at 1 October	**263**	130
Impact on the statement of cash flows		
Acquisition of businesses	**–**	83
Depreciation	**(105)**	(95)
Capitalised right-of-use assets	**81**	149
Disposal of subsidiary	**-**	(4)
Remeasurement of right-of-use asset	**19**	–
Cost	**589**	556
Accumulated depreciation and impairments	**331**	293
Net carrying amount as at 30 September	**258**	263

CLASSES OF RIGHT-OF-USE ASSETS

	Carrying amount		Depreciation	
Rm	**2024**	2023	**2024**	2023
Properties	**187**	208	**74**	69
Plant	**67**	52	**28**	24
Motor vehicles	**1**	2	**1**	2
Equipment	**3**	1	**2**	–
	258	263	**105**	95

Notes:

1. The fair value of the Group's investment property at 30 September 2024 has been determined on the basis of valuations carried out at 30 September 2024 by independent valuers, Propval Property Valuation Services (Pty) Ltd (Propval), who are not a related party to the Group. Propval is a member of the South African Institute of Valuers and has the appropriate qualifications and the relevant experience to value the nature and type of investment properties being valued.

   The fair value of the Group's freehold investment property amounted to R15 million (2023: R21 million) at 30 September 2024.

	EE	ICT	AE	Other
2. Useful lives per category and segment:				
Owner-occupied leasehold buildings	50 years	2 – 5 years	5 years	–
Owner-occupied freehold buildings	20 years	–	–	–
Plant and equipment and vehicles	3 – 20 years	3 – 10 years	3 – 20 years	3 – 20 years
Right-of-use assets[1]	5 – 10 years	3 – 15 years	2 – 10 years	3 years
Investment property	–	–	–	50 years

[1] *The Group depreciates over the lease term of an asset. If the lease term equates to the useful life, the Group depreciates over the useful life.*

9. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY CONTINUED

Rm	2024	2023
3. Rental agreements with customers		
Gross carrying amount of assets under operating leases	**47**	43
Accumulated depreciation	**(18)**	(11)
	29	32

Land and buildings
No purchase option exists in the leases to third parties. Renewal options are included in the leases for periods between one and three years and with escalations between the consumer price index and 10%. No subleasing or alterations are allowed without Reunert's prior consent.

Plant and equipment
These leases are largely for mining surveillance radars of which the Group leases to customers, the customers may terminate at a month's notice. A purchase option at normal margins exists.

10. INTANGIBLE ASSETS

The Group's significant intangible assets are held mainly in the AE and ICT Segments.

The Group holds various types of intangible assets including computer software, customer lists, model designs and prototypes, capitalised development costs, brand names, copyright and developed intellectual property which are held as strategic assets with the intention to generate future revenue therefrom.

Intangible assets are accounted for in accordance with the requirements of IAS 38 – Intangible Assets (IAS 38) and accordingly intangible assets are initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

The Group applies the principles of IAS 38 in the determination of whether the costs incurred for internally generated intangible assets are capitalised or not. Development costs are the costs where research findings are applied to a plan or design for the production of new or substantially improved products or processes. These costs are capitalised only if and when it results in an asset that can be identified, it is probable that the asset will generate future economic benefits (i.e. the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development) and these development costs can be reliably measured.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where the criteria outlined above have not been met, no internally generated intangible asset can be recognised and the related development expenditure is recognised in the statement of profit or loss in the period in which it is incurred.

The Group considers expenditure solely on research activities such as costs incurred with the prospect of gaining new scientific or technical knowledge and understanding as an expense and does not capitalise such costs. These costs are recognised as an expense in the period in which they are incurred.

10. INTANGIBLE ASSETS CONTINUED

Intangible assets acquired in a business combination such as customer lists and order books are recognised separately from goodwill. These intangible assets are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, being the acquisition date fair value, less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

Work-in-progress includes assets under construction or development which are not yet available for use.

These assets are carried at cost and are not amortised but are tested for impairment at each reporting date. Amortisation commences once the assets are available for use as intended by management.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from their use.

The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in profit or loss when the intangible asset is derecognised.

Intangible assets are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

Useful lives of intangible assets

Intangible assets held by the Group with finite useful lives are amortised on a straight-line basis, with the exception of those held at the Group's tactical communication business which applies a units of production method to the asset class "models, designs and prototypes" as this is more reflective of the consumption pattern of the expected future economic benefits.

Useful lives are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis. The residual values of intangible assets are assumed to be zero.

THE FOLLOWING JUDGEMENTS AND ESTIMATES HAVE BEEN USED IN ASSESSING THE USEFUL LIVES OF INTANGIBLE ASSETS

Customer lists

The value and useful lives of customer lists acquired in an acquisition is based on both contractual and non-contractual customer relationships. In its annual review of the carrying amount of these assets, the Group considered various factors including the duration and value of ongoing customer contracts, historical customer retention information and the length of time the customer has been serviced by the Group. Judgement was applied in estimating the following significant factors in determining the carrying amount and useful lives of customer lists:

- expected willingness of related customers to remain with the Group;
- expected action by competitors or potential competitors;
- the impact that technological advances may have on customer relationships; and
- estimated cash flows from customers over a period of time.

All intangible assets with finite lives are subject to amortisation in accordance with the useful lives below.

	EE	ICT	AE	Other
Computer software	2 – 10 years	2 – 5 years	2 – 5 years	15 years
Customer lists and orderbooks	–	10 years	5 – 7 years	–
Models, designs and prototypes	–	–	5 – 10 years	–
Other intangibles	10 years	5 – 10 years	3 – 15 years	58 years

10. INTANGIBLE ASSETS CONTINUED

Rm	Computer software	Customer lists and orderbooks	Models, designs and prototypes	Other intangibles	Total
2024					
Cost	191	572	250	371	1 384
Accumulated amortisation and impairments	116	133	95	153	497
Net carrying amount as at 1 October 2023	75	439	155	218	887
Items disclosed in the statement of cash flows					
Additions – Expansion	7	–	12	21	40
Additions – Replacement	7	–	–	6	13
Amortisation	(20)	(61)	(7)	(27)	(115)
Disposals – Cost	(14)	–	–	–	(14)
Disposals – Accumulated amortisation	13	–	–	–	13
Transfer from/(to) property, plant and equipment	1	–	–	–	1
Transfer between categories	3	(2)	5	(6)	–
Impairment	–	–	–	(4)	(4)
Exchange rate difference	–	–	–	(2)	(2)
Cost	200	572	262	391	1 425
Accumulated amortisation and impairments	128	196	97	185	606
Net carrying amount as at 30 September 2024	72	376	165	206	819

10. INTANGIBLE ASSETS CONTINUED

Rm	Computer software	Customer lists and orderbooks	Models, designs and prototypes	Other intangibles	Total
2023					
Cost	183	183	211	280	857
Accumulated amortisation and impairments	97	57	64	144	362
Net carrying amount as at 1 October 2022	86	126	147	136	495
Impact on the statement of cash flows					
Acquisition of businesses	8	362	12	69	451
Additions – Expansion	2	–	5	42	49
Additions – Replacement	3	–	–	–	3
Amortisation	(21)	(41)	(9)	(26)	(97)
Disposals – Cost	(2)	–	–	(15)	(17)
Disposals – Accumulated amortisation	2	–	–	13	15
Disposal of subsidiary – Cost	(9)	–	–	–	(9)
Disposal of subsidiary – Accumulated amortisation	6	–	–	–	6
Transfer between categories	–	(8)	–	8	–
Impairment	–	–	–	(9)	(9)
Cost	191	572	250	371	1 384
Accumulated amortisation and impairments	116	133	95	153	497
Net carrying amount as at 30 September 2023	75	439	155	218	887

Other intangibles consists of:

Rm	**2024**	2023
Internally developed intellectual property for generation of future revenue	**86**	72
Brand names	**45**	52
Capitalised research and development costs	**48**	58
Purchased intangibles assets through business acquisitions	**–**	8
Lease right	**27**	28
	206	218

11. GOODWILL

Goodwill arises from a business combination and is measured as the sum of the consideration transferred to the seller, plus the amount of any non-controlling interests recognised through the transaction, and the fair value of the Group's previously held equity interest in the acquiree, if any, less the net of the acquisition date fair value of the identifiable assets acquired (including any intangible assets) and the fair value of any liabilities and contingent liabilities assumed.

Analysis of Goodwill

Rm	2024	2023
Cost	**1 328**	1 102
Accumulated impairment	**(142)**	(142)
Net carrying amount as at 1 October	**1 186**	960
Disposal of subsidiary	**(5)**	(88)
Acquisition of businesses	**–**	314
Measurement period adjustment	**2**	–
Impairment	**(53)**	–
Cost	**1 325**	1 328
Accumulated impairment	**(195)**	(142)
Net carrying amount as at 30 September	**1 130**	1 186

Goodwill impairment testing

The recoverable amount of the cash generating units (CGUs) to which goodwill is attributable is determined as the higher of their fair value less costs of disposal or value in use. Value in use is determined by discounting expected future cash flows covering a five-year period and then incorporating a terminal value for the CGUs. An impairment loss is recognised for the amount by which the carrying amount exceeds its recoverable amount.

JUDGEMENTS

Management uses cash flow projections covering a five year period and considers this period to be appropriate based on the long-term nature of the Group's infrastructure and operating model. The required cash flow projections are the most recent financial budget and forecasts prepared by management. The most recent financial budget is the Group's 2025 budget which was approved by the Board in August 2024. Cash flows beyond the five-year period are extrapolated for the purposes of determining the terminal value using the estimated growth rates stated below.

ESTIMATES AND ASSUMPTIONS

Management calculates discount rates to derive pre-tax discount rates that reflect the current market assessments of the time value of money and the risks specific to the CGUs. The growth rates used were generally consistent with the long-term average growth rates for each of the markets in which the respective CGU operated.

CGUs have been determined at the lowest level of activity which results in cash flows considered largely independent from other activities generating separate cash flows. These are at a business unit level, being the level at which Group segment executive management monitors and evaluates the results of performance against pre-determined targets.

The discount rates and terminal growth rates were determined as follows:

- The initial discount rate used is the weighted average cost of the different components of capital, being debt and equity (WACC). This is consistent with international best practice and covers the different industries in which the Group operates. This initial discount rate is then converted to the pre-tax discount rate as required by IAS 36 using an appropriate methodology. Where appropriate, specific risk factors within CGUs are incorporated into the discount rate; and
- The terminal growth rate of 4% has been applied across all the CGUs. This is used to extrapolate the cash flow projections beyond the period covered of 5 years.

The discount rates for Blue Nova and Omnigo have been adjusted for specific risks relating to these CGUs. These CGUs incurred losses during the 2024 financial year. A risk premium of 5,0% has been applied to incorporate specific risks associated with the turnaround strategy. A specific risk premium of 2,2% has been incorporated into the Omnigo CGU to address the risk of customer concentration on forecast cash flows.

For the Blue Nova CGU, management applied a weighted probability of expected future cash flows to determine the recoverable amount of the CGU. This approach, together with the risk premium applied, resulted in a R57 million impairment for the current financial year (R53 million relating to the goodwill and R4 million relating to the intangible assets of the CGU).

11. GOODWILL CONTINUED

The following information summarises the individual assumptions used to test for impairment of goodwill at a CGU level, using the value-in-use method.

	Discount rate (pre-tax)		Terminal growth rate		Net carrying amount	
	2024 %	2023 %	**2024 %**	2023 %	**2024 Rm**	2023 Rm
Significant CGUs[1]						
ICT						
Nashua Office Automation	**22,2**	24,1	**4,0**	4,0	**194**	199
Quince Capital	**14,5**	12,3	**4,0**	4,0	**124**	124
ECN	**18,0**	19,8	**4,0**	4,0	**140**	140
SkyWire	**17,3**	19,2	**4,0**	4,0	**170**	170
+OneX	**23,3**	22,4	**4,0**	4,0	**64**	64
IQbusiness	**21,1**	21,1	**4,0**	4,0	**269**	267
AE						
Omnigo	**25,8**	22,6	**4,0**	4,0	**40**	40
Nanoteq	**23,4**	22,3	**4,0**	4,0	**69**	69
Blue Nova Energy	**25,2**	23,2	**4,0**	4,0	**–**	53
Etion Create	**21,9**	24,6	**4,0**	4,0	**18**	18
					1 088	1 144
Other[2]	**20,4 – 23,2**	20,7 – 22,9	**4,0**	4,0	**42**	42
Net carrying amount as at 30 September					**1 130**	1 186

[1] *The measurement currency of all CGUs is ZAR.*
[2] *This consists of the aggregate of individual immaterial goodwill balances across all segments above.*

11. GOODWILL CONTINUED

Impairment of Goodwill

The goodwill in the Blue Nova CGU has been impaired during the current financial year due to the significant adverse change in market demand for residential and small commercial batteries which constituted a large percentage of the company's past revenue. This change is expected to continue into the future due to the reduction in loadshedding.

Sensitivities

Sensitivity testing was performed for those entities where there was limited headroom between the value in use and the carrying amount of the underlying net assets to assess the impact of changes in key assumptions on the available headroom. The sensitivity analysis assesses the consequence of a 5% reduction in the forecast revenue on the cash flow forecasts, without factoring in any management actions required from this decrease in revenue, and also assesses the consequence of the discount rates being increased by 1%.

The results of the sensitivities are outlined below:

2024

REUTECH COMMUNICATION

An impairment of R37 million would be required for Reutech Communication if revenue forecasts were to be reduced by 5%, i.e. a 95% achievement.

An impairment of R5 million would be required if the discount rate was to be increased by 1%.

2023

SKYWIRE

An impairment of R32 million would be required for SkyWire if revenue forecasts were to be reduced by 5%, i.e. a 95% achievement. No impairment would be required if the discount rate was to be increased by 1%.

OMNIGO

An impairment of R17 million would be required for Omnigo if revenue forecasts were to be reduced by 5%, i.e. a 95% achievement. An impairment of R2 million would be required if the discount rate was to be increased by 1%.

No other impairments would arise based on the application of the sensitivity analysis for revenue growth and discount rates.

12. LEASE AND LOAN RECEIVABLES

Loan receivables

Loan receivables are the present value of the rentals acquired by Quince Capital (Pty) Ltd (Quince) from non-owned Total Workspace Provider (Nashua) franchises and dealers which are classified as financial assets held at amortised cost. These rentals because of the underlying recourse arrangements (ongoing exposure to credit risk) continue to be recognised by the non-owned franchises as lease receivables.

Lease receivables

The gross finance lease receivables comprise the present value of rental agreements discounted at the interest rate implicit in the agreement and arise mainly from the Nashua controlled franchises.

Amounts due from lessees under a lease are recognised as receivables at the amount of the Group's net investment in the lease. The difference between the gross receivables and the present value of the net investment in the lease represents unearned finance income.

Interest received from a lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the lease. The weighted average effective interest rate, taking into account the blend of fixed and variable rates charged on the portfolio, is 16,46% (2023: 16,39%).

Judgements applied in the classification of lease receivables

THE GROUP AS A LESSOR

These rentals are classified as finance leases between the customer and the Nashua owned franchise.

The judgements that the Group considered with respect to the classification of the lease transactions were:

- Whether the lease terms are for the major part of the economic life of the assets; and
- Whether at inception of the leases, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the assets.

Judgements applied in the classification of the franchise lease receivable cash flow between operating and financing activities

The Group applies judgement in determining the classification of cash received from lease receivables. The Group controlled franchises recognise revenue on these lease contracts and subsequently collects the related cash flows from the lease receivables. This is considered in nature to be cash flows arising from the ordinary day to day business activities of the franchise and consequently these cash flows are classified in operating activities.

The revenue related to these rental transactions amounted to R129 million (2023: R135 million). This amount is included in the ICT Segment revenue in note 1, Revenue.

Lease modifications

IFRS 16 – Leases (IFRS 16) requires a lessor, like a lessee, to account for a modification to a lease as a separate lease if the modification increases the scope of the lease by adding the right for the lessee to use one or more underlying assets and the consideration receivable for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

The applicability of the lease modifications within the Group arises mainly in the ICT Segment where electronic equipment is leased to customers. For modifications to a lease that are not accounted for as a separate lease, the Group reassesses the lease classification as if the modified terms were in effect at inception.

If the lease would have been classified as an operating lease had the modified terms been in effect at the inception date, the Group accounts for the lease modification as the termination of the original lease and the creation of a new lease effective on the date of the modification and measures the carrying amount of the underlying asset as the net investment in the original lease immediately before the effective date of the lease modification.

