Empower. Innovate. Thrive.

Reunert Limited
Unaudited condensed consolidated interim financial statements

and cash dividend declaration
for the six months ended 31 March

2024

Contents

Group profile

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

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

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

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

Commentary

Overview

Reunert is pleased to present its results for the six-month period ended 31 March 2024 (H1 FY: 2024), which reflect another set of solid results as the Group continued to deliver on its financial, operational and strategic initiatives. The Group's growth in profit for the period was driven by strong operating performances in the Electrical Engineering Segment and the Applied Electronics Segment's defence businesses as demand for their products and services remained robust.

Group Results

The South African macro-economic conditions facing the Group remained challenging during H1 FY: 2024. Of particular impact were the national port and logistics disruptions that developed rapidly and persisted throughout the reporting period. These caused a major disruption to the Group's operations and required the incurrence of additional costs and an investment into working capital to address. Pleasingly, the management teams responded well to these challenges and managed their operations to meet most customer commitments. Unfortunately, our Total Workspace Provider business, under the Nashua brand, was unable to resolve the logistics challenges during H1 FY: 2024, which resulted in a noteworthy shortfall of imported product and led to a large reduction in sales and operating profit in the period, which negatively impacted the ICT Segment's and Group's results.

In addition, and as guided in our 2023 financial year-end results communication, the residential and small commercial battery market became saturated, which resulted in volume and margin compression at the Battery Storage business and necessitated the business being restructured and refocused to take advantage of the improved large battery market. This resulted in a marked reduction of this business' contribution to revenue and operating profit in the Applied Electronics Segment.

Despite the two challenges described above, the remainder of the Group performed well, and the Group's revenue increased by 7% to R6,6 billion from the R6,2 billion achieved in the six-month period ended 31 March 2023 (H1 FY: 2023). This increase in revenue was primarily driven by the improved Electrical Engineering Segment revenues as well as the inclusion of IQ Business (Pty) Ltd and its subsidiaries' (IQbusiness) revenue, following the effective date of the IQbusiness acquisition on 1 July 2023.

The Group's 9% increase in operating profit to R674 million (H1 FY: 2023: R620 million) was driven by the strong results in the Electrical Engineering Segment and the Applied Electronics Segment's Defence Cluster. These strong performances were augmented by the Group's good management of customer collections, which resulted in a reduced impairment charge for expected credit losses, which together with the final instalment of the insurance pay-out for business interruptions caused by the Covid-19 pandemic, delivered this pleasing increase in operating profit.

The Group continued to generate strong free cash flow which resulted in a decrease in net interest paid despite the prevailing high rates of domestic interest, which helped boost profit for the period by 13% to R475 million (H1 FY: 2023: R422 million). Similarly, the Group's earnings per share and headline earnings per share increased by 12% and 8%, respectively.

Key earnings metric

	Measurement criteria	Six months ended 31 March 2024	2023	% change	Year ended 30 September 2023
Revenue	Rm	**6 642**	6 203	7	13 781
Segment operating profit	Rm	**612**	625	(2)	1 462
Operating profit	Rm	**674**	620	9	1 431
Profit for the period	Rm	**475**	422	13	959
Basic earnings per share	Cents	**289**	259	12	578
Headline earnings per share	Cents	**289**	267	8	602
Interim/total cash dividend per share	Cents	**90**	83	8	332

Cash resources and liquidity

As set out in the "Enhanced financial capacity" and "Subsequent events" sections of the Directors' report in the 2023 Group Audited Annual Financial Statements, the Group completed its longer-term funding programme for Quince Capital (Pty) Ltd (Quince), the Group's rental-based finance business, in November 2023.

During the six-month period to 31 March 2024, Quince drew down on the two term loans, raising R550 million which was used to repay a portion of its loan due to Reunert. Reunert in turn used the proceeds to settle the Group's revolving credit facility of R400 million and to invest R50 million in Lumika Renewables (Pty) Ltd (Lumika) as set out below, with the balance augmenting the Group's available cash.

The Group, together with its joint venture partner, AP Moller Capital, through its investment company AIF I Africa C&I Renewable Energy LLP, both subscribed for new capital in Lumika to the value of R189 million. Of this amount, R50 million was in cash while the remainder was a capitalisation of the shareholder loans which funded Lumika's subsidiary, Terra Firma Solutions (Pty) Ltd's (Terra Firma Solutions), operations and the equity requirements of its investments into solar energy assets.

The high level of sales made in the second quarter of the 2024 financial year and the investment in working capital required to address the port congestion referred to under "Group Results", resulted in a R201 million increase in working capital during the period under review.

After absorbing the impact of the working capital investment, the Group very positively generated free cash flow of R476 million (H1 FY: 2023: R298 million). This, together with the impact of the new longer-term facilities raised and the R141 million received in respect of the sale in the 2023 financial year to Lumika of Terra Firma Solutions, resulted in the net cash on hand increasing from R1 171 million at 30 September 2023 to R1 299 million at 31 March 2024, after the payment of R397 million in respect of the final dividend for the 2023 financial year in January 2024.

The positive cash generation, which is expected to continue through the second half of the 2024 financial year (H2 FY: 2024), together with the unutilised banking facilities available to the Group and the cash on hand, provides the necessary financial resources to meet the Group's operational and strategic initiatives and support dividend payments.

Segment review

Electrical Engineering

The Electrical Engineering Segment continued its strong performance as segment revenue increased by 7% to R3,4 billion (H1 FY: 2023: R3,2 billion) and segment operating profit increased by 12% to R244 million (H1 FY: 2023: R218 million).

Both Power Cable businesses performed well on the back of increased production volumes. These businesses leveraged the increased volumes to generate operational efficiencies which together with a better product mix in Zambia and lower foreign exchange rate losses, yielded improved margins and higher operating profit.

The Circuit Breaker business delivered steady product volumes and profitability marginally below that of the prior comparative period. Positively, increased exports to the USA offset weaker economic growth in Australia. The business' export order book has increased, specifically with orders from the USA, which will assist in increasing the financial performance for H2 FY: 2024.

ICT

IQbusiness has been successfully integrated into the ICT Segment. The business' inclusion contributed positively to both the segment revenue and segment operating profit. The ICT Segment's segment revenue increased by 38% to R1,9 billion (H1 FY: 2023: R1,4 billion), while its segment operating profit remained in line with that of the prior comparative period at R316 million (H1 FY: 2023: R318 million).

