ZEDA

Connecting humanity

REVIEWED **INTERIM RESULTS**

FOR THE SIX MONTHS ENDED 31 MARCH

AND CASH DIVIDEND DECLARATION

2024

ZEDA
Connecting humanity

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

Disclaimer

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

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

Any forward-looking information disclosed in these interim results for the six months ended 31 March 2024 has not been reviewed or reported on by our independent external auditors.

Administration

Board of Directors
Lwazi Bam (Chairman)
Xoliswa Kakana
Sibani Mngomezulu
Yolanda Miya
Ngao Motsei
Marna Roets
Donald Wilson

Executive Directors
Ramasela Ganda
(Group Chief Executive Officer)

Thobeka Ntshiza
(Group Finance Director)

Company Secretary
Acorim, a division of Merchantec Proprietary Limited

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

Auditors
SizweNtsalubaGobodo Grant Thornton Inc. (SNG Grant Thornton)

Investor Relations & Corporate Affairs
Babalwa George

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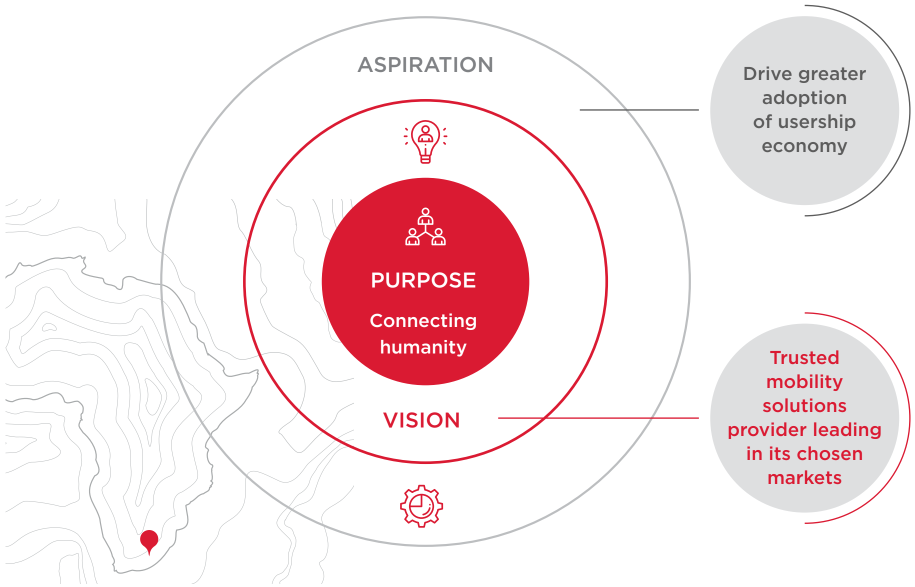
Overview of the business

Zeda Limited ("Zeda" or "the Group") is Sub-Saharan Africa's largest integrated mobility solutions provider. Zeda's headquarters are in Johannesburg, South Africa, with operations in 10 Sub-Saharan African countries. Zeda operates the widely recognised Avis and Budget global brands under a long-term licence agreement with the Avis Budget Group ("ABG").

OUR PURPOSE, VISION AND ASPIRATION



OUR CULTURE AND VALUES

At Zeda, we strive to cultivate a culture of inclusivity, diversity, and respect across all levels of our organisation. We are committed to celebrating our team members' unique perspectives, experiences, and talents and fostering a workplace that values and honours the rich cultural heritage of Africa. In doing so, we create an environment that connects humanity and serves as a beacon of hope for a united, prosperous Africa.

- One team
- Ownership
- Customer-obsessed
- Excellence-driven
- Empowering
- Purpose-aligned

OUR MARKET

Geography

Countries where we are present:

- South Africa, Namibia, Mozambique, Botswana, Zambia, Lesotho, Ghana, Zimbabwe, Angola, Malawi & eSwatini

Customers

A balanced portfolio consisting of:

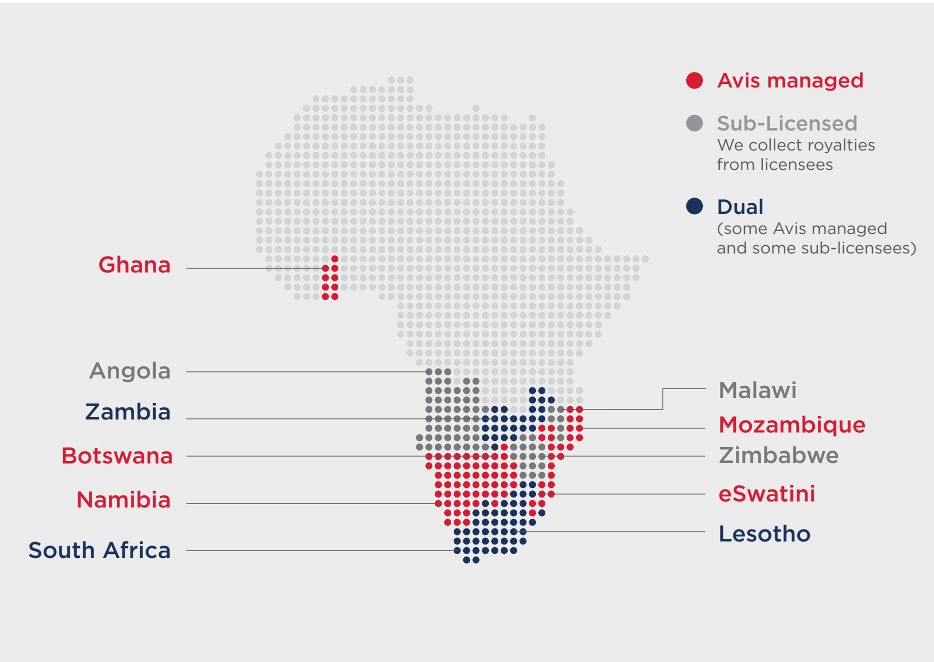
- Business to Business (B2B)
- Business to Consumer (B2C)

Offering

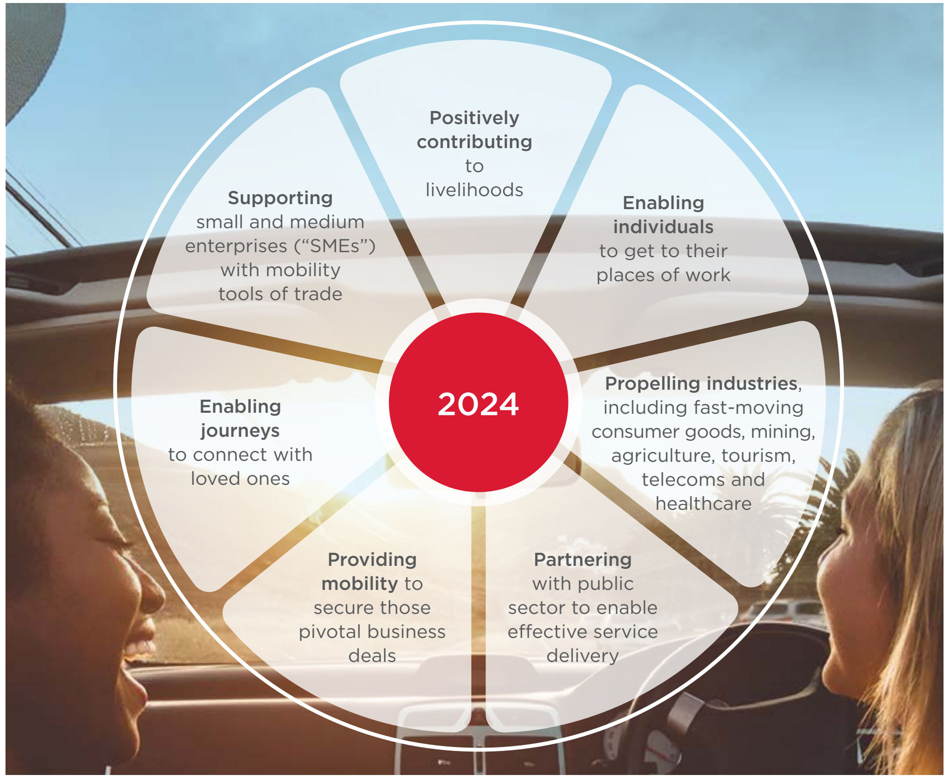
Integrated mobility solutions:

- Vehicle rental
- Vehicle leasing and fleet management solutions
- Used vehicle sales

WHERE WE OPERATE



WE CREATE VALUE BY



WE WIN THROUGH

Best-in-class
Provide customer experience through tailored, diversified and integrated mobility solutions

Employee value proposition
Create an enabling environment of excellence where employees have opportunities to grow and the desire to win

Strategic partnerships
Establish and grow strategic partnerships that are central to us achieving our vision

Innovation
Promote benefits of the usership economy

Operational excellence
Automate and digitise processes, unlock cost efficiencies, and use analytics to customise solutions

Sustainability
Reduce our environmental impact, demonstrate our positive social impact, and maintain sound governance practices

INTEGRATED MOBILITY BUSINESS

Car Rental Business

AVIS Budget

This business segment trades under the Avis and Budget brand names and creates revenue from short-term car rental services to a broad customer base.

The Group has on average over 22 000 vehicles in its fleet in Southern Africa. The Car Rental Business operates under the brands Avis and Budget and focuses exclusively on rentals that do not exceed 12 months. The customer segment base is diversified and consists of the private sector, public sector, insurance business (replacement), inbound market, domestic leisure market and subscription. This business provides a range of self-drive and driven products and services, which include car rental, chauffeur services, luxury, and van rental.