If the contract meets the definition of a lease, the Group subsequently measures the lease under the requirements of IFRS 9. The Group determines whether the modification is substantial i.e. whether the cash flows of the original financial asset and the modified or replacement financial asset are to a large extent different.

A substantial modification results in derecognition of the original financial asset and the modified asset is recognised as a new asset, resulting in a gain or loss on modification. If the modification is not substantial, the original financial asset is remeasured and a modification gain or loss is recognised.

12. LEASE AND LOAN RECEIVABLES CONTINUED

Analysis of lease and loan receivables

Rm	Collectible within one year – current	Collectible between 1 – 2 years	Collectible between 2 – 3 years	Collectible between 3 – 4 years	Collectible between 4 – 5 years	Collectible after 5 years	Total lease and loan receivables
2024							
Gross lease receivables	273	190	122	77	41	3	706
Unearned finance income	(71)	(43)	(24)	(12)	(7)	(2)	(159)
Net lease receivables before ECL	202	147	98	65	34	1	547
ECL	(7)	(6)	(2)	(1)	–	–	(16)
Net lease receivables	195	141	96	64	34	1	531
Loan receivables	496	484	379	268	159	52	1 838
ECL	(26)	(24)	(19)	(14)	(8)	(3)	(94)
Net loan receivables	470	460	360	254	151	49	1 744
Net lease and loan receivables	665	601	456	318	185	50	2 275

12. LEASE AND LOAN RECEIVABLES CONTINUED

Analysis of lease and loan receivables continued

Rm	Collectible within one year – current	Collectible between 1 – 2 years	Collectible between 2 – 3 years	Collectible between 3 – 4 years	Collectible between 4 – 5 years	Collectible after 5 years	Total lease and loan receivables
2023							
Gross lease receivables	315	233	166	87	40	–	841
Unearned finance income	(85)	(56)	(32)	(12)	(5)	–	(190)
Net lease receivables before ECL	230	177	134	75	35	–	651
ECL	(8)	(7)	(4)	(1)	(1)	–	(21)
Net lease receivables	222	170	130	74	34	–	630
Loan receivables	484	477	396	263	131	91	1 842
ECL	(32)	(29)	(24)	(17)	(8)	–	(110)
Net loan receivables	452	448	372	246	123	91	1 732
Net lease and loan receivables	674	618	502	320	157	91	2 362

The carrying amount of the lease and loan receivables approximate fair value as the rates inherent in the agreements are market related and are the same rates used to present value the total amount owing under the agreements to their carrying amounts.

12. LEASE AND LOAN RECEIVABLES CONTINUED

Analysis of movement in loan receivables before ECL

	Loan receivables	
Rm	**2024**	2023
Balance as at 1 October	**1 842**	1 747
Impact on statement of cash flows		
Cash received from loan receivables	**(769)**	(660)
Cash invested in loan receivables	**663**	815
Cash received from sale of loan receivables	**–**	(42)
Written off against ECL	**(9)**	(18)
Transfer between categories	**111**	–
Balance as at 30 September	**1 838**	1 842

Analysis of movement in the ECL

Rm	**2024**	2023
Carrying amount as at 1 October	**(131)**	(101)
Movement in the ECL		
Released/(raised) during the year through the statement of profit or loss	**12**	(48)
Utilised	**9**	18
Carrying amount as at 30 September	**(110)**	(131)

Credit risk management

Credit risk is managed through ongoing credit evaluations of the financial condition of the underlying customers. The granting of credit is controlled through appropriate credit vetting procedures undertaken at the time of the credit application.

Concentrations of credit risk consist principally of loans to franchises and rental receivables. Credit concentration risk with respect to these is reduced due to the large number of customers underpinning these lease and loan receivables.

These customers are spread across various industry types and different geographical areas, the majority of which are in South Africa. The Group's fundamental principles to manage credit risk include:

- Adherence to the Group's lending philosophy;
- A clear definition of the Group's target market;
- A qualitative and quantitative assessment of the creditworthiness of the Group's counter-parties and security offered;
- Appropriate credit granting criteria;
- An analysis of related risks, including those associated with concentration;
- Proactive and regular monitoring of existing and potential exposures once the facilities have been approved;
- Active management of defaulting borrowers, with a primary focus on rehabilitation, complemented by efficient realisation of collateral in the event of continuing default, such that collateral value is protected and potential loss minimised;
- Legal transfer of the underlying rental agreement with the end-customers and legal ownership of the related assets is transferred from the franchise to Quince; and
- Appropriate recourse mechanisms where either 50% or 100% of any customer default can be recovered from the associated franchise or dealer.

The Group applies the IFRS 9 general approach to measuring expected credit losses (ECL) required in respect of lease and loan receivables.

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

The historic loss ratio is then adjusted for forward-looking information to determine the ECL at the reporting date to the extent that there is a strong correlation between the forward-looking information and the ECL.

Default is triggered when an account is 90 days past due or 3 months in arrears over a 12-month performance period.

12. LEASE AND LOAN RECEIVABLES CONTINUED

Credit risk management continued

ASSUMPTIONS USED IN THE ASSESSMENT OF ECL

The loss given default (LGD) rate used for 2023 was obtained from the quoted recovery rate of the World Bank for South African listed debt of 68,8%. An updated ECL model has been implemented in 2024 utilising ten years worth of historical experience from the actual Quince book which has resulted in an ECL more in line with the performance of Quince's rental book. The LGD applied of 45% was based on externally sourced LGDs for rental asset classes.

In addition to the above, the following assumptions were used in estimating the ECL related to the general approach:

	2024	2023
Probability of default (PD)	**9,0%**	6.3%
Loss given default (LGD)	**45,0%**	68.8%
Exposure at default (EAD) – Amounts receivable at	**Two months before default**	30 September

JUDGEMENTS AND ESTIMATES USED IN THE ASSESSMENT OF ECL

The ECL is based on assumptions about risk of default and expected loss rates. Judgement is required in making these assumptions based on the Group's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

SIGNIFICANT INCREASE IN CREDIT RISK

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers quantitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In assessing the stage categorisation, customers within specific industries likely to experience credit risk were categorised as stage 2 along with receivables that are 30 days overdue and receivables that are 90 days overdue are classified as stage 3.

The LGD is estimated for accounts in default and applied to Stage 1 and Stage 2. There are three primary classes of LGDs commonly employed: internal data-based workout analysis, market-based estimates, and implied market LGDs. The LGD modelling approach utilised is based on internal data-based workout analysis and involves several factors such as recoveries, direct costs and discount factor. Furthermore, the data used to estimate the LGD covers a period from 2020 to 2024.

FORWARD-LOOKING INFORMATION

The model ECL is derived by applying past due information to determine whether a significant increase in credit risk has occurred. In order to assess the impact of forward-looking information, management used a South African credit bureau, Experian, to identify expected credit trends per sector and which industries were considered to be likely to experience future adverse credit risk. This resulted in an increase in the ECL considered for these riskier sectors. No borrower specific information was applied in making this determination, and accordingly no credit risk concentration was identified.

CATEGORISATION OF STAGES

The following is a categorisation of the different stages in accordance with IFRS 9:

		Expected credit losses			
Rm	Carrying amount before ECL	Stage 1	Stage 2	Stage 3	Net carrying amount after ECL
September 2024	**2 385**	**(8)**	**(44)**	**(58)**	**2 275**
Lease receivables	**547**	**(3)**	**(7)**	**(6)**	**531**
Loan receivables	**1 838**	**(5)**	**(37)**	**(52)**	**1 744**
September 2023	2 493	(22)	(51)	(58)	2 362
Lease receivables	651	(5)	(11)	(5)	630
Loan receivables	1 842	(17)	(40)	(53)	1 732

ANALYSIS OF MOVEMENT IN ECL STAGES

2024	Expected credit losses			
Rm	Stage 1	Stage 2	Stage 3	Total
Carrying amount as at 1 October 2023	22	51	58	131
(Released)/raised during the period through the statement of profit or loss	(12)	–	–	(12)
Utilised	(2)	(7)	–	(9)
Carrying amount as at 30 September 2024	**8**	**44**	**58**	**110**

13. TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts due from customers across all three segments of the Group. The Group recognises the ECL on these receivables as set out below.

Refer to note 27, Financial instruments, for accounting policies relating to financial assets. The carrying amount of these financial assets approximate fair value because of the short-term maturity of these assets.

Rm	2024	2023
Trade and other receivables		
Trade receivables	**3 148**	2 476
Contract assets[1]	**290**	275
Prepayments and other receivables	**309**	438
ECL[2]	**(117)**	(155)
Net trade and other receivables[3]	**3 630**	3 034

[1] *Contract assets are mainly in the AE Segment comprising of the Group's Renewables and Defence entities. Refer to note 1, Revenue, for further details.*
[2] *The ECL for trade receivables amounts to R108 million (2023: R140 million) and contract assets R9 million (2023: R15 million).*
[3] *Refer to note 27, Financial instruments, for an analysis of trade and other receivables.*

Contract assets under IFRS 15

Rm	2024	2023
Carrying amount before ECL as at 1 October	**275**	214
Acquisition of businesses	**–**	82
Disposal of subsidiary	**–**	(77)
Raised	**128**	325
Recognised as trade receivables	**(113)**	(269)
Carrying amount before ECL	**290**	275
ECL	**(9)**	(15)
Net carrying amount as at 30 September	**281**	260

The Group expects to invoice customers the balance of the contract assets in the 2025 financial year.

The movement in the ECL for the reporting period is charged to the statement of profit or loss. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss in the year recovered.

Measurement of ECL

The Group has consistently applied the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss model for all trade receivables. The ECL is based on assumptions about risk of default and expected loss rates.

The Group has a diversified customer base and policies are in place to ensure that sales are made to customers with an appropriate credit and payment history. A large portion of the Group's revenues are generated in South Africa, with the balance of the Group's revenue arising from sales to the rest of Africa, America, Australia, Asia and Europe. There are no other significant geographical concentrations of credit risk outside of South Africa. Management of the Group's business units regularly review the receivables age analysis and follows up on overdue receivables.

ECLs are calculated by using a provision matrix and applying a loss ratio to each of the Group's subsidiaries' age analysis of trade receivables and contracts. These have been aggregated into groupings that represent, to a large degree, how the Group manages its receivables and contract assets, major risk type and similarities in risk and this illustrates the spread of credit risk at each reporting date. The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations.

The historic loss ratio is then adjusted for forward-looking information which includes inflation, country GDP and interest rate. The historic write-offs are then assessed for a strong correlation against these economic factors to ascertain if an adjustment is required for these forward-looking expectations. Management typically considers trade receivables aged in excess of 90 days past due (where the excessive ageing is not caused by administrative delays that are within the control of the Group), and those handed over to the Group's attorneys for legal collection processes, to be in default and accordingly increase the allowance for ECL raised on these receivables.

13. TRADE AND OTHER RECEIVABLES CONTINUED

The ECL applied to trade receivables is set out below.

Analysis of trade receivables

Rm	Gross	ECL	Net	Average ECL ratio %
2024				
Insured trade receivables covered by trade credit insurance	**617**	**(1)**	**616**	**–**
Individuals/contractors and small businesses (SMMEs)	**519**	**(52)**	**467**	**10**
Mines/large businesses	**1 353**	**(28)**	**1 325**	**2**
State owned entities/government	**476**	**(20)**	**456**	**4**
Municipalities	**104**	**(7)**	**97**	**7**
Financial institutions	**79**	**–**	**79**	**–**
Total	**3 148**	**(108)**	**3 040**	**3**
2023				
Insured trade receivables covered by trade credit insurance	467	(1)	466	–
Individuals/contractors and small businesses (SMMEs)	477	(47)	430	10
Mines/large businesses	1 158	(51)	1 107	4
State owned entities/government	277	(31)	246	11
Municipalities	74	(10)	64	14
Financial institutions	23	–	23	–
Total	2 476	(140)	2 336	6

Changes in ECL

The gross trade receivables book increased however the corresponding ECL declined. The lack of correlation between the two is mainly due to the higher sales volume during September 2024 while the ECL has decreased due to the Group's emphasis on collection of overdue receivables and the utilisation of the ECL.

Credit quality of trade receivables

Trade receivables are written off when the Group has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recoverability. There is no reasonable expectation of recoverability when there is no progress in the legal collection processes. This is assessed individually by each subsidiary.

Analysis of movement in the ECL

Rm	2024	2023
Carrying amount as at 1 October	**(155)**	(165)
Released/(raised) during the year through the statement of profit or loss	**9**	(22)
Utilised	**14**	35
Acquisition of businesses	**–**	(14)
Disposal of subsidiary	**4**	–
Exchange rate difference	**11**	11
Carrying amount as at 30 September	**(117)**	(155)

13. TRADE AND OTHER RECEIVABLES CONTINUED

Aging of past due (the period after normal credit terms) but not impaired receivables classified into major risk types

Rm	Insured trade receivables covered by trade credit insurance	SMMEs	Mines/large businesses	State owned entities/ government	Municipalities	Financial institutions	Total
2024							
1 – 30 days	**49**	**79**	**218**	**63**	**8**	**18**	**435**
31 – 60 days	**10**	**9**	**41**	**40**	**11**	**4**	**115**
61 – 90 days	**9**	**1**	**8**	**35**	**10**	**–**	**63**
90+ days	**3**	**65**	**121**	**127**	**21**	**1**	**338**
Total	**71**	**154**	**388**	**265**	**50**	**23**	**951**
2023							
1 – 30 days	5	38	63	43	1	–	150
31 – 60 days	42	33	22	5	–	–	102
61 – 90 days	16	13	10	3	1	–	43
90+ days	22	19	98	13	10	–	162
Total	85	103	193	64	12	–	457

14. DEFERRED TAX ASSETS AND LIABILITIES

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination;
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
  - at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Deferred tax is recognised in the statement of profit or loss, except when it relates to items credited or charged to other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Movement in deferred tax

Rm	Note	**2024**	2023
Net liability as at 1 October		**(70)**	(49)
Current year release	5	**50**	58
Deferred tax recognised directly in equity		**38**	12
Adjustments arising from prior years	5	**(4)**	(1)
Acquisition of businesses	28	**–**	(85)
Disposal of subsidiary	29	**–**	(5)
Tax rate change[1]	5	**5**	–
Exchange rate differences		**(1)**	–
Net asset/(liability) as at 30 September		**18**	(70)
Represented by:			
Deferred tax assets		**275**	202
Deferred tax liabilities		**(257)**	(272)
		18	(70)

[1] *The tax rate change originates from the Group's foreign subsidiary, Metal Fabricators of Zambia PLC (Zamefa). The Zambian Government changed the rate on 27 September 2024 from 15% to 20%.*

14. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

Judgement is applied in determining whether deferred tax assets are recognised. Deferred tax assets are recognised only if there is convincing evidence that there will be sufficient taxable profits in future years to recover the assets.

The Group has concluded that the deferred assets recognised will be recoverable using the estimated future taxable income based on the approved business plans and budgets of the various entities.

Analysis of deferred tax

Rm	2024	2023
Capital allowances	**(300)**	(315)
Provisions, impairments and accruals	**190**	212
Advance income offset by allowed future expenditure	**(19)**	(18)
Unused tax losses	**73**	42
Share-based payments	**101**	34
Translation losses on investment in foreign subsidiary in other comprehensive income	**(22)**	(21)
Unrealised forex gains	**(5)**	(4)
Net asset/(liability) as at 30 September	**18**	(70)

The total unused tax losses for the Group is R270 million (2023: R154 million). Of the R270 million, R207 million (2023: R58 million) (gross amount) relates to entities which have incurred losses over the last two financial years.

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for these entities. These entities are expected to generate taxable income from 2025 onwards. These losses can be carried forward indefinitely and have no expiry date.

15. INVENTORY

Inventory comprises raw materials (including component parts used in the process of manufacture), finished goods (completed products including energy and telecommunications cables, low voltage products, radars, fuzes and communication systems) and work in progress (cost of raw materials, components, goods and other overheads consumed in the manufacturing process to produce finished goods). Merchandise comprises inventory purchased from suppliers in its finished state, which is re-sold by the Group as part of its product and service offerings.

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the following bases:

- First-in, first-out (predominantly in the EE Segment);
- Weighted average (predominantly in the AE Segment); or
- Standard cost (in the ICT, EE and AE Segments).

Standard costs are assessed on an ongoing basis and updated when required to approximate actual cost. Cost includes direct material costs together with appropriate allocations of labour and overheads based on normal operating capacity.