The negative impact of the port congestion on Nashua, described under "Group Results" above, weakened an otherwise solid performance by the segment as SkyWire (Pty) Ltd (last mile broadband connectivity), Plus 1X Solutions (Pty) Ltd (+OneX) (digital integrator) and Quince all delivered improved results.

Collections in the channel remained well managed and Quince's lease and loan receivables book is appropriately provisioned against the economic conditions facing the segment.

Applied Electronics

The Terra Firma Solutions transaction concluded in the 2023 financial year resulted in only 50% of the Solar Energy business' revenue and operating profit being accounted for in the Applied Electronics Segment's segmental results in H1 FY: 2024. This change, coupled with the reduction in revenue and operating profit at the Battery Storage business, described under "Group Results" above, resulted in the segment revenue decreasing by 10% to R1,5 billion (H1 FY: 2023: R1,6 billion), despite the strong financial and operational performances of the Defence Cluster and the Solar Energy business. These strong performances maintained segment operating profit largely in line with the prior comparative period at R160 million (H1 FY: 2023: R163 million).

Renewable Energy

The cluster's Solar Energy business had a strong performance as build rates, margins, solar energy assets under ownership (BOO) and BOO performance all improved. The business' market for large scale solar energy and battery storage solutions in the commercial and industrial market continues to expand.

The Battery Storage business has secured several large iESS contracts and is expected to deliver an improved performance in H2 FY: 2024.

Defence

The Defence Cluster delivered a strong performance as the cluster executed on its large order book. The cluster's execution was pleasing and, despite the port logistic challenges it faced, was able to meet its customer commitments. The engagement between the companies and the South African export authorities remained positive and all export permits were received in good time. The increased volumes resulted in improved factory throughput and efficiencies which together with a good product mix and stable foreign exchange rates yielded improved operating profit margins for the cluster. The Fuze, Radar, Secure Communications, Logistics businesses and Etion Create all delivered strong performances in H1 FY: 2024. Importantly, the cluster's order books remained at levels similar to those experienced at 30 September 2023, which provides encouraging visibility on the cluster's expected positive financial performance throughout the remainder of the 2024 financial year and into the 2025 financial year.

Event after the reporting date

Shareholders are referred to note 15, Event after the reporting date, for the detailed disclosure regarding the event after the reporting date.

Prospects

The macro-economic environment in South Africa remains constrained with low levels of GDP and subdued investment by both the private and public sectors. This is compounded by uncertainty surrounding the outcome of the upcoming national elections.

In this environment, Reunert continues to expect that an improved financial result in 2024 can be delivered. Whilst the pressure in the South African facing businesses has increased since the 2023 financial year-end position, the Group's results are anticipated to be positively supported by:

- the incorporation of IQbusiness' results for a full 12 months;
- the continued positive Defence Cluster's sales on the back of the strong order book; and
- solid Electrical Engineering growth.

Cash dividend

The Group's cash generation continues to be sufficient to meet operational and strategic requirements and support the dividend. Notice is hereby given that a gross interim cash dividend No. 196 of 90,0 cents per ordinary share (March 2023: 83,0 cents per ordinary share) has been declared by the board of directors (Board) for the six months ended 31 March 2024.

The dividend has been declared from retained earnings.

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

Accordingly, for those shareholders subject to withholding tax, the net dividend amounts to 72,0 cents per ordinary share (March 2023: 66,4 cents per ordinary share).

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

In compliance with the requirements of Strate (Pty) Ltd and the JSE Limited Listings Requirements, the following dates are applicable:

Last date to trade (*cum* dividend)	Tuesday, 18 June 2024
First date of trading (*ex* dividend)	Wednesday, 19 June 2024
Record date	Friday, 21 June 2024
Payment date	Monday, 24 June 2024

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 19 June 2024 and Friday, 21 June 2024, both days inclusive.

On behalf of the Board

Mohamed Husain
Chairman

Alan Dickson
Chief Executive Officer

Nick Thomson
Chief Financial Officer

Sandton, 21 May 2024

Condensed consolidated statement of profit or loss

for the six months ended 31 March 2024

Rm	Notes	Six months ended 31 March **2024 Unaudited**	2023 Unaudited	% Change	Year ended 30 September 2023 Audited
Revenue	2	**6 642**	6 203	7	13 781
Operating expenses[1]		**(5 960)**	(5 530)	8	(12 259)
Operating profit before impairment of financial assets		**682**	673	1	1 522
(Impairment)/reversal of impairment		**(8)**	(53)		(91)
Credit write-off	3, 6	**(19)**	(4)		(21)
Expected credit losses	3, 6	**11**	(49)		(70)
Operating profit	3	**674**	620	9	1 431
Interest and dividend income	4	**57**	26		51
Interest expense	5	**(90)**	(74)		(171)
Profit before tax and equity-accounted investee		**641**	572	12	1 311
Tax		**(166)**	(156)	6	(359)
Profit after tax, before equity-accounted investee		**475**	416	14	952
Share of profit net of tax from equity-accounted investee		**–**	6		7
Profit for the period		**475**	422	13	959
Profit for the period attributable to:					
Non-controlling interests		**16**	10		40
Equity holders of Reunert		**459**	412		919
Earnings per share (cents)					
Basic	10	**289**	259	12	578
Diluted	10	**277**	258	7	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 3, Operating profit.*

Condensed consolidated statement of other comprehensive income

for the six months ended 31 March 2024

Rm	Six months ended 31 March 2024 Unaudited	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
Profit for the period	**475**	422	959
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to the statement of profit or loss	**(30)**	(35)	(26)
Translation differences of foreign businesses	**(22)**	(35)	(25)
Fair value remeasurement of financial asset	**–**	–	(1)
Translation loss on net investment	**(8)**	–	–
Total comprehensive income	**445**	387	933
Total comprehensive income attributable to:			
Non-controlling interests	**10**	1	32
Share of profit for the period	**16**	10	40
Share of other comprehensive income	**(6)**	(9)	(8)
Equity holders of Reunert	**435**	386	901
Share of profit for the period	**459**	412	919
Share of other comprehensive income	**(24)**	(26)	(18)