Short-term Rental offering

Comprehensive offering

- Self-drive services
- Driven services
- E-Sim Cards for Inbound Customers
- Avis Safe Drive
- Bicycle racks
- Car seats
- Delivery and collection services
- Key locker (self-service)
- Roadside assistance
- Telematics
- Vehicle recovery
- Waivers
- Wi-Fi

Across a range of vehicle types

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

With a diversified customer base

- Commercial partners: financial services
- Commercial partners: hotel groups
- Commercial partners: loyalty programmes
- Commercial partners: travel aggregators
- Commercial partners: Airlines
- Corporate travel
- Film industry
- Inbound leisure
- Insurance replacement
- Local: leisure
- Public sector
- Subscription customers

Leasing Business

AVIS FLEET

Avis Fleet is Africa's largest fleet management company, which manages over 230,000 vehicles.

Avis Fleet provides a full spectrum of outsourced mobility solutions to private and public sector entities and individuals. These solutions include leasing, fleet management, maintenance and service plan solutions, fuel management, traffic fine management, accident management, vehicle telematics, and iLease subscription offering. The offering is across passenger, light delivery vehicles, and commercial vehicles (up to extra heavy) for all fleet users with a Sub-Saharan African footprint. The holistic and modular offering allows customers to focus on their core operations, while Avis Fleet takes care of their mobility needs and ensures maximum up-time for their operations.

Our long-term offering

Comprehensive offering

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

Across a range of vehicle types

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

With a diversified customer base

- Agriculture
- Construction
- Distillery
- Education
- Electronic technology
- Energy
- Fast-moving consumer goods
- Financial services
- Healthcare
- Individuals (iLease)
- Mining
- Public sector
- Security
- Telecommunications

CAR SALES BUSINESS

AVIS | CAR SALES

Avis Car Sales sells used vehicles from our rental and leasing businesses to retail customers and wholesalers. We provide diversified stock with a competitive advantage of nearly new vehicles.

This is done through the 14 Avis Car Sales dealerships, our wholesale outlets, the independent closed auction site is www.avisauction.co.za and the retail onlilne channel is www.aviscarsales.co.za.

Wholesale stock is sold through our online auction trading platform or bulk deal offerings directly to the market. Avis Car Sales also deals with trade-ins and buyins, allowing for market competitiveness and an alternative car stock source.

Customer value proposition

Avis Car Sales offers additional value to customers:

01 Vehicle finance options

02 Warranties, service, and maintenance plans

03 Comprehensive insurance cover

04 Anti-smash-and-grab window film, dent cover and tracking devices

05 After market accessories

OUR COMPETITIVE ADVANTAGE

After 57 years in this business, we are experts in managing a vehicle, throughout its life. We proactively anticipate and respond to the evolving customer needs. We deploy and extract optimal value from mobility assets for us and our customers.

As an integrated mobility provider, we have the following competitive advantages that put us in a market leader position.

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Message from the Group Chief Executive Officer (GCEO)

Ramasela Ganda

GROUP SALIENT FEATURES

	Robust revenue growth of **19.0% to R5 270 million** underpinned by strategy execution
	Solid EBITDA growth of **7.5% to R1 796 million** with **EBITDA margin** of **34%**
	Net debt of **R5 188 million** with **net debt to EBITDA** improving to **1.5x**
	Cash and cash equivalents of **R958 million**, an increase of **49%** compared to prior period
	Effective capital allocation: delivered **ROIC** of **16.0% >WACC** of **12.8%** and **ROE** of **28.5%**
	Adverse used car market conditions weighed on operating profit and earnings: • **Operating profit** decreased by **1.7% to R789 million** with **operating margin** at **15%** • **EPS** and **HEPS** both decreased by **15.8%** and **12.5%** to **165.4 and 165.5 cents** respectively
	Shareholder rewards **50 cents** gross interim dividend declared

Zeda Limited ("Zeda") interim results are characterised by strong topline growth, healthy financial position, strong cash generation and solid returns to shareholders indicating the effectiveness of our capital allocation framework. This solid performance demonstrates sound execution of our integrated mobility strategy and a robust business model that enabled us to manage a challenging trading environment. Notwithstanding this robust topline growth, the adverse used car market conditions in the period under review, weighed on the profitability and earnings of the business.

We delivered a strong double digit topline growth of 19% and EBITDA growth of 7.5% in the face of strong headwinds which include stagnant economic growth, high interest rates and fuel costs. The performance of the short-term rental business was underpinned by increased demand in the domestic market and the inbound market. While the leasing business revenue growth was driven by a concerted effort to deliver on the strategy of growing the heavy commercial fleet and increasing penetration within Corporate Sector and the Greater Africa business.

Despite the challenging trading conditions, the EBITDA margin and Operating margin remained strong at 34.0% and 15.0% respectively underpinned by a healthy and diversified mix of product offerings from both the rental and leasing businesses.

The Net debt to EBITDA ratio improved from 1.6x in March 2023 to 1.5x in March 2024. Net debt was contained at R5 188 million, despite the growth of fleet from the business supported by strong cash position of R958 million. The re-investment of capital to the business has delivered solid returns, with a Return on Invested Capital (ROIC) of 16.0%, higher than the Weighted Average Cost of Capital (WACC) of 12.8% and a Return on Equity (ROE) of 28.5%. We are pleased to announce that the Board has declared an interim dividend of 50 cents, returning cash to shareholders for the first time since the listing on the JSE.

BUSINESS OVERVIEW

Leasing business (Avis Fleet)

The leasing business has seen substantial revenue growth, delivering a stellar performance of 17.0% increase in revenue to R 1 339 million. This performance was underpinned by our strategy of growing the heavy commercial fleet and increasing penetration within Corporate and the Greater Africa business. As we continue to diversify our fleet mix and revenue, our strategy has delivered consistently improved results, with the segment units growing 51% compared to the prior period.

The Greater Africa businesses revenue surged by 29% compared to the previous period, contributing an impressive 22% to total revenue. This is in line with our strategy to increase the top-line contribution of Greater Africa to the overall Group. The improved performance is due to the portfolio review we conducted in the prior year, particularly the pleasing results that were delivered by Zambia, Botswana, Mozambique and Namibia.

EBITDA grew significantly by 19% to R783 million, with the EBITDA margin expanding from 57% to 59% compared to the prior period. The operating margin also expanded from 23% to 26% due to fleet mix and improvements in operational efficiencies.

Car rental business (Avis and Budget)

The revenue generated from our short-term rental business achieved 19.6% growth to R3 931 million, underpinned by ongoing recovery of the industry and increased used car sales volumes. We saw strong growth in Inbound and Local segments compared to the prior year. Strong used car sales volumes were driven by our strong retail marketing focus which resulted in a further increase in retail contribution to 30.3% of used car volumes.

Despite the strong topline growth, the profitability of the business declined compared to the prior year. This was due to the general normalization of the used car market reducing the margins, and excess supply of new vehicles which led to heavy discounts in the retail market, thereby putting pressure on used car sales. In addition, we introduced a higher mix of rental vehicles obtained on short-term operating leases (off-balance sheet) versus those financed through short-term facilities (on-balance sheet). This had the impact of cost of vehicle shifting from depreciation to lease charges. All this culminated in a flat EBITDA.

We noted the prevalence of out of service vehicles, due to long lead times of vehicle parts as a result of logistic challenges with certain vehicle models. In addition, the business experienced upward pressure in damage costs brought on by the deteriorating road infrastructure and inclement weather, specifically windscreen and tyre repairs. This trend directly impacted fleet availability and consequently resulted in a decline in our utilisation rate to 72%.

EBITDA was flat at R1 013 million, with the EBITDA margin contracting to 26% and a decline in operating profit and operating margin to R439 million and 11%, respectively. The strategy to lease vehicles from OEM's and financial institutions on an operating lease has led to an increase in lease payments, which consequently had a negative impact on EBITDA. Notwithstanding this impact on EBITDA, the strategy to lease vehicles on a short-term basis positively affected our net debt and fleet size as it allowed the Company to acquire vehicles for the rental market without facing disposal risk. As a strategy, it protects the business from the adverse conditions in the used car market and preserves the Group's financial position.

STRATEGY OVERVIEW

We continue to execute on our integrated mobility strategy demonstrated by our ability to maintain our topline growth trajectory in a challenging trading environment. The integrated business model provides a natural hedge ensuring that the Group delivers its growth ambitions.

Greater Africa is one of our growth pillars, and we continue to see positive results from the portfolio review we conducted in the prior year. We continue to drive results in line with set thresholds and ensure that the investment in Greater Africa is viable. As we solidify our market position in Greater Africa, we are developing frameworks to empower and collaborate with citizens and mitigate the impact of market conditions from operating in these regions.

Our strategy is **underpinned by technology**, and we continue to **innovate** to drive greater adoption of the usership economy while also responding to evolving customer needs and enhancing the customer experience. Our subscription product, iLease which was launched in the first half of the year, has seen strong demand from customers. However, the conversion rate has been lower due to the education journey of moving from ownership to usership. We are however optimistic and resolute that the future is usership economy. To accelerate the adoption of this product, we have introduced iLease on the dealership floor and we expect our conversion rate to improve as we broaden our sales channels. We continue with the educational journey, recognising the need to enhance understanding of this service.

During the period under review, we launched the Rental Reservation, CSI bots and we also relaunched Key Locker. Key Locker is our self-service kiosk that promises to enhance check-out efficiency in our branches as we evolve our **delivery model to be more customer-centric** and create a key differentiator for Avis and Budget.

OUTLOOK STATEMENT

Our key strategic pillars for growth remain intact; the bedrock of our growth pillars are long haul from international customers, heavy commercial business from corporate long term leasing clients and last mile from van rental short term mobility clients. These are coupled with a drive for subscription, iLease, and Greater Africa.

The used car market is expected to normalise after years of elevated profits while economic growth is expected to remain subdued. However we are still optimistic that interest rates will start coming down.

