



2024

INTEGRATED ANNUAL REPORT



COMBINED MOTOR HOLDINGS LIMITED

CONTENTS

Overview of the Group

- 1 Group financial highlights
- 2 About this report
- 2 Our mission
- 3 CMH at a glance
- 6 Group operations
- 8 Group five-year financial review
- 9 Group five-year statistical review

Environmental, social and governance reporting

- 10 Board of directors
- 12 Report of the chief executive officer
- 15 Corporate governance report
- 19 Sustainability report
- 24 Report of the audit and risk assessment committee
- 26 Report of the remuneration and nominations committees
- 31 Report of the social, ethics and transformation committee
- 32 Executive directors' responsibility for financial reporting
- 33 Directors' approval of financial statements
- 33 Certification by the company secretary
- 34 Directors' report
- 36 Independent auditor's report

Consolidated financial statements

- 40 Segment information
- 41 Consolidated statement of financial position
- 42 Consolidated statement of comprehensive income
- 43 Consolidated statement of changes in equity
- 44 Consolidated statement of cash flows
- 45 Notes to the consolidated financial statements

Separate Company financial statements

- 76 Company statement of financial position
- 77 Company statement of comprehensive income
- 77 Company statement of changes in equity
- 78 Company statement of cash flows
- 79 Notes to the Company financial statements

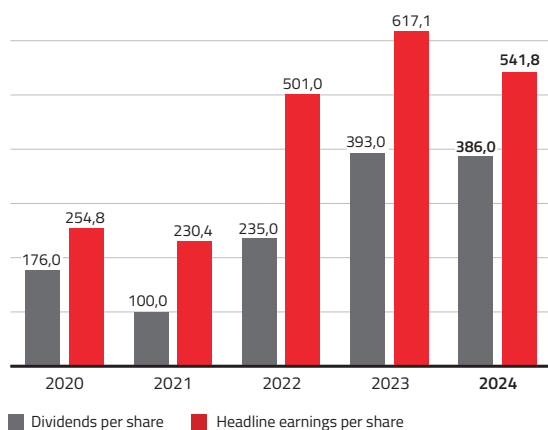
Additional information

- 82 Subsidiaries
- 83 Directors' emoluments
- 84 Directors' share appreciation rights
- 85 Directors' shareholding
- 86 Analysis of ordinary shareholders
- 87 Stock exchange performance
- 88 Notice of annual general meeting
- 90 Curricula vitae
- 91 Form of proxy
- ibc Administration

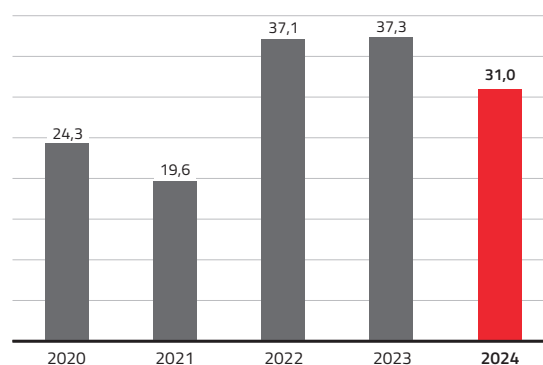
GROUP FINANCIAL HIGHLIGHTS

		2024	2023	% change
Total assets	(R'000)	5 185 446	4 976 881	4,2
Cash resources	(R'000)	815 105	761 876	7,0
Net asset value per share	(cents)	1 828	1 690	8,2
Revenue	(R'000)	12 839 564	12 434 375	3,3
Operating profit	(R'000)	781 164	773 412	1,0
Total profit and comprehensive income	(R'000)	408 484	443 461	(7,9)
Return on shareholders' funds	(%)	31,0	37,3	(16,9)
Basic earnings per share	(cents)	546,1	592,8	(7,9)
Headline earnings per share	(cents)	541,8	617,1	(12,2)
Dividends paid per share	(cents)	386,0	393,0	(1,8)
Dividend declared – payable June 2024 (2023: June 2023)	(cents)	220,0	240,0	(8,3)

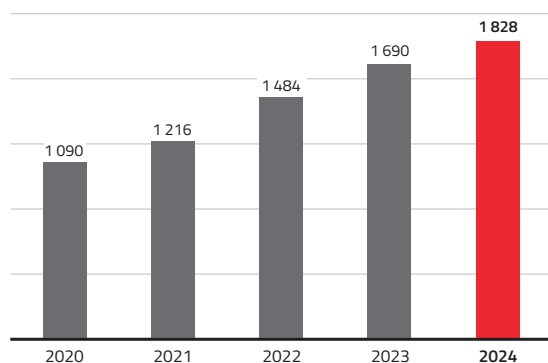
HEADLINE EARNINGS AND DIVIDENDS PER SHARE (cents)



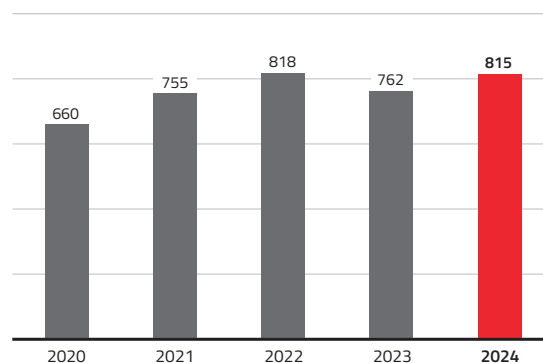
RETURN ON SHAREHOLDERS' FUNDS (%)



NET ASSET VALUE PER SHARE (cents)



CASH RESOURCES (R'million)



ABOUT THIS REPORT

SCOPE

This Integrated Annual Report ("Report") is a holistic and integrated representation of the CMH Group's ("the Group") performance, in terms of both finances and sustainability, for the year ended 29 February 2024. The Report contains information about the operations of the Group and the opportunities, risks and other material issues it faces in the normal course of business. It is intended to provide insight into issues identified as the most relevant and material to the Group and its stakeholders that could potentially impact the Group as a going concern. The materiality of information, both financial and non-financial, is considered when deciding what to include in the Report.

REPORTING FRAMEWORKS

This Report has been compiled on behalf of the board of directors ("the Board") of Combined Motor Holdings Limited ("CMH" or "the Company") and contains information recommended or required by the following:

- International Financial Reporting Standards ("IFRS");
- the JSE Limited Listings Requirements ("JSE Listings Requirements");
- the South African Companies Act 71 of 2008 ("the Companies Act, 2008");
- the King IV Code on Corporate Governance ("King IV"); and
- the IFRS Foundation's Integrated Reporting Framework.

ASSURANCE

This Report, as a whole, has not been independently assured. It may contain certain forward-looking statements concerning the Group's strategy, financial conditions, growth plans and expectations. Such views involve both known and unknown risks, assumptions, uncertainties and important factors that could materially influence the actual performance of the Group. No assurance can therefore be given that these views will prove to be correct and no representation nor warranty expressed or implied is given as to the accuracy or completeness of such views. The Consolidated and Company Financial Statements included in this Report have been audited by KPMG Inc. and their unqualified report can be found on page 36.

APPROVAL

The Board acknowledges its responsibility to ensure the integrity of the Report. The Board has approved the Report and is of the opinion that it is a complete, timely, relevant and accurate disclosure of information on a basis comparable with that of previous years.

OUR MISSION

Customers

to provide a total commitment to customer satisfaction in all aspects of business, and to ensure that our customers are treated fairly and equitably by a motivated, well-trained team of specialists.

Suppliers

to conduct our relations in an ethical and supportive manner conducive to the achievement of mutual long-term profit and market share objectives.

Employees

to provide a stable and challenging work environment in which employees are treated on an equal opportunity basis with open lines of communication, are encouraged to participate to the maximum of their ability and are rewarded commensurately with their achievement.

Shareholders

to produce a consistent, meaningful growth in earnings and dividends, commensurate with the risks involved, after making adequate provision for future expansion and financial sustainability.

In doing so, to become a valued, respected and committed contributor to the society in which we all coexist.

CMH AT A GLANCE

The Group comprises CMH and its subsidiaries (recorded on page 82), operating in the motor retail and distribution, car hire and financial services segments. The Group operates only in South Africa, employing 2 555 people.

SEGMENTS



Motor retail and distribution

This segment comprises:

- 43 retail motor dealerships representing 28 brands sold through operations in Gauteng, KwaZulu-Natal and Western Cape. Each dealership has a new and used vehicle sales department, supported by customer finance and insurance specialists, workshop and parts department. In some instances, two or more brands are represented at the same premises. The brands cover a mix of passenger, light commercial and heavy commercial vehicles, in both the volume and luxury categories;
- Mandarin Parts Distributors which imports aftermarket vehicle parts. These goods are sold through a large in-house retail outlet near Pretoria, and through a network of 28 independent franchisees around the country;
- Proton SA, an importer and distributor in South Africa of the Proton and Saga range of passenger vehicles and related parts and accessories. Products are retailed through in-house and independent franchisees around the country; and
- Fleet Solutions, which has a B-BBEE level 2 recognition rating and is able to provide motor retail services to fleet owners who need a BEE-favourable purchasing solution.

The segment employs 1 956 people.

Details of the Group's dealerships are reflected on page 6.



Car hire

First Car Rental is a proudly South African car rental company that has been in business for over 20 years. The car hire fleet comprises an impressive range of well-maintained vehicles ranging from no-frills models to top-of-the-range luxury cars that are available for short- and long-term hire. First Car Rental operates with a fleet of in excess of 7 500 vehicles throughout South Africa from a network of 51 branches and employs 527 people.



Financial services

This segment provides insurance underwriting facilities in respect of products sold in tandem with the sale of new and used vehicles. Risks covered include death, disability, dread disease and retrenchment of customers, and vehicle and component warranties. The segment also provides vehicle financing in terms of joint ventures with two major finance houses. Both divisions are managed by external financial service providers. Administration of the services is outsourced.



Corporate services and other

The Group operates other divisions which are not yet large enough for separate disclosure. These include the corporate services division and the supply and installation of workshop lifting, lubrication and diagnostic equipment, waterless car wash systems and office consumables. The other divisions employ 72 people.

CMH AT A GLANCE CONTINUED

PEDIGREE AND PASSION

The Group commenced trading operations in 1976 following the merger of various retail motor dealerships in South Africa. In 1987 the holding company, Combined Motor Holdings Limited, listed on the Johannesburg Stock Exchange. The chief executive officer and finance director have remained unchanged since the listing and are passionate and committed to the Group.

EXPERIENCED AND SKILLED MANAGEMENT TEAM

The highly experienced and entrepreneurial management team has deep industry knowledge and a proven track record with years of collective experience. The results for the past three years demonstrate its ability to respond with speed and agility to unanticipated events such as Covid-19 and the KwaZulu-Natal riots of July 2021. The average length of service of executive committee members (excluding the executive directors) is 19 years, and dealer principals, 12 years.

PROVEN FINANCIAL TRACK RECORD

The financial focus is on generating growth, shareholder returns and strong free cash flow, supported by a strong statement of financial position and sound capital management. The Group provides a meaningful return to shareholders through consistent profitability and regular dividend payments.

HEAD OFFICE OVERSIGHT

Whilst day-to-day operational control is devolved to the management team at dealership level, the Group executive committee maintains keen oversight, with a hands-on involvement in internal controls, operating costs and working capital management.

LEADING DIGITAL MARKETING CAPABILITIES AND EXCEPTIONAL CUSTOMER SERVICE

The Group strives to keep abreast of digital marketing and mobility trends. This passion has become a business imperative. Ongoing digital analysis allows the monitoring and management of customer service, identification of weaknesses and facilitates continuous improvement to ensure high levels of customer satisfaction. The goal is to deliver everything needed to ensure an enjoyable vehicle ownership experience from beginning to end.

LONG-TERM RELATIONSHIPS WITH TRUSTED SUPPLIERS

The Group has long-standing partnerships with motor manufacturers representing some of the world's most recognisable brands, and the country's leading finance houses. First Car Rental has built strong alliances with leading brands in the tourism industry, such as FlySafair. These relationships with loyal suppliers have enabled the Group to deliver exceptional results, even in a depressed business and tourism travel market.

STRONG B-BBEE CREDENTIALS

Group – Level 4: 66% black ownership, 17% black female ownership.














First Car Rental and motor retail fleet divisions – Level 2: 84% black ownership, 35% black female ownership.

The Group is constantly looking for empowerment partners that share the same vision in order to establish mutually-beneficial relations that will empower previously-disadvantaged individuals and increase black ownership of the Group.

GROUP OPERATIONS

Motor retail dealerships



FRANCHISE	LOCATIONS
	Ballito, Durban, Hillcrest, Midrand, Pietermaritzburg, Pinetown
	Ballito, Midrand
	Ballito, Durban, Durban South, Hatfield, Pretoria, Pretoria North, Randburg, Umhlanga
	The Glen, Hatfield, Menlyn, Pinetown, Umhlanga
	Cape Town, Pinetown, Pretoria East, West Rand
	Ballito, The Glen, Hatfield, Menlyn, Midrand, Pinetown, West Rand
	Cornubia, Pietermaritzburg, Pinetown
	Cape Town, Pinetown, Pretoria East, West Rand
	Ballito, Durban, Pinetown
	Cape Town, Umhlanga
	Cape Town, Umhlanga
	Cape Town, Umhlanga
	Ballito, Boksburg, Cape Town, Durban, The Glen, Hatfield, Menlyn, Pietermaritzburg, Pinetown, Pretoria North, Umhlanga
	Hatfield, Menlyn, Randburg, Umhlanga

FRANCHISE	LOCATIONS
	Alberton, Umhlanga
	Ballito, Hillcrest, Pinetown, Pretoria East, Umhlanga
	Pretoria, Umhlanga
	Pretoria, Umhlanga
	Boksburg, Umhlanga
	Bryanston, Cape Town, Hatfield, Pretoria East, Umhlanga, West Rand
	Boksburg, Umhlanga
	Boksburg, Cape Town, Umhlanga
	Boksburg, Cape Town, Umhlanga
	Boksburg
	Cornubia, Pietermaritzburg, Pinetown
	Fourways, Hatfield, West Rand
	Hatfield, Umhlanga
	Cape Town, Durban, East Rand, Menlyn, Midrand, Pietermaritzburg, Pinetown, Umhlanga



Car hire

FRANCHISE



LOCATIONS

Airports

OR Tambo (Johannesburg), King Shaka International (Durban), Gqeberha, East London, George, Cape Town, Bloemfontein, Nelspruit, Kimberley, Upington, Richards Bay, Lanseria, Polokwane, Pietermaritzburg, Mthatha

Other

Bellville, Cape Town, Centurion, Durban, Klerksdorp, Margate, Midrand, Pinetown, Pomona, Pretoria, Rondebosch, Roodepoort, Rustenburg, Sandton, Stellenbosch, Tokai, Umhlanga, Vereeniging, Witbank



Marketing and distribution

FRANCHISE



Rokkit Digital Agency
Countrywide



National Workshop Equipment/CMH Green
Countrywide



Mandarin Parts Distributors
Countrywide



PROTON
Distribution

Proton SA
Tshwane

CMH FLEET SOLUTIONS
mobility through partnership

Durban,
Gauteng

GROUP FIVE-YEAR FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION	2024 R'000	2023 R'000	2022 R'000	2021 R'000	2020 R'000
ASSETS					
Right-of-use assets	451 946	504 679	450 565	417 523	466 094
Car hire fleet vehicles	1 278 275	1 247 595	828 375	555 746	713 315
Goodwill	39 625	39 625	57 296	42 578	31 828
Other non-current assets	224 552	219 988	196 917	157 891	187 964
Current assets	3 191 048	2 964 994	2 245 587	2 028 265	2 251 100
Asset held for sale	–	–	–	72 000	–
Total assets	5 185 446	4 976 881	3 778 740	3 274 003	3 650 301
EQUITY AND LIABILITIES					
Total equity	1 367 720	1 264 285	1 110 393	909 253	815 121
Car hire fleet liability	1 214 580	1 202 731	753 367	540 864	695 066
Lease liabilities	612 438	663 830	597 903	548 962	584 439
Other liabilities	1 990 708	1 846 035	1 317 077	1 274 924	1 555 675
Total equity and liabilities	5 185 446	4 976 881	3 778 740	3 274 003	3 650 301

STATEMENT OF COMPREHENSIVE INCOME	2024 R'000	2023 R'000	2022 R'000	2021 R'000	2020 R'000
Revenue	12 839 564	12 434 375	11 167 798	8 579 558	11 156 167
Operating profit to revenue (%)	6,1	6,2	5,4	4,0	3,7
Operating profit	781 164	773 412	606 146	345 045	417 280
Net finance costs	(224 208)	(152 972)	(95 792)	(110 725)	(154 500)
Profit before taxation	556 956	620 440	510 354	234 320	262 780
Tax expense	(148 472)	(176 979)	(135 467)	(65 557)	(72 405)
Total profit	408 484	443 461	374 887	168 763	190 375
Non-controlling interest	–	–	–	–	144
Attributable profit	408 484	443 461	374 887	168 763	190 519
Dividends	(288 736)	(293 972)	(175 785)	(74 802)	(131 651)
Attributable profit after dividends	119 748	149 489	199 102	93 961	58 868

GROUP FIVE-YEAR STATISTICAL REVIEW

STATEMENT OF FINANCIAL POSITION		2024	2023	2022	2021	2020
Car hire fleet liability to total assets	(%)	23,4	24,2	19,9	16,5	19,0
Car hire fleet liability to total equity	(%)	88,8	95,1	67,9	59,5	85,3
Current ratio	(ratio)	1,1	1,0	1,1	1,2	1,0
Current ratio, including car hire fleet and attendant liability	(ratio)	1,3	1,3	1,4	1,4	1,3
Net asset value per share	(cents)	1 828	1 690	1 484	1 216	1 090
Total assets per employee	(R'000)	2 030	1 925	1 599	1 485	1 293

STATEMENT OF COMPREHENSIVE INCOME		2024	2023	2022	2021	2020
Weighted average number of shares in issue	('000)	74 802	74 802	74 802	74 802	74 802
Headline earnings per share	(cents)	541,8	617,1	501,0	230,4	254,8
Basic earnings per share	(cents)	546,1	592,8	501,2	225,6	254,7
Dividends paid per share	(cents)	386,0	393,0	235,0	100,0	176,0
Dividend cover	(times)	1,4	1,6	2,1	2,3	1,4
Net interest cover	(times)	3,5	5,1	6,3	3,1	2,7
Number of employees		2 555	2 586	2 363	2 204	2 823
Revenue per employee	(R'000)	5 025	4 808	4 726	3 893	3 952
Operating profit on average total equity	(%)	59,4	65,1	60,0	40,0	53,1
Return on shareholders' funds	(%)	31,0	37,3	37,1	19,6	24,3

Basic earnings per share

Total profit attributable to equity holders divided by the weighted average number of shares in issue.

Current ratio

Current assets plus property held for sale, divided by current liabilities.

Current ratio, including car hire fleet and attendant liability

Net book value of car hire fleet vehicles plus current assets and property held for sale, divided by car hire fleet liability plus other current liabilities.

This ratio is recorded to recognise the correlation that exists between the value of the car hire fleet and the attendant liability. As the fleet is recorded as a non-current asset, the impression may be that the long-term asset is being financed primarily by short-term borrowings. In practice however, the fleet value and the level of borrowings are linked. The borrowings level can be reduced at short notice by a sale of surplus fleet vehicles, or by utilisation of Group cash resources.

Dividend cover

Headline earnings per share divided by dividends paid per share.

Net interest cover

Operating profit before net finance costs divided by net finance costs.

Headline earnings per share

Total profit attributable to equity holders after excluding the impact, net of taxation, of goodwill impaired and profit/loss on disposal of plant and equipment and business operations, divided by the weighted average number of shares in issue.

Net asset value per share

Total equity divided by the number of shares in issue at year-end.

Return on shareholders' funds

Total profit attributable to equity holders of the Company divided by the average ordinary shareholders' equity during the year.

Weighted average number of shares in issue

The number of shares in issue at the beginning of the year adjusted for shares issued during the year weighted on a time basis for the period during which the shares are in issue.

BOARD OF DIRECTORS



JAMES DIXON 72

CA (SA)

Independent non-executive chairman

Board appointment: 2010



JEBB MCINTOSH 78

CA (SA)

Chief executive officer

Board appointment: 1976



MIKE JONES 71

CA (SA)

Independent non-executive

Board appointment: 2015



TUMISHO KOMANE 39

CA (SA), MFin

Independent non-executive

Board appointment: 2021



HLENGIWE SPENCER 55






BA (Hons) (HR Management), Master of Arts

Independent non-executive

Board appointment: 2024



KEY TO COMMITTEES

-  Remuneration committee
-  Nominations committee
-  Social, ethics and transformation committee
-  Audit and risk assessment committee
-  Chairman



BRUCE BARRITT 65

Executive

Board appointment: 2016

Managing Director: First Car Rental Division



STUART JACKSON 71

BCom (Hons) (Tax Law), CA (SA)

Financial director

Board appointment: 1986



JERRY MABENA 54

BCom

Independent non-executive

Board appointment: 2014



REFILOE NKADIMENG 42

CA (SA)

Independent non-executive

Board appointment: 2015



REPORT OF THE CHIEF EXECUTIVE OFFICER

Jebb McIntosh



The Group has a strong statement of financial position, including substantial cash resources, and the generous dividend policy has been maintained.

It is with mixed feelings that I present my report on the activities of the Group for the year under review. The Group recorded an 8% decrease in earnings and a 12% decrease in headline earnings. However, coming off two years of record growth, and in the face of the well-documented challenges which faced the economy, the results are considered creditable.

In a low growth economy, with high interest rates, a weak currency, and political instability, the motor industry recorded less than 1% unit sales growth in calendar 2023, still behind the level of 2019.