Condensed consolidated statement of financial position

for the six months ended 31 March 2024

Rm	Notes	As at 31 March 2024 Unaudited	 2023 Unaudited	Year ended 30 September 2023 Audited
Assets				
Non-current assets				
Property, plant and equipment		**788**	917	795
Investment property		**16**	25	16
Right-of-use assets		**281**	216	263
Intangible assets		**842**	558	887
Goodwill	7	**1 186**	991	1 186
Investment in joint venture	8	**189**	5	–
Investment at fair value through profit or loss		**54**	53	54
Derivative financial asset	9	**6**	–	6
Lease receivables		**397**	358	408
Loan receivables		**1 312**	1 159	1 280
Other investments and loans		**39**	209	38
Loan to joint venture		**–**	–	139
Deferred tax assets		**245**	194	202
		5 355	4 685	5 274
Current assets				
Tax receivables		**129**	147	98
Inventory		**2 347**	2 541	2 238
Lease receivables		**223**	221	222
Loan receivables		**411**	513	452
Trade and other receivables		**3 268**	2 875	3 034
Derivative financial assets		**11**	72	16
Cash and cash equivalents		**1 329**	1 006	1 298
		7 718	7 375	7 358
Total assets		**13 073**	12 060	12 632
Equity and liabilities				
Capital and reserves				
Share capital		**389**	389	389
Share-based payment reserves		**260**	217	233
Empowerment shares		**(554)**	(554)	(554)
Treasury shares		**(169)**	(169)	(169)
Equity transactions		**(5)**	(1)	(19)
Other reserves[1]		**(189)**	(195)	(165)
Retained earnings		**7 773**	7 412	7 741
Equity attributable to equity holders of Reunert		**7 505**	7 099	7 456
Non-controlling interests		**170**	129	174
Total equity[2]		**7 675**	7 228	7 630

Rm	Notes	As at 31 March 2024 Unaudited	2023 Unaudited	Year ended 30 September 2023 Audited
Non-current liabilities				
Deferred tax liabilities		**291**	214	272
Equity forward contract		**–**	20	6
Borrowings		**1 298**	301	1 146
Lease liabilities		**223**	162	200
Put option liability	9	**26**	–	23
Contract liabilities		**16**	4	6
Share-based payment liabilities		**35**	34	54
Contingent consideration	12	**25**	23	32
		1 914	758	1 739
Current liabilities				
Equity forward contract		**20**	16	22
Borrowings		**–**	4	–
Lease liabilities		**123**	92	129
Derivative financial liabilities		**3**	22	7
Provisions		**93**	61	74
Tax liabilities		**80**	112	51
Contract liabilities		**650**	508	392
Share-based payment liabilities		**43**	–	–
Trade and other payables		**2 442**	2 251	2 461
Bank overdrafts and other short-term borrowings		**30**	1 008	127
		3 484	4 074	3 263
Total equity and liabilities		**13 073**	12 060	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.*

Condensed consolidated statement of cash flows

for the six months ended 31 March 2024

Rm	Notes	Six months ended 31 March **2024 Unaudited**	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
Cash flows from operating activities				
Cash generated from operations before working capital changes	A	**919**	889	1 892
Increase in net working capital		**(201)**	(324)	(7)
Cash generated from operations		**718**	565	1 885
Interest received	4	**48**	20	47
Dividends received	4	**9**	2	4
Interest paid	5	**(89)**	(74)	(169)
Tax paid		**(183)**	(174)	(394)
Net cash inflow from operating activities before dividends		**503**	339	1 373
Dividends paid (including to non-controlling interests in subsidiaries)		**(406)**	(364)	(505)
Net cash inflow/(outflow) from operating activities		**97**	(25)	868
Cash flows from investing activities				
Cash received from loan receivables		**312**	353	660
Cash invested in loan receivables		**(308)**	(425)	(815)
Proceeds from sale of loan receivables		**–**	42	42
Investments and loans granted		**(1)**	(144)	(154)
Investments and loans repaid		**–**	–	21
Dividends received from joint venture		**–**	5	5
Investment in joint venture		**(50)**	–	–
Replacement of property, plant and equipment and intangible assets		**(27)**	(41)	(118)
Expansion of property, plant and equipment and intangible assets		**(57)**	(109)	(237)
Proceeds from disposal of property, plant and equipment and intangible assets		**–**	11	32
Acquisition of businesses		**–**	(187)	(656)
Contingent consideration settled		**(8)**	(5)	(14)
Proceeds/(cash outflow) from disposal of subsidiary[1]		**141**	–	(28)
Net cash inflow/(outflow) from investing activities		**2**	(500)	(1 262)

Rm	Notes	Six months ended 31 March **2024** **Unaudited**	 2023 Unaudited	Year ended 30 September 2023 Audited
Cash flows from financing activities				
Shares acquired for equity settled Conditional Share Plan (CSP)		**(25)**	(5)	(4)
Shares acquired from non-controlling interests		**(10)**	(1)	(10)
Put option liability settled		**–**	–	(31)
Borrowings raised		**552**	234	2 028
Borrowings settled		**(401)**	(3)	(652)
Equity forward contract liability settled		**(8)**	(8)	(15)
Lease liabilities settled		**(50)**	(47)	(97)
Net cash inflow from financing activities		**58**	170	1 219
Net increase/(decrease) in net cash and cash equivalents		**157**	(355)	825
Net cash and cash equivalents at the beginning of the period as reported in the statement of financial position		**1 171**	359	359
Net cash and cash equivalents at the end of the period before translation adjustments		**1 328**	4	1 184
Foreign exchange translation adjustments on:				
Cash and cash equivalents		**(30)**	(22)	(21)
Bank overdrafts and other short-term borrowings		**1**	16	8
Net cash and cash equivalents at the end of the period as reported in the statement of financial position		**1 299**	(2)	1 171
Made up of:				
Cash and cash equivalents		**1 329**	1 006	1 298
Bank overdrafts and other short-term borrowings		**(30)**	(1 008)	(127)
Bank overdrafts		**(30)**	(50)	–
Other short-term borrowings		**–**	(958)	(127)

[1] *The disposal of Terra Firma Solutions (Pty) Ltd to the Group's joint venture, Lumika Renewables (Pty) Ltd, was accounted for as part of the trade and other receivables balance in the 2023 financial year. The proceeds from this sale were received in the six month period ended 31 March 2024.*