The corporatisation of Van Rental (which forms part of the car rental segment) is progressing well. Our Corporatised Van Rental operates 29 branches across our operating regions, including major airports. As part of diversifying our portfolio, our last mile through van rental is also starting to show traction in South Africa and eSwatini. The consolidation of this business is expected to yield strong margins contributing positively to the short-term rental business.

Long term fleet management solutions continue to grow with high yielding vehicles such as Light Commercial and Heavy Commercial Vehicles. We have closed the first half of the year with a strong order book of just under 800 units. Greater Africa continues to shift stronger to the adoption of the usership economy rather than ownership with the growth of Full Maintenance Lease.

The introduction of Digital Dealership for used cars will drive our strategy of growing the retail business.

The anticipated decline in interest rates is expected to improve consumer disposal income and alleviate the pressure of the finance cost on the business. We will maintain a strong financial position that gives us the flexibility to grow the business. Following Zeda obtaining Moody's investment credit rating, we will explore the Debt Capital Market through the establishment of a JSE-Registered Domestic Medium Term Note in line with our strategy to diversify our funding.

Management has put in place cost optimisation measures to improve the profitability of the business and protect the blended operating profit margin of the Group in the second half of the year despite this challenging environment.

DIVIDEND

Amended dividend policy

The Board has amended the divided policy to allow for consideration of an interim dividend. The Board recognises the importance of maintaining a consistent dividend policy and will endeavour to avoid volatile swings in the dividend profile by ensuring high-quality medium-term strategic and financial planning. Any dividend proposed by the Board in respect of any financial period will be dependent on and influenced by, among other considerations, the Zeda Group's operating results, financial position, investment strategy, capital requirements and strategic initiatives.

The Zeda Group will seek to ensure that there is sufficient cash available, and cash is generated by the Business which will contribute to funding for Zeda's growth aspirations. Leverage will be used responsibly to maintain its strategic flexibility.

The Board has adopted a dividend policy targeting a cumulative annual pay-out within a range of 20% to 30% of profit after tax in that financial year. Notwithstanding its adopted dividend policy and intention, the Board retains absolute discretion to determine actual dividend declarations and the Company may revise its dividend policy from time to time.

There is no assurance that a dividend will be declared and/or paid in respect of any financial period, and any decision as to whether to pay cash dividends or other distributions (such as a return of capital to Shareholders through share repurchases, for example) will depend upon a variety of factors, including retaining adequate liquidity to fund planned capital expenditure, the Company's cash flow, any contractual restrictions, debt servicing requirements, loan covenants, other cash requirements existing at the time, and other considerations.

In addition, any future dividends will be dependent on, inter alia, statutory requirements (including the solvency and liquidity test under the South African Companies Act), macro-economic conditions, agreements with third-party and affiliated lenders and capital markets.

Declaration of cash dividend

The board has declared an interim dividend (Dividend number 1) of **50.00000 cents** per share in respect of the six months ended 31 March 2024, on the 28th May 2024, subject to the applicable dividend withholding tax rate of 20% levied in terms of the Income Tax Act (Act No. 58 of 1962) (as amended). Accordingly, for those shareholders not exempt from paying dividend withholding tax, the net ordinary dividend will be **40.00000 cents** per share. The dividend has been declared out of income reserves and the number of ordinary shares in issue at the date of this declaration is 189 641 787, and the Company Tax number is 9042025305.

The following dates are applicable to the dividend:

Last date to trade cum dividend:	Tuesday, 9 July 2024
Ordinary shares trade ex-dividend:	Wednesday, 10 July 2024
Record date:	Friday, 12 July 2024
Payment date:	Monday, 15 July 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 July 2024, and Friday, 12 July 2024, both days inclusive.

Ramasela Ganda
Group Chief Executive Officer

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ESG

Environmental, social and governance

ENVIRONMENT

Our efforts to reduce our environmental footprint have remained a focal point, particularly in the areas of water management. During the year, we have expanded our wash bays revamp program for water savings. The program is demonstrating positive results with our municipal water withdrawals for the first half of the year, being 22% lower than the previous year. In response to our ambition to decrease Scope 2 carbon emissions, we have noted a reduction in our electricity consumption in comparison to the previous period and our target.

The initiatives relating to reduced energy consumption remains in progress as we roll out our **renewable energy program**. The first half of the performance year has also shown significant improvement in our liquid water recycling, with a significant increase of **48%** in comparison to the previous year. We are confident that the implementation of various initiatives as committed to in our ESG strategy, will reduce our operational costs, increase efficiency and improve reputation and brand value.

SOCIAL

Driving a safety culture remains an imperative to our business, supported by the safety program we continue to pursue in line with our ESG strategy. In the first half of the year, we maintained zero fatality and recorded a Lost Time Injury Frequency Rate of 0.25. Over recent months we have also noted security trends (hijackings) adversely impacting our rental customers. In addition to the safety collaboration program we have embarked on with strategic partners in the field, we are investing in proactive risk management initiatives to contribute to enhanced safety of our customers.

In our commitment to continuously improve our employee experience, we have socialized the Zeda Culture Book across the business. Our corporate culture enables us to drive an intentional approach to maintain our strategic objectives, foster a positive work environment, and promote our values of one team, ownership, customer obsessed, Excellence driven, empowering and purpose aligned. By living these values, we aim to enhance our employee engagement, productivity, and overall well-being, ultimately leading to exceptional service delivery and sustainable business growth.

Our commitment to creating an environment that supports **diversity, equity, inclusion and belonging (DEIB). This approach reflects a proactive commitment to fostering a workplace where every individual feels valued and empowered.** We hold each other accountable to transform our business. Our representation of black women in Exco is at **64%,** surpassing the National EAP for black women, which is currently at **36%.** This is a testament to Zeda's commitment to diversity. In terms of Zeda car leasing, we are exceeding the required **2%** representation of employees with disabilities, currently at **2.08%**. Zenith is also on track to reach this level with the recent employment of additional employees living with disabilities, currently at **1.63%**. These numbers showcase our dedication to diversity. Our integrated talent and success planning efforts continue to yield positive results, with promotions and appointments being used as levers to improve our DE&I in line with our targets. At the Board level, black representation is at **78%.**

In terms of Zeda Car Leasing, we are exceeding the required **2%** representation of employees with disabilities, currently at **2.08%**. Zenith Car Rental is also on track to reach this level with the recent employment of additional employees living with disabilities, currently at **1.63%**. These numbers showcase our dedication to diversity. Our integrated talent and succession planning continue to yield positive results, with promotions and appointments being used as levers to improve our DE&I in line with our targets.

GOVERNANCE

For Zeda to maintain its commitment to corporate stewardship, it recognises that a proactive approach to understanding potential risks to matters of ethics, fraud and internal controls is important. The independent fraud risk assessment conducted with Zeda employees has affirmed the effectiveness of its whistle-blowing mechanism as well as the strong business processes supporting ethics management. It has highlighted an opportunity for improved communication of related controls across all levels of the organisation.

The Board and its committees continue to maintain their oversight role in line with our governance framework and respective terms of reference. The Board remains committed to transparency, and this was demonstrated by way of improved disclosures relating to remuneration, ESG and stakeholder management in the annual integrated report. At the last Annual General Meeting, shareholders demonstrated a vote of confidence in the Board by supporting all the general and special resolutions, enabling the Board to continue executing its governance role.

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Financial Overview

Interim results for the six-month period ended 31 March 2024

Profit and loss information

R'million	2024	2023	%
Revenue	**5 270**	4 430	19.0
EBITDA	**1 796**	1 671	7.5
EBITDA margin (%)	**34**	38	(10.5)
Operating profit before capital items	**789**	785	0.5
Operating profit	**789**	803	(1.7)
Operating margin (%)	**15**	18	(16.7)
Basic earnings per share (cents)	**165.4**	196.5	(15.8)
Headline earnings per share (cents)	**165.5**	189.1	(12.5)
Net debt to EBITDA (x) – rolling 12 months	**1.5**	1.6	6.3
Return on Equity (ROE) (%) – rolling 12 months	**28.5**	28.3	0.7

An overall 19% revenue growth has been achieved by the Group despite the sluggish trading environment which was characterized by slower economic recovery, high interest rates and increased inflation. A substantial contribution to revenue growth was realised from the leasing operations and sale of used vehicles. The car rental business revenue growth was softer, but the rate has remained relatively stable during this period.

The Group EBITDA increased by 7.5% from the prior period notwithstanding the change in the fleet mix. We have introduced a higher mix of rental vehicles obtained on short-term operating leases off-balance sheet versus those financed through short-term facilities. Consequently, expenses have shifted from depreciation to lease charges, negatively impacting EBITDA. As at March 2024, 22.6% of the rental fleet was on a short-term lease from OEMs and financial institutions compared to 3.8% in March 2023.

The EBITDA margin remains strong at 34% supported by the high yielding business in the midst of a decline in the used car margin and a higher proportion of operating lease vehicles in our fleet. We saw used cars margins contract by 500 basis points compared to the closing of the 2023 financial year, driven by a tough trading environment and the continuing disposal of non-traditional vehicles with poor residual values in a market where the consumer is already under financial strain. Additionally, aggressive pricing on new vehicles placed further pressure on the used cars margins. Pandemic-induced new vehicle shortages had inflated used car margins in the 2022/2023 financial years, but as the market continues to normalise, we expect further pressure on margins in the second half of the financial year. By shifting our sales mix towards our retail channels and diversifying our product offerings, we anticipate sustainable margins to remain higher than pre-pandemic levels.