The Group has a strong statement of financial position, including substantial cash resources, and the generous dividend policy has been maintained.

GROUP OVERVIEW

The trading revenues and operating margins during the year aligned closely with those of the previous year. The operating profit, before goodwill write-off in the previous year, is only marginally down, from R791 million to R781 million. It is the impact of the hike in interest rates which differentiates the two years. The finance cost, on a similar level of car hire fleet and working capital, has risen by R87 million, from R193 million to R280 million. The impact is further felt when compared with the cost of R124 million in 2022.

The reduction in the corporate tax rate is reflected in the lower Group charge. Overall, the return on shareholders' funds remains at an impressive 31%.

The statement of financial position reflects little change from the previous year. The Group's highest value assets, the car hire fleet and new vehicle inventory, are matched by borrowings and trade payables respectively. The investment in plant and machinery, and goodwill, remain low, underlying that the Group's financial focus remains on working capital management.

The Group has a B-BBEE recognition level 4 rating and the car hire division a level 2 rating. It is expected that these ratings will be maintained during the year ahead.

Motor retail/distribution

National new passenger and light commercial vehicle sales decreased 1,2% during the financial year. Within this total, passenger sales dropped 5,7%, whilst light commercial sales increased 10,8%. The monthly sales pattern mirrored that of 2023: a reasonable first half, followed by a weak second half. Of concern is that for seven consecutive months, from August 2023 to February 2024, the monthly sales were below those of the previous year.

Group new vehicle sales during the financial year were down 1,9%, and used vehicle sales down 3,8%. The year was characterised by continued gross overstocking at manufacturer level, with extreme pressure being placed on dealers to increase sales and inventory levels. The resultant heavy discounting had a negative effect on new vehicle sales margins and the trade-in values of used vehicles.

The manufacturer oversupply position was exacerbated by hail damage caused to more than 10 000 vehicles of various brands. These vehicles were repaired and then discounted through both franchised and non-franchised dealers, disrupting an already difficult market.

Vehicle pricing remained a critical issue. The weak currency exposed the fact that vehicles manufactured in Japan and Europe have become increasingly unaffordable in this country and other emerging markets. The international trend has been to move manufacturing to either India or China. Already, more than 50% of vehicles sold in South Africa are sourced from these two countries. This has placed strain on local manufacturers because their production is too expensive for the majority of local buyers. The increased interest rates have caused an affordability crisis for customers, and pricing compounds the issue.

Two of the large local manufacturers represented by the Group have undertaken model line-up changes which have negatively affected their sales volumes. Ford's discontinuation of its popular range of passenger vehicles, is offset to a degree by the successful launch of the Ranger pick-up. Nissan has stopped production of the NP250 and NP300 models, both of which were well-priced and comprised almost 50% its sales volume.

The Proton range of passenger vehicles, which the Group started importing from Malaysia in 2022, has not sold in the volumes anticipated. The vehicles have been favourably rated after test drives, and have proven to be of good build quality, with few warranty claims. However, the weak currency at the time the units were purchased has rendered them at a pricing disadvantage. Current inventory has been competitively repriced, and future costing will ensure favourable pricing with adequate dealer and importer margins.

The Group has been appointed as importer and distributor of the Foton light commercial range of vehicles and taxis. The brand is the market leader in its class in China. It will compare favourably against local models in terms of both quality and pricing, and will initially be multifranchised with Mazda, Honda and Nissan dealerships to complement their product offering. A dealer network has been established comprising 42 outlets of which about 11 will be Group-owned.

The used car market was negatively impacted by the heavily discounted new car offering. Prices have fluctuated widely and margins have not been sustainable. A focus has been on reduced inventory levels and faster rotation of units so as not to be trapped with models where the value has dropped. High interest rates and more restrictive lending criteria by the motor finance banks have increased the pressure on customers. The Group has concentrated its efforts on the lower price range models which meet the pockets of the majority of the population.

The parts and service departments once again provided the essential stability and dependability that underpins profitable dealerships. Operations were hampered by the severe stock shortages of critical components experienced by a number of manufacturers. Dealers have in place a number of incentives and special offers to retain customer loyalty, particularly when the warranty period has expired, but the delay in accessing parts is a major cause of service dissatisfaction. Whilst after-sales levels in the Group's new brands are growing, they are not yet at a level sufficient to sustain the dealerships.

The electric vehicle market remains an enigma, with reasonable uptake being experienced only in countries where prices are heavily subsidised and where combustion engines are being forced out by government legislation. A number of developing after-sale problems have supported the customer preference, at this stage, to remain with the traditional power units. The most likely medium-term local solution will be hybrid units which offer a compromise in respect of the cost, range and convenience challenges.

Staff training and the offering of learnerships remain an area of focus. It is an anomaly that, in a country with such high unemployment, there is a dearth of people with the right skills and motivation to succeed and grow. The training and transformation efforts have been recognised by Ford, which selected the Group's Ford dealers collectively for a group award, and for an individual award for a dealership's "outstanding diversity".

Mandarin Parts Distributors enjoyed another successful year, recording a 20% increase in profit. The dealer network focusses on parts for vehicles sourced from China and India, and the growth of this market in South Africa bodes well for continued expansion.

Car hire

The First Car Rental operation once again returned sterling results despite increased competition within the industry. The segment has been boosted by both improved tourism travel and a higher level of corporate activity. Business generated by the FlySafair marketing alliance has grown in line with the airline's continued success, and revenue through the insurance replacement market has held steady. Overall the operation now has a sound business segment mix, more closely aligned to the pre-Covid representation. Market share has remained stable after two years of growth.

In terms of productivity, the average daily hire rate has fallen 3%. This is partly due to increased competition from a few disruptors within the industry which were overstocked, and also to a trend towards more affordable vehicle categories. A decision not to panic-sell fleet vehicles during the winter months, in order to realise higher values in a more buoyant market, led to a short period when the fleet utilisation rate fell below optimum.

REPORT OF THE CHIEF EXECUTIVE OFFICER

CONTINUED

Fleet vehicle holding costs have proven volatile and in need of close management. Overall the hikes in interest rate have had an obvious negative effect. However, the market for the acquisition and disposal of vehicles has produced both risks and opportunities. The continued oversupply in the new vehicle market provided window periods when parcels of vehicles could be acquired on favourable terms. On the flip side, despite being well-priced, the acquisitions were still more costly than the replaced fleet. Fortunately, through well-managed timing, the retired fleet was able to be sold into a relatively buoyant market.

The operation continued its focus on customer service and was adjudged the Service Provider of the Year by one of the largest industry players.

Financial services

Financial services comprises the Group's finance joint ventures and various insurance underwriting entities.

The finance joint ventures with two major motor finance banks recorded profits down 18%, principally as the result of higher bad debt write offs and the need for an increase in credit risk provisioning. These factors are the inevitable result of the plight of highly indebted consumers facing high interest rates.

The insurance cell captive activities fared better. Off a flat premium revenue base, a reduced claim rate and increased investment income resulted in a 25% bottom line improvement.

DIVIDENDS

Good cash generation and a healthy balance sheet have enabled the Group to pay consistently generous dividends. In June 2023 the directors paid 240 cents per share, in December 2023 146 cents, and now a further amount of 220 cents per share has been proposed for payment in June 2024. The total dividends in respect of both years are covered 1.5 times by headline earnings.

PROSPECTS

The only certainty is that the year ahead will be filled with uncertainty. Economists have cautioned traders to expect continued high interest rates, a weak currency, load-shedding and high unemployment. On top of this, the country will hold national and provincial elections at the end of May, with any of a handful of possible outcomes, including pockets of unrest, being predicted. Consensus opinion is that economic growth will be modest, and insufficient to reverse the unemployment dilemma. The motor industry is expected to follow suit, with a slow first six months and then a modest improvement driven by an easing of the interest rate. Pricing of both new and used vehicles is expected to stabilise as the current supply surplus is unwound.

First Car Rental has experienced favourable conditions over the past few years. During, and immediately after Covid, a number of competitors either left the industry, or severely reduced their exposure. This opened a few gaps which the division was able to exploit. Of late, as the tourism and corporate markets have recovered, more investment has been made available to competitors, fleet supply levels have grown, and the drive for market share has intensified. The resultant squeeze on hire rates, coupled with the higher fleet-holding costs will create profit pressure.

The Group has a track record of high returns on shareholders' funds coupled with good cash generation. The year ahead is expected to be no different. Experience has shown that economic downturns and interest rate highs do move in cycles, and hopefully the next reversal is not far off.

APPRECIATION

The strong and, in most cases, long-standing, relationships which the Group has with its trading partners, particularly the vehicle manufacturers and motor finance banks, is a key element of its continued success. In recent years the Group has opened dealerships marketing a number of new brands, and I appreciate the support we have received as we endeavour to break into the local market.

The executive team and their staff have displayed persistence and good leadership in a difficult environment, often for less reward. I recognise their efforts with appreciation.

My colleagues on the Board have again provided wise counsel and guidance, and helped ensure the Group maintains its high standards of ethics and governance during difficult trading conditions.



JD McIntosh
Chief executive officer

3 May 2024

CORPORATE GOVERNANCE REPORT

BACKGROUND

King IV sets out the philosophy, principles, practices and outcomes which serve as the benchmark for corporate governance in South Africa. Corporate governance is defined as the exercise of ethical and effective leadership by the Board towards the achievement of the following governance outcomes:

- an ethical culture;
- good performance;
- effective control; and
- legitimacy.

The Board is fully committed to business integrity, fairness, transparency and accountability in all its activities. To this end the Board subscribes to high standards of corporate governance in all aspects of the business and to the ongoing development and implementation of best business practices. Whilst the principles of King IV are of universal application, the practices are recognised as not being appropriate for all organisations. King IV envisages that practices are to be scaled in accordance with the size of the business and its workforce, its resources, and the extent and complexity of its activities. The Group's directors recognise that the ultimate compliance officers are the various stakeholders. They will, by their continued support, or lack thereof, let the Board know whether they believe that acceptable standards have been achieved.

This Report should be read in conjunction with the Group's practices in respect of the principles contained in King IV, which are recorded on the Group's web site, www.cmh.co.za. (References thereto are described hereafter as "King IV Code: Principle ...").

BOARD OF DIRECTORS

Composition

The Board assumes responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of skills, experience, diversity and independence in order to effectively discharge its governance role and responsibilities.

The Board regularly considers whether the size and composition of the current Board is appropriate, having regard for the CMH Group Diversity Policy. In doing so, the Board considers whether there are any targets or aspects of the policy that have not been addressed and, as a consequence, have a negative impact on the efficacy of the Board.

The Board is satisfied that its composition reflects the right mix and promotes accountability, constructive debate, and effective decision-making, while meeting the necessary regulatory requirements and those of the Memorandum of Incorporation of the Company. Details of each director are recorded on pages 10 and 11.

The Board comprises six independent non-executive, and three executive directors. The independent non-executive directors:

- come from diverse backgrounds in commerce and industry;
- collectively are well qualified and have a wide range of experience, insight and judgement on issues of strategy, performance, risk, resources, marketing, and standards of conduct;
- are an average of 56 years old;
- have served on the Board an average of seven years;
- comprise two White, and four African members, which exceeds the Board's race diversity policy target of 45%-50% of independent non-executives, and 25%-35% of the total Board, being from previously-disadvantaged races;
- comprise four males and two females, which exceeds the Board's gender diversity policy target of 30%-40% of independent non-executives, and 20%-25% of the total Board, being female; and
- are of sufficient number to serve on committees without overburdening members.

The executive directors comprise the Group chief executive officer, Group chief financial officer, and the chief executive officer of the car hire division. The Board has a succession plan for both the non-executive and executive directors.

Nomination, election and appointment of Board members

The Board has a formal and transparent process for the nomination, screening, and appointment of members, and the nomination for re-election of existing members. Appointments and re-election proposals are made after consideration of:

- the collective knowledge, skills and experience of the Board members;
- the diversity of members in terms of gender, race and culture;
- whether the candidate meets appropriate fit and proper criteria, including an independent background check and qualifications verification, if deemed necessary;
- details of the professional commitments of the candidate, and a statement that he/she has sufficient time available to fulfil the responsibilities required of a member; and
- prior attendance and performance at meetings, in respect of re-elected members.

The role and responsibilities of the Board are recorded in a charter which has been adopted by each member. Where new members are not familiar with the Group, they are given an induction programme to enable them to make the maximum contribution within the shortest possible time.

Board changes during the year

There were no appointments or resignations during the year ended 29 February 2024.

CORPORATE GOVERNANCE REPORT CONTINUED

Board changes between the year end and the date of approval of the financial statements

Thebe Investment Corporation (Pty) Ltd (TIC), the Group's black economic empowerment partner, has the right to nominate two of the Group's non-executive directors.

TIC withdrew its nomination of AY Metu and replaced her with HP Spencer, effective 12 April 2024.

Independence and conflicts

At the commencement of meetings of the Board and its committees, members are required to declare whether any of them has any conflict of interest in respect of any matters on the agenda. If such conflict is noted, the relevant member may be involved in debate regarding the conflicted matter, but may, at the discretion of the chairman, be excluded from voting thereon.

Classification

Non-executive directors may be classified as independent if the Board is of the opinion that there is no interest, position, relationship, or association which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in that director's decision-making. In reaching its decision, the Board takes a holistic, substance-over-form view, after consideration of whether the member:

- is a significant provider of financial capital to the Group, or is a representative of such provider;
- participates in a share-based incentive scheme offered by the Group, or is entitled to remuneration based on the performance of the Group;
- owns shares in the Group, the value of which is material to his/her personal wealth;
- has been in the employ of the Group in an executive position during the past three financial years;
- has been the designated external auditor of the Group, or a key member of the audit team, during the past three financial years;
- is a significant or ongoing professional adviser to the Group; or
- is a member of the governing body of a significant customer, supplier, competitor or related party of the Group.

The Board examined the status of the non-executive directors and is of the opinion that:

- AY Metu met the independence criteria up to the date of her resignation. RT Komane and HP Spencer meet the independence criteria despite them being nominees of TIC. TIC does not have the ability to control nor significantly influence the Board, and the CMH investment does not constitute a significant proportion of its portfolio. Consequently, the CMH impact on the value of TIC's shares is not material in value to their respective wealth;

- JS Dixon meets the independence criteria despite having served on the Board for thirteen years. The Board has concluded that his long association with the Group has not impaired his objective judgement, and there is no interest, position, association nor relationship which, when viewed from the perspective of a reasonable and informed third party, is likely to unduly influence or cause bias in his decision-making; and
- ME Jones, JA Mabena and MR Nkadimeng meet the independence criteria.

Chairman of the Board

The Board has elected an independent non-executive director, JS Dixon, to chair the Board in its objective and effective discharge of its governance role and responsibilities. The chairman is elected annually after the annual general meeting of shareholders. His role and responsibilities are documented in the Board Charter and are separate from those of the Group chief executive officer. It has not been considered necessary to appoint a lead independent director, as the Board has determined that the chairman is independent.

When determining which of the committees the chairman may serve on, the Board is mindful of the potential negative impact on the concentration and balance of power. It is recorded that the chairman of the Board:

- is not a member of the Audit and risk assessment committee;
- is one of three members of the Remuneration committee, but not its chairman;
- is one of five members of the Social, ethics and transformation committee; and
- is the chairman and one of three members of the Nominations committee.

On occasions when his input is sought, he may attend meetings of committees of which he is not a member, but is not permitted to vote thereat.

Appointment and tenure of non-executive directors

Newly-appointed directors hold office until the next annual general meeting, at which time they retire and become eligible for re-election. Each year, one third of the directors is required to retire and may offer themselves for re-election which is subject to approval by shareholders.

Board meetings

The Board has three scheduled meetings each year, and these are augmented, when necessary with meetings held at short notice. Proceedings at meetings are directed by a formal agenda. The proposed agenda is circulated prior to the meeting to allow Board members sufficient opportunity to request additional agenda items.

In addition, a comprehensive board pack is distributed to all directors in advance of meetings to ensure they are properly informed and to enable them to undertake meaningful discussion and effectively discharge their duties.

These packs typically include:

- agenda;
- previous meeting minutes;
- disclosure of directors' conflicts of interests;
- documentation in support of all matters on the agenda;
- update on matters arising since the last Board meeting; and
- governance updates to assist directors in remaining abreast of relevant legislation.

Attendance at meetings of the Board during the year under review is recorded below.

Subsidiary boards of directors

When deliberating on matters pertaining to CMH, the Board is always mindful of the impact that decisions may have on subsidiaries. The Board recognises the fiduciary duties of the directors of subsidiaries who are not directors of CMH.

Directors' share dealings

The Board complies with the JSE Listings Requirements in relation to restrictions on the trading of CMH's shares by directors and executive committee ("Exco") members during the defined closed periods. Restrictions may also be placed on share dealings at other times if the Group is involved in corporate activity or sensitive negotiations. The company secretary notifies all directors and Exco members prior to the commencement of the closed trading periods, which commence 15 days before the half-year and year-end, and end on the date the respective results are published.

There is a process in place in terms of the JSE Listings Requirements for directors to obtain prior clearance before dealing in CMH's shares. All transactions are conducted at the ruling market price on the JSE Limited. Details of directors' share dealings are communicated through the JSE Limited's electronic news service, SENS. No infringements were reported during the year.

COMPANY SECRETARY

The company secretary is appointed by the Board in compliance with the Companies Act 2008 and the JSE Listings Requirements. Refer to King IV Code: Principle 10.

Priya Govind CA (SA) was appointed company secretary effective 1 November 2023, following the resignation of Kerriane Fonseca CA (SA) effective 31 October 2023. The Board conducts an annual evaluation of the company secretary. In respect of the year under review, the Board is satisfied as to their effectiveness, qualification and experience and concluded that they have executed their responsibilities with the required level of competency and maintained an arm's-length relationship with the Board. The Certification by the Company Secretary is recorded on page 33.

BOARD COMMITTEES

Subject to its ultimate accountability, the Board has delegated specific functions to Board committees, each with its own charter that defines its powers and duties. On a biennial basis, the Board reviews and approves the terms of reference of each committee and completes an assessment of its performance. Refer to King IV Code: Principle 8. The Board is satisfied that the committees have discharged their duties in terms of their respective charters, in respect of the year under review.

The composition of these committees at year-end is reflected below and on page 18. Attendance at committee meetings is recorded below.

Remuneration committee

Members:

- JA Mabena (independent non-executive) – chairman
- JS Dixon (independent non-executive)
- ME Jones (independent non-executive)

Nominations committee

Members:

- JS Dixon (independent non-executive) – chairman
- ME Jones (independent non-executive)
- JA Mabena (independent non-executive)

The Report of the Remuneration and Nominations committees is recorded on page 26.

ATTENDANCE AT MEETINGS DURING THE YEAR UNDER REVIEW

Director	Full Board	Audit and risk assessment committee	Remuneration committee	Social, ethics and transformation committee	Nominations committee
BWJ Barritt	3/3			2/2	
JS Dixon	3/3	2/2*	2/2	2/2	1/1
SK Jackson	3/3	2/2*	2/2*		1/1*
ME Jones	3/3	2/2	2/2		1/1
RT Komane	3/3			1/2	
JA Mabena	3/3		2/2	2/2	1/1
JD McIntosh	3/3		2/2*	2/2	1/1*
AY Metu	2/3	2/2			
MR Nkadimeng	3/3	2/2			

* By invitation

CORPORATE GOVERNANCE REPORT CONTINUED

Audit and risk assessment committee

Members:

- ME Jones (independent non-executive) – chairman
- AY Metu (independent non-executive)
- MR Nkadimeng (independent non-executive)

The Report of the Audit and risk assessment committee is recorded on page 24.

Social, ethics and transformation committee

Members:

- JA Mabena (independent non-executive) – chairman
- BWJ Barritt (executive)
- JS Dixon (independent non-executive)
- RT Komane (independent non-executive)
- JD McIntosh (chief executive officer)

The Report of the Social, ethics and transformation committee is recorded on page 31.

Changes to Board sub-committee membership

The following changes to the composition of these committees occurred after year-end:

- RT Komane appointed to the Audit and risk assessment committee and resigned from the Social, ethics and transformation committee;
- HP Spencer appointed to the Social, ethics and transformation committee; and
- AY Metu resigned from the Audit and risk assessment committee.

Executive committee (“Exco”)

Assisting the CEO in the discharge of his overall responsibility for the day-to-day management of the Group and the implementation and execution of approved strategy and policy is the Exco.

The Exco members represent the key management of the Group. Their wide range of complementary skills, together with their years of experience in their particular fields of expertise, justify their selection to Exco. None of the members of Exco (other than the executive directors) has the individual authority to exercise executive control over and management of the whole, or a significant portion, of the business and activities of the Group. Consequently, the Board considers that they do not meet the Companies Act definition of “prescribed officers” and their remuneration is not individually recorded in this Report. The Board confirms that no Exco member earns in excess of the executive directors.

THE GOVERNANCE OF RISK

Combined assurance

The Board recognises the critical role of risk management in the Group and accepts responsibility for the governance of risk through formal processes which include the total system and process of risk management set out in the combined

assurance framework. The combined assurance framework promotes accountability and consistency and is intended to ensure that, through a co-ordinated effort, all material risks are identified, managed and mitigated to within acceptable levels, to provide comfort to the relevant stakeholders and to enable sustainable growth of the Group.

Subject to its ultimate accountability, the Board has delegated the responsibility for risk management to the Audit and risk assessment committee. Details of the Group’s exposure to a variety of financial risks are disclosed on page 52. Details of other risks faced by the Group are recorded in the King IV Code: Principle 11.

Internal audit

The Board is satisfied that the internal audit department has provided independent and relevant assurance during the year under review, in respect of the effectiveness of governance, risk management and control processes. Refer King IV Code: Principle 15.