Obsolete, redundant and slow-moving inventory is identified on a regular basis and is impaired to its estimated net realisable value. Consumables are written down with regard to their age, condition and utility.

Work in progress is valued at the lower of actual cost and net realisable value. Cost comprises direct materials, labour, expenses and a proportion of overhead expenditure.

Rm	2024	2023
Raw materials, components and consumables	**863**	936
Finished goods	**495**	537
Merchandise	**166**	186
Work in progress	**659**	771
Carrying amount before allowance for obsolete and slow-moving inventory	**2 183**	2 430
Allowance for slow-moving and obsolete inventory	**(183)**	(192)
Net carrying amount as at 30 September	**2 000**	2 238

16. NET CASH AND CASH EQUIVALENTS

The Group considers the following in its composition of cash and cash equivalents: cash on hand, deposits held at call with financial institutions, bank overdrafts and other short-term borrowings.

Rm	2024	2023
Cash and cash equivalents[1]	1 832	1 298
Other short-term borrowings[2]	–	(127)
Net cash and cash equivalents per the statement of cash flows	1 832	1 171

[1] *Included in net cash and cash equivalents are foreign denominated bank balances. These amounts are reflected in the table below in Rand, being the foreign denominated amount converted at the year-end exchange rates.*

[2] *These amounts include overdraft and overnight call facilities with major financial institutions. These amounts form an integral part of the Group's cash management and are considered to form part of net cash and cash equivalents.*

Foreign denominated balances included in cash and cash equivalents in Rand

Rm	2024	2023
US Dollars	387	326
Euros	40	159
Other	4	53
Total	431	538

17. SHARE CAPITAL

Equity instruments

Equity instruments are considered to be any contract that evidences a residual interest in the Group's assets after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of any direct costs incurred on the issue. Equity is not subsequently remeasured.

Empowerment shares

Empowerment shares are equity instruments in Reunert Limited which are held by Bargenel, the Group's empowerment vehicle which is consolidated by the Group. As required under IFRS 2 Share-based Payments (IFRS 2), should shares be issued by this vehicle, the cost of these shares will be charged to profit or loss.

Treasury shares

Treasury shares are equity instruments of Reunert Limited held by a subsidiary of the Group.

The repurchase of Reunert Limited's own equity instruments is recognised as a deduction from equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of its own equity instruments.

Authorised share capital

235 000 000 ordinary shares of no par value (2023: 235 000 000).

Issued share capital

On 30 September 2024, the Group received the first tranche of shares from the equity forward contract (2 303 880 of the 2 346 930) taken out in 2020 for a total consideration of R74 million. The 2 303 880 shares repurchased were simultaneously cancelled, delisted and reverted to the authorised unissued share capital of Reunert. The remaining 43 050 relating to the retention plan will be received in the 2025 financial year. The Group will either cancel these shares in the 2025 financial year or utilise them to settle the CSP's obligation to participants.

Number of shares	2024	2023
Ordinary shares of no par value		
As at 1 October	184 969 196	184 969 196
Transfer from equity forward contract	(2 303 880)	–
As at 30 September	182 665 316	184 969 196

17. SHARE CAPITAL CONTINUED

Issued share capital continued

Rm	2024	2023
As at 1 October	**389**	389
Transfer from equity forward contract	**(74)**	–
As at 30 September	**315**	389
Empowerment shares		
Reunert shares held by Bargenel: 24 049 076 (2023: 24 049 076)	**(554)**	(554)
Treasury shares		
Reunert shares held by a subsidiary: 1 483 748 (2023: 1 483 748)	**(169)**	(169)
Share-based payment reserves		
As a result of IFRS 2 Share-based Payments		
As at 1 October	**233**	216
Share-based payment expense in respect of the Group's CSP	**94**	36
Shares acquired for the CSP	**(25)**	(4)
Transfer to retained earnings	**15**	(15)
As at 30 September	**317**	233

Conditional Share Plan

The CSP was introduced in 2012 and governs the allocation of options for Reunert ordinary shares at a stated price of Rnil, under two broad schemes:

- A performance scheme, granted only to selected senior Group and business unit executives; and
- A retention scheme, granted to selected senior Group and business unit executives and specialist (key) employees.

These plans are equity settled share-based payments.

The measurement criteria for the vesting of options issued under the performance scheme are a combination of real growth in normalised headline earnings per share (NHEPS) (50% weighting), total shareholder return (TSR) (25% weighting) and return on capital employed (ROCE) (25% weighting). These performance units vest four years from grant date.

No performance conditions are attached to the retention options. 50% of the retention options issued vest after four years from the date of issue and the remaining 50% after five years, with the sole condition being the recipient must remain within the employ of the Reunert Group.

The fair value of retention shares granted to employees is measured by use of a log-normal method and the fair value of the performance shares granted to senior executives is valued using a bespoke Monte Carlo simulation model. Both valuations are undertaken by an external valuation expert.

Judgements

Judgement is required in assessing the factors that impact the annual share-based payments expense to be charged to the statement of profit or loss.

This judgement is exercised by determining the probability of units vesting in terms of the performance schemes in as far as the attainment of the NHEPS and ROCE targets are concerned. The judgements include:

- Assessing the expected forecasted share price, dividend yield, risk-free interest rate, consumer price index and the comparative performance of the companies used in the index for the measurement of TSR;
- Volatility was estimated using the daily closing share price and the dividend yield was estimated by using the average dividend yield over the year prior to the valuation date;
- For on-market conditions (TSR), the number of units expected to vest is assessed at inception of the arrangement by applying an initial unit valuation to the number of units expected to vest which is then applied evenly over the vesting period in order to determine the expected annual cost of the units granted over their vesting period; and
- The probability of vesting of units linked to non-market conditions (NHEPS and ROCE growth) is reassessed annually, NHEPS by an independent valuation expert and ROCE is determined by management using the latest budget approved by the Board and a long-term forecast prepared by management, in order to determine the number of units still expected to vest. The probability of vesting percentage so determined is applied to the initial unit valuation in order to remeasure the cost to be charged to profit or loss over the vesting period.

17. SHARE CAPITAL CONTINUED

Conditional Share Plan continued

	Fair value per unit on inception R	Number of unvested units at the beginning of the year Thousands	Units granted during the year Thousands	Units vested during the year[1] Thousands	Units expired/ forfeited during the year Thousands	Number of unvested units at the end of the year Thousands
2024						
Issued on 19 November 2018						
Key – retention	59,25	42	–	(42)	–	–
Issued on 10 February 2020						
Key – retention	31,05	67	–	(33)	(1)	33
Executive – performance	28,18	860	–	(328)	(532)	–
Issued on 30 September 2020						
Key – retention	18,56	70	–	–	(2)	68
Executive – performance	18,04	1 814	–	–	(46)	1 768
Issued on 22 November 2021						
Key – retention	30,65	86	–	–	(3)	83
Executive – performance	27,75	1 251	–	–	(38)	1 213
Issued on 24 November 2022						
Key – retention	31,93	98	–	–	(8)	90
Executive – performance	32,06	1 583	107	–	(57)	1 633
Issued on 23 November 2023						
Key – retention	47,59	–	81	–	–	81
Executive – performance	47,61	–	1 456	–	(25)	1 431
Total		5 871	1 644	(403)	(712)	6 400

[1] *During the financial year ended 30 September 2024, the 2019 Executive Performance and 50% of the Retention Scheme vested at a share price of R61.*

17. SHARE CAPITAL CONTINUED

Conditional Share Plan continued

	Fair value per unit on inception R	Number of unvested units at the beginning of the year Thousands	Units granted during the year Thousands	Units vested during the year Thousands	Units expired/ forfeited during the year Thousands	Number of unvested units at the end of the year Thousands
2023						
Issued on 20 November 2017						
Key – retention	47,21	42	–	(42)	–	–
Issued on 19 November 2018						
Key – retention	59,25	77	–	(33)	(2)	42
Executive – performance	50,46	775	–	(19)	(756)	–
Issued on 10 February 2020						
Key – retention	31,05	69	–	–	(2)	67
Executive – performance	28,18	921	–	–	(61)	860
Issued on 30 September 2020						
Key – retention	18,56	72	–	–	(2)	70
Executive – performance	18,04	1 971	–	–	(157)	1 814
Issued on 22 November 2021						
Key – retention	30,65	88	–	–	(2)	86
Executive – performance	27,75	1 339	–	–	(88)	1 251
Issued on 24 November 2022						
Key – retention	31,93	–	98	–	–	98
Executive – performance	32,06	–	1 663	–	(80)	1 583
Total		5 354	1 761	(94)	(1 150)	5 871

The valuations were performed by Lydia Greef (M.Sc. in Mathematics of Finance) of the Financial Modelling Agency.

17. SHARE CAPITAL CONTINUED

Conditional Share Plan continued

The volatility of the return on the Company shares was estimated as the annualised standard deviation of daily log returns of the share price over the four years prior to the valuation date. No forfeitures were used in the models.

The inputs into the models were as follows:

	Share price at issue R	Expected volatility %	Expected option life Years	Expected dividend yield %	Risk free interest rate %
September 2020					
Retention	28,63	30,85	4/5	9,54	The risk free rate for the key and executive options varies from 3,300% (year 1) to 5,046% (year 5) and is based on a yield curve bootstrapped from JIBAR, FRA and swap rates obtained from Bloomberg on 30 September 2020
Performance	28,63	30,85	4	9,54	
November 2021					
Retention	51,46	34,65	4/5	6,40	The risk free rate for the key and executive options varies from 4,161% (year 1) to 6,292% (year 5) and is based on a yield curve bootstrapped from JIBAR as published at SAF, and the FRA and swap rates obtained from Bloomberg on 22 November 2021
Performance	51,46	34,65	4	6,40	
November 2022					
Retention	44,95	34,69	4/5	6,88	The risk free rate for the key and executive options varies from 7,600% (year 1) to 8,780% (year 5) and is based on a yield curve bootstrapped from JIBAR as published at SAF, and the FRA and swap rates obtained from Refinitiv on 24 November 2022
Performance	44,95	34,69	4	6,88	
November 2023					
Retention	**62,49**	**32,93**	**4/5**	**5,12**	The risk free rate for the key and executive options varies from 8,447% (year 1) to 8,852% (year 5) and is based on a yield curve bootstrapped from JIBAR, FRA and swap rates obtained from Refinitiv on 23 November 2023
Performance	**62,49**	**32,93**	**4**	**5,12**	

18. BORROWINGS AND LEASE LIABILITIES

Borrowings

Borrowings are recognised initially at fair value including transaction costs incurred and are subsequently stated at amortised cost using the effective interest method. The carrying amounts of borrowings approximates fair value as it is determined using market related rates.

The Group's borrowings include a term debt facility, a revolving credit facility and a general banking facility (details disclosed below), all of which are governed by a Common Terms Agreement and accompanied by financial covenants which the Group is required to measure and report against on a semi-annual basis to the lenders.

The Group has complied with all the financial covenants relating to the long-term funding arrangement for the financial year ended 30 September 2024.

AVAILABLE FACILITIES

Funding details	Date obtained	Term	Interest terms[2]	2024 Rm	2023 Rm
Term debt[1]	30 September 2023	5 years, repayable 30 September 2028	3 month JIBAR plus 155 basis points	**750**	750
	2 November 2023	2 years, repayable 1 November 2025	3 month JIBAR plus 190 basis points	**300**	–
	2 November 2023	3 years, repayable 1 November 2026	3 month JIBAR plus 210 basis points	**250**	–
Revolving credit[1]	30 September 2023	5 years from withdrawal	3 month JIBAR plus 155 basis points	**850**	850
	2 November 2023	1 year from withdrawal	3 month JIBAR plus 170 basis points	**200**	–
General banking[1]	30 September 2023	12 months with automatic renewal and 6 months notice period to cancel	2,0%-2,25% below the prime overdraft rate	**650**	650
	2 November 2023	1 year from withdrawal	2,2% below the prime overdraft rate	**100**	–
Total available facilities				**3 100**	2 250

[1] *In the current financial year, the Group increased the facilities through its subsidiary Quince (term debt by R550 million, revolving credit by R200 million and the general banking facility by R100 million (committed facility of R75 million and uncommitted facility of R25 million)).*

[2] *A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 30 September 2024 was indexed to JIBAR. The SARB indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments The new ZARONIA rate was published for observation during 2022 and was endorsed as a successor rate in 2023. The formal announcement of the cessation of JIBAR as a reference rate is expected in 2025, allowing the ZARONIA market to develop in derivative and cash products during 2023 and 2024. The cessation date of JIBAR as a reference rate is expected to be after 2025.*

The Group has utilised R1 300 million (2023: R750 million) of the term debt facility, Rnil (2023: R400 million) of the revolving credit facility and Rnil (2023: Rnil) of the general banking facility as at 30 September 2024.

The revolving credit facility of R400 million was repaid in the current financial year, but remains available for future utilisation.

Rm	2024	2023
Borrowings		
Total non-current borrowings	**1 296**	1 146

R747 million (2023: R1 146 million) of the above borrowings are secured by Reunert Limited and Reunert Finance Company (Pty) Ltd (the Group's treasury company) having issued guarantees to the financial institutions providing the financial facilities under the Common Terms Agreement. No further securities have been provided.

R549 million (2023: Rnil) have no security, apart from a negative pledge over Quince's assets. The facilities have no recourse to the assets of the broader Reunert Group.

18. BORROWINGS AND LEASE LIABILITIES CONTINUED

Lease liabilities

Lease liabilities comprise of property related contracts and rental of fibre and fixed telecommunication lines in the ICT Segment.

Lease liabilities are recognised for all leases unless the initial lease term is 12 months or less or the fair value of the underlying asset has a monetary threshold below R100 000 at the commencement date of the lease.

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 lessee's incremental borrowing rate; and any initial direct costs incurred.

Lease payments are allocated using the incremental borrowing rate implicit in the lease to determine the lease finance cost, which is charged to the statement of profit or loss over the term of the relevant lease, and the capital payment, which reduces the liability to the lessor. The weighted average borrowing rate in the current year was 11,1% (2023: 11,8%).

Rm	2024	2023
Lease liabilities		
Total lease liabilities	**322**	329
Less: current portion	**(116)**	(129)
Non-current lease liabilities	**206**	200
Amounts payable under leases		
Gross minimum lease payments	**392**	366
< 1 year	**144**	141
1 – 5 years	**232**	201
> 5 years	**16**	24
Less: future finance costs	**(70)**	(37)
< 1 year	**(28)**	(12)
1 – 5 years	**(40)**	(23)
> 5 years	**(2)**	(2)
Net minimum lease payments	**322**	329
< 1 year	**116**	129
1 – 5 years	**192**	178
> 5 years	**14**	22

The Group's obligations under the lease liabilities are secured by the lessors' title to the leased assets. The carrying amount of the assets under these lease agreements is R258 million (2023: R263 million).

During the current financial year, lease expenses related to low value assets and short-term leases amounted to R28 million (2023: R29 million).

Analysis of liabilities

	Lease liabilities		Borrowings	
Rm	2024	2023	2024	2023
Reconciliation of liabilities				
Balance as at 1 October	**329**	166	**1 146**	78
Impact on the statement of cash flows				
Raised	**–**	–	**550**	2 028
Settlements	**(140)**	(121)	**(484)**	(677)
Interest expense	**34**	24	**84**	25
Lease liabilities raised	**81**	144	**–**	–
Remeasurement of lease liabilities	**18**	3	**–**	–
Transfer	**–**	–	**–**	(4)
Acquisition of businesses	**–**	117	**–**	52
Disposal of subsidiary	**–**	(4)	**–**	(356)
Balance as at 30 September	**322**	329	**1 296**	1 146
Less: current portion	**(116)**	(129)	**–**	–
Non-current portion	**206**	200	**1 296**	1 146

19. SHARE-BASED PAYMENT LIABILITIES

Rm	2024	2023
Share-based payment liabilities	**122**	54
ESOP – non-current[1]	**68**	25
Retention – non-current	**–**	29
Retention – current	**54**	–

[1] *During the current financial year, there was a settlement of the ESOP share-based payment liability of R3 million (2023: R3 million)*

ESOP

In the 2022 financial year, the Group implemented its broad-based black economic empowerment transaction (BBBEE) through Rebatona Investment Holdings (Pty) Ltd in accordance with the shareholder approvals received at the February 2022 AGM.

Judgement is required in assessing the factors that impact the share-based payment expense to be charged to the statement of profit or loss.