We noted the prevalence of out of service vehicles, due to long lead times of vehicle parts as a result of backlogs at the ports. In addition the business experienced upward pressure in damage costs brought on by the deteriorating road infrastructure and inclement weather, specifically windscreen and tyre repairs. Frequent periods of load shedding in the first quarter of our financial year contributed to slow turnaround of vehicles from the repairs workshops, adversely impacting the utilisation rate. Zeda has continued with its cost optimisation initiatives, and this has helped to limit the reduction in operating margins to 300 basis points, from 18% in 2023 to 15% in 2024. The 2023 operating profit included a R18 million capital gain on the disposal of property. As a result, the reduction in headline earnings per share was 12.5% compared to the drop in basic earnings per share of 15.8%.

The Net debt to EBITDA ratio improved from 1.6x to 1.5x, while the return on equity remained stable at 28.5% despite high interest rates and pressure on profit in the first half. Total equity has grown by R660 million year on year. The company continues to demonstrate its capability to utilise financial leverage to enhance shareholder returns.

CASH FLOW

R'million	2024	2023
Operating cash flows before working capital	1 907	1 735
Working capital movements	1 173	1 445
Investment in rental fleet assets*	(3 037)	(3 783)
Proceeds on disposal of leasing vehicles*	38	31
Increase in finance lease receivable*	(118)	(13)
Net tax received/(paid)	81	(30)
Net interest paid and foreign exchange losses	(348)	(281)
Cash generated from operations before dividends	(304)	(896)
Cash flow (utilised)/generated in investing activities	(12)	10
Free cash flow before dividends	(316)	(886)
Dividends paid to non-controlling interest holders	(5)	–
Cash flow	(321)	(886)

* *Investment in rental fleet assets, proceeds on disposal of leasing vehicles and increase in finance lease receivable were previously recorded under one line item in the 2023 interim and annual report.*

The Zeda Group's cash flow before working capital improved by R172 million compared to the same period of the prior year driven by resilient business performance from core trading activities.

Revenue growth from leasing and rental businesses, combined with improved timing on transfer from operating fleet to inventory and sale through the Group's various channels, unlocked R3 080 million operating cash flows before investment in fleet replacement and growth. Cash outflows for fleet purchases reduced by R746 million. This was due to careful balancing of rental fleet to be purchased and recognised on the statement of financial position, and rental fleet on operating leases. In addition, with the increased availability of new vehicle stock the business has returned to purchasing a more appropriate fleet mix that aligns with customer segments requirements and costs for the car group. This was partly offset by increased fleet investment in the leasing segment on the back of customer contracts due to eased new vehicle supply chains increasing the replacement ratio of aged fleet compared to the prior year.

Market interest rates increased by 100 basis point since the 31st of March 2023. In addition, the gross debt increased by R431 million, this resulted in a 28% increase in the net interest costs (excluding interest on IFRS 16 liabilities) compared to the prior period. Foreign exchange fluctuations resulted in a net foreign exchange loss of R18.9 million (2023: R17.3 million loss).

SUMMARISED FINANCIAL POSITION

R'million	2024	2023
ASSETS		
Total non-current assets	5 145	4 312
Total current assets	7 823	8 149
Total assets	12 968	12 461
EQUITY AND LIABILITIES		
Equity attributable to equity holders	2 675	2 017
Non-controlling interest	48	46
Total equity	2 723	2 063
LIABILITIES		
Total non-current liabilities	3 891	2 900
Total current liabilities	6 354	7 498
Total liabilities	10 245	10 398
Total equity and liabilities	12 968	12 461
Return on Equity (%) – rolling 12 months	28.5	28.3
Return on Invested Capital (%) – rolling 12 months	16.0	12.7

Non-current assets increased from March 2023 due to higher fleet replacements and growth in the commercial vehicle customer segment for the leasing business. In addition, the expansion of the leasing fleet was driven by higher business activity coming from customers opting for nominated residual value and the option to purchase at end of lease contract thereby resulting in the finance lease receivable growth.

Total current assets reduced by R326 million compared to the prior period. The rental fleet was R708 million lower than the prior period, mainly due to a change in make range model fleet mix and purchases of smaller vehicles to meet the customer segments' requirements. In addition, the rental fleet value reduced despite the increase in fleet count as Zeda implemented a strategy of leasing some of the rental fleet on a short-term lease from Original Equipment Manufacturers (OEMs). The inventory increased by R192 million, responding to our operating model to defleet just in time to meet the forecasted monthly demand for our used cars stock. In this six-month period, we managed to sell an extra 2 200 units compared to the same period in the prior year.

A concerted effort by management to lengthen the term of the borrowings to align to the profile of the business resulted in total non-current liabilities increasing by R991 million as at March 2024 compared to the same prior period. This was to support the growth in the leasing business. The stakeholders are reminded that in November of 2023, a syndicated facility of R2 000 million was signed in the Leasing segment to support growth and replacement.

Total current liabilities have reduced by R1 144 million compared to the prior period. The overdraft balance improved from R296 million to R56 million in March 2024. Short-term interest-bearing borrowings, which included the loan repayment to prior shareholders at the end of 2023, has reduced by R919 million in the current year. The strategic shift towards operating leases from OEMs versus outright purchases in the rental business has further supported the reduction in short-term borrowings. Trade and other payables have been reduced by R367 million mainly due to the timing of settlements to the OEM.

The return on invested capital is 16%, up by 330 basis points compared to the prior year. To protect the returns to shareholders, and understanding where the revenue and margins were going to be generated, management was careful to allocate capital appropriately and structurally limit overcapitalisation in the statement of financial position in anticipation of the pressure on the profitability and earnings of the business in this current trading environment.

In closing, the resilience of our business has been tested and proven, demonstrated by the strength of our diversified businesses, the appropriate use of financial leverage, generating strong cash flows and protecting shareholder returns.

5

Key performance indicators

for the six-month period ended 31 March 2024

Financial indicators half-year trends

(R'000)	March 2024	March 2023	March 2022	March 2021	March 2020
Revenue	**5 270**	4 430	3 705	4 161	4 910
EBITDA	**1 796**	1 671	1 403	1 032	1 313
EBITDA margin (%)	**34**	38	38	25	27
Operating profit	**789**	803	641	364	450
Operating profit margin (%)	**15**	18	17	9	9

Refer Section 2 and 4, Message from the Group Chief Executive Officer and Financial Overview for commentary on financial indicators.

6

Reviewed condensed consolidated interim financial statements

for the six-month period ended 31 March 2024

Board approval

These condensed consolidated interim financial statements for the six-month period ended 31 March 2024 were authorised for issue on 28 May 2024 by the Zeda Limited Board of Directors and published on 30 May 2024. The directors have the power to amend and reissue the financial statements.

Directors' responsibility and audit report

The directors of the Company take full responsibility for the preparation of the condensed consolidated interim financial statements for the six-month period ended 31 March 2024. The condensed consolidated interim financial statements for the six-month period ended 31 March 2024 have been reviewed by our independent auditors SizweNtsalubaGobodo Grant Thornton Inc.

Preparer and supervisor of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements for the period ended 31 March 2024 were prepared by the Zeda Limited finance team under the supervision of the Group Finance Director, Thobeka Ntshiza CA(SA).

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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TO THE SHAREHOLDERS OF ZEDA LIMITED

Independent auditor's review report on interim financial statements

We have reviewed the condensed consolidated financial statements of Zeda Limited, contained in the accompanying reviewed group interim report for the six months ended 31 March 2024, which comprise of the consolidated statement of financial position as at 31 March 2024 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended and selected explanatory notes.

Directors' Responsibility for the interim Financial Statements

The Directors are responsible for the preparation and presentation of this interim financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council 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 interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Zeda Limited for the six months ended 31 March 2024, are not prepared, in all material respects, in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

SizweNtsalubaGobodo Grant Thornton Inc.
Neridha Moodley
Registered Auditor

28 May 2024

Summit Place Office Park, Building 4
221 Garsfontein Road
Menlyn
Pretoria
0081

SNG Grant Thornton

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2024

R'000	Note	31 March 2024 (Reviewed)	31 March 2023 (Restated)	30 September 2023 (Restated)
Revenue	5, 16	**5 269 514**	4 430 053	9 144 637
Revenue from sale of goods and services[1&3]		**5 260 230**	4 424 621	9 130 343
Insurance revenue[1]		**9 284**	5 432	14 294
Cost of sales[3]		**(3 127 260)**	(2 373 768)	(5 020 150)
Gross profit		**2 142 254**	2 056 285	4 124 487
Other operating income[2]		**105 475**	50 000	124 828
Impairment of receivables		**(30 549)**	2 277	(22 085)
Administrative and other operating expenses[2]		**(1 405 639)**	(1 302 065)	(2 669 640)
Insurance service expenses[2]	16	**(3 578)**	(4 059)	(6 325)
Foreign exchange losses		**(18 862)**	(17 260)	(14 293)
Operating profit before capital items		**789 101**	785 178	1 536 972
Capital items	7	**343**	18 017	14 931
Operating profit		**789 444**	803 195	1 551 903
Finance income		**20 057**	11 851	29 758
Finance costs		**(371 662)**	(291 995)	(652 135)
Share of joint venture profit after tax		**5 423**	2 861	10 208
Profit before taxation		**443 262**	525 912	939 734
Taxation	6	**(128 162)**	(149 243)	(197 654)
Profit for the period		**315 100**	376 669	742 080
Attributable to:				
Owners of Zeda Limited		**309 708**	372 728	731 883
Non-controlling interest		**5 392**	3 941	10 197
		315 100	376 669	742 080
Earnings per share	8			
Basic		**165.4**	196.5	387.2
Diluted		**165.4**	196.5	387.2

1 *Revenue now includes insurance revenue which has been recognised on the adoption of IFRS 17. Revenue earned on the initial sale of insurance products and policy administration has been reallocated to insurance revenue from revenue from the sale of goods and services. The comparative amounts have been restated to align with the new disclosure requirements. Refer to note 16 for additional information.*