Compliance with laws and regulations, codes and standards

The Group is committed to compliance with applicable laws and regulations, codes and standards. Areas of focus include the Companies Act, JSE Listings Requirements, labour laws, taxation legislation, health and safety regulations and other laws and statutes in respect of the various businesses and their operations. Day-to-day responsibility for compliance with legislation relevant to the Group has been delegated by the Board to management. The Board has not received notice of any material instances of non-compliance with applicable legislation during the year under review and the Group did not incur any material penalty, fine nor sanction for contravention or non-compliance with its statutory obligations. Refer King IV Code: Principle 13.

CMH dealerships and car hire fleet operations sell high-value goods, and as such, have been recently designated as “accountable institutions” in terms of the Financial Intelligence Centre Act (“FICA”). In terms of FICA, CMH has a responsibility to develop, document, maintain and implement a risk management and compliance programme (“RMCP”). The RMCP introduces an employee, customer and product risk rating system to minimise the possibility of unscrupulous persons using CMH operations as a conduit for the purposes of fraud, wrongdoing or the financing of terrorist activities.

A considerable amount of time and effort has been expended on the development of the RMCP, and the continuous training of customer-facing staff will be an area of major focus.

GOVERNING STAKEHOLDER RELATIONSHIPS

The Board recognises the important role it plays as the ultimate custodian of the corporate reputation of the Group and its relationships with stakeholders. Full details in this regard are recorded in the King IV Code: Principle 16.

SUSTAINABILITY REPORT

Integrated reporting means a holistic and integrated representation of performance encompassing financial, environmental and social dimensions. Key to the Group's long-term success is providing deliverables to all stakeholders. The starting point is a sustainable return to shareholders. A profitable and cash-generating business is the foundation which underpins the Group's interactions with other stakeholders.

Sustainability implies conducting business in such a manner as to meet present needs without compromising the ability of future generations to meet their own needs.

This Report provides an overview of the principal focus areas which determine the Group's sustainability programme.

CONTRIBUTING POSITIVELY TO THE ECONOMY

The Group aims to contribute positively to the economy by providing stable employment, generating business for local suppliers, paying taxes and supplying quality goods and services at value-driven, competitive prices.

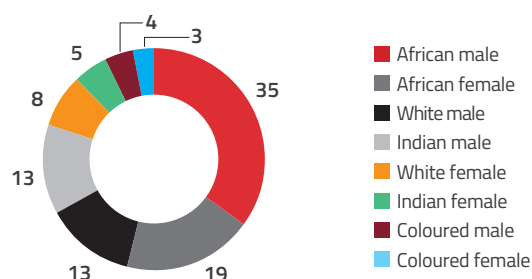
Details of the Group's financial results are addressed throughout this Report. A summary of pertinent information is contained in the table below.

KEY SUSTAINABILITY ISSUES AT A GLANCE		2024	2023
Financial			
Revenue	(R'000)	12 839 564	12 434 375
Operating profit	(R'000)	781 164	773 412
Headline earnings per share	(cents)	541.8	617.1
Dividends paid per share	(cents)	386.0	393.0
Return on shareholders' funds	(%)	31.0	37.3
Income tax paid	(R'000)	146 135	184 827
Tax expense as percentage of profit before taxation	(%)	26.7	28.5
Value-added tax paid	(R'000)	242 544	168 960
Employment			
Number of employees		2 555	2 586
Total employee costs	(R'000)	956 425	927 122
PAYE collected from employees on behalf of government	(R'000)	189 640	181 802
UIF and SDL contributions to government in respect of employees	(R'000)	18 223	17 175

EMPLOYEES

At year-end the Group employed 2 555 (2023: 2 586) permanent employees. The Group does not employ temporary staff. The Board recognises that employees are the major contributor towards the Group's success by ensuring that its competitiveness and service levels remain high and the Board strives to maintain the right balance between maximising profits, optimising employee numbers and rewarding employees commensurate with their performance.

EMPLOYEE PROFILE BY RACE AND GENDER AT FINANCIAL YEAR-END (%)



SUSTAINABILITY REPORT CONTINUED

TRANSFORMATION AND EMPLOYMENT EQUITY

The Board remains committed to transformation. The Social, ethics and transformation committee is tasked with ensuring that an appropriate strategy exists that aligns with the Broad-based Black Economic Empowerment Act and the Employment Equity Act (“the EE Act”), and that the Group complies with the principles embodied in the Skills Development Act. The Board believes that development of initiatives in these areas will generate long-term benefits for the Group and the country as a whole.

The Group’s Employment Equity Plan (“the Plan”) has been developed on the principles of transformation, equity, equality, diversity and empowerment. The Plan’s core principles underlie the Group’s commitment to, gradually and reasonably, achieve a representative workforce, as prescribed by the EE Act. Employment equity policies have been implemented to create an environment in which employees from previously-disadvantaged backgrounds are trained, instructed, promoted and rewarded according to their initiative, performance, loyalty and work ethic.

The Group continues to focus on its numerous initiatives in place to accelerate transformation within the workplace. These focus on recruitment, retention, promotion and skills development of previously-disadvantaged individuals.

Recruitment: The recruitment process aims to recruit based on skill and experience, but with a bias towards those race and gender groups that are under-represented when compared with the national economically active population statistics used by the Department of Employment and

Labour as employment equity benchmarks. New candidates are sourced by the branch requiring the resource, but each appointment is vetted by either the Group employment equity and transformation manager or the chief executive officer to ensure employment equity objectives are achieved.

The Group offers short-term internships for students who are in their final year of tertiary education at technical colleges. These internships provide the students with real-world business exposure that extends beyond their academic knowledge and affords them an opportunity to interact with experienced individuals in the areas in which they are studying and to learn business and life skills. Interns are assessed and rated at the conclusion of their internship and the Group draws on this pool of talent when vacancies arise.

Retention and promotion: The Board’s philosophy regarding promotions and, in particular, the appointment of management has been based on the concept of “merit with bias”. Where there are a number of candidates who merit promotion to a particular position, bias will be shown towards those from a disadvantaged background. It is not considered wise to promote managers, from whatever background, beyond their level of competency and training.

Key to staff retention, at any level, is recognition and promotion from within. The Group encourages promotion rather than recruitment as this not only provides a clear path to greater compensation and responsibility, but also helps employees feel that they are valued and a crucial part of the Group’s success.

EXTRACT FROM REPORT IN TERMS OF SECTION 21 OF THE EMPLOYMENT EQUITY ACT:

Occupational levels	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	4	1	7	47	4	3	2	11	1	0	80
Senior management	32	10	70	97	27	5	34	74	2	0	351
Professionally qualified and experienced specialists	298	35	164	161	120	20	38	49	4	1	890
Skilled technical and academically qualified	103	18	20	15	74	15	33	32	0	0	310
Semi-skilled	392	33	89	30	149	28	28	36	1	0	786
Unskilled	96	4	2	3	91	1	1	3	2	1	204
Total August 2023	925	101	352	353	465	72	136	205	10	2	2 621
Total August 2022	841	84	367	359	418	56	149	219	9	3	2 505

Skills development

The retail motor industry continues to experience a shortage of suitably skilled manpower at management level and in the technical departments. As there is no formal training programme for dealership managers, the Group has developed internal manager programmes. These focus on grooming existing employees for the role of manager within each of the departments within a motor dealership. Candidates are sourced internally, with a bias towards staff from previously disadvantaged backgrounds, and are selected based on past performance and achievements, and potential demonstrated on the job. The Group runs various management development programmes, as part of its succession planning and talent management process. The aim is to ensure that there is a constant pool of middle management talent available should a vacancy arise. The management programmes focus on building managerial skills and incorporate a mix of formal and informal training, on-the-job development, mentoring and coaching.

To address the shortage of skills in the technical departments, the Group recruits recent matriculants into a National Qualification Framework ("NQF") level 5 apprenticeship programme. The programme allows the candidates to qualify as artisan technicians over a period of 2-3 years. The Group currently has 66 apprentices employed on this programme and historically retains between 60% and 80% of those that qualify as permanent employees within the Group.

The Group also runs 40, 12-month learnerships, aligned towards the development of administration, workshop, parts, sales and marketing, finance and insurance and First Car Rental front-line personnel. The learnerships are aimed at unemployed and first-time employees from previously disadvantaged backgrounds, with a particular focus on African learners and learners with a disability. The learnerships allow individuals with little or no

previous work experience the opportunity to gain general work experience and select areas in which they would like to specialise. On completion of the learnership, the learners obtain an NQF level 4 accreditation. The historical average retention of those learners, who obtain their accreditation, is between 50% and 60%.

The Group believes that ongoing training is critical for employee development and progression. Each year, a large number of sales and technical staff attend mandatory training programmes required by the motor manufacturers. Employees and their managers are also encouraged to identify training that could lead to the progression of the employee and, if suitably motivated, the cost thereof is subsidised by the Group.

During the year, approximately R25.6 million was spent on training employees, involving a total of 8 778 training initiatives. Of this, approximately 44% was spent on training African employees and 75% spent on training African, Coloured and Indian employees collectively. The Group has timeously submitted its report in terms of Section 21 of the EE Act and, as a result, has recouped the maximum amount of Skills Development Levy.

Staff with a disability

The Group has a disability awareness and support policy that actively encourages staff to declare their disabilities without fear of intimidation or discrimination. When a disability is declared, management is encouraged to make reasonable accommodation to create an inclusive workplace environment. The Group's recruitment policy, for permanent positions and learners, actively encourages bias towards previously disadvantaged individuals with disabilities.

DISABLED STAFF AS RECORDED IN THE REPORT IN TERMS OF SECTION 21 OF THE EMPLOYMENT EQUITY ACT:

Occupational levels	Male				Female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management				1	1		1				3
Senior management	1	1	1		1						4
Professionally qualified and experienced specialists	1		2	3							6
Skilled technical and academically qualified								1			1
Semi-skilled	4				3	1		1			9
Unskilled	3		1	2	1		1	2			10
Total August 2023	9	1	4	6	6	1	2	4	0	0	33
Total August 2022	7	1	6	5	4	1	2	5	0	0	31

SUSTAINABILITY REPORT CONTINUED

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (“B-BBEE”)

The aim of the Board is to achieve sustainable empowerment through alignment with the five elements of the B-BBEE codes, being: ownership, management control, skills development, enterprise and supplier development and socio-economic development. The Board recognises that failure to achieve accelerated transformation targets set out in the B-BBEE codes may impact competitiveness and sustainability as well as the retention of existing contracts.

Despite the Group’s ongoing commitment to direct more spend to black-owned businesses, its ability to increase the points earned in the enterprise and supplier development element is limited. Approximately 70% of Group procurement spend is related to motor manufacturers, none of which meets the criteria to be classified as an exempt micro entity, a qualifying small enterprise or a black-owned entity. The points that the Group can achieve in respect of the remaining 30% are limited, and this adversely impacts the B-BBEE scorecard level attainable.

The scorecards for the year ended 28 February 2023 were independently audited during the current year. The Group as a whole was verified using the generic codes and First Car Rental using the tourism sector codes. The audited scorecard ratings are recorded in the table below. The Group aims to retain these levels at the next audit.

B-BBEE SCORECARD RATINGS	Max	Result 2023
Total Group		
Ownership	25	23
Management control	19	9
Skills development	20	10
Enterprise and supplier development	42	33
Socio-economic development	5	5
	111	80
B-BBEE recognition level contributor		4
Car hire and fleet division		
Ownership	27	24
Management control	19	14
Skills development	20	16
Enterprise and supplier development	40	37
Socio-economic development	5	5
	111	96
B-BBEE recognition level contributor		2

HEALTH AND SAFETY

The health and safety of employees and customers is key to business success. The directors acknowledge their responsibility to remain compliant with occupational health and safety standards.

The Group’s health and safety policies are regularly reviewed and adjusted in accordance with changing Government legislation. These policies provide the core framework for standard processes. CMH believes incidents are preventable. Its policies seek to minimise potential hazards in operations to eliminate risk and provide a safe and healthy working environment. Comprehensive health and safety risk assessments have taken place across all Group operations, and systems have been implemented to manage identified risks and ensure compliance with government regulations.

Safety is the priority and responsibility of all employees. The dealer principal is the main individual responsible for health and safety matters at each dealership, with the chief executive officer assuming ultimate responsibility for the Group. Each site has a health and safety representative and a first aid officer. These representatives and officers receive external training to ensure that they are familiar with the legislative requirements and are equipped to discharge their responsibilities in this regard. Dealer principals are supported by an independent specialist who conducts monthly site inspections and quarterly compliance audits across all operating sites controlled by the Group. Reports are provided to the relevant levels of management who are obliged to undertake any required remedial actions within agreed time frames. The audit results and improvement recommendations are reported to the Social, ethics and transformation committee.

Reportable incidents are critically analysed by safety experts to understand the root cause. Where possible, improvements in operating procedures are introduced to prevent recurrence. The Group is pleased to report that it has once again recorded no fatalities nor serious safety incidents in the workplace. The Group had nine reportable incidents during the year.

ENVIRONMENTAL ISSUES

The retail motor and car hire business sectors are not generally regarded as high environmental impact sectors and the Group is a relatively low consumer of basic utilities such as water and electricity, and consequently has a small carbon footprint. It does, however, continue to focus on environmentally-friendly business practices. Taking into consideration the nature of the business, the most significant opportunities for minimising its environmental impact are:

Reducing the consumption of water

The biggest potential impact on the environment is the water used to wash vehicles on showroom floors, in workshops and at rental depots. Management recognises that responsible use of water is critical. The Group rents the "CMH Green" waterless car wash system to third-party customers and uses the system in all operations. At its larger car hire outlets, where car washing and water usage is high, the Group has installed water filtration and recycling plants together with rain water capture facilities to reduce water consumption.

Reducing electricity consumption

Management has continued to focus on reducing energy consumption, given the negative impact which the above-inflationary increases in electricity have had on Group profitability and the ongoing supply concerns facing South Africa. The ongoing and intensified occurrences of load-shedding have forced dealerships to invest in expensive inefficient and environmentally-damaging back-up generators. In order to minimise their use, the Group has invested substantial amounts in energy-efficient lighting and automated timing devices in the vehicle dealerships. It has also invested R12,7 million in solar power systems across 17 sites. These investments have a return-on-investment period of approximately three years. In new properties that have been developed by third parties for use by the Group, management has ensured that similar initiatives are put in place by the owners of the properties.

The safe disposal of hazardous and non-hazardous waste

Within the after-sales departments, the Group adheres to the relevant regulations concerning waste. Our policies promote processes and procedures which, so far as is reasonably practicable, avoid or minimise the contamination of water, air or the ground and manage responsibly the by-products of activities, such as noise, waste packaging and waste substances. The following programmes are in place to minimise or recycle waste wherever possible:

- **Paper:** The Group has an ongoing drive to reduce paper consumption through reduction in printing, double-sided printing and recycling the majority of office paper waste. First Car Rental uses electronic vouchers and online invoice retrieval, complemented by its corporate Show&Go mobile checkout. Its Customer Services division is also a paperless environment;
- **Tyres:** Used tyres that are no longer required are collected by registered agents of Recycling and Economic Development Initiative of South Africa;
- **Glass:** Most glass replacements are contracted out to specialist fitment centres. Where replacements are done on site, the old glass is removed by the contracted company and recycled in an approved manner;
- **Used motor oil and batteries:** The Group uses accredited waste oil service providers and disposes of batteries in accordance with applicable local regulations; and
- **Hazardous waste:** Hazardous waste material is removed by accredited waste removal companies and, where required, waste removal and disposal certificates are obtained in line with the Waste Management Act.

The Group has not incurred any environment-related fines nor penalties.

SOCIAL ISSUES

Whilst appreciating that long-term financial success is an essential component of stakeholder confidence, the directors remain committed to supporting the communities in which the Group operates. Corporate Social Investment relates to financial and non-financial investment in socially-responsible initiatives. The Group supports a wide range of charitable projects with a focus on education and youth, particularly those with disabilities. The Group has long-term relationships with numerous beneficiaries that meet these criteria and contributes by way of donations of cash, resources and long- and short-term free use of motor vehicles. The primary beneficiaries during the year under review were:

- the disabled unit of the University of the Orange Free State
- Fulton School for the Deaf
- CHOC Childhood Cancer Foundation
- the Domino Foundation
- Grace Aid Foundation

REPORT OF THE AUDIT AND RISK ASSESSMENT COMMITTEE

This report has been compiled in compliance with section 94(7)(f) of the Companies Act 2008.

The Audit and risk assessment committee was appointed by shareholders in respect of the year ended 29 February 2024.

All members are independent non-executive directors of the Company. The committee has adopted formal terms of reference agreed by the Board. These have been embodied in its charter and work plan which aligns with the Companies Act 2008, the King IV Code on Corporate Governance, and the JSE Listings Requirements.

The committee meets biannually. Attendance details are recorded on page 17. The financial director, external auditor and chief audit executive of the Company are required to attend committee meetings and the Company chairman attends by invitation.

The role and functions of the committee, the manner in which it has discharged its responsibilities, and the key areas of focus for the year, are as follows:

OVERSEE INTEGRATED REPORTING

- evaluate significant judgements and reporting decisions made by management, including changes in accounting policies and decisions requiring a significant element of judgement;
- be informed of any monitoring or enforcement actions and involved in management's response thereto;
- consider any evidence that comes to its attention that brings into question any previously-published Group information;
- review forward-looking statements of financial or sustainable information to ensure their credibility;
- review and comment on the annual and interim financial statements, accounting practices and internal financial controls; and
- review management's statement regarding the going-concern status of the Company and the Group.

The committee has discharged this function by:

- taking appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, the Financial Pronouncements, as issued by the Financial Reporting Standards Council, and the Companies Act 2008;
- taking appropriate steps to ensure that all entities included in the consolidated financial statements have established appropriate financial reporting procedures to allow the effective preparation of the financial statements, and that those procedures are operating effectively;
- considering and, when appropriate, making recommendations on the effectiveness of the internal financial controls;
- dealing with concerns or complaints relating to accounting policies, internal audit and internal financial controls;
- considering any whistle-blowing complaints;
- reviewing the report of the external auditor and the key audit matters; and
- recommending to the Board that the financial statements and integrated report be approved, and that the Group's status as a going concern be confirmed.

ENSURE THAT A COMBINED ASSURANCE MODEL IS APPLIED TO PROMOTE A CO-ORDINATED APPROACH TO ASSURANCE ACTIVITIES

The committee has satisfied itself that the combined assurance provided by internal and external assurance providers and management is sufficient to address significant risk areas within the Group and to ensure that suitable controls exist to mitigate and reduce these risks. Details of the Group's combined assurance model are set out in the King IV Code: Principle 15 on the Group's website, www.cmh.co.za

SATISFY ITSELF OF THE EXPERTISE, RESOURCES AND EXPERIENCE OF THE GROUP'S FINANCE FUNCTION

The committee has evaluated and satisfied itself of the suitability of the expertise and experience of the financial director, SK Jackson, and the adequacy of resources and expertise of the finance department and its senior management.

ACCEPT RESPONSIBILITY FOR OVERSEEING OF INTERNAL AUDIT

The committee has satisfied itself that the Group's internal audit function is independent and has the necessary resources, budget, standing and authority within the Group to discharge its duties. Details of the Group's internal audit function are set out in the King IV Code: Principle 15 on the Group's website, www.cmh.co.za. The internal audit plan has been considered and approved, and areas of overlap between internal and external audit identified so as to optimise the combined assurance model. There is regular communication between the committee chairman and the chief audit executive who also reports on its activities for the period at each committee meeting. The committee chairman meets with the chief audit executive annually without management's presence.

ACCEPT RESPONSIBILITY FOR THE GROUP'S RISK MANAGEMENT FUNCTION

Details of the committee's role and function in this area are provided on page 24. In discharging its responsibility, the committee focused on financial reporting risks, internal financial controls and fraud and information technology risks in relation to financial reporting. The committee is satisfied that these areas have been appropriately addressed.

OVERSEE THE APPOINTMENT OF THE EXTERNAL AUDITOR AND THE EXTERNAL AUDIT PROCESS

- recommend to shareholders the appointment, reappointment and removal of the external auditor and designated partner, after ensuring that the external auditor and the designated partner is suitably qualified and eligible to fulfil the position;
- approve the external auditor's terms of engagement and remuneration;
- review, monitor and report on the external auditor's independence and objectivity;
- discuss the external audit process without management's presence;
- define, for Board approval, a policy addressing the nature, extent and terms under which the external auditor may perform non-audit services and ensure compliance therewith; and
- develop a process in terms of which the committee receives, and communicates to the Board, any notices of reportable irregularities reported by the external auditor.

In respect of the 2024 financial year-end, the committee reviewed and approved the external audit plan, the external auditor's terms of engagement and proposed remuneration. It is satisfied that KPMG Inc. is independent of the Group, and able to express an objective opinion. The re-appointment of KPMG Inc. and lead partner, DS Read, have been considered and are recommended for approval by shareholders at the forthcoming annual general meeting.

The committee is satisfied that, in respect of the financial year ended 29 February 2024, it has performed all of the functions required to be performed by an audit committee.



ME Jones

Chairman, Audit and risk assessment committee

3 May 2024

REPORT OF THE REMUNERATION AND NOMINATIONS COMMITTEES

This Report has been compiled on behalf of the Board in compliance with the Companies Act 2008, the JSE Listings Requirements, and the King IV Code on Corporate Governance.

The Board has delegated to the Remuneration committee ("Remco") and Nominations committee ("Nomco") the responsibility for ensuring statutory compliance under the direction of the Board. Each committee has its own charter, approved biennially by the Board, and meets independently. The committees comprise three independent non-executive directors elected annually by the Board, and provide feedback, through the chairman, at the next Board meeting. A summary of minutes of meetings is circulated to the Board, and all directors are given the opportunity to raise questions or concerns arising therefrom.