Notes to the condensed consolidated statement of cash flows

for the six months ended 31 March 2024

Rm	Notes	Six months ended 31 March 2024 Unaudited	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
A. Reconciliation of profit before tax to cash generated from operations before working capital changes				
Profit before tax		**641**	572	1 311
Adjusted for:				
Interest received	4	**(48)**	(20)	(47)
Dividend received	4	**(9)**	(2)	(4)
Interest expense	5	**89**	74	169
Unwinding of present value discount	4,5	**1**	(4)	2
Depreciation of property, plant and equipment and right-of-use assets	3	**117**	115	228
Amortisation of intangible assets	3	**54**	46	97
Profit on disposal of property, plant and equipment and intangible assets	3	**–**	(2)	(5)
Fair value remeasurements				
Gain on investment at fair value through profit or loss	3	**–**	–	(1)
Loss on contingent consideration	3	**1**	1	3
Gain on put option derivative asset	3	**–**	(8)	(25)
Gain on call option derivative liability	3	**–**	(20)	(33)
Loss on put option liability	3	**3**	–	–
Gain on reclassification from other comprehensive income	3	**–**	–	(8)
Loss on disposal of subsidiary	3	**–**	–	33
Impairment of intangible assets	3	**–**	17	9
Share-based payment expense in respect of the Group's CSP	3	**25**	15	24
Share-based payment expense in respect of the Group's Retention Plan	3	**13**	23	29
Share-based payment expense in respect of the Group's cash settled	3			
Employee Share Ownership Plan	3	**13**	4	21
Net unrealised forex losses	3	**13**	20	–
Lease modification	3	**(19)**	(18)	(47)
Impairment/(reversal of impairment) of financial assets				
Credit write-off	3,6	**19**	4	21
Expected credit losses	3,6	**(11)**	49	70
Provisions movements		**19**	23	54
Other non-cash movements		**(2)**	–	(9)
Cash generated from operations before working capital changes		**919**	889	1 892

Condensed consolidated statement of changes in equity

for the six months ended 31 March 2024

Rm	Six months ended 31 March 2024 Unaudited	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
Share capital	**389**	389	389
Share-based payment reserves	**260**	217	233
Balance at the beginning of the period	**233**	216	216
In respect of CSP[1]	**37**	21	36
Shares acquired to settle CSP	**(25)**	(5)	(4)
Transfer to retained earnings	**15**	(15)	(15)
Empowerment shares[2]	**(554)**	(554)	(554)
Treasury shares[3]	**(169)**	(169)	(169)
Equity transactions	**(5)**	(1)	(19)
Balance at the beginning of the period	**(19)**	(20)	(20)
Shares acquired from non-controlling interests	**(5)**	(1)	(19)
Transfer to retained earnings	**19**	20	20
Equity forward contract[4]	**(75)**	(75)	(75)
Put option reserve	**(18)**	–	(18)
Balance at the beginning of the period	**(18)**	–	–
Put option raised	**–**	–	(37)
Shares acquired from non-controlling interests	**–**	–	19
Foreign currency translation reserves	**21**	29	37
Balance at the beginning of the period	**37**	55	55
Other comprehensive income	**(16)**	(26)	(17)
Reclassification to the statement of profit or loss	**–**	–	(1)
Translation loss on net investment in foreign subsidiary	**(117)**	(109)	(109)
Balance at the beginning of the period	**(109)**	(109)	(109)
Other comprehensive income	**(8)**	–	–
Fair value reserves	**–**	(40)	–
Balance at the beginning of the period	**–**	(40)	(40)
Other comprehensive income	**–**	–	(1)
Reclassification to the statement of profit or loss	**–**	–	(7)
Transfer to retained earnings	**–**	–	48

1 *The amount in the statement of changes in equity of R37 million (March 2023: R21 million, September 2023: R36 million) consists of a R25 million charge (March 2023: R15 million charge, September 2023: R24 million charge) in the statement of profit or loss and R12 million (March 2023: R6 million, September 2023: R12 million) related to deferred tax charged through equity.*

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

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

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

Condensed consolidated statement of changes in equity (continued)

for the six months ended 31 March 2024

Rm	2024 Unaudited (Six months ended 31 March)	2023 Unaudited (Six months ended 31 March)	Year ended 30 September 2023 Audited
Retained earnings	**7 773**	7 412	7 741
Balance at the beginning of the period	**7 741**	7 364	7 364
Profit for the period attributable to equity holders of Reunert	**459**	412	919
Cash dividends paid	**(397)**	(359)	(489)
Tax deduction in terms of CSP	**4**	–	–
Transfer from other reserves	**(34)**	(5)	(53)
Equity attributable to equity holders of Reunert	**7 505**	7 099	7 456
Non-controlling interests	**170**	129	174
Balance at the beginning of the period	**174**	133	133
Profit for the period	**16**	10	40
Other comprehensive income	**(6)**	(9)	(8)
Cash dividends paid	**(9)**	(5)	(16)
Acquisition of businesses	**–**	–	92
Disposal of subsidiary	**–**	–	(51)
Shares acquired from non-controlling interests	**(5)**	–	(16)
Total equity at the end of the period	**7 675**	7 228	7 630

Notes

for the six months ended 31 March 2024

1. Basis of preparation

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

> Requirements of IAS 34: Interim Financial Reporting;
> Framework concepts and the recognition and measurement requirements of IFRS Accounting Standards (IFRS) in effect for the Group at 1 October 2023;
> South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, as issued by the Accounting Practices Committee;
> Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council;
> Listings Requirements of the JSE Limited and A2X alternative exchange; and
> Requirements of the Companies Act, No. 71 of 2008, of South Africa (Companies Act).

The interim financial statements were compiled under the supervision of NA Thomson CA(SA), the Group's Chief Financial Officer and authorised for issue on 21 May 2024 by the Board.

The Group's accounting policies applied for the period ended 31 March 2024 are consistent with those applied in the prior year's audited consolidated Annual Financial Statements, except for the impact of the first time adoption of IFRS 17 – Insurance Contracts, the impact of which is set out in note 13, Change in accounting policy. These accounting policies comply with IFRS.

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

2. Revenue

	Six months ended 31 March		
Rm	**2024 Unaudited**	2023 Unaudited	Year ended 30 September 2023 Audited
Revenue from contracts with customers			
Category of revenue			
Products	**4 901**	4 960	11 040
Services	**1 521**	1 057	2 344
	6 422	6 017	13 384
Timing of revenue recognition			
Revenue recognised at a point in time	**5 635**	5 266	11 200
Revenue recognised over time	**787**	751	2 184
Total revenue from contracts with customers	**6 422**	6 017	13 384
Other revenue			
Interest received on lease and loan receivables	**198**	169	359
Rental revenue	**22**	17	38
Total revenue	**6 642**	6 203	13 781