2 *Amounts paid to the cell captive included in administrative and operating expenses and the fair value adjustment included in other operating income have been reallocated to insurance service expenses and have been recognised as a result of IFRS 17. The comparative amounts for insurance service expenses have been restated to align with the disclosure requirements. Refer to note 16 for additional information.*

3 *March 2023 Revenue and Cost of Sales have been restated to exclude revenue of R20 million that did not meet the revenue recognition criteria of IFRS 15. Refer to note 16 for additional information.*

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2024

R'000	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
Profit for the period	**315 100**	376 669	742 080
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation difference	**10 459**	12 691	14 343
Total comprehensive income for the year	**325 559**	389 360	756 423
Total comprehensive income attributable to:			
Owners of Zeda Limited	**320 167**	385 419	746 226
Non-controlling interest	**5 392**	3 941	10 197
	325 599	389 360	756 423

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

R'000	Note	**31 March 2024 (Reviewed)**[1]	31 March 2023 (Restated)	30 September 2023 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		**4 439 462**	3 764 413	4 206 244
Right-of-use-assets		**261 758**	295 181	289 947
Intangible assets[2]		**32 890**	24 921	25 623
Investment and loans in joint ventures		**23 731**	10 962	18 308
Insurance contracts[1]	9	**9 627**	864	5 881
Deferred tax asset		**70 499**	81 564	58 438
Finance lease receivable		**306 724**	134 333	231 620
Total non-current assets		**5 144 691**	4 312 238	4 836 061
Current assets				
Rental vehicles		**4 303 849**	5 012 140	4 986 764
Finance lease receivable		**167 057**	81 054	124 059
Inventories		**886 854**	694 517	544 532
Trade and other receivables		**1 479 724**	1 577 839	1 292 317
Income tax receivable		**27 678**	141 636	186 870
Cash and cash equivalents		**958 125**	641 398	842 331
Total current assets		**7 823 287**	8 148 584	7 976 873
Total assets		**12 967 978**	12 460 822	12 812 934
Invested equity				
Stated capital		**4 474 865**	4 500 000	4 462 753
Merger reserve		**(4 474 011)**	(4 474 011)	(4 474 011)
Retained earnings		**2 587 943**	1 919 080	2 279 587
Foreign currency translation reserve		**59 918**	47 807	49 459
Other reserves		**26 754**	24 007	37 187
Equity attributable to owners of Zeda Limited		**2 675 469**	2 016 883	2 354 975
Non-controlling interest		**47 931**	46 129	48 444
Total Equity		**2 723 400**	2 063 012	2 403 419
LIABILITIES				
Non-current liabilities				
Long-term interest-bearing borrowings	10	**2 797 221**	1 705 754	1 941 511
Lease liability		**397 700**	451 710	432 920
Contract liabilities		**441 413**	527 820	459 837
Deferred tax liability		**254 174**	194 391	217 596
Provisions and other accruals		**–**	19 762	–
Total non-current liabilities		**3 890 508**	2 899 437	3 051 864
Current liabilities				
Bank overdraft	10	**56 235**	296 324	356 634
Short-term interest-bearing borrowings	10	**792 606**	1 711 652	1 098 774
Lease liability		**73 144**	57 650	72 029
Floorplans from suppliers	10	**2 500 038**	2 001 669	2 271 300
Trade and other payables		**2 462 628**	2 830 121	3 092 788
Contract liabilities		**310 897**	378 231	314 842
Provisions and other accruals		**113 998**	168 165	138 423
Income tax payable		**44 524**	54 561	12 861
Total current liabilities		**6 354 070**	7 498 373	7 357 651
Total liabilities		**10 244 578**	10 397 810	10 409 515
Equity and liabilities		**12 967 978**	12 460 822	12 812 934

[1] Insurance contracts have been recognised as a result of the adoption of IFRS 17. The comparative amounts have been restated to allign with the new disclosure requirements. Refer to note 16 for additional information.
[2] Goodwill of R16.8 million was reclassified to intangible assets. Refer to note 16 for additional information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

31 September 2023 (Audited)

R'000	Stated capital	Merger reserve	Retained earnings	Foreign currency translation reserve	Other reserves	Equity attributable to equity holders	Non-controlling interest	Total equity
Balance at 30 September 2022	4 500 000	(4 474 011)	1 546 352	35 116	24 027	1 631 484	42 188	1 673 672
Total comprehensive income for the period	–	–	731 883	14 343	–	746 226	10 197	756 423
Profit for the year	–	–	731 883	–	–	731 883	10 197	742 080
Foreign currency translation difference	–	–	–	14 343	–	14 343	–	14 343
Transactions with shareholders recorded directly in equity								
IFRS 2 equity settled	–	–	–	–	13 043	13 043	–	13 043
Elimination of treasury shares	(37 247)	–	1 352	–	–	(35 895)	–	(35 895)
Dividends declared	–	–	–	–	–	–	(3 941)	(3 941)
Other movements	–	–	–	–	117	117	–	117
Balance at 30 September 2023	4 462 753	(4 474 011)	2 279 587	49 459	37 187	2 354 975	48 444	2 403 419

31 March 2023 (Reviewed)

R'000	Stated capital	Merger reserve	Retained earnings	Foreign currency translation reserve	Other reserves	Equity attributable to equity holders	Non-controlling interest	Total equity
Balance at 30 September 2022	4 500 000	(4 474 011)	1 546 352	35 116	24 027	1 631 484	42 188	1 673 672
Total comprehensive income for the period	–	–	372 728	12 691	–	385 419	3 941	389 360
Profit for the year			372 728			372 728	3 941	376 669
Foreign currency translation difference	–	–	–	12 691	–	12 691	–	12 691
Transactions with shareholders recorded directly in equity								
Other movements	–	–	–	–	(20)	(20)	–	(20)
Balance at 31 March 2023	4 500 000	(4 474 011)	1 919 080	47 807	24 007	2 016 883	46 129	2 063 012

FINANCIAL STATEMENTS continued

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024 continued

	31 March 2024 (Reviewed)							
R'000	Stated capital	Merger reserve	Retained earnings	Foreign currency translation reserve	Other reserves	Equity attributable to equity holders	Non-controlling interest	Total equity
Balance at 30 September 2023	**4 462 753**	**(4 474 011)**	**2 279 587**	**49 459**	**37 187**	**2 354 975**	**48 444**	**2 403 419**
Total comprehensive income for the period	**–**	**–**	**309 708**	**10 459**	**–**	**320 167**	**5 392**	**325 559**
Profit for the period	–	–	309 708	–	–	309 708	5 392	315 100
Foreign currency translation difference	–	–	–	10 459	–	10 459	–	10 459
Transactions with shareholders recorded directly in equity								
IFRS 2 equity settled	–	–	–	–	2 326	2 326	–	2 326
Treasury shares vested	12 112	–	(1 352)	–	(12 759)	(1 999)	–	(1 999)
Disposal of subsidiary	–	–	–	–	–	–	(1 276)	(1 276)
Dividends	–	–	–	–	–	–	(4 629)	(4 629)
Balance at 31 March 2024	**4 474 865**	**(4 474 011)**	**2 587 943**	**59 918**	**26 754**	**2 675 469**	**47 931**	**2 723 400**

FINANCIAL STATEMENTS continued

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2024

R'000	Note	31 March 2024 (Reviewed)	31 March 2023 (Restated)	30 September 2023 (Audited)
Cash (utilised in)/generated from operations	13	**(37 064)**	(585 842)	330 592
Interest paid on interest-bearing borrowings and lease liability		**(371 662)**	(291 995)	(629 778)
Realised foreign exchange (losses)/gains[1]		**(3 371)**	(436)	2 082
Interest received[3]		**26 816**	11 851	29 758
Taxation received/(paid)		**80 983**	(30 035)	(283 744)
Dividends paid (non-controlling interest)		**(4 629)**	–	(3 941)
Cash utilised in operations		**(308 927)**	(896 457)	(555 031)
Cash flows from investing activities				
Acquisition of property, plant and equipment, excluding leasing vehicles		**(5 248)**	(13 080)	(11 886)
Proceeds on disposal of property, plant and equipment, excluding leasing vehicles		**9**	23 689	18 855
Acquisition of intangible assets		**(9 261)**	(596)	(2 080)
Proceeds on disposal of business[2]		**2 257**	–	–
Net cash (utilised in)/from investing activities		**(12 243)**	10 013	4 889
Cash flow from financing activities				
Share scheme receipts/(purchases)		**–**	9	(37 428)
Repayment of long-term interest-bearing borrowings		**(230 975)**	(606 615)	(2 103 079)
Long-term interest bearing borrowings raised		**1 086 685**	–	1 639 220
Floorplans from suppliers raised		**1 570 395**	1 209 799	1 718 545
Repayment of floorplans from suppliers		**(1 341 657)**	(82 429)	(340 962)
(Decrease)/increase in bank overdraft		**(300 400)**	56 123	113 493
Short-term interest bearing borrowings[1] raised		**158 419**	661 417	439 427
Short-term interest bearing borrowings repaid		**(480 078)**	–	(281 062)
Repayment of lease liability		**(30 065)**	(29 189)	(57 381)
Net cash from financing activities		**432 324**	1 209 115	1 090 773
Increase in cash and cash equivalents for the year		**111 154**	322 671	540 631
Cash and cash equivalents at the beginning of the year		**842 331**	306 526	306 526
Effect of exchange rate		**4 640**	12 201	(4 826)
Cash and cash equivalents at the end of the year		**958 125**	641 398	842 331

[1] *The figures were restated to correct the incorrect accounting for an unrealised foreign exchange loss of R16.8 mllion. Refer to note 16 for additional information.*
[2] *The Zeda Group disposed of a 60% holding in Vuswa Fleet Services Proprietary Limited. This entity was not considered to be a significant component of the Group, therefore, no further disclosures were provided regarding discontinued operations.*
[3] *Interest received includes interest received from SARS refund.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