The Remco and Nomco chairmen and committee members in office during the year under review, together with their attendance at meetings, are recorded on page 17. Where their input is sought, the Group CEO and CFO are requested to attend Remco and Nomco meetings, but are required to recuse themselves when their remuneration is discussed.

The Board assumes responsibility for the governance of remuneration by setting the direction for how it should be determined within the Group in a fair, responsible and transparent manner.

NOMINATION POLICY AND IMPLEMENTATION REPORT

The nomination policy has been designed to achieve the following objectives:

- succession planning for the CEO, executives and other key personnel;
- nomination of candidates for election as new members of the Board; and
- consideration of the independence of non-executive directors.

The Board is satisfied with Nomco's assessment that the nomination policy achieved the desired outcomes during the year under review, and that it has fulfilled its responsibilities in accordance with its terms of reference.

REMUNERATION POLICY

The Board assumes responsibility for the governance of remuneration by setting the direction for how remuneration should be determined within the Group in a fair, responsible and transparent manner. The remuneration policy has been designed to achieve the following objectives:

- the attraction, motivation, reward and retention of the best human resources within each level of the sectors in which the Group operates;
- the achievement of positive outcomes in pursuit of the Group's strategic objectives;
- alignment with stakeholder interests; and
- the promotion of an ethical and responsible culture.

The policy aims to ensure that:

- the remuneration of executive management is fair and responsible in the context of overall Group employee remuneration;
- employees are incentivised to meet targets that align with stakeholder objectives;
- new engagements, and promotion opportunities, give consideration to transformation goals;
- due consideration is given to legislated minimum remuneration levels; and
- there is equal pay for equal value outcomes, with no discrimination based on gender or race.

The elements of remuneration offered within the Group are recorded in the table below:

	Purpose, and link to Group strategy	Earnings opportunity
GUARANTEED		
Base salary	<p>Market-related level of remuneration commensurate with job function and CPI.</p> <p>Reviewed annually after consideration of personal performance and responsibilities measured against objectives, and individual behaviour in line with Group culture.</p>	<p>Market-related. In respect of executive directors and executive committee members collectively, the base salary has, over the past three years, comprised 55% to 69% of total remuneration.</p>
Pension, medical, other benefits	<p>Benefits and allowances, both legislated and voluntary, which are appropriate to the job function.</p> <p>Benefits include:</p> <ul style="list-style-type: none"> ▪ retirement funding ▪ health care ▪ UIF contributions ▪ use of Group-owned vehicles 	<p>Generally, benefit values align with base salaries. In respect of executive directors and executive committee members collectively, the value of benefits has, over the past three years, comprised 10% to 12% of total remuneration. In respect of health care and retirement funding, the cost is shared between the Group and employees.</p>
SHORT-TERM		
Commission and profit-share	<p>To motivate employees to achieve short-term strategic financial objectives.</p> <p>Criteria vary according to job function and level of responsibility, and include:</p> <ul style="list-style-type: none"> ▪ product sales volume, market penetration and gross profit levels ▪ achievement of manufacturer sales and customer satisfaction targets ▪ working capital management ▪ department profit ▪ branch / dealership / franchise profit ▪ transformation targets ▪ Group headline earnings per share ▪ Group return on shareholders' funds 	<p>Target levels are set monthly, quarterly or annually, depending on the nature of the incentive scheme. No upper limits apply, other than in respect of executive directors (refer to Implementation Report on page 29 for details on executive directors). In respect of executive directors and executive committee members collectively, the value of short-term benefits has comprised 18%-31% of total remuneration over the past three years.</p>
MEDIUM/LONG-TERM		
Share incentive scheme	<p>To motivate senior employees to achieve medium/long-term strategic financial objectives, aligned with shareholder interests.</p> <p>Participation in the Group Share Appreciation Rights Scheme is limited primarily to executive directors, executive committee members, regional accountants, and regional finance and insurance managers. Employees are encouraged, but not forced, to retain the shares awarded.</p> <p>In terms of the Scheme, participants are given conditional rights to receive CMH shares, the number of which is determined with reference to the rise in the CMH share price over 3 to 5 years.</p>	<p>No limit applies to the value which may be earned. In respect of executive directors and executive committee members collectively, the cost of this long-term benefit has traditionally comprised 1% to 4% of total remuneration.</p> <p>Details of awards made during the current and prior years are recorded in note 14.4 to the consolidated financial statements.</p>

REPORT OF THE REMUNERATION AND NOMINATIONS COMMITTEES CONTINUED

IMPLEMENTATION REPORT

Background statement

Remco's key area of focus during the year continued to be the setting of fair, but challenging, incentive schemes which recognised the exceptional trading conditions, the need to retain and motivate key management, and the expectations of stakeholders. Remco recognises that the Group competes for a limited pool of talent in a competitive market sector. Attention was also given to those employees on lower pay rates to ensure that they were treated fairly and responsibly.

The Remco did not consult with independent remuneration consultants during the year, but was guided by national remuneration trends reports in respect of companies of similar size and complexity, and competitor offerings.

The Board is satisfied with Remco's assessment that the remuneration policy achieved the desired outcomes during the year under review, and that it has fulfilled its responsibilities in accordance with its terms of reference.

Overview of executive director remuneration

A policy of Remco is to ensure that the executive directors are fairly rewarded for their individual contributions to the Group's overall performance, and to provide a competitive remuneration package commensurate with their management of the Group in the long-term interests of all stakeholders. To this end, Remco believes that a meaningful proportion of executive directors' remuneration should be performance-driven, a feature which is common in the motor retail and car hire sectors.

Executive directors' employment contracts are terminable after six months' notice, with no additional benefits accruing on termination.

During a year made difficult by high interest rates, heavy discounting to reduce gross manufacturer over-stocking and continued intensified periods of load shedding, the Group results ended in the range between "on-target" and "minimum". Car hire, as a standalone unit, ended between "on-target" and "maximum".

It was accepted that the assumptions made in compiling the budget were unlikely to hold true in all instances. In the event that an unforeseen change in assumptions had a positive or negative impact on the outcomes, Remco reserved the right to amend the targets so as to preserve the concept of "fair reward aligned to stakeholder interests". Following the difficult trading conditions achieved during the first half of the current year, the targets were loosened for the second half.

Full details of the remuneration are recorded on page 83 and aligned with the guidelines recorded in last year's report.

The year ahead

The executive directors believe that the year ahead will see continued high interest rates and political uncertainty. The budget has been structured around a modest increase in new vehicle sales, flat used vehicle sales and steady parts, service and financial services contributions. Car hire is expected to face continued pressure from margin squeeze caused by high interest rates and vehicle prices.

Remco has confirmed that the basic salaries of executive directors will be increased by 5% in respect of the year ahead. The performance-related earnings have been aligned with the anticipated financial results of the Group in the areas of:

- headline earnings per share;
- return on shareholders' funds; and
- cash flow generation

and the following non-financial key performance indicators:

- ensuring the Group's effective risk management and reporting processes are maintained;
- continuing the mutually-beneficial relationships with manufacturers, customer finance houses and financiers;
- improving, or at least maintaining, the Group's and car hire's black economic scorecard rating, employment equity statistics, and skills development training; and
- developing Group strategy and a growth platform.

The on-target structure records a guaranteed remuneration of 59% to 67% of the total package, with the balance being variable. Of the variable portion, 76% to 83% relates to financial issues, and the balance to key non-financial issues.

In respect of BWJ Barritt, a lesser emphasis was placed on Group financial results, and a higher weighting on car hire's profitability.

Remco, once again, reserves the right to amend the targets in the event that an unforeseen change in circumstances has a material positive or negative effect on outcomes.

The table below indicates the components of remuneration that will be paid to each executive director under minimum, on-target, and maximum performance outcomes. The values exclude the expected vesting outcomes of long-term share appreciation rights awarded to BWJ Barritt.

	Minimum R'000	On-target R'000	Maximum R'000
BWJ Barritt			
– guaranteed basic salary and benefits	5 500	5 500	5 500
– annual performance-related	200	4 185	5 535
	5 700	9 685	11 035
Ratio	59%	100%	114%
SK Jackson			
– guaranteed basic salary and benefits	6 845	6 845	6 845
– annual performance-related	–	3 325	4 540
	6 845	10 170	11 385
Ratio	67%	100%	112%
JD McIntosh			
– guaranteed basic salary and benefits	8 725	8 725	8 725
– annual performance-related	–	5 600	7 850
	8 725	14 325	16 575
Ratio	61%	100%	116%

Non-executive directors' fees

The fees of the non-executive directors comprise an annual retainer component and attendance fee for scheduled meetings. Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes. The fees of the non-executive directors in respect of the year ended 29 February 2024 are recorded on page 83. A 6% increase in fees was approved at the annual general meeting held in June 2023.

A 5% increase in fees has been proposed for the year ahead. Full details of the proposed fee structure are recorded in the Notice of Annual General Meeting, on page 89.

Voting on remuneration

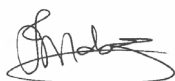
In terms of the Companies Act requirements, the fees of non-executive directors for their services as directors must be approved by special resolution of shareholders. The proposed resolution is contained in the Notice of Annual General Meeting, on page 89. At the 2023 annual general meeting, 100% of voting shareholders approved the resolutions for non-executive directors' fees, other than those of the chairman, where dissenting votes of 4% were recorded.

In terms of the JSE Listings Requirements and King IV, each of the above Remuneration Policy and Implementation Report should be tabled before shareholders for a separate non-binding advisory vote of approval. The Notice of Annual General Meeting, on page 88, records the proposed resolutions. At the 2023 annual general meeting, both the Remuneration Policy and Implementation Report were endorsed by 97% of voting shareholders.

REPORT OF THE REMUNERATION AND NOMINATIONS COMMITTEES CONTINUED

Remco undertakes that, in the event that either the Remuneration Policy or the Implementation Report, or both, are voted against by 25% or more of the voting rights exercised at the annual general meeting, it will, in good faith, and using its best reasonable efforts:

- disclose in the voting results announcement, which will be issued on the day after the annual general meeting, an invitation for dissenting shareholders to engage with management;
- detail the manner and timing of such engagement;
- engage with dissenting voters to ascertain the reasons for the dissenting votes;
- appropriately address legitimate and reasonable objections and concerns raised;
- amend the Remuneration Policy and / or Implementation Report, if necessary; and
- record in next year's Report of the Remuneration Committee, the details and results of such engagements, and the steps taken to address legitimate and reasonable objections and concerns.



JA Mabena
Chairman, Remuneration committee

3 May 2024



JS Dixon
Chairman, Nominations committee

REPORT OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

This report has been compiled on behalf of the Board in compliance with Regulation 43(5)(c) of the Companies Act Regulations 2011.

The Social, ethics and transformation committee is a statutory committee established in compliance with the Companies Act 2008. The committee has adopted formal terms of reference agreed by the Board. These have been embodied in its charter which aligns with the Companies Act Regulations 2011, the King IV Code on Corporate Governance, and the JSE Listings Requirements.

The composition of the committee is set out on page 18 and the qualifications of the committee members are disclosed on pages 10 and 11.

The committee meets biannually. Attendance details are recorded on page 17.

The purpose of the Social, ethics and transformation committee is to:

- assist the Board in ensuring that the Group is and remains a committed socially responsible corporate citizen;
- review policies, plans and processes aimed at facilitating transformation in the Group; and
- supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of sustainable development, ethics and transformation.

To fulfil this purpose, the associated responsibilities of the committee are to:

- monitor the Group's activities, having regard to relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
 - social and economic development;
 - good corporate citizenship;
 - the environmental impact of the Group's activities and of its products and services;
 - the health and public safety of the Group's employees and customers;
 - consumer relationships; and
 - labour and employment;
- ensure that the Group's transformation strategy and goals align with its business objectives and strategies;
- approve, review and monitor progress toward achievement of B-BBEE scorecard targets;
- approve, review and monitor progress toward achievement of Employment Equity targets and transformation objectives; and
- approve, review and monitor progress toward achievement of skills development targets.

The committee's main areas of focus during the reporting period were:

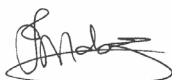
- working closely with management on strategies in place to ensure that the Group maintains a level 4 B-BBEE scorecard rating and black ownership in excess of 51%;
- approval of the Employment Equity Plan, with specific focus on skills development;
- review of progress towards the achievement of the targets in the Employment Equity Plan; and
- review of management initiatives in the areas of skills development, particularly in respect of recruitment, development, promotion and retention of African staff.

The focus areas in the coming year are expected to be:

- continued focus on maintaining the current B-BBEE ratings, with particular emphasis on meeting the minimum criteria on each of the priority elements, and maintaining greater than 51% black ownership;
- review and approval of the targets and goals set out in the Employment Equity Plan. This will include specific focus on skills development which is key to achieving transformation; and
- continued monitoring of the Group's ethics performance and management's strategy for entrenching ethics throughout the business.

The committee has satisfied itself that the Group's activities have regard to relevant legislation and prevailing codes of best practice in each of the relevant areas and that there are no instances of material non-compliance to disclose.

The committee is satisfied that it has performed all the functions required to be performed by it as set out in Regulation 43(5) of the Companies Act Regulations, 2011.



JA Mabena

Chairman, Social, ethics and transformation committee

3 May 2024

EXECUTIVE DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

FOR THE YEAR ENDED 29 FEBRUARY 2024

We, the directors whose names are stated below, report with reference to both the Company and the Group and hereby confirm that:

- the financial statements set out on pages 40 to 87, fairly present, in all material respects, the financial position, financial performance and cash flows of the Company and the Group in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to both the Company and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the Company and Group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the financial statements, having fulfilled their role and function within the combined assurance model pursuant to principle 15 of the King Code;
- where we are not satisfied, we have disclosed, to the Audit and risk assessment committee and the external auditor, the deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies or taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.



SK Jackson
Finance director

3 May 2024



JD McIntosh
Chief executive officer

DIRECTORS' APPROVAL OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2024

The Board of directors reports with reference to both the Company and the Group.

The directors are responsible for the preparation, integrity and fair presentation of the financial statements. The financial statements presented on pages 40 to 87 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Standards"), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Pronouncements, as issued by the Financial Reporting Standards Council, and in the manner required by the Companies Act, 2008, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRSs that they consider to be applicable have been followed.

The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Company and the Group at year-end. The directors also prepared the other information included in the integrated annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Company and the Group to enable the directors to ensure that the financial statements comply with the relevant legislation.

The Company and the Group operated in a well-established control environment, which is well-documented and regularly reviewed. This incorporates risk management and internal control procedures which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are controlled.

The Company and the Group operated in compliance with the provisions of the Companies Act, 2008 and their memoranda of incorporation.

The going-concern basis has been adopted in preparing the financial statements of the Company and the Group. The directors believe that the Company and the Group are in a sound financial position and will be going concerns in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Company and the Group.

The Code of Corporate Practices and Conduct has been adhered to.

The financial statements were prepared by SK Jackson, CA (SA). They have been audited by the Group's external auditor, KPMG Inc., in compliance with the requirements of the Companies Act, 2008. The financial statements were approved by the board of directors and are signed on its behalf by:



JD McIntosh
Chief executive officer



JS Dixon
Chairman

3 May 2024

CERTIFICATION BY THE COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm that, for the year ended 29 February 2024, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, 2008, and that all such returns are true, correct and up to date.



PMM Govind
Company secretary

3 May 2024

DIRECTORS' REPORT

FOR THE YEAR ENDED 29 FEBRUARY 2024

Your directors have pleasure in submitting their report on the affairs of the Company and the Group during the year ended 29 February 2024.

NATURE OF BUSINESS

Combined Motor Holdings Limited ("the Company") is an investment holding company with subsidiaries owning significant interests in retail motor, car hire and financial services. The Company is listed in the "General Retailers" sector of the JSE Limited. The Company does not trade and all of its activities are undertaken through its subsidiaries. Further details of the Group's operations appear on pages 6 and 7.

OPERATING RESULTS

Full details of the operating results of the Company and the Group are set out in the attached financial statements.

SHARE CAPITAL

Details of the authorised and issued share capital are set out in the attached financial statements.

DIVIDENDS

The following dividends were declared during the year under review:

	2024 R'000	2023 R'000
Dividend number 70: 146 cents, declared 12 October 2023	109 211	–
Dividend number 69: 240 cents, declared 26 April 2023	179 525	–
Dividend number 68: 168 cents, declared 18 October 2022	–	125 667
Dividend number 67: 225 cents, declared 28 April 2022	–	168 305
	288 736	293 972

DIRECTORS AND SECRETARY

The directors in office during the year, and at the date of this report are:

- JS Dixon (independent non-executive chairman)
- JD McIntosh (chief executive officer)
- BWJ Barritt (executive)
- SK Jackson (executive)
- ME Jones (independent non-executive)
- RT Komane (independent non-executive)
- JA Mabena (independent non-executive)
- AY Metu (independent non-executive), resigned 12 April 2024
- MR Nkadimeng (independent non-executive)
- HP Spencer (independent non-executive), appointed 12 April 2024

In terms of the Company's memorandum of incorporation ("MOI"), each non-executive director serves for a maximum period of 40 months from the date of his/her election. In addition, the MOI provides that at least one third of the non-executive directors in office must retire each year and the directors to retire will be those who have been longest in office since last re-election. Accordingly, JA Mabena and MR Nkadimeng will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election. A brief curriculum vitae of each of these directors appears in the Notice of Annual General Meeting on page 90.

The executive directors, together with the members of the executive committee, represent the key management of the Group.

The secretary of the Company is PMM Govind, whose business and postal addresses are:

Business

1 Wilton Crescent
Umhlanga Ridge
4319

Postal

PO Box 1033
Umhlanga Rocks
4320

DIRECTORS' SHAREHOLDING

Details of the directors' direct and indirect shareholding in the Company are reflected on page 85.

There has been no change in directors' shareholding between the financial year-end and the date of this report.

SUBSIDIARIES

Full details of the Company's subsidiaries are set out on page 82.

The results of the subsidiaries, so far as concerns the Company, comprise aggregate income and losses for the year, after taxation, of R393 186 000 (2023: R451 935 000) and R5 112 000 (2023: R8 474 000) respectively.

AUDITOR

At the annual general meeting, shareholders will be requested to approve the Board's proposal to re-appoint KPMG Inc. and designated partner DS Read, as auditor of the Company and its subsidiaries for the financial year ending 28 February 2025.

PENDING LITIGATION

The Group is not involved in any material legal or arbitration proceedings or legal actions, nor are the directors aware of any proceedings that are pending or threatened, that may have, or have had, in the 12-month period preceding the date of this Integrated Annual Report, a material adverse effect on the Group's financial position.

SUBSEQUENT EVENTS

Other than that recorded in note 35 to the attached financial statements, no fact or circumstance material to an appreciation of these financial statements has occurred between the financial year-end and the date of this report.

Umhlanga Ridge
3 May 2024

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COMBINED MOTOR HOLDINGS LIMITED

Report on the audit of the consolidated and separate financial statements

OPINION

We have audited the consolidated and separate financial statements of Combined Motor Holdings Limited (the Company) and its subsidiaries (together the Group) set out on pages 40 to 85 which comprise the consolidated and Company statements of financial position as at 29 February 2024, and the consolidated and Company statements of comprehensive income, consolidated and Company statements of changes in equity and consolidated and Company statements of cash flows and segment information for the year then ended, and notes to the consolidated and Company financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Company and the Group as at 29 February 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Standards as issued by International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report on the separate financial statements.

Valuation of car hire fleet vehicles

Refer to material accounting policy note 1.4 Plant and equipment and car hire fleet vehicles, accounting judgements and estimates note 3.1 Carrying value of car hire fleet vehicles and note 6 Car hire fleet vehicles

Key audit matter	How the matter was addressed in our audit
<p>As at 29 February 2024, the carrying value of the Group's car hire fleet vehicles amounted to R1 278,3 million which represents 25% of the total assets of the Group.</p> <p>Based on the accounting policy, the car hire fleet vehicles are recorded at historical cost less accumulated depreciation and impairment. The recoverable amount of individual assets is assessed annually and is written down if the carrying value exceeds the estimated recoverable amount.</p> <p>Management has the option to shorten or lengthen the actual life of fleet vehicles, so as to optimise the relationship between the carrying value and the recoverable amount. There is inherent uncertainty regarding the future useful lives and selling prices which requires management to exercise judgement.</p> <p>The following inputs are taken into account in assessing the recoverable value and estimated useful lives of the vehicles:</p> <ul style="list-style-type: none">condition of each vehicle;the kilometres travelled;the number of similar vehicles expected to be retired within a short time frame;the impact that high sales volumes may have on resale values;the current prices in the market for comparable models <p>Given the degree of judgement and estimation uncertainty involved in determining the inputs into the carrying value of the car hire fleet vehicles, the valuation of the carrying value of car hire fleet vehicles was considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">We compared management's assessment of the recoverable value of the car hire fleet vehicles to the carrying value of the fleet;We obtained the latest third-party automotive industry media publications to understand the prevailing market conditions and to evaluate the Group's recoverable amount judgements against industry forecasts;We discussed with various franchise managers employed by the CMH Group to obtain an understanding of their experience of expected resale value and margins within the second-hand market and their expectations for the period ahead;We performed an assessment of management's recoverable values determined based on the current year judgements and compared these to the recoverable values achieved on disposals in the current year and previous five years;For a sample of car hire fleet vehicles at year end, we performed a physical asset verification and inspected whether the vehicles were serviceable and in use;For the car hire fleet vehicles on hand at year end we compared the carrying values to reliable third party data as well as the Group's sales listings for similar vehicles in the event that management were more conservative;For a sample of car hire fleet vehicles sold after year end, we agreed the sales prices achieved per invoices to the sales prices per the Group's sales listing for similar vehicles to ensure that the sales prices per the listing were comparable;For a sample of car hire fleet vehicles, we verified the age of the vehicles disposed of during the current year and considered whether their average age was in line with the useful life assessments applied by the Group for car hire fleet vehicles; andWe assessed the appropriateness of the disclosures in the consolidated financial statements in relation to the guidance set out in IAS 16, Property, plant and equipment.

