

Motus Holdings Limited

Incorporated in the Republic of South Africa

Registration number: 2017/451730/06

ISIN: ZAE000261913

Share code: MTH

("Motus" or "the Company" or "the Group")

Short-form preliminary summarised audited consolidated results for the year ended 30 June 2022 and cash dividend declaration

Financial highlights

- Revenue up 5%, R91 978 million (2021: R87 205 million)
- EBITDA up 28%, R6 785 million (2021: R5 302 million)
- Operating profit¹ up 31%, R5 029 million (2021: R3 838 million²)
- Profit before tax up 56%, R4 473 million (2021: R2 860 million)
- Attributable profit up 57%, R3 290 million (2021: R2 098 million)
- Earnings per share up 65%, 1 902 cents per share (2021: 1 153 cents per share)
- Headline earnings per share up 72%, 2 025 cents per share (2021: 1 179 cents per share)
- Net asset value up 24%, 8 143 cents per share (2021: 6 586 cents per share)
- Total dividend per share up 71%, 710 cents per share (paid interim dividend of 275 cents per share) (2021: 415 cents per share paid)
- Free cash flow generated from operations R4 835 million (2021: R5 904 million)
- Net debt to equity 36% (2021: 28%)
- Return on invested capital³ increased to 17,8% (2021:14,8%)
- Weighted average cost of capital³ increased to 10,9% (2021: 9,5%)
- Net debt to EBITDA⁴ (debt covenant) 0,8 times (Required: to be less than 3 times) (2021: 0,8 times)
- EBITDA to net interest⁴ (debt covenant) 17,9 times (Required: to be greater than 3 times) (2021: 10,9 times)

¹Operating profit before capital items and net foreign exchange gains/(losses).

²Adjusted for the re-presentation to include share of results from associates and joint ventures in operating profit.

³The return on invested capital and weighted average cost of capital is prepared on a 12-month rolling basis.

⁴Calculated by applying the funders covenant methodology.

Overview

Motus is South Africa's leading automotive group, employing over 17 250 people globally, and is a multi-national provider of automotive mobility solutions, and vehicle products and services. We are a diversified (non-manufacturing) business in the automotive sector with unrivalled scale and scope in South Africa, a selected international presence primarily in the United Kingdom (UK) and Australia, as well as a limited presence in South East Asia and Southern and East Africa.

Motus offers a differentiated value proposition to Original Equipment Manufacturers (OEMs), customers and business partners with a fully integrated business model across the automotive value chain through four key business segments, namely: Import and Distribution, Retail and Rental, Mobility Solutions and Aftermarket Parts.

Motus has long-standing importer and retail partnerships with leading OEMs, representing some of the world's most recognisable brands. We provide automotive manufacturers with a highly effective route-to-market and a vital link between the brand and the customer throughout the vehicle ownership cycle.

In addition, we provide the sale of accessories and aftermarket automotive parts for out-of-warranty vehicles and the Mobility Solutions business sells value-added products and services to customers.

Environment

The automotive industry provides mobility, and facilitates trade, creating sustainable jobs; moving people, goods and services; and serving the people of the countries in which we operate.

The Group's entrepreneurial management, its scale and reach, and the flexibility its integrated business model provides, creates value for all stakeholders over the long-term.

Our integrated business model across the automotive value chain has multiple customer touchpoints across the vehicle ownership cycle and is most mature in South Africa. It provides the flexibility to maximise the revenue and income opportunities for each vehicle sold. This is enhanced by the growing car parc created to provide access to annuity income streams through indirect vehicle-related revenue from parts, workshops and mobility solutions that are not directly dependent on the sale of new vehicles.

The automotive industry continues to be impacted by the longer-term effects of the COVID-19 pandemic, resulting in manufacturing, supply chain and operational disruptions causing vehicle shortages and substantial production, freight and logistics cost increases.

South Africa

The automotive industry contributes around 4,3%¹ of South Africa's GDP (including 1,9%¹ from the retail segment) and the export of vehicles and automotive components account for more than 12,5%¹ of total export value. The automotive industry has an indispensable role in contributing to the country's longer-term economic sustainability.