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

Notes (continued)

for the six months ended 31 March 2024

3. Operating profit

Rm	Six months ended 31 March 2024 Unaudited	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
Operating profit is arrived at as follows:			
Revenue	**6 642**	6 203	13 781
Items included in operating profit			
Changes in inventory	**(3 867)**	(3 867)	(8 532)
Employee costs	**(1 640)**	(1 153)	(2 646)
Salaries and wages[1]	**(1 483)**	(1 015)	(2 363)
Medical aid and retirement fund contributions	**(58)**	(55)	(122)
Staff costs	**(48)**	(41)	(87)
Share-based payment expense in respect of the Group's CSP	**(25)**	(15)	(24)
Share-based payment expense in respect of the Group's Retention Plan	**(13)**	(23)	(29)
Share-based payment expense in respect of the Group's cash settled Employee Share Ownership Plan	**(13)**	(4)	(21)
Fair value remeasurements	**(4)**	27	56
Gain on investment at fair value through profit or loss	**–**	–	1
Loss on contingent consideration	**(1)**	(1)	(3)
Gain on put option derivative asset	**–**	8	25
Gain on call option derivative liability	**–**	20	33
Loss on put option liability	**(3)**	–	–
Auditors remuneration	**(21)**	(17)	(35)
Audit fees	**(20)**	(16)	(32)
Other fees	**(1)**	(1)	(3)
(Impairment)/reversal of impairment of financial assets	**(8)**	(53)	(91)
Credit write-off	**(19)**	(4)	(21)
Expected credit losses	**11**	(49)	(70)
Net forex gains/(losses)	**3**	(78)	(43)
Net realised forex gains/(losses)	**16**	(58)	(43)
Net unrealised forex losses	**(13)**	(20)	–

3. Operating profit (continued)

Rm	Six months ended 31 March 2024 Unaudited	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
Other income	**30**	26	68
Insurance income[2]	**78**	44	44
Gain on reclassification from other comprehensive income	**–**	–	8
Lease modification	**19**	18	47
Profit on disposal of property, plant and equipment and intangible assets	**–**	2	5
Interest incurred to finance the lease and loan receivables	**(16)**	(1)	(15)
Operating lease charges	**(15)**	(14)	(29)
Research and development	**(55)**	(49)	(156)
Impairment of intangible assets	**–**	(17)	(9)
Loss on disposal of subsidiary	**–**	–	(33)
Gross other operating expenses	**(301)**	(290)	(664)
EBITDA[3]	**845**	781	1 756
The following additional disclosable items have been included in arriving at operating profit:			
Depreciation and amortisation	**(171)**	(161)	(325)
Operating profit as per the statement of profit or loss	**674**	620	1 431

[1] *The significant increase in salaries and wages in comparison to March 2023 was mainly as a result of the inclusion of IQbusiness for the period ending 31 March 2024. IQbusiness was acquired in July 2023.*

[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.*

Notes (continued)

for the six months ended 31 March 2024

4. Interest and dividend income

Rm	Six months ended 31 March 2024 Unaudited	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
Dividend income	**9**	2	4
Unwinding of present value discount	**–**	4	–
Interest earned on financial assets:			
Bank deposits	**36**	15	33
Other assets	**12**	5	14
Interest and dividend income as per the statement of profit or loss	**57**	26	51
Interest earned on lease and loan receivables included in revenue	**198**	169	359
Total interest and dividend income	**255**	195	410

5. Interest expense

Rm	2024 Unaudited	2023 Unaudited	2023 Audited
Borrowings and bank overdrafts	**72**	64	145
Lease liabilities	**17**	10	24
Interest expense as per the statement of cash flows	**89**	74	169
Unwinding of present value discount	**1**	–	2
Interest expense as per the statement of profit or loss	**90**	74	171
Interest incurred to finance the lease and loan receivables (included in operating expenses as this relates to the Group's finance business)	**16**	1	15
Total interest expense	**106**	75	186

6. Impairment of financial assets

Rm	2024 Unaudited	2023 Unaudited	2023 Audited
Credit write-off	**19**	4	21
Expected credit losses (ECL)	**(11)**	49	70
Net impairment as per the statement of profit or loss	**8**	53	91

6. Impairment of financial assets (continued)

Analysis of movement in the ECL

Rm 31 March 2024	Carrying amount at the beginning of the period	Raised/ (released) during the period through the statement of profit or loss	Utilised	Foreign exchange movement	Carrying amount at the end of the period
Lease and loan receivables	**131**	**4**	**–**	**–**	**135**
Trade and other receivables	**155**	**(15)**	**(5)**	**(12)**	**123**
Credit write-off for trade and other receivables		**19**			
Impairment of financial assets per the statement of profit or loss		**8**			
31 March 2023					
Lease and loan receivables	101	25	(2)	–	124
Trade and other receivables	165	24	–	(12)	177
Credit write-off for trade and other receivables		4			
Impairment of financial assets per the statement of profit or loss		53			

Notes (continued)

for the six months ended 31 March 2024

6. Impairment of financial assets (continued)

Analysis of movement in the ECL (continued)

Rm **30 September 2023**	Carrying amount at the beginning of the period	Raised during the period through the statement of profit or loss	Utilised	Acquisition of businesses	Foreign exchange movement	Carrying amount at the end of the period
Lease and loan receivables	101	48	(18)	–	–	131
Trade and other receivables	165	22	(35)	14	(11)	155
Credit write-off for trade and other receivables		21				
Impairment of financial assets per the statement of profit or loss		91				

Lease and loan receivables

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

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

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

6. Impairment of financial assets (continued)

Lease and loan receivables (continued)

Key assumptions

The Group has used the following key assumptions in estimating the ECL as at 31 March 2024:

	Six months ended 31 March		
	2024 Unaudited	2023 Unaudited	Year ended 30 September 2023 Audited
Probability of default (PD)	**8,5%**	6,2%	6,3%
Loss given default (LGD)	**65,8%**	65,8%	68,8%
Exposure at default (EAD) – Amounts receivable at	**31 March**	31 March	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.

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.

Notes (continued)

for the six months ended 31 March 2024

6. Impairment of financial assets (continued)

Lease and loan receivables (continued)

Categorisation of stages

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

Rm	Carrying amount before ECL	Expected credit losses Stage 1	Expected credit losses Stage 2	Expected credit losses Stage 3	Net carrying amount after ECL
31 March 2024	**2 478**	**(22)**	**(46)**	**(67)**	**2 343**
Lease receivables	**640**	**(5)**	**(10)**	**(5)**	**620**
Loan receivables	**1 838**	**(17)**	**(36)**	**(62)**	**1 723**
31 March 2023	2 375	(21)	(33)	(70)	2 251
Lease receivables	599	(6)	(7)	(7)	579
Loan receivables	1 776	(15)	(26)	(63)	1 672
30 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

31 March 2024 Rm	Expected credit losses Stage 1	Expected credit losses Stage 2	Expected credit losses Stage 3	Total
Carrying amount as at the beginning of the period	**22**	**51**	**58**	**131**
(Released)/raised during the period through the statement of profit or loss	**–**	**(5)**	**9**	**4**
Carrying amount as at the end of the period	**22**	**46**	**67**	**135**

6. Impairment of financial assets (continued)

Trade and other receivables

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

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

7. Goodwill

Rm	Six months ended 31 March **2024 Unaudited**	 2023 Unaudited	Year ended 30 September 2023 Audited
Carrying amount at the beginning of the period	**1 186**	960	960
Disposal of subsidiary	**–**	–	(88)
Acquisition of businesses	**–**	31	314
Carrying amount at the end of the period	**1 186**	991	1 186

Impairment of goodwill and cash generating units

The Group considered and evaluated whether there were any indicators of impairment for its cash generating units (CGU). Where any indicators of impairment existed a goodwill impairment assessment was performed for that CGU to determine if any goodwill required impairment in terms of IAS 36 – Impairment of Assets (IAS 36).