INDEPENDENT AUDITOR'S REPORT CONTINUED

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "2024 Integrated Annual Report Combined Motor Holdings Limited", which includes the Directors' report, report of the audit and risk assessment committee, and the certification by the Company secretary as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion nor any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Standards as issued by International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company'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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 and Company'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 and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 and/or the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; 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 and separate 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 Combined Motor Holdings Limited for two years.

FEE-RELATED DISCLOSURES

Pursuant to requirements of the IRBA Code, we report that the fees related to the services provided by our firm for the financial statement audit of the Group is R6 422 000 (excluding VAT).

KPMG Inc.
Registered Auditor

Per David Read
Chartered Accountant (SA)
Registered Auditor
Director

4 May 2024

KPMG
6 Nokwe Avenue
Umhlanga Ridge
Durban

SEGMENT INFORMATION

FOR THE YEAR ENDED 29 FEBRUARY 2024

2024	Total		Motor retail/ distribution		Car hire		Financial services		Corporate services/Other	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
External revenue	12 839 564	100	11 739 492	92	890 668	7	148 146	1	61 258	–
Inter-segment revenue	34 649	100	–	–	539	2	–	–	34 110	98
Segment revenue	12 874 213	100	11 739 492	91	891 207	7	148 146	1	95 368	1
Operating profit/(loss)	781 164	100	355 542	45	387 621	50	70 348	9	(32 347)	(4)
Finance income	55 805	100	48	–	–	–	12 896	23	42 861	77
Finance costs	(280 013)	100	(168 025)	60	(107 236)	38	–	–	(4 752)	2
Profit before taxation	556 956	100	187 565	34	280 385	50	83 244	15	5 762	1
After charging										
– employee costs	956 425	100	744 055	78	124 865	13	–	–	87 505	9
– impairment of goodwill	–	–	–	–	–	–	–	–	–	–
– short-term lease charges	119 945	100	66 962	55	51 777	44	–	–	1 206	1
– depreciation										
– plant and equipment	41 215	100	32 760	79	1 574	4	–	–	6 881	17
– car hire fleet vehicles	137 923	100	–	–	137 923	100	–	–	–	–
– right-of-use assets	115 434	100	108 830	95	3 868	3	–	–	2 736	2
Total assets	5 185 446	100	2 870 133	55	1 405 896	27	34 632	1	874 785	17
Total liabilities	3 817 726	100	2 416 378	63	1 317 879	35	–	–	83 469	2
Goodwill at year-end	39 625	100	39 625	100	–	–	–	–	–	–

2023	Total		Motor retail/ distribution		Car hire		Financial services		Corporate services/Other	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
External revenue	12 434 375	100	11 370 522	92	849 994	7	153 503	1	60 356	–
Inter-segment revenue	37 821	100	–	–	621	2	–	–	37 200	98
Segment revenue	12 472 196	100	11 370 522	91	850 615	7	153 503	1	97 556	1
Operating profit/(loss)	773 412	100	392 813	51	339 531	44	64 062	8	(22 994)	(3)
Finance income	39 792	100	–	–	–	–	8 984	23	30 808	77
Finance costs	(192 764)	100	(119 024)	62	(70 944)	37	–	–	(2 796)	1
Profit before taxation	620 440	100	273 789	44	268 587	43	73 046	12	5 018	1
After charging										
– employee costs	927 122	100	746 264	80	109 391	12	–	–	71 467	8
– impairment of goodwill	(17 671)	100	(17 671)	100	–	–	–	–	–	–
– short-term lease charges	122 007	100	64 868	53	55 517	46	–	–	1 622	1
– depreciation										
– plant and equipment	33 340	100	25 842	78	1 710	5	–	–	5 788	17
– car hire fleet vehicles	192 551	100	–	–	192 551	100	–	–	–	–
– right-of-use assets	116 243	100	110 157	95	3 839	3	–	–	2 247	2
Total assets	4 976 881	100	2 792 555	56	1 352 707	27	28 527	1	803 092	16
Total liabilities	3 712 596	100	2 316 859	63	1 310 347	35	–	–	85 390	2
Goodwill at year-end	39 625	100	39 625	100	–	–	–	–	–	–

The Group's accounting policy for segment reporting is recorded in note 1.17 to the attached financial statements. Further information regarding what is included in the segments can be found on page 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2024

	Notes	2024 R'000	2023 R'000
ASSETS			
Non-current assets			
Plant and equipment	4	100 154	98 104
Right-of-use assets	5	451 946	504 679
Car hire fleet vehicles	6	1 278 275	1 247 595
Goodwill	7	39 625	39 625
Insurance contracts receivable	8	34 632	28 527
Deferred taxation	9	89 766	93 357
		1 994 398	2 011 887
Current assets			
Inventories	10	1 966 346	1 865 244
Trade and other receivables	11	392 628	337 655
Current tax receivable		16 969	219
Cash and cash equivalents	12	815 105	761 876
		3 191 048	2 964 994
Total assets		5 185 446	4 976 881
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	38 091	38 091
Share-based payment reserve	14	10 838	7 970
Retained earnings		1 318 791	1 218 224
Total equity		1 367 720	1 264 285
Non-current liabilities			
Car hire fleet liability	15	292 025	266 425
Lease liabilities	16	489 557	551 548
Contract liabilities	17	7 099	3 424
		788 681	821 397
Current liabilities			
Trade and other payables	18	1 976 221	1 834 172
Car hire fleet liability	15	922 555	936 306
Lease liabilities	16	122 881	112 282
Contract liabilities	17	1 447	1 464
Current tax liabilities		5 941	6 975
		3 029 045	2 891 199
Total liabilities		3 817 726	3 712 596
Total equity and liabilities		5 185 446	4 976 881

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2024

	Notes	2024 R'000	2023 R'000
Revenue			
Motor retail and distribution		11 739 492	11 370 522
Car hire		890 668	849 994
Financial services:			
– insurance		132 000	133 928
– other		16 146	19 575
Corporate services/other		61 258	60 356
	19	12 839 564	12 434 375
Cost of sales	21	(10 313 533)	(10 037 459)
Gross profit		2 526 031	2 396 916
Other income	20	32 211	26 094
Impairment of goodwill	7	–	(17 671)
Selling and administration expenses	21	(1 777 078)	(1 631 927)
Operating profit		781 164	773 412
Finance income	22	55 805	39 792
Finance costs	23	(280 013)	(192 764)
Profit before taxation		556 956	620 440
Tax expense	24	(148 472)	(176 979)
Total profit and comprehensive income attributable to equity holders of the Company		408 484	443 461
EARNINGS PER SHARE	25		
Basic	(cents)	546,1	592,8
Diluted basic	(cents)	535,9	574,8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2024

	Share capital R'000	Share-based payment reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 28 February 2022	38 091	3 567	1 068 735	1 110 393
Total profit and comprehensive income			443 461	443 461
Share-based payment charge		4 403		4 403
Dividends paid			(293 972)	(293 972)
Balance at 28 February 2023	38 091	7 970	1 218 224	1 264 285
Total profit and comprehensive income			408 484	408 484
Release following exercise of share appreciation rights		(2 729)	2 729	–
Cost of shares delivered in terms of share appreciation rights scheme			(21 910)	(21 910)
Share-based payment charge		5 597		5 597
Dividends paid			(288 736)	(288 736)
Balance at 29 February 2024	38 091	10 838	1 318 791	1 367 720

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2024

	Notes	2024 R'000	2023 R'000
Cash flows from operating activities			
Cash generated from operations	26	866 067	727 190
Taxation paid	27	(146 135)	(184 827)
Net cash movement from operating activities		719 932	542 363
Cash flows from investing activities			
Purchase of plant and equipment	4	(48 976)	(67 238)
Proceeds on disposal of plant and equipment		5 752	2 596
Finance income received	28	42 909	30 808
Investment in special purpose entities conducting insurance underwriting activities	8	–	(250)
Dividend received from special purpose entities conducting insurance underwriting activities	8	38 364	27 024
Net cash movement from investing activities		38 049	(7 060)
Cash flows from financing activities			
Cost of shares delivered in terms of share appreciation rights scheme		(21 910)	–
Finance costs paid	23	(280 013)	(192 764)
Principal element of lease liability repayments	29	(114 093)	(104 430)
Dividends paid	30	(288 736)	(293 972)
Net cash movement from financing activities		(704 752)	(591 166)
Net movement in cash and cash equivalents		53 229	(55 863)
Cash and cash equivalents at beginning of year		761 876	817 739
Cash and cash equivalents at end of year	12	815 105	761 876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

1.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Standards"), the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Pronouncements, as issued by the Financial Reporting Standards Council, and in the manner required by the Companies Act, 2008 (the "Act"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. The financial statements are for the Group consisting of Combined Motor Holdings Limited and its subsidiaries as disclosed on page 82 and were approved by the board of directors on 3 May 2024.

The policies set out below have been consistently applied to all the years presented unless otherwise stated.

New and revised standards and interpretations in issue and effective which are applicable to the Group

IFRS 17: Insurance Contracts became effective for the first time in this financial year. The impact of the adoption of this standard is included in note 1.18.

There are no other standards, amendments or interpretations that became effective during the year that are relevant to the Group and no standards, amendments or interpretations not yet effective have been early adopted by the Group.

1.2 Basis of consolidation

Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are included until the date on which control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions amongst Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.3 Business combinations

The acquisition of a business is accounted for under the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of the exchange, of assets received and liabilities incurred or assumed. Acquisition-related costs are recognised in profit or loss as incurred. Goodwill arising on acquisition is recognised at cost less impairment in accordance with note 1.6.

1.4 Plant and equipment and car hire fleet vehicles

Plant and equipment and car hire fleet vehicles are recorded at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred. Depreciation is provided using the straight-line method to write off the cost of the assets to their estimated residual values over their estimated useful lives as follows:

Plant and machinery	4 to 5 years
Furniture and office equipment	3 to 10 years
Car hire fleet vehicles	12 to 24 months
Other motor vehicles	4 to 5 years
Leasehold improvements	the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses on disposal of plant and equipment are recognised in the statement of comprehensive income. Profits are included within "Other income" and losses within "Selling and administration expenses".

Car hire fleet vehicles are reclassified to inventories at the end of their useful lives and their disposal is recognised in the statement of comprehensive income within "Revenue" and "Cost of sales".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES CONTINUED

1.5 Leases

The Group leases the properties from which it operates. At inception of a contract the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group determines that it has the right to control the use of an identified asset when it has the right to obtain substantially all of the economic benefits from the use of the asset or where it has the right to direct the use of the asset, for the period of the agreement.

Initial lease periods vary from 12 months to 14 years. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Lease rentals payable escalate at a fixed rate as set out in the lease agreements and there are no variable lease payments based on sales or any other index. The lease agreements do not impose any covenants on the Group. Leased assets may not be used as security for borrowing purposes.

Right-of-use assets

Right-of-use assets are initially measured at cost comprising the amount of the initial measurement of the lease liability.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment. Depreciation is provided using the straight-line method over the shorter of each asset's useful life and the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the contractual lease payments that are unpaid at the commencement date, calculated using the Group's incremental borrowing rate at the lease commencement date.

The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received and applies adjustments specific to the lease, such as term and security, and to reflect changes in financing conditions since third-party financing was last received.

Lease payments included in the measurement of the lease liability comprise fixed contractual payments, including those to be made under reasonably certain extension options.

The lease liability is subsequently increased by the finance cost on the liability, calculated using the effective-interest-rate method, and decreased by repayments made, such that the remaining liability at the end of each reporting period is the present value of the remaining lease payments. The finance cost is charged to profit or loss over the lease period.

Lease modifications

Where leases are renegotiated, either in terms of rental amount, lease term, or both, the lease liability is remeasured based on the new terms at an appropriate incremental borrowing rate. The difference between the previous value of the lease liability and the revised value is then adjusted to the lease liability as well as to the right-of-use asset. The revised lease liability is amortised over the updated remaining lease term and the right-of-use asset is depreciated over the updated useful life.

Early termination of lease agreements

Where leases are terminated earlier than the contractual terms, the remaining right-of-use asset and the related lease liability are derecognised, and the difference between these two values, plus any termination costs, is recognised in profit or loss.

Extension options

Certain lease agreements contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. If so, the lease liability on commencement date will include the present value of rentals payable under the extended period.

The Group has concluded that it is not reasonably certain to exercise any of the options available to it at year-end. In the event that the Group does decide to exercise an option, the lease liability will be recalculated having regard for the lease payments in respect of the extended period. The value of the right-of-use asset will be adjusted accordingly and the resultant asset depreciated over the extended lease period or the remaining useful life of the asset, whichever is the shorter.

1.5 Leases continued

Sub-leases

The Group acts as a lessor where it sub-leases some of its leased properties on a short-term basis. These sub-leases are classified as operating leases and the lease income is included in "Other income" in the statement of comprehensive income on a straight-line basis.

Short-term leases and leases of low-value assets

Short-term leases are those where the Group has an unconditional right of use for a period not exceeding 12 months. Low-value assets comprise primarily office equipment. Payments made under short-term leases and leases of low-value assets are charged to the statement of comprehensive income when incurred.

1.6 Goodwill

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the cost of acquisition over the fair value of the Group's share of net identifiable assets in the business combination at the date of acquisition.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is recognised as an asset and initially reflected at its original cost. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying value, an impairment is recognised. Impairment losses on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying value of goodwill relating to the entity sold.

1.7 Financial assets

Financial assets comprise "Trade receivables" and "Cash and cash equivalents" which the Group classifies as those to be measured at amortised cost. The classification depends on the Group's business model for managing the asset, and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal debt, are classified as those to be measured at amortised cost. The classification is determined at initial recognition. These financial assets are initially measured at fair value plus transaction costs. Thereafter they are measured at amortised cost using the effective-interest-rate method, after deducting expected losses. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

The expected credit loss allowance in respect of financial assets is determined by assessing, on a forward-looking basis, the expected credit losses associated with its financial assets. The amount of the expected credit loss is recognised in the statement of comprehensive income within "Selling and administration expenses".

Trade receivables

The Group holds trade receivables with the objective of collecting the contractual cash flows, and therefore classifies them as those to be measured at amortised cost.

The expected credit loss allowance in respect of trade receivables is determined using the simplified approach permitted by IFRS 9. This requires expected credit losses from all possible default events over the expected life of the trade receivables to be recognised on inception.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 90 days after initial recognition and the failure of a debtor to engage in a repayment plan with the Group. Subsequent recoveries of amounts previously written off are credited against "Selling and administration expenses".

Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks, net of bank overdrafts. Bank overdrafts are reflected under current liabilities except where they are held at the same bank and branch as favourable balances and there is a legal right of set-off.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES CONTINUED

1.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income and is calculated on the basis of tax laws enacted or substantially enacted at the year-end.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates and laws that have been enacted or substantially enacted at the year-end and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

Deferred tax assets relating to income tax are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value, due recognition having been made for slow-moving and redundant items. Movements in the provision are included in "Cost of sales" in the statement of comprehensive income. Net realisable value is the estimate of the selling price of inventory in the ordinary course of business, less applicable variable selling expenses. Cost includes all costs incurred that are necessary to bring the goods to saleable condition and location, and is determined on the following basis:

New vehicles	actual cost
Used and demonstration vehicles	actual cost
Parts and accessories	weighted average cost
Petrol, oils and other inventory	actual cost

Vehicles and parts purchased, which are paid for within the short time periods provided for in the manufacturers' standard franchise agreements, are recognised as inventory when received. This policy is applied despite the fact that certain agreements provide that ownership will remain vested in the manufacturer until the purchase price has been paid in full.

1.10 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.11 Financial liabilities

The Group has the following financial liabilities:

Trade and other payables: these are initially measured at fair value less transaction costs and subsequently stated at amortised cost. Short-term payables are measured at original invoice amount which approximates fair value; and

Car hire fleet liability: this is measured initially at the fair value of proceeds received, net of transaction costs incurred, when the Group becomes party to the contractual provisions. It is subsequently stated at amortised cost, using the effective-interest-rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised as finance cost/income in the statement of comprehensive income over the period of the liability.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the year-end.

Financial liabilities are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expires.

1.12 Contract liabilities

Contract liabilities relate to the service contracts that are sold with vehicles to cover the cash cost of future expenditure over specified periods. The customer pays upfront in full as part of the cost of the vehicle and this obligation is released over the period of the performance obligations. The associated revenue is long-term in nature (two to five years) and is recognised as the work is performed over the life of the plan (Refer to note 1.14). This means that the revenue is recognised when the vehicle is serviced in terms of the contract. Revenue recognised is the cost of the work done plus the estimated margin which is adjusted to cater for the cost of expected future expenditure based on historical trends and includes forecast inflationary adjustments on an annual basis.

Factors considered when determining the stage-of-completion of the service plan include:

- Vehicle parts, consumables and labour inflation;
- Foreign currency movements in so far as they affect the price of parts to be used; and
- Contract duration and mileage.

Contract liabilities are required to cover the contractual costs of service work to be carried out in the future and the unearned margin that will be recognised over the life of the plans. Contracts for which there are insufficient claims history are recognised in profit or loss to the extent of the claims cost incurred without any profits being attributed.

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

1.13 Employee benefits

Pension

The Group provides retirement benefits for its employees through a number of independent defined contribution plans. A defined contribution plan is a pension plan under which the Group pays a fixed contribution to a separate entity and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their employment service.

Payments to the retirement contribution plans are charged to the statement of comprehensive income as incurred.

Health care

The Group provides health care benefits for its employees through contributions to various independent medical aid schemes. Payments to the medical aid schemes are charged to the statement of comprehensive income as incurred. The Group has no post-retirement obligations to employees.

Remuneration

The cost of all short-term employee remuneration is recognised during the period in which the employee renders the related service. An accrual is made for employee entitlement to salary, bonuses, profit-share and leave pay based on contractual obligations at current rates of remuneration.

Equity compensation plans

The Group enters into share-based payment transactions in terms of the employee share appreciation rights scheme. Costs incurred in administering the scheme are expensed as incurred. The charge to profit or loss required by IFRS 2: Share-based Payment is accounted for on the basis that the instruments are equity-settled. The total amount to be expensed over the vesting period is determined by reference to the fair value of the rights determined at the grant date using the Black-Scholes valuation model. Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable and the number of shares that the employee will ultimately receive. The amount determined by the model is charged to the statement of comprehensive income over the vesting period, with a corresponding credit to "Share-based payment reserve". The reserve is released proportionately when the rights are exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES CONTINUED

1.14 Revenue recognition

Revenue recognised under IFRS 15: Revenue from Contracts with Customers

Revenue accounted for using IFRS 15 is recognised when control of the goods or services transfers to the customer, the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is measured at the transaction price, after discount, of the sale of goods and services in the ordinary course of business, excluding value-added tax, and after eliminating sales within the Group. Revenue is measured as a fixed fee and has no variability nor recoupment. No significant element of financing is deemed present as the sales are made with a credit term of 30 days or less, which is consistent with market practice.

The Group derives revenue from the sale of the following products and services:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sales of motor vehicles, parts and accessories	<p>Revenue on the sale of motor vehicles, parts and accessories is recognised "at a point in time" when the goods have been supplied to the customer. The satisfaction of the performance obligation occurs on delivery or collection of the product.</p> <p>Included in the selling price of certain new vehicles are vehicle manufacturer warranties and/or service plans. The Group acts as an agent in this regard, and the performance obligations arising therefrom lie with the vehicle manufacturer. When the vehicles are returned to the Group to fulfil the terms of the warranty or service plan, the costs incurred by the Group are reimbursed by the manufacturer.</p> <p>Where an incentive is received from a vehicle manufacturer and is passed onto a customer, the amount of the incentive is taken into account in determining the revenue amount.</p> <p>Where the customer trades in a vehicle immediately prior to purchasing another vehicle, the fair value of the trade-in is applied as non-cash consideration in part-settlement of the customer's obligation in relation to the transaction price.</p> <p>Vehicles are paid for prior to delivery, though the finance houses may take a few days to settle outstanding amounts. Parts are either paid for on delivery or within 30 days, dependent upon whether the customer has pre-approved trade terms.</p> <p>Where the Group acts as an agent for the sale of certain brands of vehicles and is remunerated on a commission basis, the commission is included in "Commission income" and accounted for as set out below.</p>
Service plans	<p>Revenue from vehicle service plans is long-term in nature (two to five years) and is recognised "over the service period" when the vehicle is maintained, serviced or repaired in terms of the contract.</p> <p>Revenue recognised is the cost of the work done plus the estimated margin which is adjusted to cater for the cost of expected future expenditure based on historical trends and includes forecast inflationary adjustments on an annual basis. However, funds for which there are insufficient claims history are recognised in profit or loss to the extent of the claims cost incurred without any profits being attributed. At the end of the plan, any remaining profits are recognised in profit or loss. The balance of the unearned revenue is recognised in profit or loss on termination when the contract expires.</p> <p>Payment for the service and warranty plan is made by the customer in full upfront. Refer to note 1.12 "Contract liabilities".</p>

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Services through the workshop departments	<p>Revenue arising from services provided through the workshop is recognised “at a point in time” upon completion of the service. Where the Group services a customer’s vehicle, a job card is maintained for each service keeping track of labour, parts and costs incurred on a particular job. Revenue is recognised upon completion of the service as this is when, in the Group’s judgement, the Group has obtained the right to receive payment and the customer has obtained benefits from the service provided. Other than in exceptional circumstances, vehicles are received, serviced and delivered back to the customer on the same day. Consequently this revenue is classified as recognised “at a point in time”. The number of vehicles that are serviced over a longer period is immaterial and does not justify alternative recognition classification.</p> <p>Payment of the transaction price in respect of services through workshop is due upon completion of the service or within one month, dependent upon whether the customer has pre-approved trade terms.</p>
Commission income	<p>The Group earns revenue in the form of commission from the facilitation of customer finance, and the sale of certain brands of vehicles, vehicle accessories, short-term insurance policies and extended warranty and service plans. The commission arises where the Group acts as an agent on behalf of various service providers.</p> <p>Commission income is recognised “at a point in time” when the Group’s obligation in terms of these transactions is satisfied. This occurs when control of the associated vehicle transfers to the customer, typically on delivery to the customer. Thereafter the Group has no further obligation to the service provider nor to the end customer as all performance obligations relating to these products are underwritten by the service provider.</p> <p>Commission revenue is received within a few days after delivery of the vehicle to the customer.</p>

Other forms of revenue

Revenue relating to car hire services is recognised on a straight-line basis over the hire period applying the principles of IFRS 16: Leases applicable to operating leases.