During 2021, the South African economy grew by 4,9%², recovering from a 6,3%² decline in 2020. Real GDP growth of around 1,8%³ is expected for 2022, indicating a protracted recovery.

South African vehicle sales have begun to recover and sales for FY2022 are better than predicted. Vehicle sales recovery is attributed to consumer resilience, favourable credit conditions and continued willingness of consumers and businesses to invest. Trends identified in FY2021 (including buying cheaper vehicle models and delaying purchases of new vehicles) are ongoing.

According to naamsa¹, the South African new vehicle market remains subdued although more stable as the market recovery continues to gain momentum, with new vehicles retailed increased by 10% for the 12 months to 30 June 2022, to 490 124 vehicles. Our market share of the retail vehicle sales for the 12 months increased to 22,4% from 20,2%. The forecast for vehicle sales for the 12 months to 31 December 2022 is between 500 000 to 520 000 vehicles.

The car rental industry has been the most heavily impacted by the COVID crisis. Recovery has been slow to return to pre-COVID levels, but momentum is expected to improve in the near term and recovery thus far has exceeded expectations. As vaccination rollouts accelerated globally and travel restrictions were lifted, we experienced improved activity in local and international leisure, corporate and government travel.

United Kingdom (UK)

The UK economic position has deteriorated since FY2021 as increasing energy costs, higher interest rates, higher personal taxes and accelerating inflation are constraining consumer spending. In 2021, GDP grew by 7,5%⁴ and it is predicted to grow by 3,5%⁵ in 2022, with inflation having reached 9,4%⁶ in June 2022. The market is also experiencing wage inflation due to labour shortages, in the automotive industry, technician wage costs are under renewed pressure.

The UK new vehicle market has declined by 18,2% for the 12 months to 30 June 2022, with the passenger market declining by 18,4%⁷, the LCVs market declining by 18,0%⁷ and the heavy commercial vehicles market declining by 5,5%. Motus was well positioned and maintained its retail market share.

Australia

Global vehicle supply shortages, ongoing Russia-Ukraine conflict, recent floods, ongoing lockdowns in China and strong domestic demand have combined to generate cost pressures resulting in significant price increases in fuel, food and other consumables. GDP growth is expected to be 4,25%⁸ for 2022 and 2,75%⁸ in 2023 as growth in consumer and government spending remains robust. Vaccination rate targets have been achieved across states.

The Australian automotive industry remains a highly competitive environment. The market declined by 2,1%⁹ for the 12 months to 30 June 2022, with Motus maintaining its retail market share. The market was also constrained due to erratic vehicle supplies experienced by OEMs. Annual new vehicle sales amounted to 1 020 221 vehicles⁹ for the 12 months to 30 June 2022, compared to 1 041 931 vehicles⁹ in the comparative period.

Despite shortages of certain vehicle models and derivatives, our long-standing relationships with OEMs and vast brand portfolio and model range allowed us to offer customers a wide selection of alternative vehicles. We believe that vehicle volumes will grow as the global supply chain stabilises in the middle of the 2023 calendar year, with increased production satisfying pent-up demand and the normalisation of inventory levels.

The pace of digital adoption and innovation continues to accelerate across the automotive industry, with the vehicle purchasing process evolving into a multi-entry format in which customers' unique engagement demands must be met. This omni-channel approach has shifted demand for some services to digital channels, reshaping how vehicles and parts are marketed, distributed and sold. Our investment in improving digital channels will enable us to meet customers' requirements wherever they are on the purchasing journey, in the way they choose to engage.

The resilience of our customer base has been evident throughout the pandemic and, as vehicle owners return to normal driving patterns, this results in higher vehicle use, which drives higher utilisation of service and maintenance plans, generating parts and workshop revenue across the Group and Mobility Solutions.

Motus continues to grow and expand its participation in all aspects of the vehicle value chain with competitive products and services that maximise our share of the customer's vehicle investment and engenders loyalty.