The judgement and the related estimates below are exercised in the calculation of the charge for the year:

- The probability of units vesting;
- The expected attrition rate of employees;
- The expected share price at the date of vesting;
- The expected dividend yield over the vesting period;
- The risk free interest rate; and
- Expected share price volatility.

Share price volatility was estimated using the daily closing share price and the expected dividend yield was estimated by using the average dividend yield, over the year prior to the valuation date.

The value of these cash settled ESOP shares is recognised and measured as a liability at fair value. The fair value of ESOP shares granted to employees was measured by use of a Monte Carlo valuation technique which incorporates the variables outlined above. This valuation is undertaken by the Group's external valuation expert Lydia Greef (M.Sc. in Mathematics of Finance) of the Financial Modelling Agency. The corresponding expense is recognised in the statement of profit or loss.

The inputs into the model were as follows:

	Share price at issue R	Expected volatility %	Expected option life Years	Expected dividend yield %	Risk free interest rate %
2024	**50,13**	**35,79**	**5**	**4,66**	**7,51**
2023	50,13	34,10	5	5,65	9,28

Summary of units per the ESOP share scheme:

	Fair value per unit at inception R	Number of unvested units at the beginning of the year Thousands	Units granted during the year Thousands	Units vested during the year Thousands	Units expired/ forfeited during the year Thousands	Number of unvested units at the end of the year Thousands
2024	**50,13**	**7 140**	**–**	**–**	**(781)**	**6 359**
2023	50,13	8 045	–	–	(905)	7 140

Retention scheme

The Group has issued certain cash settled options to various senior and executive employees in terms of a retention plan.

In terms of the scheme, eligible employees who remain employed by the Group on 30 November 2024, are entitled to receive the value of their options in cash based on the value of a Reunert Limited share at settlement date.

The value of these cash settled options is recognised and measured as a liability at the fair value of a Reunert Limited share at the end of the reporting period. The corresponding expense is recognised in the statement of profit or loss (using the Reunert Limited share price).

20. PROVISIONS

A provision is raised when a reliable estimate can be made of a present legal or constructive obligation, resulting from a past event, which will probably result in an outflow of economic benefits and there is no realistic alternative to settling the obligation created by the event, which occurred before the reporting period date.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using estimated cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

Rm	Carrying amount as at 1 October 2023	Provisions created	Utilised	Released	Carrying amount as at 30 September 2024
Description of nature of obligation					
Warranties[1]	53	**4**	**(8)**	**(8)**	**41**
Contract-related	21	**21**	**–**	**(15)**	**27**
Total	74	**25**	**(8)**	**(23)**	**68**

[1] *The provision for warranties represents management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations in respect of product warranties. The estimates have been made on the basis of historical warranty trends adjusted for probable risk factors, and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.*

21. TRADE AND OTHER PAYABLES, CONTINGENT CONSIDERATIONS AND CONTRACT LIABILITIES

Trade and other payables

Trade and other payables consist of amounts due to a large number of suppliers spread across diverse industries.

Trade and other payables, certain payroll and other accruals and contingent considerations are classified as financial liabilities and are measured at amortised cost except for contingent considerations which are measured at fair value through profit or loss. Contract liabilities are not classified as financial liabilities.

Refer to note 27, Financial instruments, for the accounting policy relating to financial liabilities.

Rm	2024	2023
Trade payables	**1 868**	1 710
VAT, payroll and accruals	**774**	731
Contingent considerations	**18**	20
Trade and other payables as at 30 September	**2 660**	2 461

The carrying amount of the financial liabilities approximate fair value because of the short-term maturity of these liabilities. Before onboarding any new suppliers, an assessment is made of the potential supplier and a payment limit specific to that supplier is defined. The average credit period received for the purchase of goods is 60 days.

Contingent considerations

Rm	2024	2023
Carrying amount as at 1 October	**52**	42
Raised on acquisition at fair value	**–**	21
Fair value remeasurement	**8**	3
Settlement	**(17)**	(14)
Carrying amount as at 30 September	**43**	52
Less: current portion (included in trade and other payables)	**(18)**	(20)
Non-current portion	**25**	32

These were classified as level 3 instruments in the fair value hierarchy.

21. TRADE AND OTHER PAYABLES, CONTINGENT CONSIDERATIONS AND CONTRACT LIABILITIES CONTINUED

Contingent considerations continued

CONTINGENT CONSIDERATIONS STILL IN EFFECT

The Group has contingent considerations in respect of five previous acquisitions in effect at 30 September 2024.

Rm	
Dopptech[1]	**4**
Plus 1X Solutions (Pty) Ltd (+OneX)[2]	**39**

[1] *The contingent consideration is based on the achievement of certain specific key performance indicators (KPIs) as set out in the sale and purchase agreement.*

[2] *The contingent considerations recognised will be settled in three and five annual tranches respectively based on the achievement of pre-defined future profit targets.*
The contingent considerations were calculated using the discounted cash flow method. The following unobservable inputs were used in the current period to calculate the contingent consideration:
– Revenue growth average of 20% (2023: 18%).

SENSITIVITIES

The sensitivity analysis has been determined based on the Group's exposure to change in revenue targets expected to be achieved and the subsequent impact on the contingent considerations payable at the statement of financial position date.

If the revenue growth rate had been 1% lower and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2024 would decrease by R3 million (2023: R2 million).

If the revenue growth rate had been 1% higher and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2024 would increase by R3 million (2023: R2 million).

Contract liabilities (including advance payments)

Rm	**2024**	2023
Carrying amount as at 1 October	**398**	260
Revenue recognised in respect of opening balance	**(159)**	(187)
Raised during the year	**433**	1 260
Revenue recognised in respect of amounts raised during the year	**(127)**	(943)
Acquisition of businesses	**–**	87
Disposal of subsidiary	**(5)**	(79)
Exchange rate difference	**(2)**	–
Carrying amount as at 30 September	**538**	398
Less: current portion	**(532)**	(392)
Non-current portion	**6**	6

The Group expects to recognise the current portion of the contract liabilities within revenue in the 2025 financial year.

Due to the nature of certain contracts within the AE Segment, advance payments are requested from customers in order to fund the working capital requirements related to these contracts. These advanced payments are recognised as contract liabilities and, where contractually required, these advanced payments are secured by either parent company performance guarantees or bank guarantees.

The advance payment liabilities are reduced through the supply of goods against orders and/or against the achievement of contract milestones.

21. TRADE AND OTHER PAYABLES, CONTINGENT CONSIDERATIONS AND CONTRACT LIABILITIES CONTINUED

Supplier finance arrangements

Trade and other payables include supplier finance arrangements mainly for the purchase of copper cathode from the suppliers in the EE Segment of R604 million (2023: R493 million), all of which suppliers have received payment. Supplier invoices are financed by specified banks and the Group has a responsibility to settle the financed invoices on specified repayment dates, including interest. Indicators which are taken into consideration in this judgement include whether the payment terms in the supplier finance arrangements exceed the normal payment terms offered by the supplier. Where the Group has entered into a supplier finance arrangement, the Group treats it as a non-cash transaction. Therefore these transactions are only reflected in the statement of cash flows under operating activities when there is a repayment towards the supplier finance arrangement which results in an outflow of cash from the Group. Supplier finance terms are 90 days after disbursement. Comparable trade payables ranges between 60 – 90 days.

22. COMMITMENTS

Rm	2024	2023
Capital commitments in respect of property, plant and equipment		
› Contracted	**31**	17
› Authorised but not yet contracted	**114**	94
Total capital commitments in respect of property, plant and equipment	**145**	111

The commitments relating to operating leases were immaterial for the Group for the 2024 financial year.

23. CONTINGENCIES AND GUARANTEES

Contingencies

Contingent liabilities are:

- Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- Present obligations that arise from past events but which are not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - The amount of the obligation cannot be measured with sufficient reliability.

Guarantees

IFRS 17 – Insurance Contracts (IFRS 17) became effective for the Group on 1 October 2023. IFRS 17 replaced IFRS 4 – Insurance Contracts (IFRS 4). The Group previously accounted for financial guarantee contracts as insurance contracts in terms of IFRS 4. On transition to IFRS 17, as specified in the standard, the Group re-evaluated its previous election regarding the accounting for financial guarantee contracts and elected to account for such contracts, on a contract-by-contract basis in terms of IFRS 9. In terms of IFRS 9, financial guarantee contracts will be accounted for as a financial instrument and recognised initially at fair value and subsequently at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Group has assessed all material financial guarantee contracts issued to third parties and concluded that there are no material financial guarantee contracts that need to be recognised in the Group financial statements for the 2023 and 2024 financial years following the change in accounting for financial guarantee contracts.

Performance guarantees do not meet the definition of a financial guarantee contract. Many performance guarantees are issued by the Company on behalf of its subsidiaries to a customer. As the underlying revenue contracts are accounted for under IFRS 15, all liabilities in respect of the expected losses or additional contracts costs beyond those originally anticipated or those consequences of being unable to meet contractual obligations will be accounted for at the operating company and included in the consolidated results of the revenue recognition at the entity level.

The Group has issued the following guarantees:

- Guarantees issued by the Company on behalf of its joint venture of R46 million (2023: R317 million).

These guarantees relate to:

- Advance payments received from customers;
- Performance guarantees in favour of customers; and
- Payment guarantees to suppliers.

In addition to the above, Reunert Limited and Reunert Finance Company (Pty) Ltd (RFCL) as obligors have issued guarantees in favour of lenders for the borrowing facilities disclosed in note 18, Borrowings and lease liabilities. Reunert Limited continues to guarantee a banking facility extended to Zamefa to the value of USD40 million which at year-end exchange rates amounted to R689 million (2023: R753 million).

24. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS

Payable to the directors of the Company by the Company and its subsidiaries for services as directors:

Executive directors and prescribed officers

R'000	Salary	Bonus and performance-related payments	Travel allowances	Retirement fund contributions	Medical contributions	Total	Fair value of CSP at grant date[1]
2024							
AE Dickson	**6 907**	**10 162**	**132**	**374**	**103**	**17 678**	**7 568**
M Moodley	**3 733**	**4 482**	**–**	**394**	**81**	**8 690**	**2 754**
NA Thomson	**5 344**	**6 843**	**–**	**430**	**190**	**12 807**	**4 504**
GW Eddey[2]	**3 169**	**640**	**168**	**326**	**149**	**4 452**	**2 684**
G de Kock[2]	**3 439**	**8 381**[3]	**–**	**334**	**185**	**12 339**	**2 904**
T Raman[2]	**3 227**	**3 168**	**–**	**354**	**190**	**6 939**	**2 656**
	25 819	**33 676**	**300**	**2 212**	**898**	**62 905**	**23 070**
2023							
AE Dickson	6 491	8 639	132	357	97	15 716	4 954
M Moodley	3 542	4 491	–	344	76	8 453	1 672
NA Thomson	5 044	6 366	–	405	167	11 982	2 949
	15 077	19 496	132	1 106	340	36 151	9 575

[1] *The value has been determined using the fair value per unit and the expected vesting probabilities of the non-market conditions (NHEPS and ROCE), and the fair value of the market conditions (TSR) at grant date. For further details relating to the valuation methodologies and assumptions used, refer to note 17, Share capital.*

[2] *The Nomination and Governance Committee concluded that the three segment CEOs are also Prescribed Officers, with effect from 1 October 2023.*

[3] *Includes a sign on payment on his appointment, compensating him for lost benefits from his previous employer, which is linked to a three year retention agreement.*

24. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS CONTINUED

Analysis of CSP

	Number of unvested units as at 1 October 2023	Number of units granted during the year	Number of units vested during the year[1]	Number of units expired during the year	Number of unvested units as at 30 September 2024	Share price at grant date	Date of allocation	Date from which vesting begins
AE Dickson	183 560	–	(69 991)	(113 569)	–	58,95	10/02/2020	21/11/2023
	391 040	–	–	–	391 040[2]	28,63	30/09/2020	21/11/2024
	244 065	–	–	–	244 065	51,46	22/11/2021	25/11/2025
	261 408	–	–	–	261 408	44,95	24/11/2022	22/11/2026
	–	209 656	–	–	209 656	62,49	23/11/2023	23/11/2027
M Moodley	57 170	–	(21 799)	(35 371)	–	58,95	10/02/2020	21/11/2023
	121 790	–	–	–	121 790[2]	28,63	30/09/2020	21/11/2024
	76 015	–	–	–	76 015	51,46	22/11/2021	25/11/2025
	88 237	–	–	–	88 237	44,95	24/11/2022	22/11/2026
	–	76 299	–	–	76 299	62,49	23/11/2023	23/11/2027
NA Thomson	105 620	–	(40 273)	(65 347)	–	58,95	10/02/2020	21/11/2023
	225 000	–	–	–	225 000[2]	28,63	30/09/2020	21/11/2024
	145 275	–	–	–	145 275	51,46	22/11/2021	25/11/2025
	155 598	–	–	–	155 598	44,95	24/11/2022	22/11/2026
	–	124 794	–	–	124 794	62,49	23/11/2023	23/11/2027
GW Eddey[3]	15 520	–	(5 918)	(9 602)	–	58,95	10/02/2020	21/11/2023
	25 000	–	–	–	25 000[2]	28,63	30/09/2020	21/11/2024
	54 785	–	–	–	54 785	51,46	22/11/2021	25/11/2025
	61 414	–	–	–	61 414	44,95	24/11/2022	22/11/2026
	–	74 364	–	–	74 364	62,49	23/11/2023	23/11/2027
G de Kock[3]	–	–	–	–	–	58,95	10/02/2020	21/11/2023
	–	–	–	–	–	28,63	30/09/2020	21/11/2024
	–	–	–	–	–	51,46	22/11/2021	25/11/2025
	106 543	–	–	–	106 543	44,95	24/11/2022	22/11/2026
	–	80 462	–	–	80 462	62,49	23/11/2023	23/11/2027
T Raman[3]	–	–	–	–	–	58,95	10/02/2020	21/11/2023
	65 000	–	–	–	65 000[2]	28,63	30/09/2020	21/11/2024
	54 220	–	–	–	54 220	51,46	22/11/2021	25/11/2025
	57 579	–	–	–	57 579	44,95	24/11/2022	22/11/2026
	–	73 572	–	–	73 572	62,49	23/11/2023	23/11/2027
	2 494 839	639 147	(137 981)	(223 889)	2 772 116			

[1] *During the financial year ended 30 September 2024, the 2019 executive performance scheme vested at a share price of R61.*
[2] *A multiple of 110% was applied to the number of units associated with TSR, due to the Group's over-performance against this measure. This will result in 102,5% of the units vesting.*
[3] *The Nomination and Governance Committee concluded that the three segment CEOs are also Prescribed Officers, with effect from 1 October 2023.*

24. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS CONTINUED

Non-executive directors

R'000	2024	2023
MJ Husain	**1 685**	1 553
T Abdool-Samad	**905**	896
AB Darko (retired February 2023)	**–**	239
LP Fourie	**924**	836
JP Hulley	**847**	799
S Martin	**702**	662
MT Matshoba-Ramuedzisi	**783**	739
TNM Eboka	**531**	501
RJ Boëttger	**693**	571
G Dalgleish (appointed 1 October 2023)	**561**	–
	7 631	6 796

25. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE

Joint ventures are joint arrangements whereby the Group has both joint control of the arrangement and joint rights to the net assets of the joint arrangement together with the joint venture partner. Joint control is the contractually agreed sharing of control of an arrangement, which exists when decisions about the relevant joint venture activities require unanimous consent of the parties sharing control.

The following judgements are applied to determine if the Group has joint control or significant influence over an entity:

- Governance arrangements: whether the Group is represented in executive positions or on the board of directors;
- The nature of substantive or protective rights granted to shareholders, relating to the entity's relevant activities; and
- Whether the Group is exposed, or has rights, to variable returns from its involvement with the entity.

The Group accounts for its interest in its joint venture using the equity method. The Group's interest in its joint venture is initially recognised at cost and subsequently the Group recognises, in its statement of profit or loss or other comprehensive income, its share of the profit or loss and other comprehensive income of its joint venture.

Dividends received from joint ventures and the associates are deducted from the carrying amount of the investment.