Premium income on insurance products from underwriting activities (refer note 1.18) is recognised over the contract period, calculated on a time-proportionate basis, applying the principles of IFRS 17: Insurance Contracts.

1.15 Finance income and finance costs

Finance income comprises interest receivable, which is recognised as it accrues, taking into account the effective yield on the asset. Finance income is reflected as an investing activity in the statement of cash flows.

Finance costs comprise interest payable which is recognised as it is incurred. Finance costs are reflected as a financing activity in the statement of cash flows.

1.16 Dividends

Dividends paid are recorded in the financial statements during the period in which they are approved by the board of directors.

1.17 Segment reporting

Operating segments are reported in a manner consistent with that used for internal reporting provided to the chief executive officer, and used for making strategic decisions. The chief executive officer is responsible for allocating resources and assessing performance of the operating segments based on a measure of profit before taxation. This measurement is consistent with the recognition and measurement principles applied within the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES CONTINUED

1.17 Segment reporting *continued*

The various segments of the Group are each subject to risks and returns that are different to other business segments. The principal business segments identified within the Group are motor retail/distribution, car hire and financial services. The corporate services/other segment contains the Group's treasury function, CMH Green and National Workshop Equipment which are not large enough for separate disclosure. The motor dealerships, although diverse in terms of product brands and locations, are considered to have a similar reaction to economic conditions and influences. Consequently, they have been aggregated as one reportable segment.

Sales amongst segments are carried out on an arm's length basis at competitive market-related prices, and are eliminated on consolidation.

Segment assets, liabilities, revenue and expenditure are those directly attributable to the segment.

The Group operates only in the Republic of South Africa.

1.18 Underwriting activities

Activities in terms of which the Group accepts significant insurance risk are classified as insurance underwriting activities, and expose the Group to financial risk. Insurance underwriting activities are conducted through special purpose cell captive entities, managed by external financial service providers on commercial terms and conditions and at market rates.

With effect from 1 March 2023 the Group adopted IFRS 17: Insurance contracts which replaces IFRS 4: Insurance contracts. The new standard has been applied to cell captive arrangements which meet its insurance terms, specifically the definition of a reinsurance contract which envisages the transfer of significant risk to the cell owner. The full retrospective approach has been applied. The financial adjustments arising from the adoption of IFRS 17, in respect of both the current and prior years, are not material, and no prior year restatement has been made.

Underwriting results are determined on a monthly basis. The principle is that the costs of incurred claims, commission and related expenditure are applied against the earned proportion of premiums received and released to income, as follows:

- Claims incurred comprise claims and related expenditure paid during the year and changes in the provision for outstanding claims incurred but not reported, and are expensed in the year during which they are incurred;
- Commission paid is expensed in the year during which it is incurred; and
- Premiums earned comprise premiums relating to business written during the year, adjusted for the carrying amount of the liability for remaining coverage at year end.

The Group has adopted the simplified premium allocation approach to the measurement of liability for coverage of the remaining periods of the contracts. The contracts written are of relatively short duration, and it is considered that the value of the liability for remaining coverage will not differ materially from that which would be derived using a more complex measurement approach.

The carrying amount of the liability for remaining coverage is measured as the premiums received on initial recognition, and is then decreased by the amount periodically released to insurance revenue for services provided. Because of the short period of the insurance policies, the Group does not adjust the liability for remaining coverage to reflect the time value of money. If at any time management believes that a group of insurance contracts is onerous, then the Group recognises a charge in profit or loss and increases the liability for remaining coverage.

The value of the Group's investment in the special purpose cell captive entities, being its initial investment plus the net result of its current and prior years' activities, is presented in the statement of financial position as "Insurance contracts receivable".

The results of these activities are recorded in the segment report under "Financial services".

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the chief executive officer and financial director under policies approved by the board of directors. They identify, evaluate and hedge financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, and the investment of excess liquidity.

2.1 Interest rate risk

Interest rate exposures are reviewed regularly. The Group is exposed to interest rate risk on its cash resources and borrowing facilities, all of which are linked to the prime overdraft rate.

Had interest rates for the year been 0,5 percentage point higher or lower and been applied to these values at year-end, the profit before taxation for the year would have been lower or higher by R6 015 000 (2023: R5 851 000) on the assumption that all other factors remained constant.

2.2 Credit risk

The Group's credit risk lies principally in its trade receivables, cash and cash equivalents and insurance contracts receivable.

Trade receivables

Trade receivables comprise a number of major banks which finance vehicle sales, together with a large, widespread customer base. Regular credit assessments of customers are conducted taking into account their financial position, past experience and other factors. All trade receivables are subject to the Group's standard credit terms, are due within a period of 1 to 60 days after sale and are therefore classified as current. Credit risk exposures to customers are managed by a monthly review of trade receivables ageing, continuous review of credit limits, and legal action against defaulting customers. There are no significant concentrations of credit risk in respect of any particular customer.

At inception, the expected credit loss allowance is measured at an amount equal to the lifetime expected credit losses. Thereafter, to measure the expected credit losses, trade receivables are grouped based on the days outstanding since initial recognition. When calculating the expected credit loss allowance, the Group first considers those receivables where there are clear indicators that there has been a significant increase in the expected credit loss since initial recognition. The allowance in respect of these receivables is calculated taking into consideration all reasonable and supportable information that is available, and that is relevant for assessing the extent of the increase in credit risk since initial recognition. Having considered those trade receivables, the remainder are categorised based on their ageing profile and an expected credit loss allowance determined using the following provisioning matrix:

	Terms	Expected loss rate for ageing profile		
		0 to 60 days	61 to 90 days	90+ days
Banks with the country's highest long-term credit rating	1 day	0%	–	–
Corporate and fleet customers	30 days	*0%	10%	30%
Individual, parts and workshop customers	1 to 60 days	*0%	10%	30%
Fleet and warranty claims from motor manufacturers	30 days	0%	–	–

* Rounded down to nearest percentage.

The expected loss rates are based on the historical credit losses experienced on each category of trade receivables over the past 60 months. Where there have been no bad debts, the expected credit loss is 0%. The historical loss rates are adjusted, if necessary, to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group has identified the South African lending rate and the national economic growth rate to be the most relevant factors, and accordingly considers the historical loss rates based on expected changes in these factors. The actual credit loss rates recorded by the Group during the year were not materially different from those experienced in the previous year. This is not unexpected given the short-term and widespread nature of the trade receivables. After due consideration, the Group has not deemed it necessary to adjust the loss rates during the current financial year.

The maximum exposure to credit risk at year-end is the carrying amount of each class of financial assets. Further detail on the credit quality of trade receivables is contained in note 11.

Cash and cash equivalents

The expected credit loss on cash and cash equivalents is calculated based on the 12-month expected loss, and reflects the short maturities of the exposures. Cash and cash equivalents are placed only with major financial institutions with the country's highest long-term credit rating. The Group considers that these institutions have a low risk of default and a strong capacity to meet contractual cash flows.

Insurance contracts receivable

The principal component of Insurance contracts receivable is bank balances held within the various insurance cells. These balances are placed only with major financial institutions with the country's highest long-term credit rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.3 Equity price risk

The Group has no direct exposure to any equity price risk.

2.4 Liquidity risk

The Group manages its liquidity risk by regularly monitoring its projected cash flow requirements against its cash resources and unutilised borrowing facilities.

In terms of its memorandum of incorporation the Company has unlimited borrowing powers.

The contractual undiscounted maturities of the Group's financial and lease liabilities are:

	Total R'000	Less than one year R'000	One to two years R'000	Three to five years R'000	More than five years R'000
2024					
Car hire fleet liability	1 214 580	922 555	292 025	–	–
Lease liabilities	789 995	169 887	145 324	291 776	183 008
Trade and other payables*	1 905 928	1 905 928	–	–	–
	3 910 503	2 998 370	437 349	291 776	183 008
2023					
Car hire fleet liability	1 275 327	993 066	282 261	–	–
Lease liabilities	862 981	163 290	152 257	331 957	215 477
Trade and other payables*	1 759 181	1 759 181	–	–	–
	3 897 489	2 915 537	434 518	331 957	215 477

* This figure excludes deposits received in advance and value-added tax as these are not financial liabilities.

These liabilities are expected to be settled from the proceeds of ongoing operations, and realisation of car hire fleet vehicles and current assets.

2.5 Capital risk

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group comprises share capital and retained earnings. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue or repurchase shares, or sell assets to reduce debt. The Group's capital management strategy remained unchanged from the prior year.

2.6 Foreign currency risk

Transactions in foreign currencies are accounted for at rates of exchange ruling on the date of the transactions. Gains and losses arising from the settlement of such transactions are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Unrealised translation differences on such monetary assets and liabilities are recognised in profit or loss in the year in which they occur.

The following balances were outstanding at year end:

	2024 US\$	2023 US\$	2024 MYR	2023 MYR
Cash and cash equivalents	312 753	–	–	–
Other receivables	4 505	188 210	998 247	–
Accrued expenses	(16 744)	(56 580)	(553 310)	–

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates will, by definition, rarely equal the actual results achieved. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Carrying value of car hire fleet vehicles

The Group tests annually whether car hire fleet vehicles are valued at cost less a provision for depreciation calculated to reduce cost to residual value over the estimated useful lives of the vehicles. In doing so recognition is given to the condition of each vehicle, the kilometres travelled, the number of similar vehicles expected to be retired within a short time frame, the impact that high sales volumes may have on resale values, and the current prices in the market for comparable models. Management has the option to shorten or lengthen the actual life of fleet vehicles, so as to optimise the relationship between the carrying value and the resale value. This exercise requires judgement because the estimate of future lives and selling prices carries a level of uncertainty.

3.2 Classification of short-term lease agreements

The Group occupies a number of properties in terms of lease contracts which may be terminated by both the lessor and the lessee, without penalty, after a notice period of 12 months or less. Management has considered the guidance in IFRS 16: Leases, and the IFRIC decision issued in November 2019. It has concluded that, despite the Group having occupied some of the premises for a lengthy period, its right of future occupation is contractually restricted. Consequently, the leases have been classified as short-term in terms of IFRS 16: Leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

	Total R'000	Leasehold improve- ments R'000	Plant and machinery R'000	Furniture and office equipment R'000	Motor vehicles R'000
4. PLANT AND EQUIPMENT					
4.1 Details of plant and equipment					
At 29 February 2024					
Cost	297 892	18 522	78 684	194 834	5 852
Accumulated depreciation	(197 738)	(4 255)	(50 201)	(141 495)	(1 787)
Net book value	100 154	14 267	28 483	53 339	4 065
At 28 February 2023					
Cost	285 384	14 212	72 553	192 393	6 226
Accumulated depreciation	(187 280)	(3 383)	(47 804)	(134 167)	(1 926)
Net book value	98 104	10 829	24 749	58 226	4 300
4.2 Reconciliation of movement					
Net book value 28 February 2022	67 432	3 449	19 203	41 809	2 971
Additions	67 238	8 615	15 317	39 400	3 906
Disposals	(3 226)	–	(949)	(972)	(1 305)
Depreciation charge	(33 340)	(1 235)	(8 822)	(22 011)	(1 272)
Net book value 28 February 2023	98 104	10 829	24 749	58 226	4 300
Additions	48 976	6 012	16 209	24 304	2 451
Disposals	(5 711)	–	(1 777)	(2 441)	(1 493)
Depreciation charge	(41 215)	(2 574)	(10 698)	(26 750)	(1 193)
Net book value 29 February 2024	100 154	14 267	28 483	53 339	4 065

4.3 The insurance replacement value of plant and equipment is R480 000 000 (2023: R450 000 000).

4.4 Depreciation is recognised in the statement of comprehensive income within "Selling and administration expenses".

	2024 R'000	2023 R'000
5. RIGHT-OF-USE ASSETS		
5.1 Property		
Balance at beginning of year	504 679	450 565
Additions	69 572	170 357
Modification of lease agreement	(6 871)	–
Depreciation charge	(115 434)	(116 243)
Balance at end of year	451 946	504 679
5.2 Depreciation is recognised in the statement of comprehensive income within “Selling and administration expenses”.		
6. CAR HIRE FLEET VEHICLES		
6.1 Details of car hire fleet vehicles		
Cost	1 488 355	1 499 945
Accumulated depreciation	(210 080)	(252 350)
Net book value	1 278 275	1 247 595
6.2 Reconciliation of movement		
Opening net book value	1 247 595	828 375
Additions	770 987	899 569
Disposals	(602 384)	(287 798)
Depreciation charge	(137 923)	(192 551)
Closing net book value	1 278 275	1 247 595
6.3 Car hire fleet vehicles with a cost of R1 488 355 000 (2023: R1 499 945 000), held under capitalised finance arrangements have been pledged as security for the “Car hire fleet liability” aggregating R1 214 580 000 (2023: R1 202 731 000) (refer note 15).		
6.4 Depreciation is recognised in the statement of comprehensive income within “Cost of sales”.		
6.5 The movement in car hire fleet vehicles is reflected as an operating activity in the statement of cash flows.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

	2024 R'000	2023 R'000
7. GOODWILL		
7.1 Goodwill acquired through business combinations has been attributed to individual cash-generating units ("CGUs").		
Cost and net book value at the beginning of the year	39 625	57 296
Amounts impaired during the year	–	(17 671)
Cost and net book value at end of year	39 625	39 625

7.2 Goodwill impairment testing

The carrying value of goodwill is tested annually for impairment. Impairment of goodwill arises when the recoverable amount of the CGU is less than the carrying value. The recoverable amount is determined using the value-in-use method which requires the use of assumptions. The value-in-use method uses cash flow projections based on financial forecasts for a 5-year period, with an appropriate terminal growth rate. The carrying value is the net asset value of the CGU, including goodwill.

Assumptions

The following tables set out the key assumptions for those CGUs that have significant goodwill allocated to them and the approach used by management to determine the values:

	Motor retail dealerships		Aftermarket parts business	
	2024 (%)	2023 (%)	2024 (%)	2023 (%)
Average annual growth rate in:				
– revenue arising from motor retail departments	7,0	8,0		
– revenue arising from after-sales departments	7,0	8,0	10,0	10,0
– operating expenses	6,0	6,0	5,0	3,0
Terminal growth rate	3,0	3,0	4,0	4,0
Pre-tax discount rate	19,3	19,2	16,7	16,6

Assumption	Approach used to determine values
Revenue	Average annual growth rate over the five-year forecast period is based on past performance, adjusted for expected price increases, market share assumptions and management's expectations of future trends in the markets. A conservative and consistent growth rate was applied for the five-year forecast period.
Operating expenses	Average annual growth rate over the five-year forecast period is based on the current cost structure of the business, adjusting for inflationary increases. Variable costs fluctuate in line with revenue. Fixed costs do not vary significantly with sales volumes or prices.
Terminal growth rate	The weighted average growth rate used to forecast cash flows beyond the forecast period. This rate is considered conservative and factors in price increases, exchange rate fluctuations and expected volume growth.
Pre-tax discount rates	Reflect current market assessment of the specific risks relating to each CGU. The rates are derived from the CGU's weighted average cost of capital and take into account the cost of debt, the cost of leases and the cost of equity. Cost of equity is determined using the capital asset pricing model ("the model") which takes into account an equity risk premium and a small stock premium. The model uses market betas of comparable entities in determining the cost of equity. The cost of debt is based on the interest-bearing debt of the Group, and includes the lease liabilities.

Using these assumptions, the recoverable amount of each CGU exceeded the carrying value and no impairment was necessary.

Amounts, if impaired, are shown separately in the statement of comprehensive income.

Sensitivity analysis

The estimated recoverable amounts of the CGUs, exceeded their carrying values with significant headroom. Accordingly, the impairment calculations are not impacted by a 10% adverse variation in management's estimates when comparing the carrying value to the recoverable amount. Management deems 10% to be a reasonable sensitivity analysis of the inputs used and believes this provides relevant and sufficient guidance on the sensitivity of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

8. INSURANCE CONTRACTS RECEIVABLE

8.1 Underwriting activities are conducted through special purpose cell captive entities (“SPEs”), managed by external financial service providers, on commercial terms and conditions and at market rates.

The Group sells insurance policies to customers who enter into credit agreements in respect of vehicle purchases. The risks covered include life, disability and retrenchment during the period of the credit agreements. The Group also sells extended warranty cover in respect of vehicles and components thereof.

Liabilities held by the Group in respect of the remaining periods of coverage of these risks are based on independent actuarial calculations.

8.2 The Group has applied IFRS 10: Consolidated Financial Statements in determining whether to consolidate its investment in these SPEs and has determined that the entities do not constitute “deemed separate entities” as envisaged in IFRS 10, and have not been consolidated.

	2024 R'000	2023 R'000
8.3 The insurance activities of the SPEs are included in the statement of comprehensive income as follows:		
Revenue	132 000	133 929
Less: increase in liabilities for remaining coverage*	(3 491)	(14 135)
Released to income	128 509	119 794
Cost of sales – claims paid*	(36 204)	(31 332)
	92 305	88 462
Selling and administration expenses*	(44 202)	(82 973)
Net profit from insurance activities	48 103	5 489
Finance income	12 896	8 984
Profit before taxation	60 999	14 473
Taxation*	(16 530)	(3 803)
Profit after taxation	44 469	10 670
* Collectively insurance service expense	100 427	132 243
8.4 Dividends received from the SPEs are reflected in the statement of cash flows as “Dividend received from special purpose entities conducting insurance underwriting activities”, and are applied in reduction of “Insurance contracts receivable” in the statement of financial position.		
8.5 The value of the Group’s investment in the SPEs, being its initial share investment plus the net result of the SPEs’ current and prior years’ activities, is presented in the statement of financial position as:		
– Insurance contracts receivable	34 632	28 527
8.6 Reconciliation of movement		
Balance at beginning of year	28 527	44 631
Share investment	–	250
Profit after taxation	44 469	10 670
Dividends received	(38 364)	(27 024)
Balance at end of year	34 632	28 527

	2024 R'000	2023 R'000
9. DEFERRED TAXATION		
9.1 Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 27%. The movement during the year is as follows:		
Balance at beginning of year	93 357	84 854
Temporary differences arising during year	(3 591)	8 503
Balance at end of year	89 766	93 357
9.2 Balance at end of year comprises:		
Expected credit loss allowance on trade receivables		
– gross	2 615	2 565
– less: related taxation allowances	(1 046)	(1 026)
	1 569	1 539
Receipts in advance		
– gross	16 588	18 006
– less: related taxation allowances	(13 872)	(15 459)
	2 716	2 547
Lease liabilities	165 358	179 234
Right-of-use assets	(122 025)	(136 263)
Accruals and provisions	29 380	33 385
Share-based payment reserve	9 092	13 141
Assessed loss	4 570	–
Prepayments	(894)	(226)
	89 766	93 357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

9. DEFERRED TAXATION CONTINUED

9.3 The movement on the deferred taxation account was as follows:

	Closing balance 29 February 2024 R'000	Movement during the year 2024 R'000	Closing balance 28 February 2023 R'000	Movement during the year 2023 R'000	Closing balance 28 February 2022 R'000
Expected credit loss allowance on trade receivables					
– gross	2 615	50	2 565	230	2 335
– less: related taxation allowances	(1 046)	(20)	(1 026)	(144)	(882)
	1 569	30	1 539	86	1 453
Receipts in advance					
– gross	16 588	(1 418)	18 006	3 598	14 408
– less: related taxation allowances	(13 872)	1 587	(15 459)	(2 908)	(12 551)
	2 716	169	2 547	690	1 857
Lease liabilities	165 358	(13 876)	179 234	11 821	167 413
Right-of-use assets	(122 025)	14 238	(136 263)	(10 105)	(126 158)
Accruals and provisions	29 380	(4 005)	33 385	4 568	28 817
Share-based payment reserve	9 092	(4 049)	13 141	4 780	8 361
Assessed loss	4 570	4 570	–	(3 351)	3 351
Prepayments	(894)	(668)	(226)	14	(240)
Total	89 766	(3 591)	93 357	8 503	84 854

10. INVENTORIES

10.1 Inventories have been valued as stated in note 1.9 and comprise:

	2024 R'000	2023 R'000
– new vehicles	1 118 173	1 119 002
– used vehicles	320 658	368 126
– demonstration vehicles	432 915	283 406
– parts and accessories	78 581	82 284
– petrol, oils and other inventory	16 019	12 426
	1 966 346	1 865 244

10.2 Inventories of new and demonstration vehicles and parts aggregating R1 430 809 000 (2023: R1 212 786 000) form security for trade payables aggregating R1 606 896 000 (2023: R1 458 672 000).