1 naamsa | The Automotive Business Council.

2 International Monetary Fund | World Economic Outlook, update July 2022.

3 Nedbank Group | Unaudited Interim Results 2022.

4 The Office for Budget Responsibility | Economic and fiscal outlook – March 2022.

5 Bank of England | Monetary Policy Report – August 2022.

6 The Office of National Statistics | Consumer price inflation, UK - June 2022.

7 The Society of Motor Manufacturers and Traders | Press release July 2022.

8 Australian Reserve Bank | Statement on Monetary Policy, May 2022.

9 Federal Chamber of Automotive Industries (fcai.com.au).

Performance

Strategic agility and entrepreneurial leadership drove an exceptional performance in these challenging circumstances. Our results affirm the resilience and differentiation that the Motus' integrated business model affords us, and the flexibility it provides in positioning the Group for sustained, profitable growth in a dynamic environment.

Our response to changing market conditions over the past three years has positioned Motus to deepen competitiveness, maintain and grow market shares, and realise growth opportunities. This is supported by our ability to generate cash which provided liquidity to fund working capital and vehicles for hire, and invest in attractive growth opportunities; a strong financial position underpinned by a focus on cost containment and financial discipline; and structured capital management to ensure strategic flexibility.

The South African operations contributed 66% to revenue and 81% to operating profit for the year (2021: 64% and 80%, respectively), with the remainder being contributed by the UK, Australia and South East Asia.

The Group's passenger and commercial vehicle businesses, including the UK and Australia, retailed 135 564 new units (2021: 119 933 new units), a 13% increase, and 89 753 pre-owned units (2021: 108 700 pre-owned units), a 17% decrease, during the year.

Revenue increased by 5% compared to the prior year. Import and Distribution revenue increased by 21%, Aftermarket Parts increased by 12%, Retail and Rental increased by 5% and Mobility Solutions increased by 4%.

The revenue increase was as a result of increased contributions from new vehicle sales of 9%, parts sales of 8% and rendering of services of 10%. This was offset by a 4% decrease from pre-owned vehicle sales.

Operating profit increased by R1 191 million (31%) with all business segments improving operating profit contribution. Import and Distribution generated an increase of R586 million (64%), Retail and Rental generated an increase of R445 million (25%), Mobility Solutions generated an increase of R92 million (10%) and Aftermarket Parts generated an increase of R66 million (11%) for the year.

The increased operating profit is mainly as a result of the recovery of the automotive and car rental sectors which positively impacted gross income, coupled with increased margins achieved due to inventory shortages. The operations also benefitted from increased volumes supported by an improvement in after-sales, acquisitions in the Retail and Rental and Aftermarket Parts segments, and the return to profitability of Bank Joint Ventures in the Mobility Solutions segment.

Net finance costs decreased by 9% mainly due to lower average working capital for the year and improved profitability which resulted in lower debt requirements. The decrease was further supported by reduced IFRS 16 finance costs. The above reductions were partially offset by decreased fair value adjustment gains recognised as a result of the unwinding of the interest rate swap. Finance costs are expected to grow in the near-term due to the increase in global interest rates and as inventory supply normalises.

Net foreign currency exchange gain of R135 million (2021: losses of R383 million) comprise translation differences arising from foreign currency denominated balances such as trade receivables, trade payables, Customer Foreign Currency accounts and interest-bearing debt, changes in the fair value of derivative instruments and ineffectiveness from hedging relationships.

Profit before tax increased by 56% to R4 473 million.

A full year dividend of 710 cents per share has been declared (2021: 415 cents per share).

Net working capital movement resulted in an outflow of R620 million in the statement of cash flows.

Net debt to equity is 36% (2021: 28%). Core debt (excluding floorplan and IFRS 16 debt) increased by R1,6 billion from June 2021 primarily due to the higher working capital and vehicles for hire levels, dividend payments (final in September 2021 and interim in March 2022), share repurchases, business and associate acquisitions, capital expenditure and tax payments. This was offset by profits generated for the 12-month period.