Analysis of the Group's interest in the joint venture

The table below reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture:

	Joint venture	
Rm	2024	2023
Carrying amount of Group's interest in joint venture as at 1 October	**–**	9
Cash subscription for shares in Lumika	**50**	–
Capitalisation of loan to joint venture	**139**	–
Other	**–**	(4)
Derecognition of interests as a result of disposal of subsidiary	**–**	(7)
	189	(2)
Share of joint venture profit per the statement of profit or loss	**–**	7
Share of joint venture profit/(loss)	**27**	(32)
Unrecognised share of (profit)/loss from Lumika	**(27)**	39
Dividends received	**–**	(5)
Carrying amount of Group's interest in joint venture as at 30 September	**189**	–

Rm	2024	2023
Joint venture	**189**	–
Investment in joint venture	**189**	–

25. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE CONTINUED

Analysis of the Group's interest in the joint venture continued

In the current financial year, the Group subscribed for R189 million worth of shares in Lumika. The investment was made in cash (R50 million) as well as through the capitalisation of the Group's existing loan (R139 million) to Lumika.

The Group concluded that it should not immediately recognise its cumulative share of previously unrecognised losses amounting to R46 million following the additional investment in Lumika as the additional investment did not relate to the funding of prior losses. Accordingly, these losses will only be recognised against its share of future profits in Lumika until its share of the profits equals the share of losses not recognised.

In the 2024 financial year, the Group's cumulative loss of R46 million was reduced to R19 million as a result of Lumika making a profit of R53 million, of which the Group's share was R27 million, for the year ended 30 September 2024.

The below table represents the Group's interest in its joint venture:

Entity name	Nature of relationship	Nature of activity	Place of business	Interest % 2024	Interest % 2023
Lumika Renewables (Pty) Ltd	Joint venture	Renewable energy solutions in the form of solar and hybrid build-own-operate projects	Constantia, Cape Town, Western Cape, South Africa	**50,1**	50,1

25. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE CONTINUED

	Joint venture			
	2024		2023	
Rm	Total	Group's share	Total	Group's share
Extract from the statement of profit or loss and other comprehensive income				
Revenue	**669**	**335**	25	11
Depreciation and amortisation	**30**	**15**	4	2
Interest income	**10**	**5**	16	8
Interest expense	**18**	**9**	5	2
Other expenses	**135**	**68**	17	8
Tax charge	**3**	**2**	3	1
Profit/(loss) after tax for the year	**53**	**27**	(62)	(31)
Other comprehensive income	**–**	**–**	–	–
Total comprehensive income	**53**	**27**	(62)	(31)
Extract from the statement of financial position				
Non-current assets	**636**	**319**	525	294
Current assets (excluding cash)	**229**	**115**	441	222
Cash and cash equivalents	**242**	**121**	57	35
Total assets	**1 107**	**555**	1 023	551
Non-current financial liabilities	**(208)**	**(104)**	(430)	(241)
Other non-current liabilities	**(24)**	**(12)**	(9)	(4)
Current financial liabilities	**(120)**	**(60)**	(262)	(133)
Other current liabilities	**(75)**	**(38)**	(100)	(57)
Equity	**(680)**	**(341)**	(222)	(116)

Reconciliation of equity share to investment in joint venture

Rm	2024
Group's share of total equity	**341**
Adjustments of TFS equity interest in Lumika[1]	**(73)**
Unrecognised share of loss from Lumika	**19**
Profit on disposal of TFS not recognised[1]	**(98)**
Carrying amount of Group's interest in joint venture as at 30 September	**189**

[1] *The Group subscribed for a 50,1% interest in Lumika and simultaneously sold a minority interest in TFS (a group-controlled entity) to Lumika in 2021. The Group continued to retain control over TFS after the minority sale to Lumika and accordingly consolidated the results of TFS into the Group until disposal of its remaining interest to Lumika in September 2023. The Group elected to account for the duplicated equity interest of TFS included in its investment in Lumika as a reduction to the investment in Lumika in its consolidated results.*

26. RELATED PARTY TRANSACTIONS

Annexure A provides information about the Group's structure, including details of the subsidiaries and the holding company.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Rm	Relationship	Sales	Purchases	Lease payments made	Dividends received	Amounts owed by related parties[1]	Amounts owed to related parties
2024							
Terra Firma Solutions (Pty) Ltd	Joint venture	**37**	**2**	**–**	**–**	**–**	**–**
2023							
Lumika Renewables (Pty) Ltd	Joint venture	–	–	–	–	280[2]	–
Lexshell 661 Investments (Pty) Ltd	Joint venture	–	–	7	5	–	–
Nova One Energy Solutions (Pty) Ltd	Joint venture	2	–	–	–	–	–
MRKT Energy One (Pty) Ltd	Associate	4	–	–	–	–	–
Terra Firma Solutions (Pty) Ltd	Joint venture	–	–	–	–	2	12

[1] *The amounts owing by the joint ventures and associates were tested for impairment, and no impairment was required.*

[2] *Included in the R280 million is the following:*
– A R141 million receivable for the sale of RIC 2 and the TFS group. This was disclosed in trade and other receivables in the 2023 financial year. The amount has been received in the current financial year.
– A loan of R139 million issued to Lumika in the 2023 financial year. The loan bears no interest and is classified as a financial asset. The loan was capitalised to the investment in joint venture during the current financial year.

27. FINANCIAL INSTRUMENTS

Financial instruments recorded in the statement of financial position include cash and cash equivalents, investments, trade and other receivables, trade and other payables, loans and derivative financial instruments (including put and call options and forward exchange contracts), investments at fair value through profit and loss and contingent purchase consideration arising from business combinations.

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through the statement of profit or loss) as appropriate, on initial recognition.

Financial assets – classification, recognition and measurement

CLASSIFICATION

Classification of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its financial assets:

RECOGNITION AND INITIAL MEASUREMENT

Amortised cost

The Group holds these assets to collect contractual cash flows. Cash flows from these assets represent receipts of principal and interest and are measured at amortised cost. Receipts are on predetermined dates.

The effective interest method is a method used to calculate the amortised cost of these financial instruments and to allocate interest income over the relevant financial period.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at FVTPL.

SUBSEQUENT MEASUREMENT

Amortised cost

Interest income from these financial assets is included in finance income. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss.

FVTPL

A gain or loss on a subsequent measurement of a financial asset is recognised in the statement of profit or loss in the period in which it arises.

IMPAIRMENT

The Group recognises an impairment for expected credit losses (ECL) on financial assets that are measured at amortised cost. The ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described below. The exposure at default is represented by the assets' gross carrying amount at the reporting date.

The ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is based on the difference between the contractual cash flows due and those that the Group would expect to receive. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data and assumptions and expectations of future conditions.

27. FINANCIAL INSTRUMENTS CONTINUED

Financial assets – classification, recognition and measurement continued

IMPAIRMENT CONTINUED

The Group uses the general approach in the determination of the ECL for lease and loan receivables. This is a three stage assessment from initial recognition whereby the ECL is calculated based on either a lifetime ECL or a 12 month ECL.

The Group calculates the ECL at initial recognition by considering the consequences and probabilities of defaults only for the next 12 months, rather than the lifetime of the asset. This is stage 1. It continues to apply this method until a significant increase in credit risk has occurred, at which point the impairment is measured based on lifetime ECL. This is stage 2. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the impairment that will result from all possible default events over the expected life of a financial asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised, directly reducing the carrying amount of the financial asset and interest revenue is calculated on the net carrying amount (i.e. net of impairment).

At Quince, the Group's rental finance provider, the ECL is calculated taking into consideration the specific credit risk associated with their receivables.

The ECL model applied by Quince has been aligned to consider forward-looking information to recognise impairment allowances earlier in the lifecycle of a product. This is likely to increase the volatility of impairment allowances as the economic outlook changes, although cash flows and cash losses are expected to remain unchanged.

The following three-stage approach to impairment has been applied in the impairment model:

Stage 1 – the recognition of 12 month ECL, that is the portion of lifetime ECL from default events that are expected within 12 months of the reporting date, if credit risk has not increased significantly since initial recognition.

Stage 2 – lifetime ECL for financial instruments for which credit risk has increased significantly (i.e. when a borrower is more than 30 days past due) since initial recognition.

Stage 3 – lifetime ECL for financial instruments which are credit impaired (i.e. when a borrower is more than 90 days past due) and those handed over to the Group's attorneys for legal collection processes.

Lease and loan receivables are written off when there is no progress in the legal collection processes and when there is no reasonable expectation of recovery.

SIGNIFICANT INCREASE IN CREDIT RISK

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as at the reporting date, with the risk of default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, which includes the credit ratings process the Group has followed and consequences that have lead to the default looking at historical information, for example, payment history, communications and any extended credit provided. Further to the above, forward-looking information, including economic indicators and any subsequent payments, is incorporated in assessing an increase in credit risk.

The Group has the following types of financial assets that are subject to the ECL model:

- Trade and other receivables;
- Lease and loan receivables;
- Other investments and loans;
- Loan to joint venture; and
- Cash and cash equivalents.

Equity instruments – classification, recognition and measurement

CLASSIFICATION

An equity instrument is considered to be any contract that evidences a residual interest in the Group's assets after deducting all of its liabilities.

RECOGNITION AND INITIAL MEASUREMENT

Equity instruments issued by the Group are recorded at the proceeds received net of any direct costs incurred on the issue.

SUBSEQUENT MEASUREMENT

Equity is not subsequently remeasured.

27. FINANCIAL INSTRUMENTS CONTINUED

Equity instruments – classification, recognition and measurement continued

TREASURY SHARES

Treasury shares are equity instruments of the Group that are held by a subsidiary of the Group. Repurchases of the Group's own equity instruments are recognised at the cost the equity instruments were purchased for and deducted directly from equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

EQUITY FORWARD CONTRACT

The contract will be settled by the Group receiving a fixed number of its own equity instruments in exchange for a fixed amount of cash, and the contract is thus considered to be an equity instrument. Changes in the fair value of this instrument are not recognised in the financial statements due to its nature.

Financial liabilities – classification, recognition and measurement

CLASSIFICATION

Financial liabilities include bank overdrafts, borrowings, trade and other payables, financial liabilities that arise from put and call options, lease liabilities, derivative financial liabilities and contingent considerations.

RECOGNITION AND INITIAL MEASUREMENT

Financial liabilities are classified as either:

Financial liabilities at FVTPL

Where non-controlling interests have written put options to sell their interest or part of their interest in a subsidiary of the Group these put options gives rise to a financial liability. The liability is accounted for at the present value of the redemption amount with a corresponding debit to equity. Any subsequent changes in the liability are recognised in profit or loss in the period it arises.

Any contingent consideration arising on acquisition of a subsidiary is included in the cost of the business combination as at the date of acquisition.

Financial liabilities at amortised cost

Trade and other payables are measured at amortised cost using the effective interest method.

SUBSEQUENT MEASUREMENT

Financial liabilities at FVTPL

Subsequent remeasurements of the fair value of the contingent considerations are recognised in the statement of profit or loss in the period it arises.

Financial liabilities at amortised cost

Interest, dividends, losses and gains relating to a financial liability or a component that is a financial liability are recognised as income or expense in the statement of profit or loss. Interest expense is recognised in the statement of profit or loss based on the effective interest method.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expired.

On derecognition of a financial asset or liability, any difference between the carrying amount derecognised and the consideration received or paid is recognised in the statement of profit or loss.

Derivative financial instruments

INTRODUCTION

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates, which it manages using derivative financial instruments. The Group's principal derivative financial instruments are currency option contracts, interest rate swaps and foreign exchange forward contracts.

27. FINANCIAL INSTRUMENTS CONTINUED

Derivative financial instruments continued

FOREIGN CURRENCY TRANSACTIONS

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

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

RECOGNITION AND INITIAL MEASUREMENT

Derivative financial instruments are initially measured at fair value on contract date.

SUBSEQUENT MEASUREMENT

Changes in fair value are recorded in the statement of profit or loss as they arise.

Derivatives are classified as current assets or current liabilities if the remaining maturity of the instruments is less than 12 months and they are expected to be realised or settled within 12 months from the reporting date.

Unless otherwise stated, all financial instruments are disclosed on a gross basis other than where there is a legally enforceable right of offset for recognised financial assets and liabilities and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis. All related financial effects are offset.

Recognised fair value measurements

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are categorised as level 1 instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is categorised as a level 2 instrument.

Level 3: If one or more of the significant inputs on which the valuation is undertaken is not based on observable market data, the instrument is categorised as a level 3 instrument.

Information on the fair value of financial instruments is included in the respective notes.

Rm	**2024**	2023
Significant categories of financial instruments		
Financial assets		
At FVTPL		
Non-current derivative financial asset[2]	**–**	6
Current derivative financial assets[1, 2]	**63**	16
Investment at FVTPL[2]	**54**	54
Other investments and loans[1]	**4**	2
At amortised cost included in:		
Other investments and loans	**36**	36
Loan to joint venture	**–**	139
Lease and loan receivables	**2 275**	2 362
Trade and other receivables	**3 118**	2 569
Cash and cash equivalents	**1 832**	1 298
Non-financial instruments included in:		
Trade and other receivables	**512**	465
Financial liabilities		
At amortised cost included in:		
Non-current		
Borrowings	**(1 296)**	(1 146)
Equity forward contract	**–**	(6)
Lease liabilities	**(206)**	(200)
Current		
Equity forward contract	**(6)**	(22)
Lease liabilities	**(116)**	(129)
Trade and other payables	**(2 264)**	(2 057)
Other short-term borrowings	**–**	(127)

27. FINANCIAL INSTRUMENTS CONTINUED

Derivative financial instruments continued

Rm	2024	2023
***Financial liabilities** continued*		
At FVTPL		
Non-current		
Contingent considerations[2]	**(25)**	(32)
Put option liability[2]	**–**	(23)
Current		
Contingent considerations included in trade and other payables[2]	**(18)**	(20)
Put option liability[2]	**(31)**	–
Derivative financial liabilities[1]	**(18)**	(7)
Non-financial instruments included in:		
Contract liabilities	**(538)**	(398)
Trade and other payables	**(378)**	(384)

[1] *These instruments are considered to be level 2 in the fair value hierarchy.*
[2] *These instruments are considered to be level 3 in the fair value hierarchy.*

There were no financial assets or liabilities settled or extinguished which did not meet the derecognition requirements.

Put option liability

Rm	2024 Level 3	2023 Level 3
Analysis of the carrying amount		
Carrying amount as at 1 October	**23**	–
Acquisition of business – fair value	**–**	17
Recognition of gross NCI put option liability	**–**	37
Fair value remeasurement	**8**	–
Settlement	**–**	(31)
Carrying amount as at 30 September	**31**	23
Less: current portion	**(31)**	–
Non-current portion	**–**	23

As part of the IQbusiness acquisition undertaken in 2023, the Group assumed a put option liability in favour of the non-controlling interests in IQbusiness. The remaining put option is for 12,5% of the issued share capital in a subsidiary of IQbusiness – Tamirox (Pty) Ltd (Tamirox).

The fair value of the put option liability is determined using a discounted cash flow model, taking into account the estimated price of the option at the date the option is likely to be exercised. The estimated exercise price is based on management's best estimate of Tamirox's forecasted EBITDA for the year ended 30 September 2024 applied to the contracted valuation formula contained in the shareholder agreement. The key input used in the valuation is the discount rate of 11,25% (2023: 11,75%), which was determined using the Group's cost of borrowing as at 30 September 2024.

SENSITIVITY

A 1% change in the applied cost of borrowing had a less than R1 million (2023: a less than R1 million) impact on the Group's results.

Call option derivative financial asset

Rm	2024 Level 3	2023 Level 3
Analysis of the carrying amount		
Carrying amount as at 1 October	**6**	–
Acquisition of business – fair value	**–**	12
Settlement	**–**	(6)
Carrying amount as at 30 September	**6**	6
Less: current portion (included in derivative financial assets)	**(6)**	–
Non-current portion	**–**	6

As part of the IQbusiness acquisition, the Group assumed a call option derivative financial asset. The call option requires the non-controlling interest in Tamirox to sell its shares to IQbusiness on exercise of the call by IQbusiness. The fair value of the equity interest in Tamirox is determined using a finite difference method. The key input used in the valuation was an EBITDA growth rate of 4,8% (2023: 4,8%).

SENSITIVITY

A 1% change in the EBITDA growth rate had a less than R1 million (2023: a less than R1 million) impact on the Group's results.

27. FINANCIAL INSTRUMENTS CONTINUED

Contingent considerations

The analysis of the carrying amount of contingent considerations are disclosed in note 21, Trade and other payables, contingent considerations and contract liabilities.

Investment at fair value through profit or loss

In terms of IAS 28 – Investments in Associates and Joint Ventures (IAS 28), the Group is presumed to have significant influence over CAFCA Limited (CAFCA) as it owns more than 20% of CAFCA's share capital. However, as it has less than 20% representation on its board of directors and does not have the ability to appoint additional directors, the Group does not equity account its investment in CAFCA as it does not, in fact, have significant influence over CAFCA. Therefore, the Group's interest is measured at fair value through profit or loss.