10.3 The cost of inventories sold during the year and the movement in the inventory provisions are recognised as an expense and charged to “Cost of sales” in the statement of comprehensive income.

10.4 Inventories are stated after deduction of the following provisions:

	2024 R'000	2023 R'000
– new vehicles	1 130	12 251
– used vehicles	27 043	22 799
– demonstration vehicles	35 439	6 912
– parts and accessories	20 876	18 406
	84 488	60 368

	2024 R'000	2023 R'000
11. TRADE AND OTHER RECEIVABLES		
11.1 Trade receivables	310 240	289 025
Less: expected credit loss allowance	(9 689)	(9 500)
	300 551	279 525
Other receivables	87 351	56 832
Value-added taxation	4 726	1 298
	392 628	337 655
11.2 Trade receivables are amounts owed by customers for goods sold or services performed in the ordinary course of business and are primarily in respect of vehicle, car hire, parts and workshop sales. These amounts are subject to the Group's standard credit terms and are due within a period of 60 days after year-end. No interest is charged on these accounts. The Group's accounting policy for determining the expected credit loss allowance and its credit risk policy are outlined in notes 1.7 and 2.2 respectively.		
11.3 Other receivables are primarily in respect of incentives from motor manufacturers. They are due within 30 days after year-end, are considered to be recoverable, and the allowance for expected credit losses is not material.		
11.4 The carrying value of trade and other receivables approximates their fair value, as the impact of discounting is not significant.		
11.5 Trade receivables can be analysed as follows:		
0 to 30 days, neither overdue nor impaired	211 112	213 472
31 to 60 days, overdue less than 61 days and impaired	73 102	52 686
Expected credit loss allowance	(406)	–
	72 696	52 686
61 to 90 days, overdue more than 60, less than 91 days and impaired	10 684	7 044
Expected credit loss allowance	(522)	(563)
	10 162	6 481
91+ days, overdue more than 90 days and impaired	15 342	15 823
Expected credit loss allowance	(8 761)	(8 937)
	6 581	6 886
	300 551	279 525
11.6 Reconciliation of expected credit loss allowance		
At beginning of year	9 500	8 338
Utilised during year	(2 731)	(2 086)
Increase in expected credit loss allowance	2 920	3 248
At end of year	9 689	9 500
11.7 The net movement in the expected credit loss allowance for the year has been included under "Selling and administration expenses" in the statement of comprehensive income.		
11.8 Trade receivables can be further analysed as follows:		
Banks with the country's highest long-term credit rating	67 533	72 646
Corporate and fleet customers and franchisees	89 820	82 056
Individual, parts and workshop customers	104 940	97 907
Fleet and warranty claims from motor manufacturers	47 947	36 416
	310 240	289 025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

	2024 R'000	2023 R'000
12. CASH AND CASH EQUIVALENTS		
Bank balances	815 105	761 876
<p>Bank balances are held at financial institutions with the country's highest long-term credit rating. The effective interest rate earned on bank balances held at year-end ranged from 7,8% to 8,5% per annum (2023: 4,7% to 7,8%).</p>		
13. SHARE CAPITAL		
13.1 Preference share capital		
Authorised		
1 032 400 7,5% 'C' redeemable cumulative preference shares of R1 each		
Issued		
Nil shares		
13.2 Ordinary share capital		
Authorised		
143 590 560 ordinary shares of no par value		
Issued		
At beginning and end of year – 74 801 998 shares	38 091	38 091

14. SHARE-BASED PAYMENT RESERVE

14.1 Share appreciation rights scheme 2010

On 1 June 2010, the Group introduced the Combined Motor Holdings Limited Share Appreciation Rights Scheme 2010 ("the scheme"). Under the scheme, participating employees are awarded the right to receive shares equal in value to the difference between the exercise price and the grant price. The employee therefore participates in the share price appreciation of the Company. The vesting of the right is conditional on the achievement of compound real growth in headline earnings per share over the performance period.

14.2 Measurement of fair value

The fair value for the share appreciation rights has been determined as set out in accounting policy note 1.13. The inputs into the model that were established at the grant dates are as follows:

		01 June 2023	01 June 2022	01 June 2020
Grant date				
Share price at grant date	(cents)	2 800	3 150	970
Grant price	(cents)	2 860	2 880	972
Fair value at grant date	(cents)	1 356	2 573	652
Weighted average share price volatility (over 3 years prior to grant date)	(%)	35,8	44,1	42,8
Total expected life	(years)	4,3	4,3	4,3
Dividend yield (over 3 years prior to grant date)	(%)	11,5	8,6	8,1
Risk-free rate	(%)	9,3	8,5	7,0

		2024 R'000	2023 R'000
14. SHARE-BASED PAYMENT RESERVE CONTINUED			
14.3 Movement in share-based payment reserve			
Balance at beginning of year		7 970	3 567
Released following exercise of share appreciation rights		(2 729)	–
Charged as “Selling and administration expenses” during year		5 597	4 403
Balance at end of year		10 838	7 970
14.4 Reconciliation of the movement in the number of rights			
At beginning of year	('000 rights)	5 025	3 575
Exercised/forfeited during the year	('000 rights)	(1 392)	–
Granted during year	('000 rights)	1 300	1 450
At end of year	('000 rights)	4 933	5 025
Exercisable at end of year	('000 rights)	–	–
14.5 The directors have determined that employee entitlements in terms of the scheme will be settled by the award of shares purchased in the open market. Hence there will be no fresh issue of shares.			
15. CAR HIRE FLEET LIABILITY			
15.1 Current portion			
Non-current portion		922 555	936 306
		292 025	266 425
		1 214 580	1 202 731
15.2 These liabilities are secured by car hire fleet vehicles (refer note 6). The underlying contracts have a maturity of 1 to 18 months after year-end and bear interest at rates varying from prime - 1% to prime - 1,35% per annum. The carrying amount of the liabilities approximates their fair value since the interest payable thereon is close to current market rates and the liabilities are of a relatively short-term nature.			
15.3 The movement in the car hire fleet liability is reflected as an operating activity in the statement of cash flows.			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

	2024 R'000	2023 R'000
16. LEASE LIABILITIES		
16.1 Arising in respect of property leases capitalised in compliance with IFRS 16: Leases		
Balance at beginning of year	663 830	597 903
Additions	69 572	170 357
Modification of lease agreement	(6 871)	–
Finance costs accrued	54 840	56 038
Contractual lease repayments	(168 933)	(160 468)
Balance at end of year	612 438	663 830
16.2 Current portion	122 881	112 282
Non-current portion	489 557	551 548
	612 438	663 830
17. CONTRACT LIABILITIES		
17.1 Reconciliation of movement		
Balance at beginning of year	4 888	–
New business written during the year	7 227	5 249
Amounts recognised in revenue during the year		
– from prior year contracts	(4 005)	–
– from current year contracts	(508)	(361)
Revision of estimated costs recognised in cost of sales during the year	944	–
Balance at end of year	8 546	4 888
17.2 Maturity profile		
Current portion	1 447	1 464
Non-current portion expected to be settled:		
– between 1 and 2 years	1 318	901
– between 2 and 3 years	2 420	1 297
– between 3 and 4 years	2 107	1 226
– between 4 and 5 years	1 169	–
– beyond 5 years	85	–
	7 099	3 424
	8 546	4 888

	2024 R'000	2023 R'000
18. TRADE AND OTHER PAYABLES		
18.1 Trade payables	1 694 224	1 520 574
Other payables (note 18.4)	281 997	313 598
	1 976 221	1 834 172
18.2 Trade and other payables comprise primarily trade payables in respect of the purchase of vehicles and parts. They are payable according to terms varying between 30 and 180 days and as such, the carrying amounts approximate their fair value.		
18.3 All payables are interest-free except those in respect of vehicle purchases which bear interest at rates varying between prime -2,25% and prime +1.5% per annum for the period they are outstanding in excess of an initial interest-free period.		
18.4 Other payables comprise:		
Accrued expenses	211 704	234 135
Deposits received in advance	52 647	54 318
Value-added tax	17 646	20 673
Other	–	4 472
	281 997	313 598
19. REVENUE		
19.1 Revenue is derived from the various segments of the business as follows:		
Motor retail and distribution	11 739 492	11 370 522
Car hire	890 668	849 994
Financial services		
– insurance premiums	132 000	133 928
– other	16 146	19 575
Corporate services/other	61 258	60 356
	12 839 564	12 434 375
19.2 Revenue is recognised as follows		
IFRS 15: Revenue from contracts with customers	11 816 896	11 450 453
IFRS 16: Leases	890 668	849 994
IFRS 17: Insurance contracts	132 000	133 928
	12 839 564	12 434 375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

	2024 R'000	2023 R'000
19. REVENUE CONTINUED		
19.3 IFRS 15: Revenue from contracts with customers		
Revenue from contracts with customers is further disaggregated by segment and timing of revenue recognition as follows:		
At a point in time		
Motor retail and distribution		
New vehicles	6 600 488	6 440 923
Used vehicles	3 141 139	3 041 586
Parts and accessories	1 176 754	1 104 823
Workshop services	494 716	475 797
Commission income	321 882	307 032
	11 734 979	11 370 161
Corporate services/other	29 981	41 692
	11 764 960	11 411 853
Over the service period		
Motor retail and distribution	4 513	361
Corporate services/other	31 277	18 664
Financial services	16 146	19 575
	51 936	38 600
	11 816 896	11 450 453
19.4 Revenue is earned from a large, widespread customer base, within South Africa, with no one customer contributing a significant portion.		
20. OTHER INCOME		
Rental income	5 455	2 795
Recoupment of previously impaired goodwill	3 171	–
Recoupment of skills development and training costs	6 485	4 588
Proceeds from insurance claims	8 300	5 068
Rebates received from suppliers	2 400	3 293
Profit on sale of plant and equipment	41	–
Other	6 359	10 350
	32 211	26 094

	2024 R'000	2023 R'000
21. EXPENSES BY NATURE		
Cost of sales	10 313 533	10 037 459
Selling and administration expenses		
– Employee benefit expense (note 21.1)	877 217	855 667
– Depreciation		
– Plant and equipment (note 4.2)	41 215	33 340
– Right-of-use assets (note 5)	115 434	116 243
– Lease charges		
– Short-term leases	119 945	122 007
– Low-value assets (not classified as short-term leases)	6 496	5 831
– Movement in expected credit loss allowance (note 11.6)	2 920	3 248
– Advertising expenses	56 396	53 190
– Foreign exchange (gain)/loss	(1 517)	403
– Loss on sale of plant and equipment	–	630
– Auditor’s remuneration	6 672	5 808
– Other expenses	552 300	435 560
Selling and administration expenses	1 777 078	1 631 927
21.1 Employee benefit expense		
Employee costs – selling and administration	793 266	776 183
– workshop labour	69 123	65 575
Pension fund contributions	52 198	47 699
Medical aid contributions	36 241	33 262
Share-based payment expense	5 597	4 403
Total employee benefit expense	956 425	927 122
Less: portion included in “Cost of sales”	(79 208)	(71 455)
Included in “Selling and administration expenses”	877 217	855 667
21.2 Key management employee benefit expense		
Short-term employee benefits	86 204	82 156
Share-based payment expense	3 970	1 802
	90 174	83 958

These amounts are included in “Employee benefit expense” above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

	2024 R'000	2023 R'000
22. FINANCE INCOME		
Bank	42 909	30 808
Insurance special purpose entities	12 896	8 984
	55 805	39 792
23. FINANCE COSTS		
Trade payables	119 810	67 441
Lease liabilities	54 840	56 038
Car hire fleet liability	105 363	69 285
Total interest paid	280 013	192 764
24. TAX EXPENSE		
24.1 South African normal taxation		
– current	144 881	185 482
– deferred	3 591	(8 503)
	148 472	176 979
	%	%
24.2 Reconciliation of rate of taxation		
Statutory rate	27,0	28,0
Adjusted for:		
Disallowable expenditure		
– depreciation of leasehold improvements	0,1	0,1
– share-based payment expense*	(0,1)	(0,7)
– impairment of goodwill	–	0,8
– capital expenditure	0,1	–
S12H learnership allowance	(0,2)	(0,2)
Effect of change in rate of deferred tax	–	0,5
Exempt income	(0,2)	–
Effective rate	26,7	28,5

* Differences arising between deferred tax asset balance raised for future costs to be incurred and income tax deduction granted in current year for costs actually incurred on the Share Appreciation Rights Scheme 2010 (refer note 14.1).

		2024 R'000	2023 R'000
25. EARNINGS PER SHARE			
25.1 Basic earnings and headline earnings per share are based on total profit and comprehensive income, and headline earnings attributable to equity holders of the Company respectively, and are calculated using the weighted average of 74 802 000 (2023: 74 802 000) shares in issue during the year. Headline earnings is calculated in accordance with Circular 1/2021 – Headline Earnings, as issued by the South African Institute of Chartered Accountants (SAICA).			
25.2 The Group's Share Appreciation Rights Scheme 2010 ("the scheme") is described in note 14.1. In the event that all of the awards are settled by the issue of new shares, earnings and headline earnings per share will be diluted.			
The number of shares used to calculate diluted earnings and headline earnings per share is determined by adding to the weighted average number of shares in issue, the number of shares which would be issued to meet the scheme's obligation. This number has been calculated using the volume-weighted average share price of the Company during the year under review, and its appreciation since the grant date.			
Weighted average number of shares in issue during year	('000 shares)	74 802	74 802
Adjustment for share appreciation rights	('000 shares)	1 420	2 348
Weighted average number of shares for dilution calculation		76 222	77 150
Past entitlements of employees have been settled by the award to them of shares purchased on the open market. The directors have determined that this practice will continue in respect of future entitlements. On this basis there will be no fresh issue of shares.			
25.3 Reconciliation of headline earnings			
Total profit and comprehensive income		408 484	443 461
Re-measurement items:			
– recoupment of previously impaired goodwill		(3 171)	–
– impairment of goodwill		–	17 671
– (profit)/loss on sale of plant and equipment			
– gross		(41)	630
– impact of income tax		11	(176)
Headline earnings		405 283	461 586
25.4 Earnings per share			
Basic	(cents)	546,1	592,8
Diluted basic	(cents)	535,9	574,8
Headline	(cents)	541,8	617,1
Diluted headline	(cents)	531,7	598,3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

	2024 R'000	2023 R'000
26. CASH GENERATED FROM OPERATIONS		
Operating profit	781 164	773 412
Adjustments for non-cash items:		
Movement in share-based payment reserve	5 597	4 403
Depreciation		
– Plant and equipment	41 215	33 340
– Car hire fleet vehicles	137 923	192 551
– Right-of-use assets	115 434	116 243
(Profit)/loss on sale of plant and equipment	(41)	630
Impairment of goodwill	–	17 671
Insurance cell operating activities	(48 103)	(5 489)
Profit on sale of car hire fleet vehicles	(81 646)	(58 833)
Net movement in contract liabilities	3 658	4 888
Sale of car hire fleet vehicles	684 030	346 631
Purchase of car hire fleet vehicles	(770 987)	(899 569)
	868 244	525 878
Working capital changes:		
Inventories	(101 102)	(715 026)
Trade and other receivables	(54 973)	(61 348)
Trade and other payables	142 049	528 322
Car hire fleet liability	11 849	449 364
	(2 177)	201 312
Cash generated from operations	866 067	727 190
27. TAXATION PAID		
Taxation paid is reconciled to the amount disclosed in the statement of comprehensive income as follows:		
Amounts unpaid at beginning of year	(6 756)	(9 904)
Amounts charged to the statement of comprehensive income	(144 881)	(185 482)
Taxation on insurance underwriting activities not settled in cash	16 530	3 803
Amounts (paid in advance)/unpaid at end of year	(11 028)	6 756
	(146 135)	(184 827)
28. FINANCE INCOME RECEIVED		
Amounts recognised in the statement of comprehensive income	55 805	39 792
Accrued on insurance underwriting activities not settled in cash	(12 896)	(8 984)
	42 909	30 808

	2024 R'000	2023 R'000
29. PRINCIPAL ELEMENT OF LEASE LIABILITY REPAYMENTS		
Total rentals paid	(168 933)	(160 468)
Less: portion classified as finance costs	54 840	56 038
	(114 093)	(104 430)
30. DIVIDENDS PAID		
Shareholders of the Company		
Dividend number 70: 146 cents, declared 12 October 2023	(109 211)	–
Dividend number 69: 240 cents, declared 26 April 2023	(179 525)	–
Dividend number 68: 168 cents, declared 18 October 2022	–	(125 667)
Dividend number 67: 225 cents, declared 28 April 2022	–	(168 305)
	(288 736)	(293 972)
31. RELATED PARTY TRANSACTIONS		
31.1 During the year a number of subsidiary companies occupied properties which are owned directly or indirectly by the executive directors of the Company. Rentals are market-related and revised every 3 to 5 years based on valuations conducted by independent property valuers. The most recent independent valuation was conducted in February 2023.		
The lease agreements are for an indefinite period, terminable, without penalties, by either the lessor or the lessee on 12 months' notice.		
Rentals paid are disclosed as:		
– lease charges – short-term leases	67 140	67 418
– finance costs on lease liabilities	648	1 134
– principal element of lease liability repayments	5 301	4 834
	73 089	73 386
The contractual undiscounted payments on the leases classified as short-term leases in the next 12 months are as follows:	71 961	67 140
31.2 Other transactions conducted and balances with related entities were as follows:		
Excel Cars Proprietary Limited ("Excel Cars")		
– purchases included in operating expenses	11 065	10 605
– trade payables owing at year-end	1 088	964
Excel Cars is controlled by an executive director of the Company. Purchases from Excel Cars relate to panel-beating services undertaken on damaged vehicles. Transactions are made on normal commercial terms and conditions and at market rates. The year-end balance is payable on the same terms and conditions as other trade payables.		
Smallville Properties Proprietary Limited ("Smallville")		
Rental paid is disclosed as:		
– finance costs on lease liability	426	650
– principal element of lease liability repayments	2 696	2 235
Smallville is controlled by a director of a subsidiary company. The rental agreement is on normal commercial terms and conditions and at market rates.		
31.3 The disinterested members of the Board have confirmed approval of the above transactions.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

	2024 R'000	2023 R'000
32. COMMITMENTS		
32.1 Operating lease commitments		
The Group leases properties under various short-term operating lease agreements. The contractual undiscounted payments on these leases in the next 12 months are as follows:	83 103	76 635
32.2 Future sub-lease rentals		
The future minimum amount expected to be received under non-cancellable sub-leases in the next 12 months are:	2 475	2 894
32.3 Capital commitments		
Approved, not yet contracted – plant and equipment	35 000	35 000

All capital commitments will be financed from existing cash resources.

33. EMPLOYEE BENEFIT INFORMATION

33.1 Membership of motor-related union pension funds is compulsory for certain artisans and other employees, whilst membership of the Sygnia Umbrella Pension Fund is available for all other classes of employees.

33.2 The funds operate as defined contribution funds governed by the Pension Funds Act.

33.3 The Group pays a fixed monthly contribution to these separate legal entities and has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to their employment service.

33.4 The Group pays a fixed monthly contribution to various independent medical schemes. It has no post-retirement obligations to employees.

34. GOING CONCERN

The going-concern basis has been adopted in preparing the financial statements of the Company and the Group. The directors believe that the Company and the Group are in a sound financial position and will be going concerns in the foreseeable future, based on forecasts, borrowing facilities and available cash resources. These financial statements support the viability of the Company and the Group.

35. SUBSEQUENT EVENT

Dividend declaration

A dividend (dividend number 71) of 220 cents per share will be paid on Tuesday, 18 June 2024 to members reflected in the share register of the Company at the close of business on the record date, Friday, 14 June 2024. The last day to trade cum dividend is Tuesday, 11 June 2024. First day to trade ex dividend is Wednesday, 12 June 2024. Share certificates may not be dematerialised or rematerialised from Wednesday, 12 June 2024 to Friday, 14 June 2024, both days inclusive.

The number of ordinary shares in issue at the date of the declaration is 74 801 998. Consequently, the gross dividend payable is R164 564 396 and will be distributed from income reserves. The dividend will be subject to dividend withholding tax at a rate of 20%, which will result in a net dividend of 176 cents to those shareholders who are not exempt in terms of section 64F of the Income Tax Act.

36. NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following new standards and amendments that are effective for periods beginning on or after 1 January 2024, have been published but have not been early adopted. None of these standards or amendments is expected to have a material effect on the Group's future financial statements.

Amendments to IAS 1 – Non-current Liabilities with Covenants

The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

This amendment introduces a new accounting model for variable lease payments in a sale-and-leaseback transaction.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. The amendments do not apply to arrangements for financing receivables or inventory.