Indicators of impairment were noted for Omnigo (Pty) Ltd (Omnigo) and Blue Nova Energy (Pty) Ltd (Blue Nova). Consequently, the Group performed an impairment assessment for these CGUs using cash flow forecasts covering a five-year period and incorporating a terminal value. Based on these assessments, no impairment was required to goodwill or any other assets associated with these businesses at 31 March 2024.

Sensitivities

In accordance with IAS 36, management conducted a sensitivity analysis, which included the potential impact of a 5% reduction in forecast revenue on the cash flow forecasts without factoring in any management actions required from the decrease in revenue. As a result of this sensitivity analysis, an impairment of R30 million would be required for Omnigo and an impairment of R15 million would be required for Blue Nova if their current year revenue forecasts are not met by 5%, i.e. a 95% achievement.

An increase of 1% in pre-tax discount rates would result in an impairment of goodwill of R13 million for Omnigo.

Notes (continued)

for the six months ended 31 March 2024

7. Goodwill (continued)

Impairment of goodwill and cash generating units (continued)

March 2023

An impairment of R69 million would be required for Reutech Communications (Pty) Ltd (Reutech Communications) if the current year revenue forecast is not met by 5%, i.e. a 95% achievement.

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

September 2023

An impairment of R32 million would be required for SkyWire (Pty) Ltd (SkyWire) and an impairment of R17 million would be required for Omnigo if revenue forecasts were to be reduced by 5%, i.e. a 95% achievement.

A 1% increase in pre-tax discount rates would result in an impairment of goodwill for SkyWire of Rnil and an impairment of R2 million for Omnigo.

8. Investment in joint venture

Rm	Six months ended 31 March **2024 Unaudited**	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
Carrying amount at the beginning of the period	**–**	9	9
Cash subscription for further shares in Lumika	**50**	–	–
Capitalisation of loan to joint venture to investment in joint venture	**139**	–	–
Other	**–**	(5)	(4)
Derecognition of interests as a result of disposal of subsidiary	**–**	–	(7)
	189	4	(2)
Share of joint venture profit per the statement of profit or loss	**–**	6	7
Share of joint venture profit/(loss)	**2**	(6)	(32)
Unrecognised share of profit/(loss) from Lumika	**(2)**	12	39
Dividends received	**–**	(5)	(5)
Carrying amount at the end of the period	**189**	5	–

In the 2022 financial year, Lumika Renewables (Pty) Ltd (Lumika) incurred a loss on the fair value remeasurement of the put and call options to purchase the Group's interest in Reunert Investment Company No 2 (Pty) Ltd (RIC 2), which held a 100% interest in Terra Firma Solutions (Pty) Ltd, its subsidiaries, joint ventures and associates (referred to as the TFS group). This loss was accounted for as part of the Group's equity accounted earnings from Lumika up to the point at which the Group's net investment in Lumika was reduced to Rnil. The Group's share of the residual unrecognised fair value loss at 30 September 2022 was R7 million.

8. Investment in joint venture (continued)

In the 2023 financial year, Lumika incurred a further loss on the fair value remeasurement of the put and call options as well as on the remeasurement of its investment in associate (RIC 2 and the TFS group) before recognising the acquisition of the residual 72,2% of RIC 2 and the TFS group in terms of IFRS 3 – Business Combinations. This resulted in the Group's cumulative share of unrecognised fair value loss as at 30 September 2023 rising to R46 million.

In the current financial period, 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 after its share of the profits equals the share of losses not recognised.

In the 2024 reporting period, the Group's cumulative loss of R46 million was reduced to R44 million as a result of Lumika making a profit for the period ended 31 March 2024.

9. Put option liability and call option derivative financial asset

Put option liability

Rm	Six months ended 31 March **2024** **Level 3**	 2023 Level 3	Year ended 30 September 2023 Level 3
Carrying amount at the beginning of the period	**23**	–	–
Acquisition of business – fair value as a derivative	**–**	–	17
Recognition of gross non-controlling interests put option liability	**–**	–	37
Fair value remeasurement	**3**	–	–
Settlement	**–**	–	(31)
Carrying amount at the end of the period	**26**	–	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 managements best estimate of Tamirox's forecasted EBITDA for the period ended 31 March 2024 applied to the contracted valuation formula contained in the shareholder agreement. The key input used in the valuation is the discount rate of 11,75% (September 2023: 11,75%), which was determined using the Group's cost of borrowing as at 31 March 2024.

Sensitivity

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

Notes (continued)

for the six months ended 31 March 2024

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

Call option derivative financial asset

Rm	Six months ended 31 March 2024 Level 3	2023 Level 3	Year ended 30 September 2023 Level 3
Carrying amount at the beginning of the period	**6**	–	–
Acquisition of business – fair value as a derivative	**–**	–	12
Settlement	**–**	–	(6)
Carrying amount at the end of the period	**6**	–	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% (September 2023: 4,8%).