Segmental information

1. Operating segments

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

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

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

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

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

Refer Section 2, Message from the Group Chief Executive Office for commentary on Leasing and Car Rental business overview.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

1. Operating segments continued

	31 March 2024 (Reviewed)								
R'000	Revenue	EBITDA	Depreciation, amortisation and impairments	Operating income	Finance Income	Finance Costs	Share of joint venture profit after tax	Income tax expense	Profit/ (loss) after tax
Fleet	1 338 531	783 135	(432 966)	350 170	15 578	(120 096)	5 423	(75 316)	175 759
Car rental*	3 930 983	1 013 306	(574 031)	439 274	4 479	(251 566)	–	(52 846)	139 341
	5 269 514	**1 796 441**	**(1 006 997)**	**789 444**	**20 057**	**(371 662)**	**5 423**	**(128 162)**	**315 100**

* *Refer to note 16 for details of restatement.*

R'000	Operating profit margin %	Staff costs	Operating lease costs	Capital Items
Fleet	26%	(112 063)	(5 929)	343
Car rental	11%	(243 265)	(69 459)	–
	15%	**(355 328)**	**(75 388)**	**343**

R'000	External revenue	Intergroup revenue	Total revenue
Fleet	1 338 531	–	1 338 531
Car rental	3 930 983	–	3 930 983
	5 269 514	**–**	**5 269 514**

R'000	Depreciation	Amortisation	Impairments and capital items	Total
Fleet	(432 917)	(392)	343	(432 966)
Car rental	(572 430)	(1 601)	–	(574 031)
	(1 005 347)	**(1 993)**	**343**	**(1 006 997)**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

1. Operating segments continued

	31 March 2023* (Restated)								
R'000	Revenue	EBITDA	Depreciation, amortisation and impairments	Operating income	Finance Income	Finance Cost	Share of joint venture profit after tax	Income tax expense	Profit/ (loss) after tax
Fleet	1 144 126	655 441	(392 515)	262 926	9 031	(90 700)	2 861	(55 047)	129 071
Car rental	3 285 927	1 015 879	(475 610)	540 269	2 820	(201 295)	–	(94 196)	247 598
	4 430 053	1 671 320	(868 125)	803 195	11 851	(291 995)	2 861	(149 243)	376 669

* *Refer to note 16 for details of restatement.*

R'000	Operating profit margin %	Staff costs	Operating lease costs	Capital items	Restructuring costs
Fleet	23%	(107 054)	(3 190)	–	–
Car rental	16%	(216 616)	(65 928)	18 017	–
	18%	(323 670)	(69 118)	18 017	–

R'000	External revenue	Intergroup revenue	Eliminations	Total revenue
Fleet	1 144 126	–	–	1 144 126
Car rental	3 285 869	58	–	3 285 927
	4 429 995	58	–	4 430 053

R'000	Depreciation	Amortisation	Impairments and capital items	Total
Fleet	(392 515)	–	–	(392 515)
Car rental	(492 852)	(775)	18 017	(475 610)
	(885 367)	(775)	18 017	(868 125)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

1. Operating segments continued

	30 September 2023 (Audited)								
R'000	Revenue	EBITDA	Depreciation, amortisation and impairments	Operating income	Finance Income	Finance Cost	Share of joint venture profit after tax	Income tax expense	Profit/ (loss) after tax
Fleet	2 488 460	1 466 781	(799 686)	667 095	23 512	(183 231)	10 208	(157 027)	360 557
Car rental	6 656 177	1 853 877	(969 069)	884 808	6 246	(468 904)	–	(40 627)	381 523
	9 144 637	3 320 658	(1 768 755)	1 551 903	29 758	(652 135)	10 208	(197 654)	742 080

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

R'000	External revenue	Intergroup revenue	Total revenue
Fleet	2 488 460	–	2 488 460
Car rental	6 656 177	–	6 656 177
	9 144 637	–	9 144 637

R'000	Depreciation	Amortisation	Impairments and capital items	Total
Fleet	(799 686)	–	–	(799 686)
Car rental	(982 444)	(1 556)	14 931	(969 069)
	(1 782 130)	(1 556)	14 931	(1 768 755)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

1. Operating segments continued

R'000	Fleet			Car Rental			Adjustments			Total		
	31 March 2024 (Reviewed)	31 March 2023 (Restated)	30 September 2023 (Restated)	**31 March 2024 (Reviewed)**	31 March 2023 (Restated)	30 September 2023 (Audited)	**31 March 2024 (Reviewed)**	31 March 2023 (Reviewed)	30 September 2023 (Audited)	**31 March 2024 (Reviewed)**	31 March 2023 (Restated)	30 September 2023 (Restated)
Property, plant and equipment	**4 335 396**	3 661 369	4 103 152	**104 066**	103 044	103 092	**–**	–	–	**4 439 462**	3 764 413	4 206 244
Right-of-use assets	**3 912**	7 688	5 815	**257 846**	287 493	284 132	**–**	–	–	**261 758**	295 181	289 947
Intangible assets	**2 304**	–	–	**30 586**	24 921	25 623	**–**	–	–	**32 890**	24 921	25 623
Investment in joint venture	**23 731**	10 962	18 308	**–**	–	–	**–**	–	–	**23 731**	10 962	18 308
Insurance contracts	**9 627**	864	5 881	**–**	–	–				**9 627**	864	5 881
Finance lease receivable	**473 781**	215 387	355 679	**–**	–	–	**–**	–	–	**473 781**	215 387	355 679
Rental fleet	**–**	–	–	**4 303 849**	5 012 140	4 986 764	**–**	–	–	**4 303 849**	5 012 140	4 986 764
Inventories	**51 198**	43 631	42 322	**835 656**	650 886	502 210	**–**	–	–	**886 854**	694 517	544 532
Trade and other receivables	**588 253**	387 228	493 547	**891 471**	1 190 622	798 770	**–**	–	–	**1 479 724**	1 577 849	1 292 317
Operating assets	**5 488 202**	4 327 129	5 024 704	**6 423 474**	7 269 106	6 700 591	**–**	–	–	**11 911 676**	11 596 235	11 725 295

R'000	Fleet			Car Rental			Adjustments			Total		
	31 March 2024 (Reviewed)	31 March 2023 (Restated)	30 September 2023 (Restated)	**31 March 2024 (Reviewed)**	31 March 2023 (Restated)	30 September 2023 (Audited)	**31 March 2024 (Reviewed)**	31 March 2023 (Reviewed)	30 September 2023 (Audited)	**31 March 2024 (Reviewed)**	31 March 2023 (Restated)	30 September 2023 (Restated)
Lease liability	**(6 495)**	(10 830)	(8 752)	**(464 349)**	(498 530)	(496 197)	**–**	–	–	**(470 844)**	(509 360)	(504 949)
Contract liabilities	**(752 310)**	(906 051)	(774 679)	**–**	–	–	**–**	–	–	**(752 310)**	(906 051)	(774 679)
Provisions	**(113 998)**	(164 569)	(138 423)	**–**	(23 358)	–	**–**	–	–	**(113 998)**	(187 927)	(138 423)
Trade and other payables	**(1 079 804)**	(815 001)	(929 010)	**(1 382 824)**	(1 990 634)	(2 163 778)	**–**	(24 486)	–	**(2 462 628)**	(2 830 121)	(3 092 788)
Operating liabilities	**(1 952 607)**	(1 896 451)	(1 850 864)	**(1 847 173)**	(2 512 522)	(2 659 975)	**–**	(24 486)	–	**(3 799 780)**	(4 433 459)	(4 510 839)
Net operating assets	**3 535 595**	2 430 678	3 123 840	**4 576 301**	4 756 584	4 040 616	**–**	(24 486)	–	**8 111 896**	7 162 776	7 214 456

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

2. Basis of preparation

Accounting framework

The condensed consolidated interim financial statements for the six-month period ended 31 March 2024 are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements for interim reports, and the requirements of the Companies Act applicable to interim financial statements.

The JSE Listings Requirements require interim reports to be prepared in accordance with IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the condensed consolidated interim financial statements are derived in terms of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) to align to new IFRS Trademark guidance and are consistent with those accounting policies applied in the preparation of the annual financial statements for the year ended 30 September 2023 with the exception of new and revised accounting policies as required by new and revised IFRS issued and in effect.

The amendments made to IAS 1, IAS 8, IFRS 4 and IAS 12 were applicable to the current financial period and had no significant impact on the results of the group. IFRS 17 Insurance contracts was also applicable to the group. IFRS 17 requires that the measurement of a group of contracts includes all the future cashflows within the boundary of each contract within the arrangement.

In terms of IFRS 17 Insurance contracts can be measured using the Premium Allocation Approach (PAA) or the General Measurment Model (GMM).

The PAA is a simplified approach for measuring insurance contract revenue and expenses over time. It is suitable for contracts with a short coverage period (less than one year) or those with no significant uncertainty.

The GMM is to be used for other insurance contracts which do not meet the requirements for using the PAA approach unless there is a reasonable expectation that the PAA would produce a measurement of the liability that would not differ materially from the liability determined under the GMM.

The group has applied the PAA methodology when measuring the cell captive arrangements. It does however market products which extend for more than one year. The group has however considered these contracts and reasonably expects that such simplification would produce a measurement of the liability that would not differ materially from the liability determined using the GMM, judgement was involved in reaching this conclusion.

The impact of the adoption of IFRS 17 are set out in note 16 together with reclassifications, and prior period errors.

The condensed consolidated interim financial statements are presented in South African Rand, which is Zeda Limited's functional and presentation currency. The accounting policies have been consistently applied by the Group and are supported by reasonable judgements and estimates.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the directors. The directors take full responsibility for the preparation of the condensed consolidated interim financial statements. The 2024 condensed consolidated interim financial statements have been reviewed by the Company's external auditors.