Although CAFCA is listed on the Zimbabwean Stock Exchange, there is limited trading in the share.

During the 2022 financial year the Group sold 5 200 245 CAFCA shares for R29 million and subsequent to this sale the Group has a residual interest in CAFCA of 28,65%. In 2021, the Group received and accepted two unsolicited offers for a portion of its investment in CAFCA for R27 million.

The following significant estimate was used in assessing fair value of the investment at fair value through profit or loss

Due to limited trading volumes of the CAFCA shares on the stock markets on which CAFCA is listed, management is of the view that neither the JSE share price nor the ZSE share price is reflective of the fair value of the CAFCA shares. In addition, the economic situation within Zimbabwe remains challenging. The country is in a hyperinflation environment with currency instability and high unemployment rates. Although there have been efforts to stabilise the economy, including the introduction of a new (ZIG) currency in April 2024 and reforms aimed at attracting foreign investment, significant hurdles remain. This has necessitated the use of an alternative method to value the CAFCA shares.

In order to determine the appropriateness of the carrying amount of the investment in CAFCA, taking into consideration the financial position of CAFCA as well as the economic situation of, and country risk associated with, Zimbabwe, the following valuation methodology was applied to determine a valuation range for the CAFCA US Dollar (USD) share price.

Lower end of the CAFCA valuation range:

- Determined the historical USD net asset value (USD NAV) per the CAFCA historical USD-based balance sheet;
- Calculated the historical USD NAV per share by dividing the USD NAV by the total number of shares in issue; and
- The historical USD NAV per share was then multiplied by the risk adjusted price/NAV multiple (P/NAV multiple) of comparable South African companies in the Industrial Sector, adjusted for Zimbabwean risk (adjusted P/NAV multiple), to determine the implied USD share price. In 2024, the lower end implied USD share price was USD0,33 (2023: USD0,31).

Top end of the CAFCA valuation range:

- Determine the USD NAV per the CAFCA historical USD-based balance sheet for FY21 (date of the last transaction price when the Group sold an interest in CAFCA);
- Calculated the FY21 USD NAV per share by dividing the USD NAV by the total number of shares in issue at that time. Calculated the FY21 implied USD share price; (adjusted P/NAV) by multiplying the FY21 USD NAV per share by the FY21 P/NAV multiple;
- Calculated the premium of the 2021 purchase price per share of USD0,38 to the FY21 Implied USD share price (adjusted P/NAV); and
- Applied this premium to the FY24 Implied USD share price (adjusted P/NAV) to determine the top end of the CAFCA valuation range. In 2024, the top end of the implied USD share price was USD0,42 (2023: USD0,39).

For the 2024 financial year, the Group has applied the lower end of the range to determine the carrying amount of its investment in CAFCA. The CAFCA valuation methodology will be reviewed regularly taking into consideration any changes to the economic situation and country risk of Zimbabwe.

Rm	**2024 Level 3**	2023 Level 3
Analysis of the carrying amount		
Fair value of investment through profit or loss		
Carrying amount as at 1 October	**54**	53
Fair value remeasurement of investment in CAFCA	**–**	1
– Unrealised gain on remeasurement of investment	**–**	1
Carrying amount as at 30 September	**54**	54

27. FINANCIAL INSTRUMENTS CONTINUED

Investment at fair value through profit or loss continued

INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS SENSITIVITY ANALYSIS

If the price/net asset value had been 1% higher or lower and all other variables remained constant, there would be no material impact on the Group's profit after tax for the year ended 30 September 2024 (2023: increase/decrease of Rnil). If the historical net asset value per share in USD had been 1% higher or lower and all other variables remained constant, there would be no material impact on the Group's profit after tax for the year ended 30 September 2024 (2023: increase/decrease of Rnil).

Risk management

The Group is exposed to liquidity, credit, foreign currency, interest rate and commodity price risks arising from its financial instruments.

The risk management processes and financial management of assets and liabilities are consistent with those of the previous financial year.

The Group's risk management relating to each of these risks is discussed under the headings below. The Group's objective in using derivative financial instruments for hedging purposes is to reduce the uncertainty over future cash flows arising from foreign currency, interest rate and commodity price risk exposures.

Liquidity risk

Liquidity risk is the risk that an entity in the Group will be unable to meet its obligations in respect of financial liabilities when they become due.

The Group manages liquidity risk by maintaining adequate reserves, adequate borrowing facilities and by continuously monitoring forecast and actual cash flows.

Senior management across the Group is responsible for the management of liquidity risk.

The overnight call market is mainly used for short-term borrowings, which comprise of general banking facilities (GBFs). These facilities are committed on a 12 month basis with a 6 month notice period.

Excess cash is only deposited with reputable banks, with deposits being spread over more than one bank to reduce the default risk.

Trade and other payables consist of payables to external parties, sundry creditors and accruals. These items are expected to be settled within three months.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table reflects the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The table includes both interest and principal cash flows.

27. FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk continued

Rm	< 1 year	1 – 5 years	> 5 years	Total
2024				
Financial liabilities included in trade and other payables	**(2 264)**	**–**	**–**	**(2 264)**
Contingent considerations	**(18)**	**(35)**	**–**	**(53)**
Borrowings	**–**	**(1 723)**	**–**	**(1 723)**
Lease liabilities	**(116)**	**(232)**	**(16)**	**(364)**
Equity forward contract	**(6)**	**–**	**–**	**(6)**
Put option liability	**(31)**	**–**	**–**	**(31)**
Derivative financial liabilities	**(18)**	**–**	**–**	**(18)**
	(2 453)	**(1 990)**	**(16)**	**(4 459)**
2023				
Financial liabilities included in trade and other payables	(2 057)	–	–	(2 057)
Contingent considerations	(20)	(36)	–	(56)
Other short-term borrowings	(127)	–	–	(127)
Borrowings	–	(1 710)	–	(1 710)
Lease liabilities	(129)	(201)	(24)	(354)
Equity forward contract	(22)	(7)	–	(29)
Put option liability	–	(31)	–	(31)
Derivative financial liabilities	(7)	–	–	(7)
	(2 362)	(1 985)	(24)	(4 371)

The combination of the Group's short-term financial assets (duration less than 12 months) and available banking facilities is sufficient to settle the Group's financial liabilities expected to fall due within the next 12 months. All the liabilities disclosed in the above maturity schedule in the respective categories 1-5 years and more than 5 years are disclosed including future interest charges. The amount included in 1-5 years for borrowings will be repaid on 30 September 2026 and 30 September 2028. Refer to note 18, Borrowings and lease liabilities.

Borrowing capacity

In terms of the Company's memorandum of incorporation (MOI), the directors may borrow funds as they deem fit, subject to the Group satisfying the solvency and liquidity test, as contemplated in section 4 of the Companies Act.

The Group has significant unutilised borrowing facilities and has substantial capacity to borrow further funds if required. Refer to note 18, Borrowings and lease liabilities.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, balance the interests of all providers of capital and to maintain an optimal capital structure to reduce the cost of capital.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to achieve the Group's strategic objectives. Management reviews this capital structure on a semi-annual basis to ensure the Group's solvency, liquidity, headroom on applicable financial covenants and other relevant factors which could pose a risk to the Group's ability to continue as a going concern.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

Capital allocation is evaluated against expected returns using appropriate weighted average cost of capital (WACC) rates and risk profiles.

27. FINANCIAL INSTRUMENTS CONTINUED

Credit risk

Credit risk refers to the risk of financial loss due to counterparties to financial instruments, including customers, not meeting their contractual obligations.

This risk is managed through ongoing credit evaluations of the financial condition of all customers. The granting of credit is controlled by application and credit vetting procedures.

TRADE AND OTHER RECEIVABLES

(Contract assets do not form part of financial assets but are considered for ECL under IFRS 9)

Details of credit risk and the method of ECL calculation has been disclosed in note 13, Trade and other receivables.

LEASE AND LOAN RECEIVABLES

Details of credit risk and the method of ECL calculation has been disclosed in note 12, Lease and loan receivables.

OTHER INVESTMENTS AND LOANS

The Group manages credit risk on this portfolio of loans by following strict protocols for the approval. They are considered to have low credit risk and the identified ECL was immaterial.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are deposited with major banking groups that have high credit ratings above AA and which therefore are considered to have low credit risk and the identified ECL was immaterial.

Foreign currency risk

Certain transactions within the Group are denominated in foreign currencies, mainly USD and Euro. This exposes the Group to the risk of exchange rate fluctuations for these currencies.

The Group manages these risks within parameters defined by operational management. Forward exchange contracts (FECs) and other relevant financial instruments are used where considered appropriate to economically hedge foreign currency exposure. The Group does not apply hedge accounting.

FECs disclosed as derivatives are classified as level 2 instruments in the fair value measurement hierarchy.

FECs or zero-cost collars for the Group are summarised below:

Rm	Foreign amount Million	Market value Rm	Contract value Rm	Unrealised (losses)/gains Rm
2024				
Imports – trade				
USD	**(4)**	**(105)**	**(113)**	**(8)**
Euro	**(6)**	**(45)**	**(49)**	**(4)**
Other	**(3)**	**(65)**	**(69)**	**(4)**
Exports – trade				
USD	**40**	**746**	**791**	**45**
Euro	**8**	**161**	**171**	**10**
2023				
Imports – trade				
USD	(6)	(71)	(70)	1
Euro	(5)	(100)	(102)	(2)
Exports – trade				
USD	31	744	751	7
Euro	11	222	225	3

Rm	2024	2023
Net current derivate asset as per the statement of financial position	**45**	9
Made up of:		
– FECs or zero-cost collars	**39**	9
– Call option derivative financial asset	**6**	–

27. FINANCIAL INSTRUMENTS CONTINUED

Foreign currency risk continued

ADDITIONAL DISCLOSURES

Rm	As at 30 September 2024	As at 30 September 2023
Balances related to:		
Trade payables denominated in foreign currencies	**1 016**	860
– USD	**837**	680
– Euro	**142**	115
– Other	**37**	65
Of which covered by FECs or zero-cost collars	**263**	127
– USD	**76**	19
– Euro	**122**	108
– Other	**65**	–
Trade receivables denominated in foreign currencies	**1 159**	716
– USD	**805**	507
– Euro	**354**	121
– Other	**–**	88
Of which covered by FECs or zero-cost collars	**846**	601
– USD	**686**	379
– Euro	**160**	221
– Other	**–**	1
Cash and cash equivalents held in customer foreign currency accounts[1]	**431**	538
Of which covered by FECs or zero-cost collars	**–**	–

[1] *Refer to note 16, Net cash and cash equivalents for the breakdown of cash and cash equivalents and bank overdrafts relating to foreign currencies.*

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group has assessed the impact of a 20% strengthening and weakening of the relevant exchange rate representing management's assessment of the reasonably possible movement in foreign exchange rates. This sensitivity analysis includes only outstanding foreign currency denominated monetary items, FECs and zero-cost collars and adjusts their translation at the year-end for the impact of a 20% change in the related foreign currency rates.

The current financial year sensitivity has been expanded to include additional foreign currencies that the Group is exposed to. The prior financial year sensitivity has been aligned with the current disclosure.

Profit after tax for the year ended 30 September 2024 would have decreased by R51 million (2023: decrease of R59 million) had the Rand closed 20% weaker against the USD. Had the Rand appreciated by 20%, the profit after tax for the same period would have increased by R51 million (2023: increase of R59 million).

Profit after tax for the year ended 30 September 2024 would have increased by R43 million (2023: increase of R30 million) had the Rand closed 20% weaker against the Euro. Had the Rand appreciated by 20%, the profit after tax for the same period would have decreased by R43 million (2023: decrease of R16 million).

Profit after tax for the year ended 30 September 2024 would have increased by R6 million (2023: increase of R13 million) had the Rand closed 20% weaker against the Other currencies. Had the Rand appreciated by 20%, the profit after tax for the same period would have decreased by R6 million (2023: decrease of R13 million).

27. FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk and the effective interest rates on financial instruments at the statement of financial position date are:

Rm	Weighted average effective interest rate %	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
2024					
Assets					
Cash and cash equivalents	7,4	1 434	24	374	1 832
Financial assets included in trade and other receivables	17,4	293	–	2 825	3 118
Other investments and loans	8,1	25	–	15	40
Investment held at fair value through profit or loss	–	–	–	54	54
Lease and loan receivables	16,4	1 779	496	–	2 275
Derivative financial assets	–	–	–	63	63
		3 531	520	3 331	7 382
Liabilities					
Financial liabilities included in trade and other payables	5,0	(621)	(4)	(1 639)	(2 264)
Contingent considerations	–	–	–	(43)	(43)
Borrowings	10,1	(1 296)	–	–	(1 296)
Lease liabilities	11,1	–	(322)	–	(322)
Equity forward contract	6,8	–	(6)	–	(6)
Put option liability	–	–	–	(31)	(31)
Derivative financial liabilities	–	–	–	(18)	(18)
		(1 917)	(332)	(1 731)	(3 980)
Net financial assets		1 614	188	1 600	3 402

27. FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk continued

Rm	Weighted average effective interest rate %	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
2023					
Assets					
Cash and cash equivalents	5,1	875	11	412	1 298
Financial assets included in trade and other receivables	14,3	23	23	2 523	2 569
Other investments and loans	7,1	23	–	15	38
Loan to joint venture	–	–	–	139	139
Investment held at fair value through profit or loss	–	–	–	54	54
Lease and loan receivables	16,5	1 776	586	–	2 362
Derivative financial assets	–	–	–	22	22
		2 697	620	3 165	6 482
Liabilities					
Financial liabilities included in trade and other payables	6,8	(559)	(3)	(1 495)	(2 057)
Contingent considerations	–	–	–	(52)	(52)
Other short-term borrowings	9,7	(127)	–	–	(127)
Borrowings	9,9	(1 145)	(1)	–	(1 146)
Lease liabilities	11,8	–	(329)	–	(329)
Equity forward contract	6,8	–	(28)	–	(28)
Put option liability	–	–	–	(23)	(23)
Derivative financial liabilities	–	–	–	(7)	(7)
		(1 831)	(361)	(1 577)	(3 769)
Net financial assets		866	259	1 588	2 713

INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analyses for the Group have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the date of the statement of financial position.

The analyses are prepared assuming the amount of net assets outstanding at the date of the statement of financial position was outstanding for the whole year. A 2% absolute increase in interest rates is used for both the current year and prior year and represents management's assessment of a reasonable maximum change in interest rates over the next 12 months. A 2% decrease would have the opposite effect on profit after tax.

If the Group's interest rates had been 2% higher and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2024 would increase by R24 million (2023: increase by R13 million). This is mainly attributable to the Group's exposure to interest rates on its floating rate deposits.

28. ACQUISITION OF BUSINESSES

All business combinations are accounted for by applying the acquisition method in terms of IFRS 3. All acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the related services received. For the accounting policy relating to goodwill arising through acquisitions, refer to note 11, Goodwill.

If the initial accounting for the business combination is incomplete at the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are then adjusted during the remaining measurement period (up to 12 months from the effective date of the acquisition), or additional assets and liabilities are recognised, to reflect any new information obtained about facts and circumstances that existed at the acquisition date, which if known at the time of making the initial recognition entries, would have impacted the amounts recognised at that time.

Non-controlling interests (NCI) in the net assets of consolidated subsidiaries are identified separately from the Group's equity interest therein. NCI consists of the value of those interests at the date of the original business combination and the NCI's share of changes in the subsidiary's equity since the date of the combination.

NCI is measured at the proportionate share of the acquiree's identifiable net assets.

Losses applicable to the NCI in excess of the NCI's share of equity are allocated against the interests of the Group except to the extent that the NCI has a binding obligation and is able to make an additional investment to cover their share of losses beyond their contributed equity.

2024

No acquisitions were made by the Group in the current financial year.

2023

In the prior financial year the Group made the following acquisitions:

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

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

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

With Etion Create's enhanced design and manufacturing capabilities, Etion Create has increased the breadth of the segment's product portfolio and improved access to key export markets.

2. IQ Business (Pty) Ltd (IQ Business)

With effect from 1 July 2023, the Group acquired an effective interest of 74.2% in IQ Business for a purchase consideration of R462 million.

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

3. Other acquisitions

The Group acquired interests in EUC Africa (Pty) Ltd, MMC (Pty) Ltd and CBi Apollo Africa (Pty) Ltd for a combined purchase consideration of R25 million.