Net debt to EBITDA is 0,8 times (2021: 0,8 times) and EBITDA to net interest is 17,9 times (2021: 10,9 times). Both ratios have been calculated by applying the funders covenant methodology and we remain well within the bank covenant levels as set by debt providers of below 3,0 times and above 3,0 times, respectively.

Return on invested capital increased to 17,8% (2021: 14,8%) mainly due to improved profitability. Weighted average cost of capital increased to 10,9% (2021: 9,5%) primarily due to increased average equity and the increase in cost of equity and debt.

Net asset value per share increased by 24% to 8 143 cents per share (2021: 6 586 cents per share).

We generated significant free cash flow of R4 835 million (2021: R5 904 million) from operating activities before capital expenditure for vehicles for hire. The free cash flow was primarily generated by strong operating profits, supported by decreased finance costs and increased income from profit sharing

arrangements. This was offset by increased taxation paid as a result of increased profitability and increased investment in working capital.

Liquidity

The liquidity position is strong, and the Group has R11,7 billion in unutilised banking and floorplan facilities. A total of 64% of the Group funding is long-term in nature and 21% of the funding is at fixed interest rates. Excluding floorplan funding, 24% of the funding is at fixed interest rates.

Dividend

A total of 710 cents per ordinary share was declared as a dividend for the year. 275 cents per ordinary share was paid as an interim dividend in March 2022 and a year end dividend of 435 cents per ordinary share will be paid in September 2022.

Board changes

Motus is led by a diverse board of directors (Board), the majority of whom are independent, with extensive industry knowledge and expertise, and who subscribe to ethical leadership, sustainability, stakeholder inclusivity and high standards of corporate governance.

Changes to the Board composition in the past 12 months:

- Ms. F Roji joined the Board as an independent non-executive director, and was also appointed as a member of both the Social, Ethics and Sustainability Committee (SES Committee) and the Audit and Risk Committee (ARC), with effect from 1 September 2021.

Changes to the Board sub-committees in the past 12 months:

- Ms. K Cassel and Mr. OJ Janse van Rensburg resigned as members of the SES Committee with effect from 1 September 2021, following the reconstitution of the committee and now attend as invitees.
- Mr. MJN Njeke resigned from the Asset and Liability Committee and the ARC, with effect from 1 August 2021 and 1 September 2021, respectively. In addition, he was appointed as Chairman of the Remuneration Committee (RemCo) with effect from 3 November 2021.
- Mr. A Tugendhaft resigned as Chairman of the RemCo with effect from 3 November 2021 however, remains a member.

Strategy

We remain focused on deepening our competitiveness and relevance across the automotive value chain, driving organic growth through optimisation and innovation, and leveraging existing capabilities and networks. Further selective expansion will focus on enhancing existing brands and businesses through bolt-on and complementary acquisitions locally and internationally, while exploring strategic acquisitions that enhance the supply chain and the technology capabilities of the Group.

We have embarked on a number of initiatives to ensure that engaging with Motus is more convenient and faster to do across various customer touchpoints. We are streamlining processes, reducing operational requirements and leveraging automation, data accuracy and customer self-serve capabilities. This will allow us to offer a differentiated service in a competitive market.

In executing our business strategy as a responsible corporate citizen, the business is led in a manner that is environmentally conscious to ensure its sustainability and adopts policies and practices that enhance the growth of the economies in which it operates.

A skilled, diverse and motivated workforce enables us to operate cost-effectively and efficiently to meet stakeholder needs. We encourage a high-performance culture with tailored training and development opportunities for all levels of staff and promote diversity and inclusion in the workplace.

Our strategic initiatives underpin the delivery of our aspirations and support our ambition to achieve mobility for good while enhancing shareholder value.

Prospects

Consumer and business sentiment will remain under pressure over the short to medium term. The strength of the Group lies in our integrated business model, diversification and scale. This allows us to be resilient and agile to navigate cyclical challenges and to capitalise on opportunities as they arise. As a result, we expect to deliver positive earnings growth, a solid financial position and strong cash generation from operations for the 12 months to 30 June 2023.