Sensitivity

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

10. Number of shares used to calculate earnings per share

Rm	Six months ended 31 March 2024 Unaudited	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
Weighted average number of shares in issue, net of empowerment and treasury shares[1], for basic earnings and headline earnings per share (millions of shares)	**159[2]**	159[2]	159[2]
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	**7**	1	2
Weighted average number of shares for diluted basic and diluted headline earnings per share (millions of shares)	**166**	160	161
Profit for the period attributable to equity holders of Reunert (earnings used to determine earnings per ordinary share and diluted earnings per share)	**459**	412	919

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

2 *The Group has elected to treat the 2 346 930 shares (March and September 2023: 2 346 930) under the equity forward contract as issued shares, not treasury shares, for purposes of calculating the earnings per share.*

Notes (continued)

for the six months ended 31 March 2024

11. Headline earnings per share

Rm	Six months ended 31 March 2024 Unaudited	2023 Unaudited	Year ended 30 September 2023 Audited
Profit attributable to equity holders of Reunert	**459**	412	919
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:			
Impairment of non–financial assets	**–**	14	9
Intangible assets	**–**	17	9
Tax effect	**–**	(3)	–
Loss on disposal of subsidiary	**–**	–	33
Net profit on disposal of non–financial assets	**–**	(2)	(4)
Property, plant and equipment and intangible assets	**–**	(2)	(5)
Tax effect	**–**	–	1
Headline earnings	**459**	424	957
Headline earnings per share (cents)	**289**	267	602
Diluted headline earnings per share (cents)	**277**	265	594

12. Contingent consideration

Rm	Six months ended 31 March 2024 Unaudited	2023 Unaudited	Year ended 30 September 2023 Audited
Carrying amount at the beginning of the period	**52**	42	42
Raised on acquisitions at fair value	**–**	7	21
Fair value remeasurement	**1**	1	3
Settlement	**(8)**	(5)	(14)
Carrying amount at the end of the period	**45**	45	52
Less: current portion (included in trade and other payables)	**(20)**	(22)	(20)
Non-current portion	**25**	23	32

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

12. Contingent consideration (continued)

Contingent considerations still in effect

The Group has 5 contingent considerations in respect of previous acquisitions in effect at 31 March 2024.

The amounts disclosed represent the fair value as at 31 March 2024.

	2024
Dopptech[1]	4
+OneX[2]	41

[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 12% (March 2023: 15% and September 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 consideration 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 period ended 31 March 2024 would decrease by R1 million (March 2023: R1 million and September 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 period ended 31 March 2024 would increase by R1 million (March 2023: R1 million and September 2023: R2 million).

Notes (continued)

for the six months ended 31 March 2024

13. Change in accounting policy

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 as opposed to IFRS 9. 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 – Revenue.

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 interim financial statements following the change in accounting for financial guarantee contracts. There will be guarantees that will require recognition in the separate Company financial statements.

14. Litigation

There is no material litigation against the Group.

15. Event after the reporting date

Subsequent to the reporting date, the following transaction has taken place:

IQbusiness and +OneX Merger

On 10 April 2024, the Group announced its intention to merge its subsidiaries IQbusiness and +OneX into a single client-focussed business, that brings together their almost 1 500 team members. Since July 2023, both companies have coexisted as subsidiaries in the Solutions and Systems Integration Cluster of the ICT Segment. The intention is to merge the companies under a single brand to create a Digital Integrator within the ICT Segment. The merger will combine technology services, insights, consulting, solutions, and managed services under a single business with a Level 1 B-BBEE certification.

Both IQbusiness and +OneX are growth businesses and the intended combination is part of a shared strategy to expand skillsets and grow together to create value for all stakeholders. The final decision on the implementation of the merger will be made in the next few months, subject to the fulfilment of certain suspensive conditions, including, among others, obtaining the respective Board and shareholder approvals in these entities.

16. 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.

Condensed segmental analysis

for the six months ended 31 March 2024

Rm	Six months ended 31 March 2024 Unaudited Total	EE	ICT	AE	Other
Revenue[1]					
Segment revenue	6 811	3 394	1 929	1 483	5
Adjusted for revenue from equity-accounted investee[2]	(169)	–	–	(169)	–
Revenue	6 642	3 394	1 929	1 314	5
Revenue as reported in the statement of profit or loss	6 642				
Segment revenue – % of total	100	50	28	22	–
Segment revenue – % change over prior period		7	38	(10)	(29)
Analysis of revenue					
Category of revenue					
Products	4 901	3 196	747	958	–
Services	1 521	198	984	339	–
	6 422	3 394	1 731	1 297	–
Timing of revenue recognition					
Revenue recognised at a point in time	5 635	3 346	1 206	1 083	–
Revenue recognised over time	787	48	525	214	–
	6 422	3 394	1 731	1 297	–
Other revenue					
Interest recognised on lease and loan receivables	198	–	198	–	–
Rental revenue	22	–	–	17	5
Total revenue	6 642	3 394	1 929	1 314	5
Revenue by geography					
South Africa	4 552	2 151	1 794	602	5
Rest of Africa (excluding South Africa)	1 125	1 013	73	39	–
Asia	453	11	–	442	–
Australia	112	92	5	15	–
Europe	255	28	48	179	–
America	145	99	9	37	–
Total revenue	6 642	3 394	1 929	1 314	5

1 *Inter-segment revenue has been eliminated, however, it is immaterial and has not been separately disclosed.*
2 *In the current period, the amount relates solely to the Lumika joint venture. In the prior periods, the amounts relate to the TFS group and Lexshell 661 Investments (Pty) Ltd joint ventures.*

	Six months ended 31 March 2023 Unaudited					% change in total	Year ended 30 September 2023 Audited				
	Total	EE	ICT	AE	Other		Total	EE	ICT	AE	Other
	6 209	3 162	1 401	1 639	7	10	13 792	7 159	3 064	3 559	10
	(6)	–	–	(3)	(3)		(11)	–	–	(8)	(3)
	6 203	3 162	1 401	1 636	4		13 781	7 159	3 064	3 551	7
	6 203					7	13 781				
	100	51	23	26	–		100	52	22	26	–
	4 960	3 029	748	1 183	–		11 040	6 878	1 399	2 763	–
	1 057	133	484	440	–		2 344	281	1 306	757	–
	6 017	3 162	1 232	1 623	–		13 384	7 159	2 705	3 520	–
	5 266	3 113	914	1 239	–		11 200	7 032	1 871	2 297	–
	751	49	318	384	–		2 184	127	834	1 223	–
	6 017	3 162	1 232	1 623	–		13 384	7 159	2 705	3 520	–
	169	–	169	–	–		359	–	359	–	–
	17	–	–	13	4		38	–	–	31	7
	6 203	3 162	1 401	1 636	4		13 781	7 159	3 064	3 551	7
	4 398	2 125	1 339	930	4		9 753	4 917	2 916	1 913	7
	954	773	44	137	–		2 083	1 728	109	246	–
	331	17	–	314	–		765	35	2	728	–
	125	113	–	12	–		261	233	–	28	–
	263	64	18	181	–		681	96	36	549	–
	132	70	–	62	–		238	150	1	87	–
	6 203	3 162	1 401	1 636	4		13 781	7 159	3 064	3 551	7