Amendments to IAS 21 – Lack of Exchangeability

The amendment provides guidance on estimating a spot rate when a currency lacks exchangeability. The amendments introduce additional disclosure requirements when an estimated spot rate is used to translate a foreign currency transaction.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 29 FEBRUARY 2024

	Notes	2024 R'000	2023 R'000
ASSETS			
Non-current assets			
Investment in subsidiary	2	1	1
Advance to subsidiary	3	252 047	440 633
		252 048	440 634
Current assets			
Other receivables		727	4
Current tax receivable		–	219
Cash and cash equivalents	4	383 198	306 284
		383 925	306 507
Total assets		635 973	747 141
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	38 091	38 091
Retained earnings		594 496	707 804
Total equity		632 587	745 895
LIABILITIES			
Current liabilities			
Other payables		1 809	1 246
Current tax liability		1 577	–
Total liabilities		3 386	1 246
Total equity and liabilities		635 973	747 141

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 FEBRUARY 2024

	Notes	2024 R'000	2023 R'000
Dividend income	6	–	300 000
Finance income	7	33 724	25 825
Revenue		33 724	325 825
Reversal of impairment against advance to subsidiary		151 237	–
Selling and administration expenses	8	(450)	(423)
Profit before taxation		184 511	325 402
Tax expense	9	(9 083)	(7 222)
Total profit and other comprehensive income for the year attributable to equity holders of the Company		175 428	318 180

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2024

	Attributable to equity holders of the Company		
	Share capital R'000	Retained earnings R'000	Total R'000
Total at 28 February 2022	38 091	683 596	721 687
Total profit and comprehensive income	–	318 180	318 180
Dividends paid	–	(293 972)	(293 972)
Total at 28 February 2023	38 091	707 804	745 895
Total profit and comprehensive income	–	175 428	175 428
Dividends paid	–	(288 736)	(288 736)
Total at 29 February 2024	38 091	594 496	632 587

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 FEBRUARY 2024

	Notes	2024 R'000	2023 R'000
Cash flows from operating activities			
Cash generated from operations	10	27 350	26 275
Taxation paid	11	(7 287)	(7 762)
Net cash movement from operating activities		20 063	18 513
Cash flows from investing activities			
Advance to subsidiary	3	345 587	(39 525)
Net cash movement from investing activities		345 587	(39 525)
Cash flows from financing activities			
Dividends paid	12	(288 736)	(293 972)
Net cash movement from financing activities		(288 736)	(293 972)
Net movement in cash and cash equivalents		76 914	(314 984)
Cash and cash equivalents at beginning of year		306 284	621 268
Cash and cash equivalents at end of year		383 198	306 284

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2024

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

In addition to the Group accounting policies, the Company applies the following accounting policies:

1.1 Investment in subsidiary

"Investment in subsidiary" is accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent amendments. Cost also includes direct attributable costs of investment.

1.2 Advance to subsidiary

The "Advance to subsidiary" is a financial asset measured at amortised cost less expected credit losses, which are recognised in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

The expected credit loss allowance is determined by assessing, on a forward-looking basis, the expected credit losses associated with the financial asset. An increase in the allowance is recognised in the statement of comprehensive income within "Selling and administration expenses", whilst a decrease is reflected in "Other income".

1.3 Revenue recognition

As the Company is an investment holding company, its revenue comprises dividend and interest income on investments. Interest income is recognised as it accrues, taking into account the effective yield on the asset. Dividend income is recognised when the right to receive payment is established.

	2024 R'000	2023 R'000
2. INVESTMENT IN SUBSIDIARY		
Shares at cost	1	1
The investment in CMH Holdings Proprietary Limited comprises 850 "A" class shares of R1 each.		
3. ADVANCE TO SUBSIDIARY		
3.1 Advance to subsidiary	905 329	1 245 152
Less: expected credit loss allowance	(653 282)	(804 519)
	252 047	440 633
3.2 This advance earned interest at 1,7% per annum (2023: interest-free) and is unsecured with no fixed terms of repayment.		
3.3 Reconciliation of expected credit loss allowance		
At beginning of year	804 519	804 519
Reversal of impairment	(151 237)	–
At end of year	653 282	804 519
3.4 The expected credit loss allowance is determined at each year end with reference to the net asset value of the subsidiary.		
3.5 The prior year erroneously omitted disclosure related to the expected credit loss allowance. The comparative figures have now been restated. The prior year omission affected only the note disclosure, and not the primary statements.		

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 29 FEBRUARY 2024

	2024 R'000	2023 R'000
4. CASH AND CASH EQUIVALENTS		
Bank balances	383 198	306 284
Bank balances are held at financial institutions with the country's highest long-term credit rating. The effective interest rate earned on bank balances held at year-end ranged from 7,8% to 8,5% per annum (2023: 4,7% to 7,8%).		
5. SHARE CAPITAL		
5.1 Preference share capital		
Authorised		
1 032 400 7,5% 'C' redeemable cumulative preference shares of R1 each		
Issued		
Nil shares		
5.2 Ordinary share capital		
Authorised		
143 590 560 ordinary shares of no par value		
Issued		
At beginning and end of year – 74 801 998 shares	38 091	38 091
6. DIVIDEND INCOME		
Subsidiary	–	300 000
7. FINANCE INCOME		
Bank	27 960	25 773
Subsidiary	5 764	–
Other	–	52
	33 724	25 825
8. SELLING AND ADMINISTRATION EXPENSES		
Selling and administration expenses comprise the following charges:		
– Auditor's remuneration	86	77
– Other expenses	364	346
	450	423
9. TAX EXPENSE		
9.1 South African normal taxation		
– current	9 083	7 222
	%	%
9.2 Reconciliation of rate of taxation		
Statutory rate	27,0	28,0
Exempt dividend and other income	(22,1)	(25,8)
Effective rate	4,9	2,2

	2024 R'000	2023 R'000
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation	184 511	325 402
Adjustment for non-cash item:		
Dividend, finance and other income received through loan account	(157 001)	(300 000)
Working capital changes:		
Other receivables	(723)	942
Other payables	563	(69)
Cash generated from operations	27 350	26 275
11. TAXATION PAID		
Taxation paid is reconciled to the amounts disclosed in the statement of comprehensive income as follows:		
Amounts paid in advance/(unpaid) at beginning of year	219	(321)
Amounts charged to statement of comprehensive income	(9 083)	(7 222)
Amounts unpaid/(paid in advance) at end of year	1 577	(219)
Amount paid	(7 287)	(7 762)
12. DIVIDENDS PAID		
Dividend number 70: 146 cents, declared 12 October 2023	(109 211)	–
Dividend number 69: 240 cents, declared 26 April 2023	(179 525)	–
Dividend number 68: 168 cents, declared 18 October 2022	–	(125 667)
Dividend number 67: 225 cents, declared 28 April 2022	–	(168 305)
	(288 736)	(293 972)
13. RELATED PARTY TRANSACTIONS		
Transactions conducted with related companies during the year:		
Reversal of impairment against advance to subsidiary	151 237	–
Dividends and finance income received from subsidiary	5 764	300 000
Year-end balances with related companies:		
– Advance to subsidiary	252 047	440 633
– Investment in subsidiary	1	1
14. NEW STANDARDS AND AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE		
Other than those listed in note 36 to the consolidated financial statements, there are no new standards that have been published that are expected to have a material impact on the Company's future accounting periods.		

SUBSIDIARIES

FOR THE YEAR ENDED 29 FEBRUARY 2024

The details of the subsidiaries within the Combined Motor Holdings Group are:

Name of company	Activity	Effective holding (indirect)/direct	
		2024 %	2023 %
Ballito Motor Holdings	1	(85)	(85)
CMH Car Hire	2	(85)	(85)
CMH Car Hire Fleet	2	(85)	(85)
CMH Holdings	3	85	85
CMH Management	3	(85)	(85)
Datcentre Motors	1	(85)	(85)
Kempster Sedgwick	1	(85)	(85)
Mandarin Motors Three	1	(85)	(85)
Mandarin Parts Distributors	1	(85)	(85)
Pipemakers	3	(85)	(85)
Whitehouse Motors	1	(85)	(85)

Notes:

1. All subsidiaries are Proprietary Limited companies incorporated in South Africa.

2. **Activity index:**

1 Motor retail/distribution

2 Car hire

3 Corporate services/other

3. No business of a subsidiary was managed by a third party during the year under review.

4. During 2006 the Group concluded a transaction with Main Street 445 Proprietary Limited ("Main Street"), in terms of which Main Street acquired a 15% shareholding in CMH Holdings Proprietary Limited and its subsidiaries. However, in terms of the shareholders' agreement, Main Street will not enjoy any benefits from its shareholding until various financial conditions have been met. It is not expected that these conditions will be met in the foreseeable future and consequently the equity held by Main Street has been consolidated in the financial statements of the Group.

DIRECTORS' EMOLUMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2024

Executive directors	Total R'000	BWJ Barritt R'000	SK Jackson R'000	JD McIntosh R'000
2024				
Salary	16 765	4 502	5 350	6 913
Performance-related payments	11 323	4 130	2 680	4 513
Share-based payment award	396	396	–	–
Other benefits	1 069	145	462	462
Contributions to pension and medical aid funds	2 220	591	698	931
	31 773	9 764	9 190	12 819
2023				
Salary	15 817	4 247	5 048	6 522
Performance-related payments	12 490	4 470	3 020	5 000
Share-based payment award	208	208	–	–
Other benefits	1 071	145	463	463
Contributions to pension and medical aid funds	1 744	380	579	785
	31 330	9 450	9 110	12 770

Non-executive directors' fees	2024 R'000	2023 R'000
LCZ Cele	–	107
JS Dixon	899	855
ME Jones	524	464
RT Komane	226	213
JA Mabena	329	277
AY Metu	275	260
MR Nkadameng	275	260
Total	2 528	2 436

Notes:

1. All remuneration paid by subsidiary companies.
2. "Share-based payment award" represents the cost to the Group, determined in accordance with a Black-Scholes model, of share appreciation rights granted.

DIRECTORS' SHARE APPRECIATION RIGHTS

Rights of directors held subject to the terms and conditions of the Combined Motor Holdings Share Appreciation Rights Scheme 2010

('000 rights)	Total	Granted June 2023 at R28.60	Granted June 2022 at R28.80	Granted June 2020 at R9,72
BWJ Barritt				
At 28 February 2022	250			250
Granted during the year	100		100	
At 28 February 2023	350		100	250
Exercised during the year	(83)			(83)
Granted during the year	100	100		–
At 29 February 2024	367	100	100	167
The rights may be exercised as follows:				
– June 2024	83			83
– June 2025	117		33	84
– June 2026	66	33	33	–
– June 2027	67	33	34	–
– June 2028	34	34		–
	367	100	100	167

DIRECTORS' SHAREHOLDING

('000 shares)	Total	BWJ Barritt	SK Jackson	JD McIntosh
Beneficial shareholding at 28 February 2023				
– direct	597	510	87	–
– indirect	32 208	350	5 788	26 070
	32 805	860	5 875	26 070
Shares acquired during the year				
– direct	30	30	–	–
– indirect	–	–	–	–
	30	30	–	–
Beneficial shareholding at 29 February 2024				
– direct	627	540	87	–
– indirect	32 208	350	5 788	26 070
	32 835	890	5 875	26 070

ANALYSIS OF ORDINARY SHAREHOLDERS

	Number of shareholders		Number of shares held ('000)		Percentage of shares held	
	2024	2023	2024	2023	2024	2023
Individuals	4 428	4 638	8 012	8 047	10,7	10,8
Trusts	232	221	3 814	3 611	5,1	4,8
Other corporate bodies	349	329	62 976	63 144	84,2	84,4
	5 009	5 188	74 802	74 802	100,0	100,0
Holdings						
1 – 2 500	4 085	4 284	1 209	1 250	1,6	1,7
2 501 – 5 000	318	318	1 189	1 168	1,6	1,6
5 001 – 10 000	224	219	1 699	1 649	2,3	2,1
Over 10 000	382	367	70 705	70 735	94,5	94,6
	5 009	5 188	74 802	74 802	100,0	100,0
Public shareholders	5 005	5 184	41 945	41 975	56,1	56,1
Non-public shareholders						
– directors of Company	3	3	32 835	32 805	43,9	43,9
– extended family of directors of Company	1	1	22	22	–	–
	5 009	5 188	74 802	74 802	100,0	100,0

Notes:

- In addition to the directors' shareholdings recorded above, the following shareholder has reported holding in excess of 5%:
– Ninety One SA Proprietary Limited: 6,45%
- A copy of the detailed share register as at 29 February 2024 is available on written request to the company secretary.

STOCK EXCHANGE PERFORMANCE

		2024	2023
Closing price	(cents)	2 650	2 868
Market capitalisation at year end	(R'000)	1 982 253	2 145 321
Volume of shares traded	('000)	7 307	9 830
Value of shares traded	(R'000)	203 057	277 718
Volume of shares traded as percentage of total issued shares	(%)	9.8	13.1
JSE General Retailers Index		5 940	6 124
JSE All-share Index		72 730	77 733
Lowest price during the year	(cents)	2 426	2 371
Highest price during the year	(cents)	3 089	3 324
Earnings yield	(%)	20.4	21.5
Dividend yield	(%)	14.6	13.7

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty-seventh public annual general meeting ("AGM") of shareholders of Combined Motor Holdings Limited will be held in the boardroom at CMH Head Office located at 1 Wilton Crescent, Umhlanga Ridge, on Tuesday, 11 June 2024 commencing at 14:30, to pass, if thought fit, the ordinary and special resolutions proposed in this notice.

In order for an ordinary resolution to be adopted, the support is required of more than 50% of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast. In order for a special resolution to be adopted, the support is required of more than 75% of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast.

A shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a shareholder. In terms of section 63(1) of Companies Act 2008 ("the Act"), any shareholder or proxy who attends the meeting must provide satisfactory identification. A South African green bar-coded identification document, smart ID card, driver's licence or passport will be acceptable.

1. ORDINARY RESOLUTION NUMBER 1

Approval of financial statements

To receive, approve and adopt the financial statements of the Company and the Group for the year ended 29 February 2024, such financial statements having been approved by the Board as required by section 30(3)(c) of the Act, and the reports of the Directors, the Audit and risk assessment committee, the Social, ethics and transformation committee, and the Remuneration and Nominations committees, which are presented to the shareholders in the integrated annual report.

2. ORDINARY RESOLUTION NUMBER 2

Re-election/election of non-executive directors

To confirm the re-election of JA Mabena and MR Nkadimeng who retire by rotation in terms of the memorandum of incorporation and who have offered themselves for re-election.

To confirm the election of HP Spencer who was appointed a director in April 2024.

A brief curriculum vitae of each of the above directors is recorded on page 90. The Board recommends the re-election/election of each of the directors.

3. ORDINARY RESOLUTION NUMBER 3

Election of Audit and risk assessment committee

To elect members of the Audit and risk assessment committee for the ensuing year, as required by section 94(2) of the Act. The Board proposes:

- the re-election of the following members:
 - ME Jones (chairman)
 - MR Nkadimeng, subject to her re-election in terms of ordinary resolution number 2 above.
- the election of the following member:
 - RT Komane

4. ORDINARY RESOLUTION NUMBER 4

Appointment of external auditor

To re-appoint, as required by section 90(1) of the Act, KPMG Inc. and designated partner DS Read, as auditor of the Company and the Group for the ensuing year, as proposed by the Board.

5. ORDINARY RESOLUTION NUMBER 5

5.1 Remuneration policy

To confirm, on a non-binding advisory basis, the remuneration policy of the Group.

5.2 Implementation report

To confirm, on a non-binding advisory basis, the implementation report of the Group.

Both the remuneration policy and the implementation report are contained in the Report of the Remuneration and Nominations committees on pages 26 to 30.

6. SPECIAL RESOLUTION NUMBER 1

Approval of fees of non-executive directors

To approve, in terms of section 66(8) of the Act, the fees of non-executive directors for their services as directors, during the ensuing year, as follows:

	2025 R'000
Chairman of the Board	859
Director	190
Audit and risk assessment committee	
– chairman	258
– member	55
– per meeting	22
Remuneration committee	
– chairman	45
– member	20
– per meeting	14
Social, ethics and transformation committee	
– chairman	45
– member	20
– per meeting	14
Nominations committee	
– per member, per <i>ad hoc</i> meeting	10

7. SPECIAL RESOLUTION NUMBER 2

Approval of financial assistance

To authorise the directors, in terms of section 45(3) of the Act, to bind the Company in the provision of direct and indirect financial assistance to a related company.

IMPORTANT DATES

Record date (in terms of section 59(1)(a) of the Act) to receive the Notice of the AGM	Friday, 26 April 2024
Notice of AGM distributed to shareholders	Tuesday, 7 May 2024
Last day to trade in order to be eligible to vote at the AGM	Monday, 27 May 2024
Record date (in terms of section 59(1)(b) of the Act) to vote at the AGM	Friday, 31 May 2024

By order of the board of directors



PMM Govind
Company secretary

7 May 2024

CURRICULA VITAE

A brief curriculum vitae of each of the directors standing for re-election/election is as follows:

JA MABENA

Jeremiah (Jerry) Mabena was appointed to the Board in June 2014. Jerry is the chairman of the Remuneration committee, chairman of the Social, ethics and transformation committee and member of the Nominations committee. He holds a degree in industrial psychology and economics from Rhodes University, a diploma in project management from Damelin, and a post-graduate certificate in accounting and finance from Wits Business School. Jerry's extensive and highly successful business background is a testament to not only his strategic thinking, but also his passion for developing talented individuals and working as a team player. Through his integrated approach to business, Jerry has achieved success in various senior executive positions at institutions, including Unilever, J Walter Thomson and Ucingo Marketing, as well as being appointed as CEO at Kagiso Exhibition and Events (2004–2007), Kagiso Property Holding (2007–2010), Thebe Property Management and Thebe Services (2011–2020). Jerry is currently the CEO of Motsamayi Tourism Group and is a director of various private companies and business councils, principally in the tourism industry. Jerry was last re-elected to office in 2022.

MR NKADIMENG

Refiloe Nkadimeng was appointed to the Board and the Audit and risk assessment committee in August 2015. Refiloe is a chartered accountant and completed her articles at SizweNtsaluba before joining Royal Bafokeng Holdings ("RBH") in 2007 as Group Reporting Manager. Whilst at RBH she was promoted to General Finance Manager, and then Finance Director. Refiloe joined Thebe Investment Corporation in 2014 and served as Group Financial Director until 2019. She is currently the Chief Financial Officer for African Rainbow Capital.

Refiloe has extensive knowledge of, and experience with, finance, tax regulation and risk management. She has over 10 years of board experience spread across diverse industries, including financial and property management services, mining services and supplies, tourism, automotive and engineering. Refiloe was last re-elected to office in 2022.

HP SPENCER

Hlengiwe Spencer was appointed to the Board in April 2024 as a nominee of the Group's empowerment partner, Thebe Investment Corporation. She holds university degrees in Linguistics and Communication, Human Resources and Business Management Development and has significant experience in the fields of Human Resources and Transformation. From 2008 to 2019, she was employed by Masana Petroleum Solutions, where she grew through the ranks to hold the position of Head of Human Resources and Transformation. She currently holds the position of Human Resources Executive at Timrite Proprietary Limited, having been appointed to the role in 2019.

FORM OF PROXY



COMBINED MOTOR HOLDINGS LIMITED ANNUAL GENERAL MEETING 11 JUNE 2024

I/We _____ the undersigned,

being the holder/s of _____ ordinary shares of no par value in Combined Motor Holdings Limited,

do hereby appoint _____

or failing him, the chairman of the meeting, as my/our proxy to transact on my/our behalf at the annual general meeting of the Company to be held at 14:30 on Tuesday, 11 June 2024 and at each adjournment thereof.

Signature(s)

Date

Please indicate with an "X" in the appropriate space below how you wish your vote to be cast:

	For	Against	Abstention
Ordinary resolution number 1: Approval of financial statements			
Ordinary resolution number 2.1: JA Mabena			
Ordinary resolution number 2.2: MR Nkadameng			
Ordinary resolution number 2.3: HP Spencer			
Ordinary resolution number 3.1: ME Jones			
Ordinary resolution number 3.2: MR Nkadameng			
Ordinary resolution number 3.3: RT Komane			
Ordinary resolution number 4: Appointment of external auditor			
Ordinary resolution number 5.1: Remuneration policy			
Ordinary resolution number 5.2: Implementation report			
Special resolution number 1: Approval of non-executive directors' fees for:			
Special resolution number 1.1: Chairman of the Board			
Special resolution number 1.2: Directors			
Special resolution number 1.3: Chairman of the Audit and risk assessment committee			
Special resolution number 1.4: Other fees			
Special resolution number 2: Approval of financial assistance			

Notes:

1. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a shareholder.
2. Forms of Proxy should be signed and dated and, where possible, forwarded to reach the company secretary at 1 Wilton Crescent, Umhlanga Ridge, 4319, or by email at priyag@cmh.co.za, by no later than 14:30 on Monday, 10 June 2024. Nevertheless, completed Forms of Proxy may be lodged with the chairperson of the meeting at any time prior to the commencement of the meeting.
3. If no direction is given as to how a vote is to be cast, then the proxy holder will be entitled to vote as he/she deems fit.
4. In terms of the Companies Act 2008, any shareholder or proxy who attends the meeting must provide satisfactory identification. A South African green bar-coded identification document, smart ID card, driver's licence or passport will be acceptable.

Registered office

1 Wilton Crescent, Umhlanga Ridge, 4319

Postal address

PO Box 1033, Umhlanga Rocks, 4320

ADMINISTRATION

Ultimate holding company

Combined Motor Holdings Limited
Registration number: 1965/000270/06
Income tax reference number: 9471/712/71/2
Share code: CMH
ISIN: ZAE000088050

Directors

BWJ Barritt *(executive)*
JS Dixon, CA (SA) *(independent non-executive)*
SK Jackson, BCom (Hons) (Tax Law), CA (SA) *(executive)*
ME Jones, CA (SA) *(independent non-executive)*
RT Komane, CA (SA), MFin *(independent non-executive)*
JA Mabena, BCom *(independent non-executive)*
JD McIntosh, CA (SA) *(executive)*
MR Nkadimeng, CA (SA) *(independent non-executive)*
HP Spencer, BA (Hons) (HR Management),
Master of Arts *(independent non-executive)*

Business address and registered office

1 Wilton Crescent
Umhlanga Ridge 4319

Postal address

PO Box 1033
Umhlanga Rocks 4320

Company secretary

PMM Govind

Transfer secretaries

Computershare Investor Services Proprietary Limited
Private Bag X9000
Saxonwold 2132

Auditor

KPMG Inc.

Sponsor

PricewaterhouseCoopers Corporate Finance Proprietary Limited
4 Lisbon Lane
Waterfall City
Jukskei View 2090

Banker

First National Bank of South Africa