We have sufficient cash available and a strong financial position to support the investment in strategic growth initiatives and acquisitions, and to pay dividends to shareholders. We will consider share repurchases as the opportunities arise.

Our commitment to ESG, within our sphere of control, will continue to be a cornerstone of our approach:

- We will manage our activities that impact the environment and actively strive to uphold our commitments to all stakeholders;
- We remain committed to socio-economic growth, employment creation, the upliftment of our communities and our stakeholder commitments; and
- We continue to deepen the maturity of our governance practices and processes.

Appreciation

We would like to thank all employees, customers, suppliers, funders, stakeholders and the Board for their support during these challenging times.

OS Arbee

Chief Executive Officer

OJ Janse van Rensburg

Chief Financial Officer

30 August 2022

The forecast and prospects information herein has not been audited or reported on by Motus' auditors.

Declaration of final ordinary dividend

for the year ended 30 June 2022

Notice is hereby given that a gross final ordinary dividend in the amount of 435 cents per ordinary share has been declared by the Board, payable to the holders of the 178 133 390 ordinary shares. The dividend will be paid out of income reserves.

The ordinary dividend will be subject to a local dividend tax rate of 20%. The net ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 348 cents per ordinary share.

The Company has determined the following salient dates for the payment of the ordinary dividend:

2022

Last day for ordinary shares to trade cum ordinary dividend	Tuesday, 20 September
Ordinary shares commence trading ex-ordinary dividend	Wednesday, 21 September
Record date	Friday, 23 September
Payment date	Monday, 26 September

The Company's income tax number is 983 671 2167.

Share certificates may not be dematerialised/rematerialised between Wednesday, 21 September 2022 and Friday, 23 September 2022, both days inclusive.

On Monday, 26 September 2022, amounts due in respect of the ordinary dividend will be electronically transferred to the bank accounts of certified shareholders. Shareholders who have dematerialised their shares will also have their accounts, held at their central securities depository participant (CSDP) or broker, credited on Monday, 26 September 2022.

On behalf of the Board

NE Simelane

Company Secretary

30 August 2022

Corporate information

Directors

GW Dempster (Chairman)*

A Tugendhaft (Deputy Chairman)**

OS Arbee (CEO)#

OJ Janse van Rensburg (CFO)#

KA Cassel#

PJS Crouse*

NB Duker*

S Mayet*

MJN Njeke*

F Roji*

* Independent non-executive

** Non-executive

Executive

Company Secretary

NE Simelane

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Group Investor Relations Manager

J Oosthuizen

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(PO Box 1719, Edenvale, 1610)

Share transfer secretaries

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1st Floor Rosebank Towers

15 Biermann Avenue, Rosebank, Johannesburg, 2196

Auditor

Deloitte & Touche

5 Magwa Crescent

Waterfall City

Waterfall, 2090

Sponsor

Merchantec Capital

13th Floor, Illovo Point

68 Melville Road

Illovo, Sandton

(PO Box 41480, Craighall, 2024)

Release date 31 August 2022

Full announcement and consolidated financial statements

The content of this announcement is the responsibility of the directors of Motus. It is only a summary of the information contained in the full SENS announcement and does not contain full or completed details. This announcement is itself not audited but extracted from audited results.

Any investment decisions by investors should be based on the consideration of the full announcement which was released on SENS and is available at <https://senspdf.jse.co.za/documents/2022/jse/isse/mthe/ye22.pdf> and on Motus' website at <https://www.motus.co.za/investors/results/year-end-results/>.

The full announcement is also available for inspection at the registered office of Motus and the offices of the Sponsor, at no charge, weekdays during office hours 09:00 to 16:00.

The audited consolidated and separate annual financial statements including the unmodified audit opinion which details the key audit matter of the external auditor, Deloitte & Touche, is available at <https://www.motus.co.za/investors/integrated-reports/>.