This interim report was prepared under the supervision of Thobeka Ntshiza CA(SA), Group Finance Director.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

3. Going concern

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

4. Significant events and movements

Refer to section 4, Financial overview for commentary on the significant movements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

5. Revenue

R'000	31 March 2024 (Reviewed)	31 March 2023 (Restated)	30 September 2023 (Restated)
Revenue recognised in terms of IFRS 15:	4 074 799	3 456 229	6 962 694
Recognised at a point in time			
Sale of rental vehicles (earned at a point in time)	2 126 779	1 635 536	3 453 343
Recognised over time			
Rendering of service	31 713	27 000	57 322
Rentals (outside the scope of IFRS 16)*	1 886 818	1 770 798	3 402 866
Commissions	29 489	22 895	49 163
Revenue recognised in terms of IFRS 16:	1 185 431	968 392	2 167 649
Fixed leasing income	1 055 124	927 923	1 918 317
Variable leasing income	130 307	40 469	249 332
Revenue from sale of goods and services	5 260 230	4 424 621	9 130 343
Revenue recognised in terms of IFRS 17			
Insurance revenue	9 284	5 432	14 294
	5 269 514	4 430 053	9 144 637

Contract liabilities

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

Amounts recognised in revenue	**31 713**	27 000	57 322
The transaction price allocated to partially unsatisfied performance obligations are as set out below:			
Within one year	310 897	378 231	314 842
Two to five years	441 413	527 820	459 837
Total	**752 310**	906 051	774 679

* *Included in this amount is R13 million (2023: R18 million) licence fees.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

6. Taxation

R'000	Reviewed 2024 March	Reviewed 2023 March	Audited 2023 September
South African Normal Taxation			
Current taxation			
Current year	(83 154)	(75 599)	(120 417)
Prior year	95	(290)	57 596
	(83 059)	(75 889)	(62 821)
Deferred taxation			
Current year	(20 559)	(58 887)	(100 600)
Prior year		(5)	12 832
	(20 559)	(58 892)	(87 768)
Withholding tax	(2 353)	(2 090)	(2 927)
Foreign normal taxation			
Current taxation			
Current year	(17 701)	(14 856)	(29 760)
Deferred taxation			
Current year	(4 490)	2 484	(14 288)
Prior year			485
	(4 490)	2 484	(13 803)
Withholding tax	–	–	(575)
Total taxation charge	**(128 162)**	(149 243)	(197 654)

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

Effective tax rate	28.9%	28.4%	21.0%
Reversal of prior year over provision	0.0%	(0.1%)	7.4%
(Non-deductible expenses)*/non-taxable income	(0.4%)	0.3%	(1.0)%
IFRS 2 share-based payment adjustments	(0.3%)	(0.2%)	(0.1%)
Dividends received	0.0%	0.0%	(0.1%)
Foreign exchange difference	(0.7%)	(1.0%)	0.1%
Movement in tax losses not accounted for in deferred tax	0.0%	0.0%	0.1%
Withholding tax	(0.5%)	(0.4%)	(0.4%)
Statutory tax rate	**27.0%**	27.0%	27.0%

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

7. Capital items

R'000	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
Profit on disposal of plant and equipment, excluding rental assets	–	18 017	14 931
Profit on disposal of business[1]	343	–	–
	343	18 017	14 931

[1] *The Zeda Group disposed of a 60% holding in Vuswa Fleet Services Proprietary Limited. This entity was not considered to be a significant component of the Group, therefore, no further disclosures were provided regarding discontinued operations.*

8. Earnings and headline earnings per share

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

Basic earnings per share is derived by dividing profit or loss attributable to the equity holders of Zeda Limited for the year by the weighted average number of shares in issue.

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

R'000	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
Reconciliation of headline earnings			
Profit attributable to the shareholders	309 708	372 728	731 883
Adjusted for:			
Profit on disposal of property, plant and equipment, excluding rental fleet	–	(18 017)	(14 931)
Profit on disposal of business	(343)	–	–
Tax effects of above items:			
Disposal of property, plant and equipment, excluding rental fleet	–	3 892	3 265
Profit on disposal of business	488	–	–
Headline earnings	309 853	358 603	720 217

	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
Issued shares (000)	189 642	189 642	189 642
Weighted average number of treasury shares held by group entities (000)	(2 391)	–	(642)
Weighted average number of ordinary shares in issue (000)	187 251	189 642	189 000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

8. Earnings and headline earnings per share continued

	31 March 2024 (Reviewed) cents	31 March 2023 (Reviewed) cents	30 September 2023 (Audited) cents
Earnings per share			
Basic	165.4	196.5	387.2
Diluted	165.4	196.5	387.2
Headline earnings per share			
Basic	165.5	189.1	381.1
Diluted	165.5	189.1	381.1

9. Insurance contracts

	31 March 2024 (Reviewed) cents	31 March 2023 (Restated) cents	30 September 2023 (Restated) cents
Investment in third party cell captive	50	50	50
Insurance contracts	9 577	814	5 831
Total	9 627	864	5 881

The insurance contract asset is presented net of the insurance liabilities.

10. Long-term interest-bearing borrowings

R'000	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
ABSA/Nedbank syndicated loan The ABSA/Nedbank syndicated loan bears interest at the three-month JIBAR linked rate and is repayable by 2026. It is secured by a special notarial bond over vehicles in Zeda Car Leasing and the cession of the Zeda Car Leasing shares held by Avis Southern Africa Proprietary Limited.	2 294 195	1 705 754	1 576 902
Sanlam Group The loan bears interest at the three-month JIBAR linked rate and is repayable quarterly by 30 September 2026.	272 746	–	364 609
Standard Bank Namibia Limited Fleet Saver Facility The loan bears interest at a prime linked rate and is repayable in 2027.	230 280	–	–
	2 797 221	1 705 754	1 941 511

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

10. Long-term interest-bearing borrowings continued

Bank overdraft and short-term interest-bearing borrowings

R'000	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
Bank overdrafts	56 235	296 324	356 634
Short-term interest-bearing borrowings	181 328	542 607	354 264
Rand Merchant Bank – bearing interest at three-month LIBOR linked rate and is repayable on demand	181 328	196 933	188 387
Standard Bank Limited Courtesy Plan-bearing interest at prime-linked rate	–	345 674	165 877
Current portion of long-term interest-bearing borrowings	611 278	1 169 045	744 510
ABSA/Nedbank syndicated loan	418 723	313 053	542 481
Daimler Truck Financial Services Proprietary Limited – bears interest at prime linked rate	10 888	34 135	20 362
Barloworld Limited – bears interest at prime linked rate	–	821 857	–
Sanlam Group	181 667	–	181 667
Total	792 606	1 711 652	1 098 774

Floorplans from suppliers

R'000	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
Standard Bank Limited The facility bears interest at prime-linked rate	851 584	976 246	744 647
Toyota Financial Services (South Africa) Limited The facility bears interest at prime-linked rate	361 208	285 791	336 189
Wesbank, a division of FirstRand Limited The facility bears interest at prime-linked rate	271 982	517 152	508 517
Volkswagen Financial Services South Africa Proprietary Limited The facility bears interest at prime-linked rate	809 539	222 480	620 158
Mercedes-Benz Financial Services Master Credit Agreement The facility bears interest at prime-linked rate	205 725	–	61 789
	2 500 038	2 001 669	2 271 300

11. Net asset value and net tangible asset value

	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
Net asset value (R'000)	2 675 469	2 016 883	2 354 975
Net tangible asset value (R'000)	2 642 579	1 991 962	2 329 352
Number of shares in issue adjusted for treasury shares (000's)	187 368	189 642	186 476
Net asset value per share (cents)	1 427.9	1 063.5	1 262.9
Net tangible asset value per share (cents)	1 410.4	1 050.4	1 249.1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

12. Related party transaction

Various transactions are entered into by the Company and its subsidiaries during the year. Unless specifically disclosed, these transactions occurred under terms that are no less favourable than those entered into with third parties. Intra-group transactions are eliminated on consolidation.

13. Cash (utilised by)/generated from operations

R'000	Note	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
Profit before taxation		443 262	525 912	939 734
Operating cash flow adjustments for:				
Amortisation		1 993	775	1 557
Depreciation of property, plant and equipment		439 259	399 864	813 812
Depreciation of rental vehicles		537 186	454 485	911 244
Depreciation of right-of-use assets		28 902	29 086	57 106
Finance income		(20 057)	(11 851)	(29 758)
Foreign exchange losses	16	18 862	17 260	14 293
Finance costs		350 150	268 914	605 546
Interest paid on lease liability		21 512	23 081	46 589
Loss on rental and leasing vehicles		91 825	39 479	87 709
Profit on disposal of property, plant and equipment, excluding rental and leasing vehicles		101	(18 017)	(14 931)
Profit on modification of leases		(4 703)	(12 936)	(17 724)
(Decrease)/Increase in provisions		(24 425)	22 445	(27 059)
Provision for inventory			(602)	
Share of joint venture profit after tax		(5 423)	(2 861)	(10 208)
Increase/(decrease) in provision for expected credit losses		30 549	(2 311)	(44 684)
Increase in insurance contracts		(3 746)	(401)	(5 418)
IFRS 2 charge		2 326	–	13 043
Profit on disposal business		(343)	–	–
Other non-cash items		–	2 264	–
Operating cash flows before movements in working capital		1 907 230	1 734 586	3 340 851
Working capital movements				
Decrease in inventories		2 037 977	1 237 914	2 740 315
(Increase)/decrease in trade and other receivables		(211 332)	(76 820)	251 074
(Decrease)/increase in contract liabilities		(24 129)	58 914	(72 457)
(Decrease)/Increase in trade and other payables		(629 505)	224 752	589 366
Cash generated from operations before investment in leasing and car rental operations		3 080 241	3 179 346	6 849 149
Investment in leasing vehicles		(1 053 414)	(821 684)	(1 992 823)
Proceeds on disposal of leasing vehicles		38 000	30 805	56 271
Investment in rental vehicles		(1 983 789)	(2 961 583)	(4 428 988)
Increase in finance lease receivable		(118 102)	(12 726)	(153 017)
Cash (utilised by)/generated from operations		(37 064)	(585 842)	330 592

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

14. Commitments

R'000	31 March 2024 (Reviewed)	31 March 2023 (Reviewed)	30 September 2023 (Audited)
Capital commitments*			
Motor vehicles	350 457	1 457 943	473 333
Property, plant and equipment	–	1 169	–
Licence fees	–	9 898	–
Software development	–	21 008	–
	350 457	1 490 018	473 333

* *Capital commitments will be financed by cash generated from operations and borrowing facilities available to the Group.*

15. Fair value measurement

The Group has no financial instruments measured at fair value.