The financial details relating to these acquisitions were disclosed in the 2023 annual financial statements.

29. DISPOSAL OF SUBSIDIARY

2024

On 1 September 2024, the Group disposed of its interest in the Nashua Durban franchise, Main Street 1051 (Pty) Ltd, for a cash consideration of R1.

Rm	2024
Net assets disposed:	
Property, plant and equipment	1
Goodwill	5
Lease receivables	111
Inventory	3
Trade and other receivables	8
Amounts owing to subsidiaries	(122)
Trade and other payables	(12)
Contract liabilities	(5)
Net carrying amount disposed of	(11)
Cash outflow	3
Consideration receivable	–
Less: cash on hand	3
Profit on disposal of subsidiary	8

2023

On 1 June 2023, the Group exercised a put option to sell its 72,2% interest in Reunert Investment Company No 2 (Pty) Ltd (RIC 2), which holds a 100% interest in Terra Firma Solutions (Pty) Ltd, its subsidiaries, joint ventures and associates (referred to as the TFS group) to the Group's joint venture Lumika Renewables (Pty) Ltd (Lumika). The consideration receivable was R141 million (included in trade and other receivables at 30 September 2023). The consideration has been received in full in the current financial year and is disclosed in proceeds from disposal of subsidiaries in the statement of cash flows.

The financial details were disclosed in the 2023 annual financial statements. The effective date of the disposal was 22 September 2023.

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS (NCI)

Rm	2024
Transactions to change controlling interest in subsidiaries' holdings	
IQ Business (Pty) Ltd	
With effect from 30 September 2024, the Group acquired an additional 1,6% interest in IQ Business (Pty) Ltd from non-controlling interests.	
Consideration paid	(6)
Reutech Mzansi (Pty) Ltd (Reutech Mzansi)	
In the current financial year, the Group acquired an additional 4% interest in Reutech Mzansi from non-controlling interests.	
Consideration paid	(11)
CBi Apollo (Pty) Ltd	
With effect from 1 October 2023, non-controlling interests were allocated a 20% interest in CBi Apollo (Pty) Ltd.	
Consideration paid	–
Plus1X Solutions (Pty) Ltd	
With effect from 1 December 2023, the Group acquired an additional 4,1% interest in Plus1X Solutions (Pty) Ltd from non-controlling interests.	
Consideration paid	(10)
Net consideration paid	(27)
Transactions with non-controlling interests recognised in the statement of changes in equity	(19)
Non-controlling interests derecognised in the statement of changes in equity	(8)

Transactions with NCI in the prior financial year are disclosed in the 2023 annual financial statements.

31. GOING CONCERN

The directors have reviewed the Group's financial position, existing credit facilities and available cash resources and are satisfied that the Group will continue as a going concern for at least the next 12 months from the date of the approval of these annual financial statements.

32. SUBSEQUENT EVENTS

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

IQbusiness and +OneX merger

+OneX and IQbusiness merged on 1 October 2024 to form "iqx", a client-focused, digital integration business with over 1 500 team members offering consumer insights, IT consulting, technology and managed services to a broad spectrum of local and international customers.

There were no financial consequences arising from the merger.

Cash Dividend

The directors have declared a final cash dividend of 276,0 cents per ordinary share for the year ended 30 September 2024.

This brings the total dividend declared for the year to 366,0 cents per ordinary share.

33. LITIGATION

There is no material litigation against the Group.

SEGMENTAL ANALYSIS

BUSINESS SEGMENTS

A segment is a distinguishable component of the Group that is engaged in activities from which it may earn revenue and incur expenses, including revenues and expenses relating to transactions with other components of the Group, whose operating results are regularly reviewed by the chief operating decision-maker and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The business segments identified are Electrical Engineering (EE), Information Communication Technologies (ICT), Applied Electronics (AE) and Other.

The segments have been identified based on products, technology, services, markets and customer segmentation.

EE encompasses the design, manufacture, installation and maintenance of a complete range of power cables, the manufacture and supply of low-voltage distribution, protection and control equipment and the supply of high and medium-voltage switchgear as well as the Group's start-up energy wheeling business. This segment's market includes municipalities, parastatals, utilities, the mining and building industries.

ICT is a provider of data and voice communication and network services and solutions; a distributor of business systems with products focusing mainly on office automation and telecommunications; asset-backed rental solutions; and IT and digital consulting, managed and cloud services and system integration. The market serviced comprises corporate and retail customers, small to medium-sized enterprises (SMEs), government, and state-owned entities.

AE specialises in tactical, very high-frequency/ultra-high-frequency/high-frequency communication systems; designs and manufactures fuzes and related defence products for artillery, mortar, naval and aircraft weapon systems; develops and manufactures ground and naval search and tracking radar systems; designs and manufactures mining radar sensor systems used in open-cast mining; manufactures electronic components and printed circuit boards; provides renewable energy engineering and storage solutions; develops cryptographic products and solutions to meet cybersecurity requirements; provides manufacturing services delivering start-to-end solutions for the manufacturing of electronic boards, products and sub-systems as well as prototype assembly; and design solutions including product development and integration, system engineering, electronic board design, system integration and software development.

In addition, this segment manufactures and supplies remote-controlled weapon platforms and supplies system engineering and logistic support services in telecommunications, radar, satellite, mining, fare management and transportation fields. The AE Segment's markets are local and international defence forces, mining houses, municipalities and corporates.

The Other Segment is made up of the Group's administration, finance and property portfolio.

The majority of the Group's operations are situated in South Africa with operations in Australia, India, Lesotho, Mauritius, United States of America and Zambia. Revenue by geography has been disclosed in note 1, Revenue.

Reunert does not have a single customer or grouping of customers which meets the requirements to be separately disclosed in terms of IFRS 8 – Operating Segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in the financial statements.

Rm	2024 EE	2024 ICT	2024 AE	2024 Other	2024 Total	2023 EE	2023 ICT	2023 AE	2023 Other	2023 Total	% change in total
Revenue[1]											
Segment revenue	**7 682**	**3 897**	**3 192**	**10**	**14 781**	7 159	3 064	3 559	10	13 792	7
Adjusted for revenue from equity-accounted investee[2]	**–**	**–**	**(335)**	**–**	**(335)**	–	–	(8)	(3)	(11)	
Revenue	**7 682**	**3 897**	**2 857**	**10**	**14 446**	7 159	3 064	3 551	7	13 781	
Revenue as reported in the statement of profit or loss					**14 446**					13 781	5
Segment revenue – % of total	**52**	**26**	**22**	**–**	**100**	52	22	26	–	100	
Segment revenue – % change over prior year	**7**	**27**	**(10)**	**–**							
Analysis of revenue											
Category of revenue											
Products	**7 415**	**1 478**	**2 569**	**–**	**11 462**	6 878	1 399	2 763	–	11 040	
Services	**267**	**2 024**	**243**	**–**	**2 534**	281	1 306	757	–	2 344	
	7 682	**3 502**	**2 812**	**–**	**13 996**	7 159	2 705	3 520	–	13 384	
Timing of revenue recognition											
Revenue recognised at a point in time	**7 553**	**1 611**	**2 226**	**–**	**11 390**	7 032	1 871	2 297	–	11 200	
Revenue recognised over time	**129**	**1 891**	**586**	**–**	**2 606**	127	834	1 223	–	2 184	
	7 682	**3 502**	**2 812**	**–**	**13 996**	7 159	2 705	3 520	–	13 384	
Other revenue											
Interest received on lease and loan receivables	**–**	**395**	**–**	**–**	**395**	–	359	–	–	359	
Rental revenue	**–**	**–**	**45**	**10**	**55**	–	–	31	7	38	
Total revenue	**7 682**	**3 897**	**2 857**	**10**	**14 446**	7 159	3 064	3 551	7	13 781	
Revenue by geography											
South Africa	**4 790**	**3 649**	**1 108**	**10**	**9 557**	4 917	2 916	1 913	7	9 753	
Rest of Africa (excluding South Africa)	**2 318**	**128**	**65**	**–**	**2 511**	1 728	109	246	–	2 083	
Asia	**32**	**2**	**892**	**–**	**926**	35	2	728	–	765	
Australia	**196**	**9**	**45**	**–**	**250**	233	–	28	–	261	
Europe	**100**	**100**	**588**	**–**	**788**	96	36	549	–	681	
America	**246**	**9**	**159**	**–**	**414**	150	1	87	–	238	
Total revenue	**7 682**	**3 897**	**2 857**	**10**	**14 446**	7 159	3 064	3 551	7	13 781	

[1] *Inter-segment revenue has been eliminated, however it is immaterial and has not been separately disclosed.*
[2] *In the current financial year, the amount relates solely to the Lumika joint venture. In the prior periods, the amounts related to the TFS group and Lexshell 661 Investments (Pty) Ltd joint ventures. These joint ventures have been proportionately consolidated for segment revenue and segment operating profit reporting purposes.*

Rm	Note	2024 EE	2024 ICT	2024 AE	2024 Other	2024 Total	2023 EE	2023 ICT	2023 AE	2023 Other	2023 Total	% change in total
Operating profit												
Segment operating profit/(loss)[1]		**665**	**706**	**361**	**(196)**	**1 536**	552	660	432	(182)	1 462	5
Adjusted for operating profit from equity-accounted investee[2]		**–**	**–**	**(17)**	**–**	**(17)**	–	–	(8)	(3)	(11)	
Profit on disposal of property, plant and equipment and intangible assets	2	**–**	**1**	**–**	**–**	**1**	1	1	3	–	5	
Impairment of non-financial assets												
Impairment of intangible assets	2, 10	**–**	**–**	**(4)**	**–**	**(4)**	–	–	(9)	–	(9)	
Impairment of goodwill	2, 11	**–**	**–**	**(53)**	**–**	**(53)**	–	–	–	–	–	
Insurance income	2	**–**	**–**	**–**	**83**	**83**	–	–	–	44	44	
Fair value remeasurements												
Gain on investment at fair value through profit or loss	2	**–**	**–**	**–**	**2**	**2**	1	–	–	–	1	
Loss on contingent considerations	2, 21	**–**	**(8)**	**–**	**–**	**(8)**	–	(3)	–	–	(3)	
Gain on put option derivative asset	2, 27	**–**	**–**	**–**	**–**	**–**	–	–	25	–	25	
Gain on call option derivative liability	2, 27	**–**	**–**	**–**	**–**	**–**	–	–	33	–	33	
Loss on put option liability	2, 27	**–**	**(8)**	**–**	**–**	**(8)**	–	–	–	–	–	
Gain on reclassification from other comprehensive income	2	**–**	**–**	**–**	**–**	**–**	–	–	8	–	8	
Profit/(loss) on disposal of subsidiary	2, 29	**–**	**8**	**–**	**–**	**8**	–	–	(33)	–	(33)	
Operating profit/(loss) before impairment of financial assets		**665**	**699**	**287**	**(111)**	**1 540**	554	658	451	(141)	1 522	
(Impairment)/reversal of impairment												
Credit write-off	2	**(1)**	**(28)**	**(1)**	**–**	**(30)**	(11)	(8)	(1)	(1)	(21)	
Expected credit losses	2	**6**	**17**	**(2)**	**–**	**21**	13	(66)	(16)	(1)	(70)	
Operating profit/(loss)		**670**	**688**	**284**	**(111)**	**1 531**	556	584	434	(143)	1 431	
Operating profit as reported in the statement of profit or loss						**1 531**					1 431	7
Segment operating profit/(loss) – % of total		**43**	**46**	**24**	**(13)**	**100**	38	45	29	(12)	100	
Segment operating profit/(loss) – % change over prior year		**20**	**7**	**(16)**	**8**							

[1] *The net interest charged on Group funding provided to the Group's in-house finance operation has been eliminated in line with IFRS 10 – Consolidated Financial Statements. The interest eliminated amounted to R173 million (2023: R188 million). Should this operation be externally funded, this would result in a reduction of ICT's operating profit by the quantum of the external interest paid.*

[2] *In the current financial year, the amount relates solely to the Lumika joint venture. In the prior periods, the amounts related to the TFS group and Lexshell 661 Investments (Pty) Ltd joint ventures. These joint ventures have been proportionately consolidated for segment revenue and segment operating profit reporting purposes. The investment is equity accounted on consolidation.*

	2024		2023	
	Rm	**% of total**	Rm	% of total
Total assets				
EE	**3 489**	**26**	3 086	24
ICT	**5 289**	**39**	5 372	43
AE	**3 513**	**26**	3 773	30
Other	**1 236**	**9**	401	3
Total assets as reported in the statement of financial position[1]	**13 527**	**100**	12 632	100
Inventory				
EE	**1 010**	**50**	911	41
ICT	**155**	**8**	181	8
AE	**835**	**42**	1 146	51
Total inventory as reported in the statement of financial position	**2 000**	**100**	2 238	100
Trade and other receivables, lease and loan receivables – current				
EE	**1 517**	**36**	1 099	30
ICT	**1 431**	**33**	1 387	37
AE	**1 335**	**31**	1 210	33
Other	**12**	**–**	12	–
Total trade and other receivables, lease and loan receivables as reported in the statement of financial position	**4 295**	**100**	3 708	100

	2024		2023	
	Rm	**% of total**	Rm	% of total
Total liabilities				
EE	**1 888**	**35**	1 550	31
ICT	**1 493**	**28**	1 019	20
AE	**1 097**	**20**	959	19
Other	**949**	**17**	1 474	30
Total liabilities as reported in the statement of financial position[1]	**5 427**	**100**	5 002	100
Trade and other payables, contract liabilities, provisions, put option liability and derivative financial liabilities – current				
EE	**1 797**	**54**	1 493	51
ICT	**527**	**16**	555	19
AE	**900**	**27**	800	27
Other	**85**	**3**	86	3
Total trade and other payables, contract liabilities, provisions, put option liability and derivative financial liabilities – current as reported in the statement of financial position	**3 309**	**100**	2 934	100

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

SEGMENTAL ANALYSIS CONTINUED

	2024		2023	
	Rm	% of total	Rm	% of total
Capital expenditure				
EE	**65**	**29**	101	28
ICT	**68**	**31**	66	19
AE	**78**	**35**	155	44
Other	**12**	**5**	33	9
Capital expenditure as reported in the statement of cash flows	**223**	**100**	355	100
Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets				
EE	**56**	**16**	56	17
ICT	**185**	**53**	139	43
AE	**99**	**29**	121	37
Other	**7**	**2**	9	3
Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets as reported in the statement of profit or loss[1]	**347**	**100**	325	100

[1] *Intercompany depreciation has been eliminated in line with the consolidation principles of IFRS Accounting Standards.*

ANNEXURE A

PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND SPECIAL PURPOSE ENTITIES

	Share capital R (unless otherwise stated)	Effective percentage holding 2024 %	Effective percentage holding 2023 %
Refer to the Segmental Analysis for a description of the business activities and markets.			
Electrical Engineering			
Reunert Electrical Engineering Holdings (Pty) Ltd[1]	39 945 689	**100**	100
RLI Investments (Pty) Ltd[2]	–	**100**	100
Afcab Holdings (Pty) Ltd[1]	8 409 091	**88**	88
CBi-Electric Mzansi (RF) (Pty) Ltd[1, 12]	10 000 000	**65**	65
CBi-Electric: African Cables			
Reunert Investment Company No 1 (Pty) Ltd[2]	–	**100**	100
ATC (Pty) Ltd[1, 12]	145 740 511	**65**	65
Zambia			
Metal Fabricators of Zambia PLC[12, 14]	KW 270 900	**75**	75
CBi-Electric: Low and Medium Voltage			
Circuit Breaker Industries (Pty) Ltd	46	**100**	100
Circuit Breaker Industries GmbH (incorporated in Germany)	Euro 25 565	**100**	100
Circuit Breaker Industries Inc. (incorporated in USA)	USD 50 000	**100**	100
Circuit Breaker Industries Lesotho (Pty) Ltd (incorporated in Lesotho)	LS 1 000	**100**	100
Heineman Electric (incorporated in Australia)	A$ 2	**100**	100
Polybox (Pty) Ltd[2]	–	**51**	51
Reunert Investment Company No 3 (Pty) Ltd[2]	–	**100**	100
CBi Apollo (Pty) Ltd[3]	31 945 842	**80**	100

PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND SPECIAL PURPOSE ENTITIES CONTINUED