Condensed segmental analysis (continued)

for the six months ended 31 March 2024

Rm	Note	Six months ended 31 March 2024 Unaudited Total	EE	ICT	AE	Other
Operating profit						
Segment operating profit/(loss)[1]		612	244	316	160	(108)
Adjusted for operating profit from equity-accounted investee[2]		(4)	–	–	(4)	–
Profit on disposal of property, plant and equipment and intangible assets	3	–	–	–	–	–
Impairment of non-financial assets						
Impairment of intangible assets	3	–	–	–	–	–
Insurance income	3	78	–	–	–	78
Fair value remeasurements						
Gain on investment at fair value through profit or loss	3	–	–	–	–	–
Loss on contingent consideration	3	(1)	–	(1)	–	–
Gain on put option derivative asset	3	–	–	–	–	–
Gain on call option derivative liability	3	–	–	–	–	–
Loss on put option liability	3	(3)	–	(3)	–	–
Gain on reclassification from other comprehensive income	3	–	–	–	–	–
Loss on disposal of subsidiary	3	–	–	–	–	–
Operating profit/(loss) before impairment of financial assets		682	244	312	156	(30)
(Impairment)/reversal of impairment of financial assets						
Credit write-off	3	(19)	–	(19)	–	–
Expected credit losses	3	11	3	8	–	–
Operating profit/(loss)		674	247	301	156	(30)
Operating profit as reported in the statement of profit or loss		674				
Segment operating profit/(loss) – % of total		100	40	52	26	(18)
Segment operating profit/(loss) – % change over prior period			12	(1)	(2)	46

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 R92 million (March 2023: R94 million, September 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 period, the amount relates solely to the Lumika joint venture. In the prior periods, the amounts relate to the TFS group and Lexshell 661 Investments (Pty) Ltd joint ventures.*

Six months ended 31 March 2023 Unaudited					% change	Year ended 30 September 2023 Audited				
Total	EE	ICT	AE	Other	in total	Total	EE	ICT	AE	Other
625	218	318	163	(74)	(2)	1 462	552	660	432	(182)
(8)	–	–	(5)	(3)		(11)	–	–	(8)	(3)
2	2	–	–	–		5	1	1	3	–
(17)	–	–	(17)	–		(9)	–	–	(9)	–
44	–	–	–	44		44	–	–	–	44
–	–	–	–	–		1	1	–	–	–
(1)	–	(1)	–	–		(3)	–	(3)	–	–
8	–	–	8	–		25	–	–	25	–
20	–	–	20	–		33	–	–	33	–
–	–	–	–	–		–	–	–	–	–
–	–	–	–	–		8	–	–	8	–
–	–	–	–	–		(33)	–	–	(33)	–
673	220	317	169	(33)		1 522	554	658	451	(141)
(4)	(1)	(3)	–	–		(21)	(11)	(8)	(1)	(1)
(49)	(1)	(27)	(15)	(6)		(70)	13	(66)	(16)	(1)
620	218	287	154	(39)		1 431	556	584	434	(143)
620					9	1 431				
100	35	51	26	(12)		100	38	45	29	(12)

Condensed segmental analysis (continued)

for the six months ended 31 March 2024

Rm	Six months ended 31 March				Year ended 30 September	
	2024 Unaudited	**% of total**	2023 Unaudited	% of total	2023 Audited	% of total
Total assets						
EE	**3 118**	**24**	3 155	26	3 086	24
ICT	**5 365**	**41**	4 311	36	5 372	43
AE	**3 642**	**28**	3 908	32	3 773	30
Other	**948**	**7**	686	6	401	3
Total assets as reported in the statement of financial position[1]	**13 073**	**100**	12 060	100	12 632	100
Total liabilities						
EE	**1 644**	**30**	1 554	32	1 550	31
ICT	**1 601**	**30**	785	16	1 019	20
AE	**1 142**	**21**	1 446	30	959	19
Other	**1 011**	**19**	1 047	22	1 474	30
Total liabilities as reported in the statement of financial position[1]	**5 398**	**100**	4 832	100	5 002	100

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

Additional information

Rm (unless otherwise stated)	Six months ended 31 March 2024 Unaudited	Six months ended 31 March 2023 Unaudited	Year ended 30 September 2023 Audited
Net number of ordinary shares in issue (million)	**159**	159	159
Number of ordinary shares in issue (million)	**185**	185	185
Less: Empowerment shares (million)	**(25)**	(25)	(25)
Less: Treasury shares (million)	**(1)**	(1)	(1)
Capital expenditure	**84**	150	355
Expansion	**57**	109	237
Replacement	**27**	41	118
Capital commitments in respect of property, plant and equipment	**132**	73	111
Contracted	**69**	51	17
Authorised not yet contracted	**63**	22	94
Total cash dividend per share for the period (cents)	**90**	83	332
Current ratio (:1)[1]	**2,2**	1,8	2,3
Quick ratio (:1)[2]	**1,5**	1,2	1,6
Dividend yield (%)[3]	**5,1**	5,1	5,5
Return on capital employed (%)[4]	**16,3**	15,5	17,4

1 *Calculated as current assets divided by current liabilities.*
2 *Calculated as current assets excluding inventory divided by current liabilities.*
3 *Calculated as the total dividend (2024 interim 90 cents per share and 2023 final 249 cents per share) (March 2023: 2023 interim 83 cents per share and 2022 final 224 cents per share) (September 2023: interim 83 cents per share and final 249 cents per share) divided by a Reunert share price of 6 600 cents (March 2023: 6 040 cents, September 2023: 6 106 cents), being the closing market price on 31 March 2024.*
4 *Calculated as operating profit divided by total assets less non-current borrowings and current liabilities.*

Administration

REUNERT LIMITED

Incorporated in the Republic of South Africa
Reg. No 1913/004355/06
JSE and A2X Code: RLO ISIN code: ZAE000057428
("Reunert", "the Group" or "the Company")

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
and cash dividend declaration for the six months ended 31 March 2024

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

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9100/101/71/7P

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Sandton, 2196
PO Box 4844
Johannesburg, 2000

Sponsor

One Capital Sponsor Services (Pty) Ltd

Registered Auditors

KPMG Inc.

Secretary’s certification

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, I, Karen Louw, duly authorised on behalf of the Group Company Secretary, Reunert Management Services (Pty) Ltd (Registration number 1980/007949/07) certify that, to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission for the financial period ended 31 March 2024 all such returns and notices as are required in terms of the aforesaid Companies Act and that all such returns and notices are true and correct.

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

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22 May 2024 (publication date)

reunert.com