16. Restatements due to the adoption of IFRS 17, reclassifications, and prior period errors

Adoption of IFRS 17

IFRS 17 was introduced to replace IFRS 4 an interim statement that permitted entities to use a wide variety of accounting practices for insurance contracts. The new standard is expected to provide more transparent reporting regarding the financial position and related risks associated with the insurance contracts.

The Group has applied IFRS 17 to the cell captive arrangement with the insurance company for the current financial period. The group offers insurance products to its customers through a non-life contractual cell captive arrangement with a registered insurance company (the cell captive insurer) that transfers insurance risks and rewards associated with the insurance activities to the Group. In terms of IFRS 17 the cell captive arrangement is considered to have transferred significant insurance risk to the Group due to the contractual requirements imposed on the Group to maintain the capital requirements of the cell captive and settlement of existing insurance liabilities. The cell captive arrangement creates an insurance contract relationship between the Group and the cell insurers, with the Group acting as an insurer to the cell captive arrangement.

IFRS 17 requires that the measurement of a group of contracts includes all the future cash flows within the boundary of each contract within the arrangements. It further defines the coverage period as the period during which the Group provides insurance contract services and which includes all the premiums within the contract boundary of the insurance contract.

The Group has applied the premium allocation approach (PAA) methodology when measuring the cell captive arrangements retrospectively. The comparative amounts have been restated due to the impact on the disclosures of the previously published financial information and to improve transparency and comparability for the users.

Due to the adoption, insurance revenue and insurance service expenses have been disaggregated in the condensed consolidated statement of profit or loss and the previously disclosed related fair value adjustments have been derecognised.

The Group earns revenue from the initial sale of the insurance products and policy administration. The revenue forms part of the insurance service and therefore has been eliminated against revenue from the sale of goods and rendering of services.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

16. Restatements due to the adoption of IFRS 17, other restatements, reclassifications, and prior period errors continued

In the prior periods the investment in the cell captive was accounted at fair value in terms of IFRS 9. The revenue from the sale of insurance products was accounted for as revenue from the sale of goods and services and contribution to cell captive accounted for in administrative and operating expenses.

The change in accounting policy had no effect on operating income although the components comprising operating income changed.

There was no material impact on the condensed consolidated statement of changes in equity, as the cumulative net adjustment to equity and the remeasurement of the insurance contracts was insignificant and has been recognised as part of the current reporting period's results.

Other restatements, reclassifications, and prior period errors

During the previous year management identified the following matters that were incorrectly or inappropriately accounted for or presented in the prior period. A brief explanation of each matter is provided below. The matters were addressed in the financial statements for the year ended 30 September 2023. However they required a restatement to the reported figures for the six months ended 31 March 2023.

Restatement of revenue and cost of sales

Revenue and cost of sales for the prior period have been reduced by R20.2 million following the identification of a transaction involving the sale of vehicles that did not meet the revenue recognition criteria as set out in IFRS 15 Revenue. The transaction relates to the usage of vehicles by employees, such vehicles remain under the control of the group for the duration of usage. No profit margin was earned on the transactions recorded in error and therefore there was no impact on gross profit. The employee benefit was accounted for appropriately in the previous reporting periods.

Reclassification of goodwill to intangible assets

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

Restatement of unrealised foreign exchange losses in the cash flow statement

The short-term interest-bearing borrowings are exposed to foreign currency variability, and in the previous reporting period, the unrealised portion was incorrectly included in the cash flows from financing activities. The cash flows from financing activities were corrected to reflect only cash flows incurred. R16.8 million was removed from these cash flows in March 2023 figures.

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

In addition to the reclassification of cash flows set out above, the increase in floorplans from suppliers disclosed as R1 127 million in the prior period has now been disaggregated and disclosed as floorplans from suppliers raised of R1 209 million and repayment of floorplans from suppliers of R82 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

16. Restatements due to the adoption of IFRS 17, other restatements, reclassifications, and prior period errors continued

Impact on the condensed consolidated statement of financial position

Adoption of IFRS 17

Six months ended 31 March 2023

	As previously disclosed 31 March 2023	Restatement	Restated 31 March 2023
Investment as previously disclosed	864	(864)	–
Now disclosed in the notes as			
Investment in third party cell captives	–	50	50
Insurance contracts	–	814	814
Insurance contracts	864	–	864

Year ended 30 September 2023

	As previously disclosed 30 September 2023	Restatement	Restated 30 September 2023
Investment as previously disclosed	5 881	(5 881)	–
Now disclosed in the notes as			
Investment in third party cell captives	–	50	50
Insurance contracts	–	5 831	5 831
Insurance contracts	5 881	–	5 881

Other restatements, reclassifications, and prior period errors

Six months ended 31 March 2023

	As previously disclosed 31 March 2023	Restatement	Restated 31 March 2023
Goodwill	16 789	(16 789)	–
Intangible assets	8 132	16 789	24 921

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024 continued

16. Restatements due to the adoption of IFRS 17, other restatements, reclassifications, and prior period errors continued

Impact on condensed consolidated statement of profit or loss.

IFRS 17, other restatements, reclassifications, and prior period errors

The following represents an extract of the condensed consolidated statement of profit or loss as previously disclosed.

	Reviewed 31 March 2023	Audited 20 September 2023
Revenue	4 450 278	9 144 637
Cost of sales	(2 393 993)	(5 020 150)
Gross profit	2 056 285	4 124 487
Other operating income	50 402	130 246
Impairment of receivables	2 277	(22 085)
Administration and operating expenses	(1 306 526)	(2 681 383)
Foreign exchange losses	(17 260)	(14 293)
Operating profit before capital items	785 178	1 536 972

The following represents an extract of the condensed consolidated statement of profit or loss now disclosed as

	Restated 31 March 2023	Restated 30 September 2023
Revenue	4 430 053	9 144 637
Revenue from sale of goods and rendering of services	4 424 621	9 130 343
Revenue from sale of goods and rendering of services as previously disclosed	4 450 278	9 144 637
Less: Restatement on account of revenue which did not meet the revenue recognition criteria, (prior period error)	(20 225)	–
Restated revenue before the adoption of IFRS 17	4 430 053	9 144 637
Less: Elimination of revenue earned from the initial sale of insurance contracts and policy administration (IFRS 17)	(5 432)	(14 294)
Insurance revenue (IFRS 17)	5 432	14 294
Cost of sales	(2 373 768)	(5 020 150)
Cost of sales as previously reported	(2 393 993)	(5 020 150)
Less: Restatement on account of revenue which did not meet the revenue recognition criteria (prior period error)	20 225	–
Gross profit	2 056 285	4 124 487
Other operating income	50 000	124 828
Other operating income as previously disclosed	50 402	130 246
Less: Elimination of fair value adjustment to cell captive (IFRS 17)	(402)	(5 418)
Impairment of receivables	2 277	(22 085)
Administration and operating expenses	(1 302 065)	(2 669 640)
Administration and operating expenses as previously disclosed	(1 306 526)	(2 681 383)
Less: Elimination of cost of contribution to the cell captive (IFRS 17)	4 461	11 743
Insurance service expenses (IFRS 17)	(4 059)	(6 325)
Foreign exchange losses	(17 260)	(14 293)
Operating profit before capital items	785 178	1 536 972

16. Restatements due to the adoption of IFRS 17, other restatements, reclassifications, and prior period errors continued

Impact on condensed consolidated statement of cash flows

Other restatements, reclassifications, and prior period errors

Six months ended 31 March 2023

	As previously disclosed 31 March 2023	Restatement	Restated 31 March 2023
Cash generated from operations	585 842	–	–
Realised foreign exchange losses	(17 260)	16 824	(436)
Cash utilised in operating activities	(913 281)	16 824	(896 457)
Increase in floorplan from suppliers	–	–	–
Repayment of floorplan from suppliers	–	–	–
Interest bearing borrowings raised	404 237	(404 237)	–
Increase in short term interest bearing borrowings	274 004	387 413	661 417
Net cash from financing activities	1 225 939	(16 824)	1 209 115

Other impacts

The restatement has no impact on the earnings per share and diluted earnings per share.

The investment in the cell captive was previously regarded as a Level 3 financial instrument measured at fair value, however, under the requirements of IFRS 17 this investment is measured as part of the insurance contracts (refer to note 9).

17. Subsequent events

A gross interim dividend of 50 cents (2023: zero cents) per ordinary share has been declared and is payable on 15 July 2024. The ordinary dividend is subject to the local dividend tax of 20% and the net ordinary dividend for those shareholders who are not exempt from paying tax, is therefore 40 cents (2023: zero cents) per share.

To the knowledge of the directors, no material events have occurred, apart from the dividend declaration above, between the reporting date and the date of approval of these financial statements that would affect the ability of the users of the financial statements to make proper evaluations and decisions.

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