	Share capital R (unless otherwise stated)	Effective percentage holding 2024 %	2023 %
Information Communication Technologies			
Reunert ICT Holdings (Pty) Ltd[12]	1 499 454 022	**100**	100
Plus1X Solutions (Pty) Ltd[4]	52 549 779	**60**	56
Plus1X Communications (Pty) Ltd[5]	100	**60**	56
Nashua Office Automation[6]			
Nashua (Pty) Ltd	947 794	**100**	100
Kopano Solutions Company (Pty) Ltd	2 000 000	**100**	100
Nashua Holdings (Pty) Ltd	377 220 436	**100**	100
Algoa Office Automation (Pty) Ltd	200	**90**	90
Circular Drive Property (Pty) Ltd	200	**51**	51
Classic Number Trading 80 (Pty) Ltd	3 002 090	**85**	85
Zevoli 151 (Pty) Ltd	200	**65**	65
Bridoon Trade and Invest 197 (Pty) Ltd	5 609 060	**54**	54
Main Street 1052 (Pty) Ltd	155 562 360	**100**	100
Main Street 1051 (Pty) Ltd[7]	–	**–**	100
Quince Capital (Pty) Ltd[8, 12]	397 103 973	**100**	–
Quince Capital Holdings (Pty) Ltd[8, 12]	75 268 322	**100**	100
Electronic Communications Network (Pty) Ltd	100	**100**	100
SkyWire (Pty) Ltd[12]	212 681 764	**100**	100
IQ Business (Pty) Ltd[9]	24 549 262	**76**	74
IQ Business Insights (Pty) Ltd[9]	187	**76**	74
Tamirox (Pty) Ltd[9]	79 974 873	**65**	65
ITQ Business Solutions (Pty) Ltd[9]	10 000	**65**	65
ITQ Health (Pty) Ltd[9]	100	**65**	65
iSolve Business Solutions (Pty) Ltd[9]	100	**65**	65
Reunert India (Pty) Ltd[10]	₹ 300 000	**100**	–

PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND SPECIAL PURPOSE ENTITIES CONTINUED

	Share capital R (unless otherwise stated)	Effective percentage holding 2024 %	2023 %
Applied Electronics			
Reunert Applied Electronics Holdings (Pty) Ltd[12]	768 405 679	**100**	100
Authentiss (Pty) Ltd	13 758 347	**100**	100
Reutech Mzansi (RF) (Pty) Ltd[11]	10 000 000	**90**	86
Reutech (Pty) Ltd[11, 12]	475 911 001	**90**	80
Omnigo (Pty) Ltd[11, 12]	100 570 224	**90**	80
Nanoteq (Pty) Ltd[11, 12]	68 074 660	**90**	80
Zisaforce Cyber Enterprise (Pty) Ltd[2]	–	**80**	80
Accessential (Pty) Ltd t/a Dynateq International	48 272 679	**100**	100
Fuchs Electronics (Pty) Ltd[12]	50 000	**100**	100
Dopptech (Pty) Ltd	7 683 147	**100**	100
Lumika Renewables (Pty) Ltd[12, 13]	736 087 067	**50,1**	50,1
Reunert International Holdings (Pty) Ltd	100	**100**	100
Reutech India	₹ 18 544 870	**100**	100
Reutech Australia[12]	A$ 100	**100**	100
NPC (Electronics) (Pty) Ltd	52 331 286	**100**	100
Blue Nova Energy (Pty) Ltd[12]	95 277 941	**51**	51
RC&C (Parow Factory) Properties (Pty) Ltd	2	**100**	100
Etion Create (Pty) Ltd	28 006 203	**100**	100

PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND SPECIAL PURPOSE ENTITIES CONTINUED

	Share capital R (unless otherwise stated)	Effective percentage holding 2024 %	2023 %
Investments and Services			
Reunert Finance Company (Pty) Ltd[12]	4 077 370 548	**100**	100
Reunert Management Services (Pty) Ltd[12]	4 000	**100**	100
Julopro (Pty) Ltd	401 006 318	**100**	100
Reunert International Investments (Mauritius) Ltd[14]	USD 11 829 170	**100**	100
Lexshell 661 Investments (Pty) Ltd	100	**100**	100
Investment in terms of a broad-based share-based payment transaction encompassing Group employees			
Special purpose entities			
Bargenel Investments (Pty) Ltd[15, 16]			
Rebatona Investment Holdings (Pty) Ltd[16]			
Rebatona Educational Trust[16]			
Reunert Employee Share Ownership Trust (refer to note 19, Share-based payment liabilities)[16]			

1 *Reunert owns 100% of Reunert Electrical Engineering Holdings (Pty) Ltd (REEH), which owns 88% of Afcab Holdings (Pty) Ltd, which owns 74% of CBi-Electric Mzansi (RF) (Pty) Ltd (CBi-Electric Mzansi) resulting in an indirect interest of 65,1%. CBi-Electric Mzansi owns 100% of ATC (Pty) Ltd.*

2 *These companies are in the process of being either deregistered or liquidated.*

3 *During the 2023 financial year, REEH purchased 100% of the shares in CBi Apollo (Pty) Ltd. In the current financial year CBi Apollo (Pty) Ltd issued shares to non-controlling interests thereby reducing REEH's investment to 80%.*

4 *During the 2024 financial year, Reunert ICT Holdings (Pty) Ltd acquired an additional 4.1% interest in Plus1X Solutions (Pty) Ltd from non-controlling interests, thus increasing Reunert ICT Holdings (Pty) Ltd's investment to 60%. Refer to note 30, Equity transactions with non-controlling interests.*

5 *Plus1X Solutions (Pty) Ltd owns 100% of Plus1X Communications (Pty) Ltd. The share buy back in Plus1X Solutions (Pty) Ltd has increased the Group's effective interest in Plus1X Communications (Pty) Ltd.*

6 *In terms of IFRS 12 – Disclosure of Interests in Other Entities, none of the non-controlling interests are individually material to the Group results.*

7 *In the current financial year, Nashua Holdings (Pty) Ltd disposed of the investment in Main Street 1051 (Pty) Ltd. Refer to note 29, Disposal of subsidiary.*

8 *During the current year, Quince Capital (Pty) Ltd was incorporated. Quince Capital (Pty) is 100% owned by Quince Capital Holdings (Pty) Ltd.*

9 *Reunert owns 100% of Reunert ICT Holdings which acquired 74,2% of IQ Business during the 2023 financial year. The Group acquired an additional 1,6% interest in IQ Business during the 2024 financial year from non-controlling interests. This has resulted in the Group's holding increasing to 75,8%. Refer to note 30, Equity transactions with non-controlling interests. IQ Business owns 100% of IQ Business Insights (Pty) Ltd. At acquisition, IQ Business owned 75,0% of Tamirox (Pty) Ltd (Tamirox). During July 2023, IQ Business exercised its put option to purchase an additional 12,5% holding in Tamirox. This has resulted in the Group having an effective holding of 64,9% in Tamirox. Tamirox owns 100% of ITQ Business Solutions (Pty) Ltd (ITQBS). ITQBS owns 100% of ITQ Health (Pty) Ltd and iSolve Business Solutions (Pty) Ltd.*

10 *Reunert India (Pty) Ltd was incorporated during the current financial year. Reunert ICT Holdings (Pty) Ltd owns 100% of Reunert India (Pty) Ltd.*

11 *Reunert owns 100% of Reunert Applied Electronics Holdings (Pty) Ltd (RAEH), which owns 70% of Reutech Mzansi (RF) (Pty) Ltd (Reutech Mzansi) and 100% of Bantel Investments (Pty) Ltd, which owns 20% of Reutech Mzansi due to the additional 4% acquired from non-controlling interests in the current year. Refer to note 30, Equity transactions with non-controlling interests. This resulted in RAEH holding a 90% indirect interest in Reutech Mzansi. Reutech Mzansi owns 100% of Reutech (Pty) Ltd, which owns 100% of Omnigo (Pty) Ltd and 100% of Nanoteq (Pty) Ltd.*

12 *Reunert has provided financial support to these companies, either in the form of a parent company guarantee, a letter of support, or a subordination agreement to these subsidiaries for a period of one year from the signature date of the annual financial statements or to enable these entities to continue trading and settle their obligations as they fall due. This was provided after the financial year-end.*

13 *During the current year, the RAEH had a cash subscription for further shares in the Lumika Renewables joint venture. The effective percentage of shares held in Lumika has not changed due to this transaction.*

14 *Reunert owns 100% of Reunert International Investments (Mauritius) Ltd, which owns 75% of Metal Fabricators of Zambia PLC, resulting in a 75% indirect interest.*

15 *In 2007, 9% of Reunert's issued share capital held by Bargenel was effectively sold to Reunert's empowerment partners. This was funded by Reunert taking up preference share capital in Bargenel to fund the market value of the Reunert shares held by Bargenel. The transaction resulted in Reunert owning all of the cumulative A preference shares in Bargenel. The preference dividends due to Reunert accumulated in arrears to an amount of R216 million in 2022 as Bargenel was not in the financial position to meet this obligation. During the 2022 financial year, the Reunert Group implemented a new B-BBEE transaction that resulted in the partial redemption of the Bargenel preference shares, and a waiver by Reunert of the arrear preference dividends accruing to Reunert. The remainder of the Bargenel preference shares were modified. The modification of the remaining issued Bargenel preference share included a requirement that Bargenel pay 90% of dividends received to Reunert Ltd as a dividend. The change in return on the instrument from a debt return to an equity return was a significant modification in Reunert, resulting in the derecognition of the Reunert investment in Bargenel preference shares, to a recognition of an investment in subsidiary by Reunert. The new B-BBEE transaction also resulted in the establishment of a trust, Reunert Employee Share Ownership Trust, which would be used as a vehicle to allow the employees of Reunert to share in the dividends paid by Reunert and to benefit from the future growth in the share price of Reunert.*

16 *65% of Rebatona Investment Holdings is held by Rebatona Educational Trust. The remaining 35% is held by the Reunert Employee Share Ownership Trust. Rebatona Investment Holdings owns 100% of the ordinary share capital of Bargenel Investments. These entities were set up as part of the B-BBEE ownership transaction undertaken in 2007, and form part of the new structure implemented during 2022. The terms of the memorandum of incorporation and relationship agreement together with the rights of the A preference shareholders and special preference shares provide Reunert with control over these entities.*

ANNEXURE B
SHARE OWNERSHIP ANALYSIS
as at 30 September 2024

	Number of shareholders	%	Number of shares (million)	%
1 – 1 000 shares	10 587	72,8	3	1,6
1 001 – 10 000 shares	3 210	22,1	10	5,4
10 001 – 100 000 shares	568	3,9	17	9,2
100 001 – 1 000 000 shares	136	0,9	42	22,7
1 000 001 shares and more	36	0,3	113	61,1
Total	14 537	100,0	185	100,0

Public/Non-public shareholders	Number of shareholders	%	Number of shares (million)	%
Non-public shareholders	7	0,1	26	14,1
Bargenel Investments (Pty) Ltd[1]	1	–	24	13,0
Reunert Share Option Trust	2	–	–	–
Own Holdings[2]	4	0,1	2	1,1
Public shareholders	14 530	99,9	159	85,9
Total	14 537	100,0	185	100,0

Beneficial shareholders holding 5% or more	Number of shares (million)	%
Government Employees' Pension Fund	25	13,5
Bargenel Investments (Pty) Ltd[1]	24	13,0

Major holdings through fund managers in excess of 5%	2024 Number of shares (million)	2024 %	2023 Number of shares (million)	2023 %
Old Mutual Investment Group (South Africa) (Pty) Ltd	14	7,6	18	9,7
Public Investment Corporation (SOC) Ltd[3]	25	13,5	19	10,3
Ninety One SA (Pty) Ltd	–	–	15	8,1
Sanlam Investment Management (Pty) Ltd	9	4,9	9	5,0

[1] *Empowerment transaction shares.*
[2] *Own shares include 261 605 ordinary shares held by the executive directors.*
[3] *Included in the Government Employees' Pension Fund.*

ABBREVIATIONS AND ACRONYMS

AE	Applied Electronics
AFS	Annual Financial Statements
AGM	Annual General Meeting
ATC	ATC (Pty) Ltd
Bargenel	Bargenel Investments (Pty) Ltd
Blue Nova	Blue Nova Energy (Pty) Ltd
Board	Board of directors of Reunert Limited
B-BBEE	Broad-Based Black Economic Empowerment
CAFCA	Cafca Limited
CGU	Cash Generating Unit
CPI	Consumer Price Index
CSP	Conditional Share Plan
Dopptech	Dopptech (Pty) Ltd
EAD	Exposure at default
EBITDA	Earnings before net interest, tax, depreciation and amortisation (EBITDA). EBITDA includes interest income received on lease and loan receivables in the ICT Segment.
EE	Electrical Engineering
ECL	Expected Credit Loss
ECN	Electronic Communications Network (Pty) Ltd
EPS	Earnings per share
ESOP	Employee Share Option Plan
FECs	Forward Exchange Contracts
FVTPL	Fair value through profit or loss
HEPS	Headline earnings per share
IAS	International Accounting Standards
ICT	Information Communication Technologies
IFRS Accounting Standards	IFRS® Accounting Standards
IQbusiness	IQ Business (Pty) Ltd and its subsidiaries
IQ Business	IQ Business (Pty) Ltd
JSE	JSE Limited
KPI	Key performance indicators
Lumika	Lumika Renewables (Pty) Ltd
LGD	Loss given default
m	Million
Mauritius	Reunert International Investments (Mauritius) Limited
MFP	Multi-function printer
MOI	Memorandum of Incorporation
NHEPS	Normalised headline earnings per share
NCI	Non-controlling interest
+OneX	Plus1X Solutions (Pty) Ltd
PAT	Profit after tax
PD	Probability of default
Quince	Quince Capital (Pty) Ltd
RAEH	Reunert Applied Electronics Holdings (Pty) Ltd
Rebatona	Rebatona Investment Holdings (Pty) Ltd
Reunert	Reunert Limited
RIC 2	Reunert Investment Company No 2 (Pty) Ltd
ROCE	Return on capital employed
SkyWire	SkyWire (Pty) Ltd
SME	Small to medium-sized enterprises
SPE	Special Purpose Entity
TFS	Terra Firma Solutions (Pty) Ltd
TSR	Total shareholder return
VBX	Virtual private branch exchange
VAT	Value-added tax
WACC	Weighted average cost of capital

CORPORATE INFORMATION AND ADMINISTRATION

Reunert is an industrial group with a portfolio of businesses in its Electrical Engineering, ICT and Applied Electronics Segments. It was founded in 1888 and listed on the JSE in 1948. It is included in the JSE industrial goods and services (electronic and electrical equipment) sector and is a constituent of the FTSE/JSE Responsible Investment Index.

Reunert Limited
(Incorporated in the Republic of South Africa)
ISIN: ZAE000057428
Short name: REUNERT
JSE code: RLO
A2X code: RLO
Currency: ZAR
Registration number: 1913/004355/06
Founded: 1888
Listed: 1948
Sector: Electronic and electrical equipment

Business address and registered office
Nashua Building
Woodmead North Office Park
54 Maxwell Drive, Woodmead
2191
Sandton
South Africa

Postal address
PO Box 784391
Sandton
2146
South Africa

Group Secretary and administration
Reunert Management Services (Pty) Ltd
Nashua Building
Woodmead North Office Park
54 Maxwell Drive
Woodmead
2191
Sandton
South Africa

Karen Louw (FCIS)
Directly responsible for secretarial matters
Email: karenl@reunert.co.za
Telefax: +27 11 517 9044

Group Legal
Hendrik van Rensburg
Admitted Advocate to the High Court of South Africa, PR Eng
Email: legal@reunert.co.za
Telephone: +27 11 517 9000
Telefax: +27 11 517 9035

Corporate and sustainability information and investor relations
Karen Smith
MComm
Communication and investor relations manager
Email: karens@reunert.co.za
Telephone: +27 11 517 9000

Share transfer secretaries
JSE Investor Services (Pty) Ltd
Fifth Floor, One Exchange Square
2 Gwen Lane, Sandown
Sandton
2196

Postal address
PO Box 4844
Johannesburg
2000
South Africa

Email: info@jseinvestorservices.co.za
Telephone: +27 11 713 0800

Auditors
KPMG Inc.
KPMG Crescent
85 Empire Road
Parktown
2193
South Africa

Telephone: +27 11 647 7111
Telefax: +27 11 647 8000

Sponsor
One Capital Sponsor Services (Pty) Ltd

Principal bankers
Nedbank
Rand Merchant Bank (RMB)
Standard Bank

reunert.com